

A & L CF SEPTEMBER (4) LIMITED

**Registered in England and Wales
Company Number 2095545**

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
30 SEPTEMBER 2012**

WEDNESDAY



L27WXJEX

LD2

08/05/2013

#82

COMPANIES HOUSE

A & L CF SEPTEMBER (4) LIMITED - 2095545

REPORT OF THE DIRECTORS

The Directors submit their Report together with the audited financial statements for the year ended 30 September 2012

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

PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of A & L CF September (4) Limited (the "Company") is that of lessors and financiers of assets for the corporate sector

RESULTS AND DIVIDENDS

The profit for the year on ordinary activities after taxation amounted to £672,541 (2011 £793,877) The Directors do not recommend the payment of a final dividend (2011 £Nil)

DIRECTORS

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

M W Evans

C R Morley

G A Faulkner

A N Mussert

(resigned 26 October 2012)

(appointed 4 December 2012)

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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements International Accounting Standard 1 requires that directors

- 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 adequate accounting records that are sufficient to show and explain the company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and 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

A & L CF SEPTEMBER (4) LIMITED - 2095545

REPORT OF THE DIRECTORS (continued)

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 in this Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 3 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, market risk, liquidity risk and other risks. As disclosed in note 10 to the financial statements the Company's capital is managed by Santander UK Group.

The Company is part of the Santander UK Group. The Company has net liabilities and is reliant on other Group companies for its funding. The Board of Santander UK plc has confirmed that it is a going concern and that it will provide funding to the Company for the foreseeable future.

On the basis of their assessment of both the Company's financial position and of the confirmations by the directors of Santander UK plc outlined above, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing this Report and financial statements.

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 the steps that he/she ought to have taken as a Director in order 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 Section 418 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 Santander Secretariat Services Limited
Secretary

25 February 2013

Registered Office Address: 2 Triton Square, Regent's Place, London NW1 3AN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & L CF SEPTEMBER (4) LIMITED

We have audited the financial statements of A & L CF September (4) Limited, (the "Company"), for the year ended 30 September 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. 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 Statement of Directors' Responsibilities, 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 September 2012 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & L CF SEPTEMBER (4) LIMITED (continued)

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



Matthew Perkins
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham
United Kingdom

27 February 2013

A & L CF SEPTEMBER (4) LIMITED - 2095545

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2012 £	2011 £
Revenue		2,282,123	2,419,183
GROSS PROFIT		2,282,123	2,419,183
Administrative expenses		(49,464)	(41,409)
PROFIT FROM OPERATIONS	4	2,232,659	2,377,774
Finance costs	5	(1,935,841)	(1,905,536)
PROFIT BEFORE TAX		296,818	472,238
Tax	6	375,723	321,639
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF SEPTEMBER (4) LIMITED		672,541	793,877

All of the activities of the Company are classed as continuing

The accompanying notes on form an integral part of these accounts

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2012

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit for the current and previous year as set out in the Income Statement

The accompanying notes form an integral part of these accounts

A & L CF SEPTEMBER (4) LIMITED - 2095545

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 October 2011	2	(1,431,320)	(1,431,318)
Profit for the year	-	672,541	672,541
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2012	2	(758,779)	(758,777)
	<hr/>	<hr/>	<hr/>

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 October 2010	2	(2,225,197)	(2,225,195)
Profit for the year	-	793,877	793,877
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2011	2	(1,431,320)	(1,431,318)
	<hr/>	<hr/>	<hr/>

The accompanying notes form an integral part of these accounts

A & L CF SEPTEMBER (4) LIMITED - 2095545


BALANCE SHEET

AS AT 30 SEPTEMBER 2012

	Notes	2012 £	2011 £
ASSETS			
NON CURRENT ASSETS			
Operating lease assets	7	9,910,699	9,910,699
Trade and other receivables	8	28,237,071	29,037,748
		<u>38,147,770</u>	<u>38,948,447</u>
CURRENT ASSETS			
Trade and other receivables	8	1,831,757	2,790,803
		<u>1,831,757</u>	<u>2,790,803</u>
TOTAL ASSETS		<u>39,979,527</u>	<u>41,739,250</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	(35,150,746)	(36,936,392)
		<u>(35,150,746)</u>	<u>(36,936,392)</u>
NON CURRENT LIABILITIES			
Deferred tax liabilities	13	(5,587,558)	(6,234,176)
		<u>(5,587,558)</u>	<u>(6,234,176)</u>
TOTAL LIABILITIES		<u>(40,738,304)</u>	<u>(43,170,568)</u>
		<u>(40,738,304)</u>	<u>(43,170,568)</u>
TOTAL NET LIABILITIES		<u>(758,777)</u>	<u>(1,431,318)</u>
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	2	2
Retained loss		(758,779)	(1,431,320)
		<u>(758,779)</u>	<u>(1,431,320)</u>
DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF SEPTEMBER (4) LIMITED		<u>(758,777)</u>	<u>(1,431,318)</u>

The accompanying notes form an integral part of these accounts

The financial statements were approved by the Board of Directors and authorised for issue on 25 February 2013. They were signed on its behalf by


Director

COLIN MORLEY

A & L CF SEPTEMBER (4) LIMITED - 2095545

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2012 £	2011 £
Total profit for the year		672,541	793,877
NON-CASH ADJUSTMENTS			
Decrease in trade and other receivables		1,759,723	1,644,892
Decrease in deferred tax liability		(646,618)	(1,215,973)
Increase in group relief		270,895	894,334
		1,384,000	1,323,253
CASH FLOWS FROM OPERATING ACTIVITIES		2,056,541	2,117,130
Interest paid to parent undertakings		(1,935,841)	(1,905,536)
Management charges paid to parent undertakings		(49,464)	(41,409)
		(1,985,305)	(1,946,945)
NET CASH FLOWS FROM OPERATING ACTIVITIES		71,236	170,185
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash advances paid to parent undertakings		(71,236)	(170,185)
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalents as at 1 October		-	-
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	14	-	-

The accompanying notes form an integral part of these accounts

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis, except for the revaluation of financial instruments and on the going concern basis as disclosed in the Director's statement of going concern set out in the Report of the Directors on page 2.

The functional and presentation currency of the Company is Sterling.

Recent accounting developments

In 2012, the Company adopted the following significant new or revised standards or amendments to standards:

a) IAS 24 'Related Party Disclosures'

In November 2009, the IASB issued amendments to IAS 24 which clarifies the definition of a related party, introduced a partial exemption from some disclosure requirements for government-related entities and included an explicit requirement to disclose commitments involving related parties. IAS 24 (2009) was adopted with effect from 1 October 2011. Retrospective application is required. The adoption of IAS 24 (2009) did not affect the Company's disclosures.

- b) There are a number of other changes to IFRS that were effective from 1 October 2011. Those changes did not have a significant impact on the Company's financial statements.

Future accounting developments

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company:

a) IAS 1 'Presentation of Financial Statements'

In June 2011, the IASB issued amendments to IAS 1 that retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss, and (ii) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012.

The Company anticipates that IAS 1 (2011) will be adopted in the Company's financial statements for the annual period beginning on 1 October 2013 and that the application of the new Standard will modify the presentation of items of other comprehensive income accordingly. Retrospective application is required. The Company does not anticipate that these amendments to IAS 1 will have a significant impact on the Company's disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES (continued)

Future accounting developments (continued)

b) IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'

In May 2011, the IASB issued new and amended guidance on consolidated financial statements and joint arrangements. IFRS 10, IFRS 11 and IFRS 12 were new standards issued while IAS 27 and IAS 28 were amended. Each of the standards issued is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted as long as each of the other standards is also early applied.

- Under IFRS 10 'Consolidated Financial Statements', control is the single basis for consolidation, irrespective of the nature of the investee, this standard therefore eliminates the risks-and-rewards approach. IFRS 10 identifies the three elements of control as power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns. An investor must possess all three elements to conclude that it controls an investee. The assessment of control is based on all facts and circumstances, and the conclusion is reassessed if there are changes to at least one of the three elements. Retrospective application is required subject to certain transitional provisions.
- IFRS 11 applies to all entities that are parties to a joint arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. IFRS 11 establishes two types of joint arrangements, joint operations and joint ventures, which are distinguished by the rights and obligations of the parties to the arrangement. In a joint operation, the parties to the joint arrangement (referred to as 'joint operators') have rights to the assets and obligations for the liabilities of the arrangement. By contrast, in a joint venture, the parties to the arrangement (referred to as 'joint venturers') have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognise its share of the assets, liabilities, revenues, and expenses in accordance with applicable IFRSs, however, a joint venturer would account for its interest by using the equity method of accounting under IAS 28 (2011). Transitional provisions vary depending on how an interest is accounted for under IAS 31 and what its nature is under IFRS 11.
- IFRS 12 integrates the disclosure requirements on interests in other entities, currently included in several standards to make it easier to understand and apply the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard also contains additional requirements on a number of topics. Under IFRS 12, an entity should disclose information about significant judgments and assumptions (and any changes to those assumptions) made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement. IFRS 12 also requires additional disclosures to make it easier to understand and evaluate the nature, extent, and financial effects of the Company's transactions with its subsidiaries, joint arrangements, associates and unconsolidated structured entities as well as any changes in and risks associated with these entities or arrangements. Disclosures shall be aggregated or disaggregated so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics. The standard applies prospectively from the beginning of the annual period in which it is adopted.

The Company anticipates that IFRS 10, IFRS 11 and IFRS 12 will be adopted in the Company's financial statements for the annual period beginning on 1 October 2013 and that the application of the new standards may have a significant impact on the Company's disclosures and on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 ACCOUNTING POLICIES (continued)

Future accounting developments (continued)

b) IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (continued)

- IAS 27 was amended for the issuance of IFRS 10 but retains the current guidance on separate financial statements
- IAS 28 was amended for conforming changes on the basis of the issuance of IFRS 10 and IFRS 11

The Company anticipates that IAS 27 (2011) and IAS 28 (2011) will be adopted in the Company's financial statements for the annual period beginning on 1 October 2013. The Company does not anticipate that these amendments to IAS 27 and IAS 28 will have a significant impact on the Company's disclosures and on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

c) IFRS 13 'Fair Value Measurement'

In May 2011, the IASB issued IFRS 13, which establishes a single source of guidance for fair value measurement. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. IFRS 13 applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current accounting standards. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted, and applies prospectively from the beginning of the annual period in which it is adopted.

The Company anticipates that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning on 1 October 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

d) IFRS 7 'Financial Instruments Disclosures'

In October 2010, the IASB issued amendments to IFRS 7 that increase the disclosure requirements for transactions involving transfers of financial assets. The amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The amendments to IFRS 7 are effective for annual periods beginning on or after 1 July 2011, with earlier application permitted. Disclosures are not required for comparative periods before the date of initial application of the amendments.

The Company anticipates that IFRS 7 (2010) will be adopted in the Company's financial statements for the annual period beginning on 1 October 2012. The Company does not anticipate that these amendments to IFRS 7 will have a significant impact on the Company's disclosures regarding transfers of financial assets. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

e) IFRS 9 'Financial Instruments'

In November 2009, the IASB issued IFRS 9 and in October 2010, issued an amendment to IFRS 9 which introduce new requirements for the classification and measurement of financial assets and, financial liabilities and for derecognition. In November 2011, the Board reached a tentative agreement to change the mandatory effective date of IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES (continued)

Future accounting developments (continued)

e) IFRS 9 'Financial Instruments' continued)

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 'Financial Instruments Recognition and Measurement' to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning on or after 1 October 2015 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

f) IAS 19 'Employee Benefits'

In June 2011, the IASB issued amendments to IAS 19 that change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

The Company anticipates that IAS 19 (2011) will be adopted in the Company's financial statements for the annual period beginning on 1 October 2013. The Company does not anticipate that these amendments to IAS 19 will have a significant impact on the Company's profit or loss or financial position as the Company does not utilise the 'corridor approach'.

g) There are a number of other standards which have been issued or amended that are expected to be effective in future periods. However, it is not practicable to provide a reasonable estimate of their effects on the Company's financial statements until a detailed review has been completed.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Revenue from finance leases is recognised in accordance with the Company's policy on Finance Lease Receivables (see below).

Up front arrangement fees on financing agreements with customers are spread on an effective interest rate basis over the expected life of those agreements.

Finance lease agreements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease receivables

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Operating lease assets

Assets acquired for the purpose of renting out under operating lease agreements are capitalised and depreciation is provided at rates calculated to write off the cost of the assets, less estimated residual value, on a straight line basis over the estimated useful life. Land is not depreciated.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Income taxes including deferred taxes

The tax expense represents the sum of the income tax currently payable and deferred income tax.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the assets may be utilised as they reverse. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 ACCOUNTING POLICIES (continued)

Income taxes including deferred taxes (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

The Company does not hold cash or cash equivalents.

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company classifies all its financial assets, as determined at initial recognition, as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

'Loans and advances to customers' are classed as Loans and Receivables. 'Net investment in finance leases' are treated in accordance with the Company's policy on finance lease agreements.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost using the effective interest rate method, less any impairment. Interest calculated using the effective interest rate method is recognised in the income statement. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership.

Financial liabilities

Financial liabilities are initially recognised when the Company becomes contractually bound to the transfer of economic benefits in the future. Financial liabilities are derecognised when extinguished.

Non-trading financial liabilities are held at amortised cost. Finance costs are charged to the Income Statement using the effective interest rate method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 ACCOUNTING POLICIES (continued)

Impairment of financial assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted, are experiencing significant financial difficulty, or the debt has been restructured to reduce the burden to the borrower. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- a) significant financial difficulty of the issuer or obligor,
- b) a breach of contract, such as default or delinquency in interest or principal payments,
- c) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider,
- d) it becoming probable that the borrower will enter bankruptcy or financial re-organisation,
- e) the disappearance of an active market for that financial asset because of financial difficulties, or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including
 - i) adverse changes in the payment status of borrowers in the group, or
 - ii) national or local economic conditions that correlate with defaults on the assets in the group

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence of impairment for an individually assessed financial asset it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Commercial lending is reviewed for impairment on a case by case basis for individually significant loans. Loans that are not individually significant are assessed for impairment on a portfolio basis.

Impairment is calculated based on the probability of default, exposure at default and the loss given default, using recent data. An adjustment is made for the effect of discounting cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

Some asset and liability amounts reported in the accounts are based on management judgement, estimates and assumptions. There is a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT (continued)

Residual values

Residual values are estimated at the inception of lease agreements and are subsequently reviewed for impairment during the life of the lease agreements. Appropriate provisions are recognised in the Income Statement.

Impairment loss allowance

Individual impairment loss allowances are made in respect of finance and rental agreements where recovery is considered doubtful, a collective impairment loss allowance is made for losses which, although not individually identified, are known to be inherent in any portfolio of lending. The impairment loss allowances are deducted from the net investment in finance agreements. The charge in the Income Statement comprises write offs, recoveries and the net movement in impairment loss allowances in the year.

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

3. FINANCIAL RISK MANAGEMENT

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are operational risk, credit risk, market risk, interest rate risk and liquidity risk. The Company manages its risk in line with the central risk management function of the Santander UK Group. Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK 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 Group's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from her to specific individuals. Formal standing committees are maintained for effective management and oversight. Their authority is derived from the person they are intended to assist. Further information can be found in the Santander UK plc Annual Report which does not form part of this Report.

Operational risk

Operational risk is defined as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. This includes regulatory, legal and compliance risk. Operational risk is monitored and managed within the Group. An independent central operational risk function (Enterprise and Operational Risk) has responsibility for establishing the framework within which these risks are managed and is aligned to operational risk professionals within business areas (co-ordinated by IT and Operational Risk) to ensure consistent approaches are applied across the Group. The primary purpose of the framework is to define and articulate the Group-wide policy, processes, roles and responsibilities. The framework incorporates industry practice and regulatory requirements. The day-to-day management of operational risk is the responsibility of business managers who identify, assess and monitor the risks, in line with the processes described in the framework. The operational risk function ensures that all key risks are regularly reported to the Group's risk committee and board of directors.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

3 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss arising from the default of a customer or counterparty to which the Company has directly provided credit, or for which the Company has assumed a financial obligation, after realising collateral held. The credit quality of customer assets is mitigated by the credit approval process in place. Credit risk is mitigated by security taken over the borrower's assets. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Lending decisions are based on independent credit risk analysis supplemented by the use of internal ratings tools which assess the obligor's likelihood of default. The output of the ratings tools is a borrower grade which maps to a long-run average one year probability of default. Borrower grades are reviewed at least annually, allowing identification of adverse individual and sector trends. The grade is integrated into an overall Credit & Risk evaluation, including wider factors such as transaction and borrower structure (ranking and structural subordination), debt serviceability and security (initial and residual value considerations). Consideration is also given to risk mitigation measures to protect the Company, such as third-party guarantees, supporting collateral and security, robust legal documentation, financial covenants and hedging. Transactions are further assessed using an internal pricing model which measures both the return on equity and the risk adjusted return on capital against a series of benchmarks to ensure risks are appropriately priced.

Portfolio asset quality monitoring is based on a number of measures, including expected loss, financial covenant monitoring, security revaluations, pricing movements and external input from rating agencies and other organisations. Should particular exposures begin to show adverse features such as payment arrears, covenant breaches or business trading performance that is materially worse than expected at the point of lending, a full risk reappraisal is undertaken. Where appropriate, case management is transferred to a specialist recovery team that works with the customer in an attempt to resolve the situation. If this does not prove possible, cases are classified as being unsatisfactory and are subject to intensive monitoring and management procedures designed to maximise debt recovery.

The class of financial instrument that is most exposed to credit risk in the Company is net investment in operating leases (note 7) and finance leases (note 9).

	2012 £	2011 £
Net investment in finance leases agreements	30,068,828	31,828,551
Operating lease assets	9,910,699	9,910,699
	<u>39,979,527</u>	<u>41,739,250</u>

All company exposures are to a corporate customer in distribution industry.

For the Company 100% (2011: 100%) of the balances are secured. The main types of security are charges over assets being financed, of which £Nil (2011: £Nil) of finance and operating leases are secured by bank guarantees.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

3. FINANCIAL RISK MANAGEMENT (continued)

Arrears and impairment

Asset quality remains good with no lending balances in arrears at 30 September 2012 (2011 Nil)

The carrying value of repossessed stock at 30 September 2012 was £Nil (2011 £Nil)

The fair value of collateral on impaired assets at 30 September 2012 was £Nil (2011 £Nil)

Interest accrued on impaired assets at 30 September 2012 was £Nil (2011 £Nil)

The portfolio is subject to regular monitoring for potential impairment under the impairment of financial assets policy set out in note 1

£Nil (2011 £Nil) of lending that would have been past due or impaired, have had their terms renegotiated

Lending up to 3 months past due have a collective provision set aside to cover losses on loans which are in the early stages of arrears

Market risk

Market risk is the risk of a reduction in economic value or reported income resulting from a change in the variables of financial instruments including interest rate, equity, credit spread, property and foreign currency risks. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value, and manages market risk accordingly. Details of the market risk management policy are disclosed in the Santander UK plc Annual Report – Risk management which does not form part of this Report

Interest rate risk

Interest rate risk is the most significant market risk to which the Company is exposed. This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the Company's Balance Sheet, and from the investment of the Company's reserves

Interest rate risk primarily arises in the Company's leasing trade. The exposure in this area is hedged with Santander UK plc Treasury function using fixed rate loans and other appropriate instruments

Changes in interest rates would result in no impact on either the equity of the Company or on the profit before tax as interest is allocated on a lease agreement by lease agreement basis within the Company and all interest rate risk is borne by the ultimate UK parent company, Santander UK plc

Liquidity risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost

The day to day management of liquidity is the responsibility of the Santander UK plc Treasury function, which provides funding to and takes surplus funds from the Company as required

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

4. PROFIT FROM OPERATIONS

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 (2011: £Nil).

Auditors' remuneration

Auditors' remuneration of £4,845 (2011: £5,100) was borne by the ultimate UK parent company Santander UK plc.

No non-audit fees were borne on the Company's behalf in either the current or preceding year.

Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year or the preceding year. The Company had no employees in either the current or the preceding year.

5. FINANCE COSTS

	2012 £	2011 £
Amounts payable to immediate parent undertakings	1,935,841	1,905,536
	<u>1,935,841</u>	<u>1,905,536</u>

6. TAX

	2012 £	2011 £
Current tax:		
UK Corporation tax on profit of the year	270,902	216,457
Adjustments in respect of prior years	(7)	677,877
Total current tax	<u>270,895</u>	<u>894,334</u>
Deferred tax:		
Origination and reversal of temporary differences	(196,697)	(587,686)
Change in rate of UK Corporation tax	(485,875)	-
Adjustments in respect of prior years	35,954	(628,287)
Total deferred tax	<u>(646,618)</u>	<u>(1,215,973)</u>
Tax credit on profit for the year	<u>(375,723)</u>	<u>(321,639)</u>

UK corporation tax is calculated at 25% (2011: 27%) of the estimated assessable profit for the year. The standard rate of UK corporation tax was reduced from 26% to 24% with effect from 1 April 2012.

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

6. TAX (continued)

The Finance Act 2012, which provides for a reduction in the main rate of UK corporation tax to 23% effective from 1 April 2013 was enacted on 17 July 2012. As this change in rate was substantively enacted prior to 30 September 2012, it has been reflected in the deferred tax liability at 30 September 2012. The UK Government has also indicated that it intends to enact a further reduction in the main tax rate down to 21% by 1 April 2014. These changes to the main tax rate have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2012 £	2011 £
Profit before tax	296,818	472,238
Tax calculated at a rate of 25% (2011 27%)	74,205	127,504
Effect of change in tax rate on deferred tax provision	(485,875)	(498,733)
Adjustment to prior year provisions	35,947	49,590
Tax credit for the year	(375,723)	(321,639)

7. OPERATING LEASE ASSETS

The Company enters into operating lease arrangements with customers in the corporate sector.

	2012 £	2011 £
Cost		
At 1 October	9,910,699	9,910,699
At 30 September	9,910,699	9,910,699
Depreciation		
At 1 October	-	-
At 30 September	-	-
Net book value		
At 1 October	9,910,699	9,910,699
At 30 September	9,910,699	9,910,699

8. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Non current		
Finance lease receivables	28,237,071	29,037,748
Current		
Finance lease receivables	1,831,757	2,790,803
Total trade and other receivables	30,068,828	31,828,551

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

9. FINANCE LEASES

The Company enters into finance lease arrangements with a customer in the distribution industry

	<i>Gross investment in the lease</i>		<i>Present value of minimum lease payments</i>	
	2012	2011	2012	2011
	£	£	£	£
Less than one year	3,922,363	3,390,643	1,831,757	2,790,803
Later than one year but less than five years	15,689,451	13,562,573	8,545,235	10,009,734
Later than five years	36,965,830	43,731,814	19,691,836	19,028,014
	56,577,644	60,685,030	30,068,828	31,828,551
Less				
Unearned finance income	(26,508,816)	(28,856,479)		
Net investment in finance leases	30,068,828	31,828,551		
Non-current			28,237,071	29,037,748
Current			1,831,757	2,790,803
			30,068,828	31,828,551

Residual values of assets leased under finance leases at 30 September 2012 are £Nil (2011 £Nil)
The directors consider that the net investment in finance leases is approximately equal to their fair value

10. CAPITAL

The Company's ultimate UK parent company Santander UK plc adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group. Disclosures relating to the Company's capital management can be found in the Santander UK plc Annual Report which does not form part of this Report

11. RELATED PARTY TRANSACTIONS

Trading activities

Payable to related parties

	2012	2011
	£	£
Current tax Group relief	1,536,427	1,265,532
Amounts owed to parent undertakings	33,613,524	35,670,860
	35,149,951	36,936,392

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

11 RELATED PARTY TRANSACTIONS (continued)

Trading activities (continued)

Payable to related parties (continued)

The Company entered into transactions with other related parties as shown in the table below

	2012 £	2011 £
Amount owed to parent undertakings		
As at 1 October	36,936,392	38,159,188
Net movements	(1,786,441)	(1,222,796)
As at 30 September (note 12)	<u>35,149,951</u>	<u>36,936,392</u>
Interest paid to parent undertakings	<u>1,935,841</u>	<u>1,905,536</u>

Key management compensation

No Director or management personnel received any remuneration (2011 £nil)

There were no related party transactions during the year, or existing at the balance sheet date, with the Company's or parent company's key management personnel

Administration expenses

During the current year the Company paid administrative cost recharges to parent undertakings of £49,464 (2011 £41,409)

12 TRADE AND OTHER PAYABLES

	2012 £	2011 £
Payable to related parties (note 11)	35,149,951	36,936,392
Accruals	795	-
	<u>35,150,746</u>	<u>36,936,392</u>

The directors consider that the carrying amount of the trade and other payables approximates to their fair value

13. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement on the deferred tax account was as follows

	2012 £	2011 £
At 1 October	(6,234,176)	(7,450,149)
Income Statement credit (note 6)	646,618	1,215,973
At 30 September	<u>(5,587,558)</u>	<u>(6,234,176)</u>

A & L CF SEPTEMBER (4) LIMITED - 2095545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

13. DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities are attributable to the following items

	Balance Sheet		Income Statement	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax liabilities				
Accelerated tax depreciation	(5,587,558)	(6,234,176)	646,618	1,215,973
	<u>(5,587,558)</u>	<u>(6,234,176)</u>	<u>646,618</u>	<u>1,215,973</u>

14. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following

	2012	2011
	£	£
Cash at bank	-	-
	<u>-</u>	<u>-</u>

15. ISSUED SHARE CAPITAL

	2012	2012	2011	2011
	No	£	No	£
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

All issued share capital is classified as equity

16. Parent undertaking and controlling party

The Company's immediate parent company is Santander Asset Finance 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 Santander UK plc is the parent undertaking of the smallest Group of undertakings for which 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