

COMPANY REGISTRATION NUMBER 4368498

A & L CF MARCH (9) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2008

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A & L CF MARCH (9) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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A & L CF MARCH (9) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2008

Company registration number	4368498
The board of directors	M W Evans C R Morley C S Jones W H Paterson M C Rogers
Company secretary	R A Hawker
Registered office	Building 3 Floor 3 Carlton Park Narborough Leicester LE19 0AL
Auditor	Deloitte & Touche LLP Chartered Accountants & Registered Auditors Birmingham
Bankers	Alliance & Leicester plc Bridle Road Bootle Merseyside L30 4GB

A & L CF MARCH (9) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008.

RESULTS AND DIVIDENDS

The company elected to adopt International Financial Reporting Standards (IFRS) for the reporting of its financial results and position as at 31 March 2008. The company made the decision to report under IFRS to align its reporting with its ultimate parent company, Alliance & Leicester plc, which publish their Annual Report and Accounts under IFRS and to apply best practice.

Prior year balances have been reassessed under IFRS but there has been no material impact to the financial position reported under UK Generally Accepted Accounting Principles (UK GAAP) for the year ended 31 March 2007 and therefore restatement of comparative figures has not been necessary.

The trading results for the year, and the Company's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend (2007: £nil).

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Alliance & Leicester plc and operates as part of the Group's Commercial Bank Division.

The Company's principal activities were those of lessors and financiers of assets for the corporate sector.

General information about the Group's business during the year and future plans which include the Company is disclosed in the Group's Annual Report and Accounts.

As shown in the Company's income statement on page 10, the Company's operating income decreased during the year compared to the prior year due to a decrease in revenue inherent in the structure of the leases.

The balance sheet on page 12 shows that the net assets of the Company increased during the year. Details of amounts owed by the Company's immediate parent undertaking at 31 March 2008 are shown in note 12 to the financial statements.

Alliance & Leicester plc manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Commercial Bank division of Alliance & Leicester plc, which includes the Company, is discussed in the Group's Annual Report and Accounts which do not form part of this report.

Events after the balance sheet

As disclosed in note 18 to the financial statements Banco Santander S.A. acquired the entire share capital of the ultimate parent undertaking Alliance & Leicester plc on 10 October 2008.

A & L CF MARCH (9) LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

DIRECTORS

The following persons were directors of the Company during the year:

M W Evans

C R Morley

R L Towers

C S Jones

W H Paterson (appointed 3 August 2007)

R L Towers resigned as a director on 1 April 2008.

M C Rogers was appointed as a director on 1 April 2008.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest at any time during the year in any contract of significance with the Company (2007: none)

CORPORATE GOVERNANCE

The Company operates under the Group's Corporate Governance Structure the key elements of which are described in the Group's Statement of Corporate Governance along with details of how the Group complies with the principles of the Combined Code in the Group's Annual Report and Accounts which does not form part of this report.

SOCIAL RESPONSIBILITIES

The Company operates in accordance with Group policies, which are described in the Corporate Responsibility Report in the Group's Annual Report and Accounts which does not form part of this report.

EMPLOYEES

As disclosed in note 6 to the financial statements the Company had no employees in either the current year or the prior year. Services to the Company are carried out by employees of the immediate parent undertaking, Alliance & Leicester Commercial Finance plc. Responsibility for all employee related matters rests with the Alliance & Leicester plc Director of Group Human Resources. Information on Group policies and responsibilities on employee related matters are disclosed in the Directors' Report and Corporate Social Responsibility Report in the Group's Annual Report and Accounts which do not form part of this report.

ENVIRONMENT

The Alliance & Leicester plc Group recognises that it has a responsibility to act in a way that respects the environment. The Company operates in accordance with Group policies, which are described in the Corporate and Social Responsibility Report in the Group's Annual Report and Accounts which does not form part of this report.

CREDITOR PAYMENT POLICY

The Company operates in accordance with the Group's Creditor Payment Policy details of which are disclosed in the Group's Annual Report and Accounts which does not form part of this report.

A & L CF MARCH (9) LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

PRINCIPAL RISKS AND UNCERTAINTIES

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 and liquidity risk. The Company manages its risk in line with the Group's Risk Management Policy and Control Framework and the Statement of Corporate Governance as described in the Group's Annual Report and Accounts.

Information specific to this Company in relation to risk is disclosed in note 5 of the financial statements.

The financial risks of the Company are managed by the Group Treasury function of the ultimate parent Company, Alliance & Leicester plc.

The Company is mainly financed by loans from its immediate parent undertaking and the level of the third party debt is not considered to be material.

DISCLOSURE OF INDEMNITIES

The directors confirm that under Section 309A of the Companies Act:-

a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the ultimate parent company Alliance & Leicester plc) is in force for the benefit of all the directors of the Company;

b) for the financial year ended 31 March 2008 a qualifying third party indemnity provision (provided by the ultimate parent company Alliance & Leicester plc) was in force for the benefit of all the directors of the Company and;

c) that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company either on the date the Directors' Report is signed or in the last financial year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are a director at the approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with the provisions of Section 234ZA of the Companies Act 1985.

A & L CF MARCH (9) LIMITED

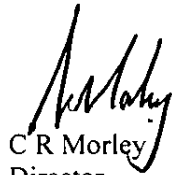
DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

AUDITORS

The Company has by elective resolution, dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Deloitte & Touche LLP, will be deemed to be re-appointed for each succeeding year.

Approved by the board on 27 November 2008 and signed on its behalf by



C R Morley
Director

A & L CF MARCH (9) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2008

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 (IFRS) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRS 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 IFRS. 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 IFRS 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & L CF MARCH (9) LIMITED

We have audited the financial statements of A & L CF March (9) Limited for the year ended 31 March 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 18. 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 (IFRS) 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 (United Kingdom 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 Directors' Report 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 as described in the contents section 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 (United Kingdom 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
A & L CF MARCH (9) LIMITED (continued)**

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit 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 Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Birmingham

30 November 2008

A & L CF MARCH (9) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Revenue		4,377	8,867
Cost of sales		-	-
GROSS PROFIT		4,377	8,867
Administrative expenses		(1,267)	(1,473)
OPERATING PROFIT	6	3,110	7,394
Finance costs	7	(2,488)	(3,370)
PROFIT BEFORE TAX		622	4,024
Corporation tax expense	8	(187)	(1,207)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF MARCH (9) LIMITED		435	2,817

There are no other recognised gains or losses in either the current or previous financial year other than the profit for the financial year.

All of the activities of the Company are classed as continuing.

The notes on pages 14 to 27 form part of these financial statements.

A & L CF MARCH (9) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 April 2007	1	5,101	5,102
Profit for the year	-	435	435
Balance at 31 March 2008	<u>1</u>	<u>5,536</u>	<u>5,537</u>

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 April 2006	1	2,284	2,285
Profit for the year	-	2,817	2,817
Balance at 31 March 2007	<u>1</u>	<u>5,101</u>	<u>5,102</u>

The notes on pages 14 to 27 form part of these financial statements.

A & L CF MARCH (9) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £	2007 £
ASSETS			
NON CURRENT ASSETS			
Trade and other receivables	9	6,242	30,847
		<u>6,242</u>	<u>30,847</u>
CURRENT ASSETS			
Trade and other receivables	9	34,890	45,399
Cash and cash equivalents	13	-	-
		<u>34,890</u>	<u>45,399</u>
TOTAL ASSETS		<u>41,132</u>	<u>76,246</u>
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	14	1	1
Retained profit		<u>5,536</u>	<u>5,101</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF MARCH (9) LIMITED		5,537	5,102
CURRENT LIABILITIES			
Trade and other payables	16	<u>35,595</u>	<u>71,144</u>
TOTAL EQUITY AND LIABILITIES		<u>41,132</u>	<u>76,246</u>

The notes on pages 14 to 27 form part of these financial statements.

Approved by the Board on 27 November 2008 and signed on its behalf by


C R Morley
Director

A & L CF MARCH (9) LIMITED

CASH FLOW STATEMENT

AS AT 31 MARCH 2008

	Notes	2008 £	2007 £
Total profit for the year		435	2,817
NON-CASH ADJUSTMENTS			
Decrease in trade and other receivables		43,623	51,745
Increase in deferred tax asset		(8,509)	(55)
		<u>35,549</u>	<u>54,507</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Group relief received		9,958	(2,844)
Interest paid to parent undertakings		(2,488)	(3,370)
Management charges paid to parent undertakings		(1,267)	(1,473)
		<u>6,203</u>	<u>(7,687)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>41,752</u>	<u>46,820</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt/(repayment) of cash advances from parent undertakings		(41,752)	(46,820)
		<u>(41,752)</u>	<u>(46,820)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalents as at 1 April		-	-
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	13	<u>-</u>	<u>-</u>

The notes on pages 14 to 27 form part of these financial statements.

A & L CF MARCH (9) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Company's financial statements for the year were authorised for issue on 27 November 2008 and the balance sheet signed on the board's behalf by C R Morley. A & L CF March (9) Limited is a company incorporated and domiciled in England & Wales. The Company's registered office is shown on page 2.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRS adopted for use by the European Union (EU), and therefore the financial statements comply with Article 4 of the EU IAS regulation. The principal accounting policies adopted by the Company are set out in note 2.

These are the Company's first financial statements to which IFRS 1 – 'First time adoption of International reporting standards' has been applied.

Results and disclosures for the comparative year are on the same basis as the 2008 results.

2. ACCOUNTING POLICIES

Accounting convention

The Company prepares its accounts under the historical cost convention. The principal policies adopted are set out below.

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 that agreement.

Interest expense recognition

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 relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

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.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

2. ACCOUNTING POLICIES (continued)

Finance lease receivables

Amounts due from lessees under finance leases and hire purchase contracts 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 and hire purchase.

Taxation

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

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

Deferred tax liabilities are 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 deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

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.

'Trade and other receivables' are classed as Loans and Receivables. 'Net investment in finance leases and hire purchase contracts' are treated in accordance with the Company's policy on finance lease agreements.

Loans and receivables are carried at amortised cost using the effective interest rate method. Interest calculated using the effective interest rate method is recognised in the income statement.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

2. ACCOUNTING POLICIES (continued)

Financial liabilities

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.

Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets. 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 a 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 other financial reorganisation;
- 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.

A & L CF MARCH (9) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

2. ACCOUNTING POLICIES (continued)

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.

Foreign currencies

Foreign currency monetary transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions, and are re-translated at year end exchange rates. Foreign exchange gains and losses are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

A & L CF MARCH (9) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

2. ACCOUNTING POLICIES (continued)

CHANGES TO IFRS NOT ADOPTED IN 2008 ACCOUNTS

The International Accounting Standards Board has published the following IAS, IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations:

Standard/Interpretation	Issued	Effective for periods commencing on or after
Amendments to IAS 1 Presentation of financial statement - A revised presentation ¹	Sep 2007	1 Jan 2009
Amendment to IAS 23 Borrowing costs ¹	Mar 2007	1 Jan 2009
IFRIC 12 Service concession arrangements ²	Nov 2006	1 Jan 2008
IFRIC 13 Customer Loyalty Programmes ³	Oct 2007	1 Jul 2008
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	July 2007	1 Jan 2008
IFRIC 15 Agreements for the Construction of Real Estate	July 2008	1 Jan 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	July 2008	1 Oct 2008
Amendment to IFRS 2 Share based payments – Vesting conditions and cancellations	Jan 2008	1 Jan 2009
IFRS 3 (revised) Business combinations ⁴	Jan 2008	1 Jul 2009
Amendments to IAS 27 Consolidated and separate financial statements ⁴	Jan 2008	1 Jul 2009

Notes:

1. May be adopted prior to endorsement as long as there is no conflict with the current standard.
2. May not be adopted in the EU prior to endorsement for arrangements currently accounted for under IFRIC 4.
3. May be adopted prior to endorsement as interpretative only.
4. May not be adopted prior to endorsement. These two Standards are expected to apply prospectively so there will be no retrospective adjustment to balances currently being reported when presented as comparatives.

The Company has not elected to adopt these changes early in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

A & L CF MARCH (9) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3. 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.

Impairment Provisions

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

Effective interest rate calculations

IAS 39 requires certain financial assets and liabilities to be held at amortised cost, with income recognised using the EIR methodology. In order to calculate EIR, the contracted repayment profile is used. If customers repay earlier than anticipated, this will generally lead to an increase in the balance sheet carrying value and a gain in the income statement.

4. RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK

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 and liquidity risk. The Company manages its risk in line with the Group's Risk Management Policy and Control Framework (see note 5) and the Statement of Corporate Governance as described in the Group's Annual Report.

5. RISK MANAGEMENT DISCLOSURES

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'. Operational risk is monitored by Group as described in the Risk Management Policy and Control Framework in the Group's Annual Report. An independent operational risk team within the Group Risk function has the overall responsibility for ensuring effective operation of the framework within which operational risk is managed, and for its consistent application across the Group. Day to day management of operational risk rests with line managers. It is managed through a combination of internal controls, processes and procedures and various risk mitigation techniques, including insurance and business continuity planning. Oversight of regulatory risk is the responsibility of the Group Risk and Compliance functions.

Credit risk

Credit risk is the risk of loss arising from a customer or counterparty failing to meet their financial obligations to the Company as and when they fall due. The Company manages its credit risk in line with Group which is firmly committed to the management of credit risk in its Commercial Lending activities and is detailed in the Risk Management Policy and Control Framework in the Group's Annual Report.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

5. RISK MANAGEMENT DISCLOSURES (continued)

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 finance leases and hire purchase contracts (note 10). The net investment in finance leases and hire purchase contracts at 31 March 2008 was £30,847 (2007: £74,470).

For the Company, 100% (2007: 100%) of the balances are secured. The main types of security are charges over assets being financed, such as commercial vehicles. In addition Nil (2007: Nil) of finance leases are secured by bank guarantees.

All company exposures are to corporate customers.

Arrears and impairment

No lending balances were in arrears at 31 March 2008 (2007: £nil).

The carrying value of repossessed stock was £Nil (2007: £Nil).

The fair value of collateral on impaired assets at 31 March 2008 was £Nil (2007: £Nil).

Interest accrued on impaired assets at 31 March 2008 was £Nil (2007: £Nil).

A & L CF MARCH (9) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

5. RISK MANAGEMENT DISCLOSURES (continued)

The portfolio is subject to regular monitoring for potential impairment. This monitoring includes review of each counterparty's repayment record and examination of new financial and business sector information relevant to each counterparty. In the event of deterioration in a counterparty's creditworthiness being identified through this monitoring a thorough analysis is undertaken to establish the full circumstances surrounding the cause and severity of that deterioration. Where this indicates a reasonable expectation that future anticipated cashflows may not be received, the asset originating these doubtful cashflows is deemed to be impaired. Typical reasons for an impairment charge being made include counterparty insolvency, failure to make agreed repayments or a breach of a covenant included within facility documentation.

£Nil (2007: £Nil) of loans that would have been past due or impaired, have had their terms renegotiated.

Loans 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 potential adverse change in Company income or the value of Company net worth arising from movements in market rates, including interest rates, exchange rates, inflation rates and equity prices. The Company manages market risk in accordance with Group policy which recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value. Details of the policy are disclosed in the Risk Management Policy and Control Framework in the Group's Annual Report.

Interest rate risk

Interest rate risk is potentially 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 Group Treasury using interest rate swaps and other appropriate instruments.

Changes in interest rates would result in no impacts on either the equity of the Company or on the income statement. Interest is allocated on a lease agreement by lease agreement basis within the Company and all interest rate risk is borne by the immediate parent company, Alliance & Leicester Commercial Finance plc.

Equity risk

The Company follows the Group's policy which is to have no material exposure to equity markets.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

5. RISK MANAGEMENT DISCLOSURES (continued)

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 Company is dependent on loans from its immediate parent undertaking and the level of the third party debt is not considered to be material.

As a result of the above the Company's policy is in line with Group's policy as detailed in the Risk Management and Control Framework in the Group's Annual Report.

The day to day management of liquidity is the responsibility of Group Treasury, which provides funding to and takes surplus funds from the Company as required.

All balances owed to related parties are repayable on demand.

6. OPERATING INCOME

Directors' emoluments

The directors received no remuneration for their services to this Company in either the current or the preceding year. The directors are also directors of the immediate parent Company, Alliance & Leicester Commercial Finance plc and the majority of their activities relate to services carried out in relation to Alliance & Leicester Commercial Finance plc and other Group companies. Therefore the directors deem it inappropriate to directly allocate any of their costs to the income statement account of this Company.

Auditors' remuneration

Auditors' remuneration of £3,000 was borne by the immediate parent company, Alliance & Leicester Commercial Finance plc, in both the current and the 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.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

7. FINANCE COSTS

	2008 £	2007 £
Amounts payable to immediate parent undertakings	2,488	3,370
	<u>2,488</u>	<u>3,370</u>

8. CORPORATION TAX EXPENSE

Components of Corporation tax

	2008 £	2007 £
Current tax expense		
Current tax expense	8,696	5,293
Adjustments to current tax of prior period	-	(4,031)
Current tax expense	<u>8,696</u>	<u>1,262</u>
Deferred tax income		
Relating to origination and reversal of temporary differences	(8,509)	(4,086)
Adjustments to deferred tax of prior period	-	4,031
Deferred tax income	<u>(8,509)</u>	<u>(55)</u>
Tax expense reported in income statement	<u>187</u>	<u>1,207</u>

Reconciliation of corporation tax charge to accounting profit

During 2007 the Government enacted a change in corporation tax reducing the rate from 30% to 28% with effect from April 2008. There was no impact of this change on the corporation tax charge.

The effective rate of tax for the year was the same as (2007: the same as) the standard rate of corporation tax in the UK of 30% (2007: 30%), where the Company generates substantially all its profits.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

9. TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Non current		
Finance lease receivables	<u>6,242</u>	<u>30,847</u>
Current		
Finance lease receivables	24,605	43,623
Deferred tax asset (note 15)	<u>10,285</u>	<u>1,776</u>
	<u>34,890</u>	<u>45,399</u>

10. FINANCE LEASES

The Company enters into finance lease arrangements with customers in the commercial sector.

	<i>Gross investment in the lease</i>		<i>Present value of minimum lease payments</i>	
	2008 £	2007 £	2008 £	2007 £
Less than one year	26,248	47,393	24,605	43,623
Later than one year but less than five years	6,659	33,514	6,242	30,847
Later than five years	-	-	-	-
	<u>32,907</u>	<u>80,907</u>	<u>30,847</u>	<u>74,470</u>
Less:				
Unearned finance income	<u>(2,060)</u>	<u>(6,437)</u>		
Present value of minimum lease payments receivable	<u>30,847</u>	<u>74,470</u>		
Non-current			6,242	30,847
Current			<u>24,605</u>	<u>43,623</u>
			<u>30,847</u>	<u>74,470</u>

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

11. CAPITAL

Capital is managed on a Group basis, the objectives, policies and processes for managing capital are disclosed in the Group's Annual Report.

12. RELATED PARTY TRANSACTIONS

Ultimate controlling party

At the balance sheet date the immediate parent company, Alliance & Leicester Commercial Finance plc, was a subsidiary of Alliance & Leicester plc which was the controlling party and ultimate parent undertaking incorporated in England and Wales.

The largest and smallest Group in which the results of the Company were consolidated is that headed by Alliance & Leicester plc. The consolidated accounts for the year ended 31 December 2007 of this Group are available to the public and may be obtained from Carlton Park, Narborough, Leicester, LE19 0AL.

At the date of signing these financial statements the immediate parent company, Alliance & Leicester Commercial Finance plc, is a subsidiary of Alliance & Leicester plc, which is a wholly owned subsidiary of Banco Santander S.A., the controlling party and ultimate parent undertaking incorporated in Spain.

The largest and smallest Group in which the results of the Company will be consolidated is that headed by Banco Santander S.A. The consolidated accounts of this Group are available to the public and may be obtained from Paeso de la Pereda, numbers 9 to 12, Santander, Spain.

Trading activities

Payable to related parties

	2008	2007
	£	£
Current tax Group relief	8,696	(1,262)
Amounts owed to parent undertakings	26,899	72,406
	<u>35,595</u>	<u>71,144</u>

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

	2008	2007
	£	£
Amount owed to parent undertakings		
As at 1 April	71,144	125,651
Net movements	(35,549)	(54,507)
As at 31 March (note 16)	<u>35,595</u>	<u>71,144</u>
 Interest paid to parent undertakings	 <u>2,488</u>	 <u>3,370</u>

The amounts due to related parties are unsecured, repayable on demand and bear interest at market rates.

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

12. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

As detailed in note 6 the Company had no employees in either the current or preceding year and the directors are remunerated through Alliance & Leicester Commercial Finance plc therefore no key management compensation was paid by this Company.

Administration expenses

During the current year the Company paid administrative cost recharges to parent undertakings of £1,267 (2007: £1,473).

13. CASH AND CASH EQUIVALENTS

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

	2008	2007
	£	£
Cash at bank	<u>-</u>	<u>-</u>

14. SHARE CAPITAL

Authorised share capital

	2008	2008	2007	2007
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Issued share capital

	2008	2008	2007	2007
	No	£	No	£
Issued and fully paid				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

All issued share capital is classified as equity.

15. DEFERRED TAX ASSET

	Balance sheet		Income statement	
	2008	2007	2008	2007
	£	£	£	£
Deferred tax assets				
Relating to depreciation	<u>10,285</u>	<u>1,776</u>	<u>8,509</u>	<u>55</u>
	<u>10,285</u>	<u>1,776</u>	<u>8,509</u>	<u>55</u>

A & L CF MARCH (9) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

15. DEFERRED TAX ASSET (continued)

The movement in the deferred tax account is as follows:

	2008	2007
	£	£
At 1 April	1,776	1,721
Income statement credit (note 8)	8,509	55
At 31 March (note 9)	<u>10,285</u>	<u>1,776</u>

16. TRADE AND OTHER PAYABLES

	2008	2007
	£	£
Payable to related parties	35,595	71,144
	<u>35,595</u>	<u>71,144</u>

17. OPERATING SEGMENTS

The Company adopted IFRS 8 'Operating Segments' in advance of its effective date, with effect from 1 April 2007. IFRS 8 requires operating segments to be identified on the basis of internal reports.

Alliance & Leicester plc manages its operations on a divisional basis; Retail, Commercial and Treasury. As outlined in the Directors' Report the company operates as part of the Group's Commercial Bank Division and therefore considers that all of its operations are managed as part of the commercial division and further segmental analysis is not necessary.

18. EVENTS AFTER THE BALANCE SHEET DATE

On 10 October 2008 Banco Santander S.A. acquired the entire share capital of the ultimate parent undertaking Alliance & Leicester plc.

This transaction has had no impact on the Company's reported results for the year ended 31 March 2008.