

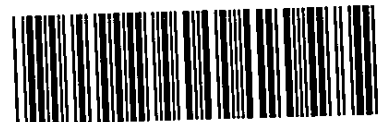
COMPANY REGISTRATION NUMBER 5161454

A & L CF JUNE (8) LIMITED

FINANCIAL STATEMENTS

30 JUNE 2010

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A & L CF JUNE (8) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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A & L CF JUNE (8) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 30 JUNE 2010

Company registration number	5161454
The board of directors	M W Evans C R Morley
Company secretary	R A Hawker
Registered office	Building 3 Floor 2 Carlton Park Narborough Leicester LE19 0AL
Statutory auditor	Deloitte LLP Chartered Accountants & Statutory Auditors Birmingham United Kingdom
Bankers	Santander UK plc Bridle Road Bootle Merseyside L30 4GB

A & L CF JUNE (8) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2010

The directors submit their Report together with the audited financial statements for the year ended 30 June 2010

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of A & L CF June (8) Limited, Company registration number 5161454 (the "Company") is that of lessors and financiers of assets for the corporate sector

The Business Review has been prepared solely to provide additional information to the members to assess the Company's strategies and the potential for those strategies to succeed

The Business Review contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this Report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information

As shown in the Company's income statement on page 8, the Company's profit from operations decreased during the year compared to the prior year. This is primarily due to a lower number of trading days in the current year compared to the number of trading days in the prior year

The balance sheet on page 10 shows that the net assets of the Company increased during the year. Details of amounts owed to other Group undertakings at 30 June 2010 are shown in note 13 to the financial statements

The directors do not expect any significant change in the level of business in the foreseeable future

RESULTS AND DIVIDENDS

The profit for the year on ordinary activities after taxation amounted to £15 (2009 £416). The directors have not recommended a dividend (2009 £995)

The Santander UK Group manages 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 Santander UK Group which includes the Company, is discussed in the Group's Annual Report, which does not form part of this Report

DIRECTORS

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

M W Evans

C R Morley

W H Paterson

(resigned 23 October 2009)

No director had a material interest at any time during the year in any contract of significance with the Company (2009 none)

A & L CF JUNE (8) LIMITED

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 5 to the financial statements includes the Company's objectives, policies and processes for managing its financial risk management objectives and its exposures to credit risk, market risk, liquidity risk and other risks. As disclosed in note 12 to the financial statements the Company's capital is managed by Santander UK Group.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risks were managed during the year at a group level by the ultimate UK parent company, Santander UK plc. The Group's risk management policy and information specific to this Company in relation to the management of its risk are disclosed in note 5 to the financial statements.

A & L CF JUNE (8) LIMITED

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The class of asset most exposed to credit risk in the Company is net investment in finance leases. Credit risk is managed in line with the central risk management function of the Santander UK Group. Credit risk is mitigated by security over the borrower's assets and is monitored on a revolving basis and subject to an annual or more frequent review. All customer exposures are to a corporate customer in the passenger transport industry and there were no lending balances in arrears at 30 June 2010 (2009 £Nil).

The Company is financed by loans from its immediate parent undertaking, Santander Asset Finance plc (formerly Alliance & Leicester Commercial Finance plc). The funding has no fixed repayment date and is therefore repayable on demand, which creates uncertainty in respect of the future funding position of the Company. This risk is mitigated by the fact that the Board of the ultimate UK parent company, Santander UK plc, has confirmed that the funding will remain in place for the foreseeable future.

Residual values are reviewed for impairment in line with the policy of the immediate parent undertaking, Santander Asset Finance plc, and an appropriate provision is recognised in the income statement.

THIRD PARTY INDEMNITIES

Enhanced indemnities are provided to the directors of the Company by the ultimate UK parent company, Santander UK plc, against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Report and these financial statements. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

AUDITORS

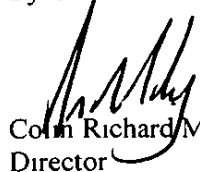
Each of the directors as at the date of approval of this Report confirms that

- (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 and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditors of the Company.

By Order of the Board,



Colin Richard Morley
Director

10 December 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & L CF JUNE (8) LIMITED

We have audited the financial statements of A & L CF June (8) Limited, (the "Company"), for the year ended 30 June 2010 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

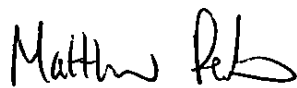
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
A & L CF JUNE (8) LIMITED (continued)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

20 December 2010

A & L CF JUNE (8) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Revenue		31	1,482
GROSS PROFIT		31	1,482
Administrative expenses		-	(800)
PROFIT FROM OPERATIONS	7	31	682
Finance costs	8	(11)	(104)
PROFIT BEFORE TAX		20	578
Tax	9	(5)	(162)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF JUNE (8) LIMITED		15	416

All of the activities of the Company are classed as continuing (2009 discontinued)

The notes on pages 12 to 23 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit (2009 profit) for the current and previous year as set out in the Income Statement

The notes on pages 12 to 23 form part of these financial statements

A & L CF JUNE (8) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 July 2009	1	-	1
Profit for the year		15	15
Balance at 30 June 2010	<u>1</u>	<u>15</u>	<u>16</u>

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 July 2008	1	579	580
Profit for the year	-	416	416
Equity dividend Paid	-	(995)	(995)
Balance at 30 June 2009	<u>1</u>	<u>-</u>	<u>1</u>

The notes on pages 12 to 23 form part of these financial statements

A & L CF JUNE (8) LIMITED
(COMPANY REGISTRATION NUMBER 5161454)

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	2010 £	2009 £
ASSETS			
NON CURRENT ASSETS			
Trade and other receivables	10	<u>3,167</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables	10	<u>13,302</u>	<u>1</u>
TOTAL ASSETS		16,469	1
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	(16,450)	-
NON CURRENT LIABILITIES			
Deferred tax liabilities	15	<u>(3)</u>	<u>-</u>
TOTAL LIABILITIES		(16,453)	-
TOTAL NET ASSETS		16	1
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	17	1	1
Retained profit		<u>15</u>	<u>-</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF A & L CF JUNE (8) LIMITED		16	1

The notes on pages 12 to 23 form part of these financial statements

The financial statements were approved by the board of directors and authorised for issue on 10 December 2010. They were signed on its behalf by


Colin Richard Morley
Director

A & L CF JUNE (8) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Total profit for the year		15	416
NON-CASH ADJUSTMENTS			
(Increase)/decrease in trade and other receivables		(14,079)	3,484
Increase in trade and other payables		16,450	-
Increase in deferred tax liability		3	-
Decrease in deferred tax asset		-	7,814
		<u>2,374</u>	<u>11,298</u>
CASH FLOWS FROM OPERATING ACTIVITIES		2,389	11,714
Group relief paid		(2)	(9,840)
Interest paid to parent undertakings		(12)	(104)
Management charges paid to parent undertakings		-	(800)
		<u>(14)</u>	<u>(10,744)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,375	970
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/receipt of cash advances (to)from parent undertakings		(2,375)	25
Equity dividend paid		-	(995)
		<u>(2,375)</u>	<u>(970)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalents as at 1 July		-	-
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	16	<u>-</u>	<u>-</u>

The notes on pages 12 to 23 form part of these financial statements

A & L CF JUNE (8) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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

The financial statements for A & L CF June (8) Limited, Company registration number 5161454 (the "Company"), for the year ended 30 June 2010 were authorised for issue on 10 December 2010 and the Balance Sheet signed on the Board's behalf by Colin Richard Morley. The Company is incorporated and domiciled in England & Wales. The Company's registered office is shown on page 2.

The principal accounting policies adopted by the Company are set out in note 2.

The results and disclosures for the current year have been prepared on the going concern basis and the results and disclosures for the comparative year have been prepared on a basis other than that of a going concern. The change in basis has not required a restatement of the prior year results.

2. ACCOUNTING POLICIES

Basis of accounting

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted for use by the European Union. During the year the Company adopted the following applicable new or revised standards and interpretations:

a) 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.

b) 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 are reported in note 5 to the financial statement.

The Company prepares its financial statements under the historical cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Report of the Directors - Statement of Going Concern. The principal policies adopted are set out below.

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2. ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

Finance lease agreements

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

Finance lease receivables

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred 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 expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is the tax expected to be payable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

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 is 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

The Company does not hold cash or cash equivalents.

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2. ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

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

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

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.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For finance lease receivables objective evidence of impairment could include

- a) significant financial difficulty of the issuer or counterparty, or
- b) default or delinquency in interest or principal payments, or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation

The amount of the impairment is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

A & L CF JUNE (8) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

2. ACCOUNTING POLICIES (continued)

Changes to IFRS not adopted in the 2010 accounts

The International Accounting Standards Board has published the following IAS, IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations which are applicable to the Company

Title	Subject	As issued by the IASB, mandatory for accounting periods starting on or after	Per the EU adopting regulation, Mandatory for accounting periods starting on or after	Endorsed or when endorsement expected
IAS/IFRS standards				
Amendments to IFRS 7 (October 2010)	Disclosures – Transfers of Financial Assets	1 July 2011	TBC	Quarter 2 2011
Improvements to IFRSs 2010 (May 2010)	Improvements to IFRSs 2010	See note 2 below	To be confirmed	Quarter 4 2010
IFRS 9	Financial Instruments	1 January 2013	TBC	Postponed
IAS 24 (Revised November 2009)	Related Party Disclosures	1 January 2011	TBC	Quarter 2 2010
Improvements to IFRSs 2009 (April 2009)	Improvements to IFRSs 2009	See note 1 below	1 January 2010 ⁽¹⁾	23 March 2010
Interpretations				
Improvements to IFRSs 2010 (May 2010)	Improvements to IFRSs 2010	See note 2 below	To be confirmed	Quarter 4 2010

Note 1 Improvements to IFRSs 2009 includes amendments to a number of Standards and Interpretations. The effective date of all the amendments is for annual periods beginning on or after either 1 July 2009 or 1 January 2010.

Note 2 Improvements to IFRSs 2010 includes amendments to a number of Standards and Interpretations. Except for the amendments in connection with IFRS 3 and IAS 27, the effect date of all the amendments is for annual periods beginning on or after 1 January 2011. The amendments in connection with IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010.

The Company has not elected to adopt these Standards and Interpretations 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 JUNE (8) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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.

Residual values

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

Impairment 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 "Financial Instruments: Recognition and Measurement" requires certain financial assets and liabilities to be held at amortised cost, with income recognised using the effective interest rate (EIR) methodology. In order to calculate EIR, the contracted repayment profile is used. If customers repay earlier than anticipated, this will generally lead to a reduction 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, market risk, interest rate risk and liquidity risk. The Company manages its risk in line with the central risk management function of the Santander UK Group. Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management and oversight. Further information can be found in the Santander UK plc Annual Report which does not form part of this Report.

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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 the independent operational risk teams within Santander UK Group The operational risk team has the overall responsibility for ensuring effective operation of the framework within which operational risk is managed, and for its consistent application across Group companies 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

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 credit quality of customer assets is mitigated by the credit approval process in place Credit risk is mitigated by security taken over the borrower's assets The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers Such risks are monitored on a revolving basis and subject to an annual or more frequent review

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

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

The class of financial instrument that is most exposed to credit risk in the Company is net investment in finance leases (note 11) The net investment in finance lease agreements as at 30 June 2010 was £14,079 (2009 £Nil)

All company exposures are to a corporate customer in the passenger transport industry

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. RISK MANAGEMENT DISCLOSURES (continued)

Credit risk (continued)

For the Company, 100% (2009 100%) of the balances are secured. The main types of security are charges over assets being financed. In addition £Nil (2009 £Nil) of finance leases are secured by bank guarantees.

Arrears and impairment

Asset quality remains good with no lending balances in arrears at 30 June 2010 (2009 Nil).

The carrying value of repossessed stock at 30 June 2010 was £Nil (2009 £Nil).

The fair value of collateral on impaired assets at 30 June 2010 was £Nil (2009 £Nil).

Interest accrued on impaired assets at 30 June 2010 was £Nil (2009 £Nil).

The portfolio is subject to regular monitoring for potential impairment under the impairment of financial assets policy set out in note 2.

£Nil (2009 £Nil) of lending that would have been past due or impaired, have had their terms renegotiated.

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

Market risk

Market risk is the 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 recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value, and manages market risk accordingly. Details of the market risk management policy are disclosed in the Risk Management Policy and Control Framework in the Santander UK plc Annual Report which does not form part of this Report.

Interest rate risk

Interest rate risk is the most significant market risk to which the Company is exposed. This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the Company's Balance Sheet, and from the investment of the Company's reserves. Interest rate risk primarily arises in the Company's leasing trade. The exposure in this area is hedged with Santander UK plc Treasury function using fixed rate loans and other appropriate instruments.

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

A & L CF JUNE (8) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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 company Santander Asset Finance plc. All liabilities are repayable on demand.

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

6. OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports. Banco Santander S.A. manages its operations on a geographical basis. The Company operates as part of the Banco Santander S.A. Group's Corporate Banking Division within the United Kingdom Operation and therefore considers that all of its operations are managed as part of the Corporate Banking Division and further segmental analysis is not necessary.

7. PROFIT FROM OPERATIONS

Directors' emoluments

The directors were not remunerated for their services to the Company. Directors' emoluments are borne by the ultimate UK parent company Santander UK plc. No emoluments were paid by the Company to the directors during the year (2009: £Nil).

Auditors' remuneration

Auditors' remuneration of £8,000 (2009: £3,000) was borne by the ultimate UK parent company Santander UK plc in the current year and by the immediate parent company, Santander Asset Finance plc in the preceding year.

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

Particulars of employees

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

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

8. FINANCE COSTS

	2010 £	2009 £
Amounts payable to immediate parent undertakings	11	104
	<u>11</u>	<u>104</u>

9. TAX

	2010 £	2009 £
Current tax expense/(income)		
Current tax charge	2	1,263
Adjustments to current tax of prior period	-	(1,336)
Current tax expense/(income)	<u>2</u>	<u>(73)</u>
Deferred tax expense		
Relating to origination and reversal of temporary differences	3	(1,101)
Adjustments to deferred tax of prior period	-	1,336
Deferred tax expense	<u>3</u>	<u>235</u>
Tax expense for the year	<u>5</u>	<u>162</u>

Corporation tax is calculated at 28% (2009 28%) of the estimated assessable profit for the year. The income for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2010 £	2009 £
Profit before tax	<u>20</u>	<u>578</u>
Tax calculated at a rate of 28% (2009 28%)	<u>5</u>	<u>162</u>

10. TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Non current		
Finance lease receivables	<u>3,167</u>	<u>-</u>
Current		
Finance lease receivables	10,912	-
Receivable from related parties (note 13)	<u>2,390</u>	<u>1</u>
	<u>13,302</u>	<u>1</u>
Total trade and other receivables	<u>16,469</u>	<u>1</u>

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

11. FINANCE LEASES

The Company enters into finance lease arrangements with customers in the shipping industry

	<i>Gross investment in the lease</i>		<i>Present value of minimum lease payments</i>	
	2010	2009	2010	2009
	£	£	£	£
Less than one year	3,262	-	3,167	-
Later than one year but less than five years	12,776	-	10,912	-
Later than five years	-	-	-	-
	<u>16,038</u>	-	<u>14,079</u>	-
Less				
Unearned finance income	(1,959)	-		
Net investment in finance leases	<u>14,079</u>	-		
Non-current			10,912	-
Current			3,167	-
			<u>14,079</u>	-

Residual values of assets leased under finance leases at 30 June 2010 is £Nil (2009 £Nil)
The directors consider that the net investment in finance leases is approximately equal to their fair value

12. CAPITAL

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

13. RELATED PARTY TRANSACTIONS

Parent undertaking and controlling party

The Company's immediate parent company is Santander Asset Finance plc (formerly Alliance & Leicester Commercial Finance plc), a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander S A, a company registered in Spain. Banco Santander S A is the parent undertaking of the largest Group of undertakings for which Group accounts are drawn up and of which the Company is a member. Alliance & Leicester plc is the parent undertaking of the smallest Group of undertakings for which Group accounts are drawn up and of which the Company is a member.

Copies of all sets of Group accounts which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.

A & L CF JUNE (8) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

13. RELATED PARTY TRANSACTIONS (continued)

Trading activities

Receivable from related parties

	2010	2009
	£	£
Current tax Group relief	(2)	-
Amounts owed to parent undertakings	2,392	1
	<u>2,390</u>	<u>1</u>

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

	2010	2009
	£	£
Amount (owed by)/owed to parent undertakings		
As at 1 July	1	(10,718)
Net movements	2,389	10,719
As at 30 June (note 10)	<u>2,390</u>	<u>1</u>
Interest paid to parent undertakings	<u>11</u>	<u>104</u>

Key management compensation

As detailed in note 7 the Company had no employees in either the current or preceding year and the directors are remunerated through Santander UK plc therefore no key management compensation was paid by this Company

14. TRADE AND OTHER PAYABLES

	2010	2009
	£	£
Accruals and deferred income	16,450	-
	<u>16,450</u>	<u>-</u>

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

A & L CF JUNE (8) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

15. DEFERRED TAX ASSET/ (LIABILITIES)

	Balance Sheet		Income Statement	
	2010	2009	2010	2009
	£	£	£	£
Deferred tax liabilities				
Relating to accelerated tax depreciation	(3)	-	(3)	(235)
	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(235)</u>

The movement in the deferred tax account is as follows

	2010	2009
	£	£
At 1 July	-	7,814
Provision on transfer of business	-	(7,579)
Income Statement charge (note 9)	(3)	(235)
At 30 June	<u>(3)</u>	<u>-</u>

16. CASH AND CASH EQUIVALENTS

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

	2010	2009
	£	£
Cash at bank	<u>-</u>	<u>-</u>

17. ISSUED SHARE CAPITAL

	2010	2010	2009	2009
	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