

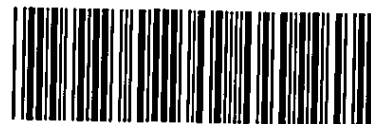
ABBEY NATIONAL ALPHA INVESTMENTS

**Registered in England and Wales
No. 2468311**

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 MARCH 2009**

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ABBEY NATIONAL ALPHA INVESTMENTS

Report of the directors

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

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activity and review of the year

The principal activity of the Company is to act as an investment company. The Directors are reviewing future opportunities for the continuation of the company.

Results and dividends

The loss for the year ended 31 March 2009 of £339,302 (2008 profit of: £54,620) has been applied to reserves, and the Directors do not recommend the payment of a final dividend (2008: £nil).

Directors

The Directors who served throughout the year were:

Mr D M Green
Mr S P Coles

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law 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 1985.

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. However, 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 that 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 1985. 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.

ABBEY NATIONAL ALPHA INVESTMENTS

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 above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The Company's objectives, policies and processes for managing its capital are described in note 14 to the financial statements.

Details of the Company's financial risk management objectives, its financial instruments; and its exposures to credit risk and liquidity risk are set out in note 2 to the financial statements.

After making enquiries, 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 in preparing the annual report and accounts.

Third Party Indemnities

Since 2005, Abbey National plc has issued enhanced indemnities (initially under the Companies (Audit, Investigations and Community Enterprise) Act 2004 and currently under the Companies Act 2006) to the Directors of the Company against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnities remain in force as at the date of this Annual Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Abbey National plc.

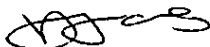
Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as each of the directors is aware, there is no relevant audit information (as defined in s234ZA of the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all steps that he ought to have taken as director to make himself aware of any relevant audit information (as defined in s234ZA of the Companies Act 1985) and to establish that the company's auditors are aware of that information.

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
Abbey National Nominees Limited,
Secretary

23rd September 2009

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

Independent auditors' report to the members of Abbey National Alpha Investments

We have audited the financial statements of Abbey National Alpha Investments for the year ended 31 March 2009 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in Note 1 to the financial statements, the company in addition to complying with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended.



Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom
23 September 2009

ABBEY NATIONAL ALPHA INVESTMENTS

Income Statement

For the year ended 31 March 2009

Continuing Operations	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Administrative expenses		-	(21)
Loss from operations		-	(21)
Investment income	4	40,458	307,648
Impairment on interests in subsidiary undertakings	8	(244,140)	-
Finance costs	5	(172,628)	(165,735)
(Loss)/profit before tax		(376,310)	141,892
Tax	6	37,008	(87,272)
(Loss)/profit attributable to equity holders of the company		(339,302)	54,620

The accompanying notes form an integral part of the accounts.

Statement of Recognised Income and Expense

For the year ended 31 March 2009

The Company has no recognised income or expenses other than the results for the current and previous year as set out in the Income Statement.

Statement of Changes in Equity

For the year ended 31 March 2009

	Notes	Share capital £	Retained earnings £	Total £
At 1 April 2007		45,183,977	-	45,183,977
Share Capital Reduction transfer to Reserves	13	(44,000,000)	44,000,000	-
Dividend Payment	13		(43,834,265)	(43,834,265)
Profit for the year	13		54,620	54,620
At 31 March 2008 and 1 April 2008	12	1,183,977	220,355	1,404,332
Loss for the year	13	-	(339,302)	(339,302)
At 31 March 2009	12	1,183,977	(118,947)	1,065,030

The accompanying notes form an integral part of the accounts.

ABBEY NATIONAL ALPHA INVESTMENTS

Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Non-current Assets			
Interest in subsidiary undertakings	8	6,694,104	-
Current assets			
Trade and other receivables	9	-	1,273
Cash and cash equivalents	10	-	1,490,331
Total assets		6,694,104	1,491,604
Current Liabilities			
Current Tax Liabilities		(50,207)	(87,272)
Non-current liabilities			
Other borrowings	11	(5,578,867)	-
Total liabilities		(5,629,074)	(87,272)
Net Assets		1,065,030	1,404,332
Equity			
Share capital	12	1,183,977	1,183,977
Retained Earnings	13	(118,947)	220,355
Equity attributable to equity holders of the company		1,065,030	1,404,332

The accompanying notes on pages 7 to 12 are an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23 September 2009. They were signed on its behalf by: *Shawn Coles*



Director

ABBEY NATIONAL ALPHA INVESTMENTS

Cash Flow Statement

For the year ended 31 March 2009

	Note	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Loss from operations		-	(21)
Operating cash flows before movements in working capital		-	(21)
Decrease in receivables		1,273	45,182,704
Cash generated by operations		1,273	45,182,683
Interest received		40,458	307,648
Income tax paid		(57)	-
Net cash from operating activities		40,401	45,490,331
Investing activities			
Purchase of interests in subsidiary undertakings	8	(6,938,244)	-
Net cash (used in) investing activities		(6,938,244)	-
Financing activities			
Redemption of debenture		-	(49,000,000)
Proceeds on issue of debenture		-	5,000,000
Borrowing from group companies		5,578,867	-
Interest paid		(172,628)	-
Net cash generated from/ (used in) financing activities		5,406,239	(44,000,000)
Net (decrease)/increase in cash and cash equivalents		(1,490,331)	1,490,331
Cash and cash equivalents at beginning of year		1,490,331	-
Cash and cash equivalents at end of year		-	1,490,331

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

General Information

The address of the registered office is given on page 2. The company's principal activity is set out within the Report of the Directors on page 1.

1. Accounting Policies

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in 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 as adopted for use in 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 convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors.

Investment in subsidiaries

Interests in subsidiary undertakings are carried at cost less impairment provisions.

Finance Costs

Finance costs are recognised in the income statement in the period in which they are incurred.

Financial assets

The entity classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

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 available for sale or loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term investments in securities.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities "at fair value through profit and loss" or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are recognised initially at fair value, net of transaction costs incurred. Other financial liabilities are subsequently stated at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

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

Income taxes, including deferred income taxes

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. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 substantially enacted at the balance sheet date.

2. Financial Risk Management

The Company's risk management focuses on the major areas of market risk, credit risk and liquidity risk. Risk management is carried out by the central risk management function of the Abbey Group. Authority flows from the Abbey National 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 Abbey Group has three tiers of risk governance.

The first is provided by the Abbey Board which approves Abbey's Risk Appetite for each of the risks below, in consultation with Santander as appropriate, and approves the strategy for managing risk and is responsible for the Abbey 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 Santander Risk before final approval by the Risk Approval Committee.

The second comprises the Abbey Board and is supported by the Risk Division. The role of the Chief Risk Officer 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 Abbey Group. The Abbey 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 provide independent objective assurance on the effectiveness of the management and control of risk across all of the Abbey Group. This is provided through the Non-Executive Directors, Internal Audit function and the Audit and Risk Committee.

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The majority of market risk arises as a result of equity markets' impact on available for sale assets.

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 from intercompany receivables balances and amounts held on deposit at banks. The Company has no significant credit risk due to the credit quality of the counterparty balances.

Impaired financial assets

A description of how impairment is measured can be found in the accounting policies on page 7. At the year end the investment in subsidiary undertakings were impaired. (2008: none).

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.

3. Loss for the year

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

The Company had no employees in the current or previous financial year.

The audit fee for the current and prior year has been paid on the Company's behalf by its ultimate UK parent undertaking, Abbey National plc, in accordance with company policy, for which no recharge has been made. The audit fee for the current year is £6,500 (2008: £6,500).

4. Investment Income

	2009 £	2008 £
Interest revenue	40,458	307,648

5. Finance costs

	2009 £	2008 £
Interest payable on intercompany loan	172,628	-
Unwind of discount on debenture issued to group company	-	165,735

6. Tax

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

6. Tax

	2009 £	2008 £
Current tax:		
UK corporation tax(credit) / charge	(37,008)	87,272
	(37,008)	87,272

Corporation tax is calculated at 28% (2008: 30%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2009 £	2008 £
(Loss)/Profit before tax:	(376,310)	141,892
Tax at the UK corporation tax rate of 28% (2008: 30%)	105,367	(42,568)
Tax effect of expenses that are not deductible in determining taxable profit	-	(44,647)
Non – taxable movement of impairment on interest in subsidiaries	(68,359)	
Adjustment in respect of prior year	-	(57)
Tax credit / (charge) for the year	37,008	(87,272)

7. Dividend

	2009 £	2008 £
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 March , the equivalent of £37.02 per share	-	43,834,265

This relates to the difference between the fair value at initial recognition, and the cash paid, for a debenture issued to parent company, Brettwood Limited.

8. Interests in subsidiary undertakings

The Directors consider the carrying value of the subsidiary interests to approximate their fair value.

The following is a list of the subsidiary undertakings of the company:

Name of subsidiary	Place of Incorporation, ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment	Principal activity
Directly held:					
Abbey National Baker Street Investments	United Kingdom	100	100	Cost	Investment company
N&P (B.E.S) Loans	United Kingdom	100	100	Cost	Investment company

Cost less impairment provision

	£
Balance at 31 March 2008	-
Purchase consideration	6,938,244
Impairment charge in year	(244,140)
Balance at 31 March 2009	6,694,104

The company purchased the above subsidiaries during the year in cash. As a result of this transaction, the company entered into an inter-company loan agreement with Abbey National Treasury Services plc.

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

9. Trade and other receivables

	2009 £	2008 £
Amounts due by group companies	-	57
Other receivables	-	308
Prepayments	-	908
	-	1,273

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

10. Cash and cash equivalents

	2009 £	2008 £
Amounts due by banking group companies	-	1,461,989
Bank current account	-	28,342
	-	1,490,331

The amounts due by group companies are short-term bank deposits with an original maturity of three months or less. The directors consider that the carrying amount of these assets approximates to their fair value.

11. Other borrowings

	2008 £	2007 £
Inter company loan with Abbey National Treasury Services Ltd	5,578,867	-
	5,578,867	-

This inter-company loan is repayable on demand.

12. Share capital

	2009 £	2008 £
Authorised:		
45,188,250 ordinary shares of £1 each	45,188,250	45,188,250
Issued and fully paid:		
1,183,977 ordinary shares	1,183,977	1,183,977
	1,183,977	1,183,977

13. Retained earnings

	£
Balance at 1 April 2007	-
Profit for the year	54,620
Capital reduction	44,000,000
Dividend	(43,834,265)
Balance at 31 March 2008 and 1 April 2008	220,355
Profit/(loss) for the year	(339,302)
Balance at 31 March 2009	(118,947)

14. Related party transactions

The following were the balances with related parties as at 31 March 2009 and 31 March 2008.

	2009 £	2008 £
Amounts due from group companies		
Previous immediate Parent company (Abbey National Investments Holdings Limited)	-	-
Other group companies	-	1,462,897

ABBEY NATIONAL ALPHA INVESTMENTS

Notes to the financial statements for the year ended 31 March 2009

	2009 £	2008 £
Finance costs – immediate parent company	-	21,385
Finance costs – Abbey National Treasury Services Plc	-	144,350

Other transactions with related parties primarily comprise the settlement of group relief balances with the group companies

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

15. Capital management and resources

The Company's ultimate UK parent, Abbey National plc ("Abbey"), adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Abbey group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the Abbey group's capital management can be found in the Abbey Annual Report and Accounts.

Capital held by the Company and managed centrally as part of the Abbey group, comprises share capital and reserves which can be found in the Balance Sheet on page 5.

16. Parent undertaking and controlling party

The Company's immediate parent company was Abbey National Investments Holdings Limited until 19 February 2008. From that date the immediate parent was Brettwood Limited.

The Company's ultimate parent undertaking and controlling party is Banco Santander, S.A., a company incorporated 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. Abbey National 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 Abbey Secretariat, Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN.