

ALLIANCE & LEICESTER UNIT TRUST MANAGERS LIMITED

Company Number 2740602

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009



Alliance & Leicester Unit Trust Managers Limited

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Alliance & Leicester Unit Trust Managers Limited

Directors' Report

Report of the Directors

The Directors submit their report together with the financial statements for the year ended 31 December 2009

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A)(1)&(2) of the Companies Act 2006

Principal activities and review of the year

The principal activity of Alliance & Leicester Unit Trust Managers Limited, Company Number 2740602 (the "Company") is to earn commission on a unit trust business managed by Legal & General

Results and dividend

The profit on ordinary activities after tax for the year ended 31 December 2009 was £50,000 (2008 £3,252,000)

The Company did not pay a dividend in 2009 (2008 £nil) The Directors do not recommend payment of a final dividend

Directors

The Directors who served throughout the year and to the date of this report were as follows

Alliance & Leicester (Holdings) Limited	(resigned on 27 March 2009)
Mrs S J Odell	(resigned on 4 November 2009)
Mrs H Armitage	(appointed on 27 March 2009)
Mr R A Hawker	(appointed on 27 March 2009)

Financial instruments

The Company's risks are managed on a group level by the UK parent company, Santander UK plc

The financial risk management objectives of and policies of the Group, the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure of the Group to price risk, credit risk, liquidity risk and cash-flow risk are outlined in the financial statements of Santander UK plc

Statement of Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Alliance & Leicester Unit Trust Managers Limited

Directors' Report

Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 2, to the financial statements includes the Company's objectives, policies and processes for managing its financial risk management objectives, and its exposures to credit risk, liquidity risk and interest risks.

The Company is part of the Santander UK plc Group. The Company is reliant on Santander UK plc and other companies in the Santander UK plc Group for a significant proportion of its funding. The Board of Santander UK plc has confirmed that Santander UK plc and the Santander UK plc Group are going concerns, and that it will provide funding to the Company for the foreseeable future.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

Third party indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

Auditors

Each of the Directors as at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditors of the Company.

By Order of the Board



For and on behalf of
Helen Armitage, Director

8 February 2010

Registered Office: Building 3, Floor 2 Carlton Park, Narborough, Leicester, LE19 0AL

Alliance & Leicester Unit Trust Managers Limited

Independent Auditors' Report to the Members of Alliance & Leicester Unit Trust Managers Limited

We have audited the financial statements of Alliance & Leicester Unit Trust Managers Limited (the "Company") for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, the Cash Flow Statement and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report.



Caroline Britton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
8 February 2010

Alliance & Leicester Unit Trust Managers Limited

Statement of Comprehensive Income

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Revenue		-	4,067
Administrative expenses	3	-	(8)
Operating profit		-	4,059
Investment revenues	5	70	489
Profit before tax		70	4,548
Tax	6	(20)	(1,296)
Profit for the year	8	50	3,252
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the equity holders of the Company		50	3,252

Revenue arises from discontinued activities, all other results arise from continuing activities

Alliance & Leicester Unit Trust Managers Limited

Statement of Changes in Equity

	Issued capital £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2009	4,500	3,574	8,074
Profit for the year	-	50	50
Balance at 31 December 2009	4,500	3,624	8,124

	Issued capital £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2008	4,500	322	4,822
Profit for the year	-	3,252	3,252
Balance at 31 December 2008	4,500	3,574	8,074

Alliance & Leicester Unit Trust Managers Limited

Balance Sheet

as at 31 December

	Notes	2009 £'000	2008 £'000
Current assets			
Cash and cash equivalents		11,484	11,414
Total assets		11,484	11,414
Current liabilities			
Amounts owed to Group undertakings		(3,360)	(3,340)
Total liabilities		(3,360)	(3,340)
Net assets		8,124	8,074
Equity			
Called up share capital	7	4,500	4,500
Retained earnings	8	3,624	3,574
Total equity		8,124	8,074

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the board of Directors and authorised for issue on 8 February 2010. They were signed on its behalf by



Richard Hawker, Director

Alliance & Leicester Unit Trust Managers Limited, Company Registration Number 2740602

Alliance & Leicester Unit Trust Managers Limited

Cash Flow Statement for the year ended 31 December

	2009 £'000	2008 £'000
Operating activities		
Profit before tax	70	4,548
Decrease in trade and other receivables	-	130
Investment revenues	(70)	(489)
Cash generated from operations	-	4,189
Tax paid	-	-
Net cash from operating activities	-	4,189
Investing activities		
Interest received	70	489
Net cash from investing activities	70	489
Net increase in cash and cash equivalents	70	4,678
Cash and cash equivalents at beginning of year	11,414	6,736
Cash and cash equivalents at end of year	11,484	11,414

Alliance & Leicester Unit Trust Managers Limited

Notes to the Accounts

1. Principal accounting policies

The accounting policies that have been applied to Alliance & Leicester Unit Trust Managers Limited (the "Company") are summarised below. They have been applied consistently throughout the current year and preceding year.

a. Basis of preparation

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRS adopted for use by the European Union (EU), and therefore the financial statements comply with Article 4 of the EU IAS regulation.

The financial statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Director's Report.

b. Revenue recognition

Revenue represents fee and commission income which is recognised on an accruals basis.

c. Tax

The tax expense represents the sum of tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxable profit also includes items that are taxable or deductible that are not included in 'Profit before tax'. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

d. Recent developments

In 2009, the Company adopted the following new or revised IFRS:

- 1) IAS 1 'Presentation of Financial Statements' – On 6 September 2007, the IASB issued an amendment to IAS 1 'Presentation of Financial Statements' which changes the way in which non-owner changes in equity are required to be presented. As a result, a 'Statement of Changes in Equity' has been included as a separate primary financial statement showing changes in equity during the periods presented. In addition, the Statement of Recognised Income and Expenses has been replaced with a 'Statement of Comprehensive Income'. The adoption of the amendment to IAS 1 did not have any impact on the Company's profit or loss or financial position.
- 2) IFRS 7 'Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments' – On 5 March 2009, the IASB issued an amendment to IFRS 7 'Financial Instruments: Disclosures' which requires enhanced disclosures about fair value measurements and liquidity risk. Among other things, the amendment (1) requires disclosure of any change in the method for determining fair value and the reasons for the change, (2) establishes a three-level hierarchy for making fair value measurements, (3) requires disclosure for each fair value measurement in the balance sheet of which level in the hierarchy was used and any transfers between levels, with additional disclosures whenever level 3 of the hierarchy is used including a measure of sensitivity to a change in input data, (4) clarifies that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts, and (5) requires disclosure of a maturity analysis for derivative financial liabilities. The disclosures required by the amendment to IFRS 7 may be found on page 9.

Future developments

The Group has not yet adopted the following new or revised IFRS or IFRIC interpretations, which have been issued but which are not yet effective for the Group:

- 1) IFRS 9 'Financial Instruments' – On November 12, 2009, the IASB issued IFRS 9 'Financial Instruments' which significantly overhauls the accounting requirements for financial instruments under IFRS. IFRS 9 is mandatory for annual periods beginning on or after January 1, 2013, with

Alliance & Leicester Unit Trust Managers Limited

Notes to the Accounts

early application permitted IFRS 9 requires that a financial asset be classified into one of three categories for measurement and income recognition (1) Amortised cost, (2) Fair value through profit or loss (FVTPL) and (3) Fair value through other comprehensive income. The standard requires reclassification between amortised cost and FVTPL (or vice versa) if a financial asset no longer meets the criteria for its original classification. IFRS 9 replaces the existing classification and measurement requirements in IAS 39 for financial assets. It changes the manner in which entities classify and measure investments in debt and equity securities, loan assets, trade receivables, and derivative financial assets by requiring entities to classify financial assets as being measured at either amortized cost or fair value depending on the entity's business model and the contractual cash flow characteristics of the asset. The Company is currently evaluating the requirements of IFRS 9.

Alliance & Leicester Unit Trust Managers Limited

Notes to the Accounts

2. Financial risk management

The Company's risk management focuses on the major areas of credit risk and liquidity risk. Risk management is carried out by the central risk management function of the Santander UK plc Group. Santander UK plc's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK plc Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK plc Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK plc Group's strategic objectives. Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight.

The Santander UK plc Group has three tiers of risk governance.

The first is provided by the Santander UK plc Board which approves Santander UK plc's Risk Appetite for each of the risks below, in consultation with Banco Santander, S.A. as appropriate, and approves the strategy for managing risk and is responsible for the Santander UK plc Group's system of internal control. Within this tier, there is a process for transaction review and approval within certain thresholds, discharged by the Credit Approval Committee. Transactions reviewed which exceed the threshold limits set are subject to prior review by Banco Santander, S.A. Risk before final approval by the Credit Approval Committee.

The second comprises the Santander UK plc Board and is supported by the Risk Division. The role of the Chief Risk Officers and Risk Division include development of risk measurement methodologies, risk approval, risk monitoring, risk reporting and escalation of risk issues in line with the relevant risk policies for all risks in the Santander UK plc Group. The Santander UK plc Group's central risk function provides services to the Company, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which ensure compliance with Group policies and limits, including risk policies, limits and parameters, an approval process relating to transactions that exceed local limits and the systematic review of exposures to large clients, sectors, geographical areas and different risk types.

The third tier comprises Risk Assurance, who provides independent objective assurance on the effectiveness of the management and control of risk across all of the Santander UK plc Group. This is provided through the Non-Executive Directors, Internal Audit function and the Audit and Risk Committee.

(a) Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets held by the Company.

(b) Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due.

The Company manages liquidity risk with the support of its parent company, ensuring that the Company will have sufficient liquid resources to ensure it can meet its obligations as they fall due.

All liabilities are repayable on demand.

(c) Interest rate risk

The Company is exposed to interest rate risk as it receives a variable interest rate on funds deposited with Santander UK plc.

The sensitivity analysis below has been determined based on the average balance held on deposit with Santander UK plc during the reporting period.

A one percentage point movement in interest rates would have the following effects:

Alliance & Leicester Unit Trust Managers Limited

Notes to the Accounts

	2009 £'000	2008 £'000
Effect on profit before tax of 1% increase in interest rate	81	95
Effect on profit before tax of 1% decrease in interest rate	(81)	(95)

3. Administrative expenses

	2009 £'000	2008 £'000
Core administrative expenses	-	8

Auditors' remuneration

Auditors' remuneration for the audit of the Company's annual accounts was £5,000 (2008 £7,000)
There was no auditors' remuneration for other services to the Company in the current or prior year

4. Staff costs and Directors' emoluments

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by the ultimate UK parent company, Santander UK plc. No emoluments were paid by the Company to the Directors during the year (2008 £nil).

5. Investment revenues

	2009 £'000	2008 £'000
Bank interest	70	489

Bank interest is received on cash held on deposit with Santander UK plc

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Notes to the Accounts

6. Corporation tax

	2009 £'000	2008 £'000
Current tax		
Current year corporation tax expense	20	1,296
Adjustment to corporation tax in relation to prior years	-	-
Total	20	1,296

Corporation tax is calculated at 28% (2008 28.5%) of the estimated assessable profit for the year

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows

	2009 £'000	2008 £'000
Profit before tax	70	4,548
Tax calculated at a rate of 28% (2008 28.5%)	20	1,296
Non-taxable income and disallowable expenses	-	-
Corporation tax expense	20	1,296

7 Called up share capital

	2009 £	2008 £
Allotted, called up and fully paid		
4,500,002 Ordinary shares of £1 each	4,500,002	4,500,002

8. Retained earnings

	2009 £'000	2008 £'000
At 1 January	3,574	322
Retained profit for the year	50	3,252
At 31 December	3,624	3,574

Alliance & Leicester Unit Trust Managers Limited

Notes to the Accounts

9 Ultimate parent company and related party transactions

The Company's immediate parent company is Alliance & Leicester plc, a company registered in England and Wales

The Company's ultimate parent undertaking and controlling party is Banco Santander, S A , a company registered in Spain Banco Santander, S A is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member Alliance & Leicester plc is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN

The Company entered into transactions with other Group undertakings as shown in the table below

	2009	2008
	£'000	£'000
Amounts owed by other Group undertakings		
At 1 January	11,414	6,736
Net movements	70	4,678
At 31 December	11,484	11,414
Interest received from other Group undertakings	70	489

	2009	2008
	£'000	£'000
Amounts owed to other Group undertakings		
At 1 January	3,340	-
Net movements	20	3,340
At 31 December	3,360	3,340

During the year the Company incurred an administrative cost recharge of £nil from its immediate parent undertaking (2008 £1,000)