

A & L Direct Limited - Registered no. 4377154
Financial Statements for the year to 31 December 2007

DIRECTORS' REPORT

The directors present their Report and Accounts for the year ended 31 December 2007. During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss during the year.

Activities

The Company has been dormant during the year and will continue to remain dormant for the foreseeable future.

Directors

The following were directors of the Company during the year:

Alliance & Leicester (Holdings) Limited
Sandra J Odell (appointed 8 August 2008)

Corporate Governance

The Company's policies on Corporate Governance are consistent with those established at Group level and referred to in the Group Report and Accounts for 2007 of Alliance & Leicester plc.

Disclosure of Indemnities

The directors confirm under S 309 of the Companies Act 1985 -

- a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the parent company Alliance & Leicester plc) is in force for the benefit of all the directors of the company,
- b) for the financial year ending 31 December 2007 a qualifying third party indemnity provision (provided by the 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.

APPROVED BY THE BOARD
ON 7 OCTOBER 2008 AND
SIGNED ON THEIR BEHALF BY


Alliance Limited
Company Secretary

FRIDAY



A05 24/10/2008 26
COMPANIES HOUSE

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BALANCE SHEET

	<u>Notes</u>	<u>£</u> 2007	<u>£</u> 2006
<u>CURRENT ASSETS</u>			
Debtors - Amount due from Group Undertakings		1	1
		<hr/>	<hr/>
Net Assets		1	1
		<hr/>	<hr/>
<u>CAPITAL and RESERVES</u>			
Called up share Capital	4	1	1
		<hr/>	<hr/>
Equity Shareholders' funds		1	1
		<hr/>	<hr/>

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during these years the company made neither a profit nor a loss.

For the year ended 31 December 2007 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for

- a) Ensuring the company keeps accounting records which comply with section 221,
- b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

APPROVED BY THE BOARD
ON 7 OCTOBER 2008 AND
SIGNED ON THEIR BEHALF BY



Richard Hawker
for and on behalf of
Alliance & Leicester (Holdings) Limited
Director

The attached notes form part of these accounts

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

2 EXPENSES

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, 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.

3 DIRECTORS' EMOLUMENTS

The Directors received no emoluments in respect of qualifying services during the year (2006 £Nil)

4 SHARE CAPITAL

	2007	2006
Authorised	£	£
100 Ordinary Shares of £1 each	100	100
	===	===
Issued, called up but not paid		
1 Ordinary Shares of £1 each	1	1
	===	===

5 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Alliance & Leicester plc, the company is exempt from the requirement of FRS8 to disclose details of transactions and balances within the group headed by that company.

6 ULTIMATE PARENT

The ultimate parent undertaking and controlling entity is Alliance & Leicester Plc. Group Accounts for the parent company for 2007 are drawn up and available from its Registered Office at

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

In July 2008, Santander approached the Board of Alliance & Leicester plc ("A&L"), the Company's ultimate parent, with a proposed offer to acquire the entire share capital of A&L. On 14 July, after careful consideration and discussions with their advisors, the Board of A&L took the decision to recommend the acquisition by Santander to the shareholders. Subject to regulatory and court approval, the acquisition will complete on 10 October 2008. This transaction has had no impact on the Company's reported results for the year ended 31 December 2007.