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ALLIANCE & LEICESTER SHARE OWNERSHIP TRUST LIMITED

Company Number 3320209

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**



Alliance & Leicester Share Ownership Trust Limited
Company no 3320209

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Alliance & Leicester Share Ownership Trust Limited

Company no 3320209

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 activity and review of the year

The principal activity of Alliance & Leicester Share Ownership Trust Limited, Company Number 3320209 (the "Company") was to hold and deliver Banco Santander, S A shares under the former Alliance & Leicester plc share plans which lapsed on 7 April 2009. The Company was active during the year but received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss during the year.

Results and dividends

There was no profit or loss for the year ended 31 December 2009 (2008: £nil) and therefore the Directors do not recommend the payment of a dividend (2008: £nil).

Directors

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

Mr T S Lloyd	
Miss H Armitage	(appointed 17 April 2009)
Mrs S J Odell	(resigned 4 November 2009)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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.

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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 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

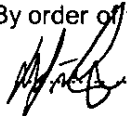
Each of the Directors as at the date of approval of this report confirms that

- 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



Helen Armitage, Director
8 February 2010

Registered Office: Customer Services Centre, Carlton Park, Narborough, Leicestershire, LE19 0AL,

Independent Auditors' Report to the Members of Alliance & Leicester Share Ownership Trust Limited

We have audited the financial statements of Alliance & Leicester Share Ownership Trust Limited (the "Company") for the year ended 31 December 2009 which comprise the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 6. 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 result 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

Statement of Comprehensive Income
Year ended 31 December 2009

There were no financial transactions in the current year or previous year and the Company generated neither a profit nor a loss

Statement of Changes in Equity
Year ended 31 December 2009

	Issued capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2009	2	-	2
Result for the year	-	-	-
Balance at 31 December 2009	2	-	2

Cash Flow Statement
Year ended 31 December 2009

The Company did not undertake any cash transactions in the current year or previous year and therefore no cash flows have occurred

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Balance Sheet

Year ended 31 December 2009

	Notes	2009 £	2008 £
Current Assets			
Trade and Other Receivables			
- Amount due from Group Undertakings		2	2
Net Assets		2	2
Equity			
Share capital	4	2	2
Retained earnings		-	-
Equity attributable to equity holders of the Company		2	2

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


Simon Lloyd, Director

Alliance & Leicester Share Ownership Trust Limited

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Notes to the Accounts

1 Principal accounting policies

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

The Company did not trade, received no income and incurred no expenditure during the current or preceding financial year and has made neither profit nor loss. Accordingly no separate Income Statement and Cash Flow Statement have been presented.

a Accounting convention

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 Group Financial statements comply with Article 4 of the EU IAS regulation.

The Company prepares its accounts under the historical cost convention.

b Financial assets

The Company classifies its financial assets into the following categories, as determined at the initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

'Amounts due from Group Undertakings' are classed as Loans and receivables. The Director considers the carrying value of Loans and other receivables to be approximately equal to their fair value. Loans and receivables are carried at amortised cost.

c. Critical accounting policies

The Directors believe that due to the nature of the Company's operations, there are no critical judgements in applying the accounting policies or key assumptions.

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Notes to the Accounts (continued)

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 11.

e 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 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.

2. Risk management policy and control framework

Risk is managed on a Group basis

As a result of its normal business activities, the Company is not exposed to risk

As the Group's risk management policy and control framework is not applicable to the Company, it is not described in the notes to the accounts

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Notes to the Accounts (continued)

3 Profit from operations

The Company provided Trustee services and delivered share plan benefits to employees of behalf of Alliance & Leicester plc, the parent company. The parent company funded the cost of the share plans including all expenses of operating the Trust and delivering shares under the parent company share plans. Therefore, the Company has had no accounting transactions and made neither a profit nor a loss in the financial year and the preceding year.

The expenses of the Company including auditor's remuneration of £5,000 (2008 £5,000), relating to fees payable to the auditors for the audit of the Company's annual accounts have been borne by Alliance & Leicester plc.

There are no employees so no remuneration has been paid to Directors and employees. Accordingly, no profit and loss account is presented. There have been no other recognised gains or losses or movements in shareholders' funds in any year.

4 Share Capital

	2009 £	2008 £
Issued and fully paid		
Ordinary Shares of £1 each	2	2

5 Related Party Transactions

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.

6 Parent undertaking and controlling party

The Company's immediate parent company is Alliance & Leicester plc.

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.