

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Registered in United States UK Registration No. FC023971

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Income Statement
For the year ended 31 December 2007

	NOTES	200 7 US \$	2006 US\$
Net income	2	2	29,701
Fees and commissions		(46,432)	29,701 (83,382)
Loss before tax		(46,430)	(53,681)
Tax	3	13,929	16,104
Loss for the year		(32,501)	(37,577)

Balance Sheet At 31 December 2007

	NOTES	2007 US\$	2006 US\$
Current Assets			
Financial assets held at fair value through profit or loss	4	12,170,847,950	11,381,857,751
Other receivables	5	35,808,678	49,789 944
Cash at bank	**************************************	1,000	31,596
Total assets		12,206,657,628	11,431,679,291
Current liabilities		······································	
Financial liabilities held at fair value through profit or loss	6	(12,203 788,084)	(11,429,810,065)
Other payables		(3,022,052)	(1,992,072)
Bank overdraft		(2,839)	-
Total liabilities		(12,206,812,975)	(11,431,802,137)
Net current liabilities		(155,347)	(122,846)
Net liabilities		(155,347)	(122,846)
Equity			***************************************
Capital contribution	8	1,000	1,000
Retained earnings	9	(156,347)	(123,846)
Total equity		(155,347)	(122,846)

The financial statements were approved by the board of directors on 29th February 2008. They were signed on its behalf by Mark Jackson

h John.

Director

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

Basis of preparation and presentation

These summary financial statements have been prepared so as to fairly present the results of the Branch for the financial period and the state of affairs of the Branch at the end of the year. The accounting policies adopted are consistent with those used in the preparation of the financial statements of Abbey National Treasury Services plc for the year ended 31 December 2007.

The management of the Branch are responsible for keeping the accounting records which are sufficient to show and explain the transactions and disclose with reasonable accuracy the financial position of the Branch at any time

The management are also responsible for safeguarding the assets of the Branch and for taking reasonable steps for the prevention and detection of fraud and other irregularities

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Revenue recognition

a) Fees and commissions

Fees and commissions receivable or payable in respect of services provided are taken to the profit and loss account when the services related are performed

b) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held for trading are recorded at fair value. Changes in fair value of assets and liabilities held for trading are recognised in the income statement as net income or expense together with dividends and interest receivable and payable.

Financial assets and liabilities held at fair value through profit or loss

a) Financial assets held at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking or it is a derivative financial instrument (derivative).

The assets are derecognised when the rights to receive cash flows have expired or the Branch has transferred substantially all the risks and rewards of ownership

b) Financial liabilities held at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if they are held for trading. A financial liability is classified as held for trading if it is a derivative or is incurred principally for the purpose of selling or being unwound in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking.

2 Net income

	31 December 2007 US\$	31 December 2006 US\$
Interest receivable from group undertakings	555,766,885	515,892,680
Interest paid on deposits placed by banks	(555,766,883)	(515,862,979)
	2	29,701

NOTES TO THE FINANCIAL STATEMENTS

3 Tax

	2007 US\$	2006 US\$
UK corporation tax	13,929	16,104

Corporation tax is calculated at 30% (2006 30%) of the estimated assessable profit/(loss) for the year

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

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

	2007 US\$	2006 US \$
Loss before tax	(46,430)	(53,681)
Tax at the UK corporation tax rate of 30% (2006 30%)	13,929	16,104
Tax credit for the year	13,929	16,104

4 Financial assets held at fair value through profit or loss

		2007	2006
		US\$	US \$
Amounts due in less than one year Amounts due from group undertakings	**************************************	12,170,847,950	11,381,857,751

5 Other receivables

	2007 US\$	2006 US\$
Amounts due in less than one year Amounts due from group entities	13,930	1 000
Trade receivables	35,794,748	49,788 944
	35,808,678	49,789,944

The Directors consider that the carrying amount of trade receivables and amounts due from group entities approximates to their fair value

Trade receivables of US\$35,794,748 (2006 US\$49,788,944) is expected to be recovered or settled within 1 month

6 Financial liabilities held at fair value through profit or loss

	2007	2006
	US\$	US\$
Amounts due in less than one year		
Deposits by banks	12,203 788,084	11,429,810,065

7 Other payables

	2007 US\$	2006 US \$
Amounts due in less than one year Amounts due to group undertakings	3,022,052	1,992,072

The Directors consider that the carrying amount of amounts due to group undertakings approximates to their fair value

NOTES TO THE FINANCIAL STATEMENTS

8 Capital contribution

	2007	2006
	US\$	US\$
Capital contribution	1,000	1,000

9 Retained earnings

	US\$
Balance at 1 January 2006	(86,269)
Net loss attributable to the parent	(37,577)
Balance at 1 January 2007	(123,846)
Net loss attributable to the parent	(32,501)
Balance at 31 December 2006	(156,347)

10 Parent undertaking and controlling party

The Company's ultimate UK parent company is Abbey National plc

The Company's ultimate parent undertaking and controlling party is Banco Santander S A, a company incorporated in Spain Banco Santander, S A is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Abbey National Treasury Services plc is the immediate parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Abbey Secretariat, Abbey National House, 2 Triton Square, Regents Place, London, NW1 3AN