

SANTANDER UK OPERATIONS LIMITED

**Registered in England and Wales
No. 04137550**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2022

STRATEGIC REPORT

The Directors submit the strategic report together with their report of the directors and the unaudited financial statements for the year ended 31 December 2022.

The Directors have opted to take advantage of the audit exemption available to the Company under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Fair review of the Company's Business

The Company together with its immediate parent, Santander UK plc and the subsidiaries of Santander UK plc form the Ring-Fenced Bank Group (the RFB Group). Santander UK plc's immediate parent is Santander UK Group Holdings plc. The Company together with Santander UK Group Holdings plc and the subsidiaries of Santander Group Holdings plc form the Santander UK Group (the Group).

The principal activity of Santander UK Operations Limited (the "Company") was the provision of operational servicing to other entities within the Group and certain subsidiaries of Banco Santander SA. This activity was integrated into Santander UK plc and the Company undertook a Transfer of Undertakings (Protection of Employment) ("TUPE") with employees being transferred to Santander UK plc on 1 November 2021.

Santander UK Operations Limited made a profit after tax for the year of £6,876 (2021: profit of £1,635,761).

With the operations of the Company being wound down; the financial statements are prepared on an 'other than going concern' basis.

The Group 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 divisions of the Group, which include the Company, are discussed in the Group's Annual Report which does not form part of this Annual Report.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year.

Section.172(1) Statement

The Santander UK Group is committed to ensuring that stakeholder interests continue to be embedded in all aspects of decision-making across the Santander UK Group, at both Board and management level. The Santander Corporate Governance Office has taken steps to promote awareness and understanding of what is expected of Directors under section 172 of the Companies Act 2006. This includes briefing Directors on their statutory duties, as well as educating the business on ensuring the information they present to boards and management committees draws out the crucial points that will enable Directors to make fully informed decisions which factor in all relevant stakeholder impacts.

As a subsidiary of Santander UK Group Holdings plc, the Company applies policies and standards which are consistent with those adopted by the Santander UK Group Holdings plc Board. This supports efficiency and ensures a consistent approach with regards to engagement with stakeholders on issues and decisions which have an impact across the wider Santander UK Group. You can find out more about the engagement undertaken with key stakeholder groups during the year and how their interests were considered as part of the Santander UK Group Holdings plc and Santander UK plc Board's deliberations and decision making in the Santander UK Group Holdings plc 2022 Annual Report, which does not form part of this report.

The Directors of the Company are fully aware of their responsibilities under section 172 of the Companies Act 2006 and take all appropriate steps to ensure they consider the likely impact of their decisions in the long-term, as well as the interests of the Company's stakeholders. The Directors of the Company have made the decision to wind down the operations of the Company. The Directors believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down.

Following the Company's change of operations, the Company's key stakeholder is its shareholder. Previously, the Company's stakeholders were its shareholders, employees, suppliers, and customers.

STRATEGIC REPORT (continued)

Principal risks and uncertainties facing the Company

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in note 2.

Recent events within the global banking industry

Significant market uncertainty has been generated by the collapse of Silicon Valley Bank (SVB) in the United States on 10 March 2023 and the rescue of Credit Suisse by UBS following the announcement on 14 March 2023 by Credit Suisse of material weaknesses in its financial controls.

The Company is part of the Santander UK Group which has an established, mature Risk Framework and a stable, low risk business model with highly diversified assets across different markets and businesses. The Group's funding is also well diversified with the majority of deposits held by retail customers which, in the majority of cases, are insured by state-backed deposit guarantee schemes.

Uncertain macroeconomic and geopolitical environment

In the past few years, a number of broader, more complex and uncertain risks have evolved which may present future headwinds. These include geopolitical tensions between regions across the world, in particular the current conflict in the Ukraine. This has impacted global energy prices and supply chains which added to inflationary pressures, as well as stretching household finances. These risks accelerate trends towards deglobalisation, and a reduction of variety of goods and services, causing prices to increase over the medium to long-term. These factors are also playing into increased localised political risk across the globe, including in the UK with a second new Prime Minister in 2022.

The Company is closely following these developments and the potential for any material impacts, which may need to be taken into consideration in its business plans and intends to take a coordinated approach with the other members of the Group.

On behalf of the Board



J Narang
Director
7 July 2023

Registered Office Address: 2 Triton Square, Regent's Place, London, NW1 3AN

REPORT OF THE DIRECTORS

The Directors submit their report together with the Strategic report and unaudited financial statements for the year ended 31 December 2022.

The Directors have opted to take advantage of the audit exemption available to the Company under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Principal activities and review of the period

The principal activity of Santander UK Operations Limited (the "Company") was the provision of operational servicing to other entities within the Group and certain subsidiaries of Banco Santander SA. This activity was integrated into Santander UK plc and the Company undertook a Transfer of Undertakings (Protection of Employment) ("TUPE") with employees being transferred to Santander UK plc on 1 November 2021.

With the operations of the Company being wound down, the financial statements are prepared on an 'other than going concern' basis.

Results and dividends

The profit for the year after taxation amounted to £6,876 (2021: profit of £1,635,761).

During the year, a dividend of £18,349,619 was paid (2021: nil). The Directors do not recommend the payment of a final dividend (2021: nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements (except as noted) were:

S D Affleck
S S Munro (appointed 25 January 2022)
J S Narang
I Plunkett (resigned 30 September 2022)
S C White (appointed 3 October 2022)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK Group Holdings plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities were in force during the financial year and at the date of approval of the Report and financial statements. All of the indemnities were qualifying third party indemnities. A copy of each of the indemnities is kept at the registered office address of Santander UK Group Holdings plc.

REPORT OF THE DIRECTORS (continued)

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 below. The financial position of the Company, its cash flows and liquidity position are set out in the financial statements. In addition, notes 2 and 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk, liquidity risk and other risks.

The Directors of the Company have made the decision to wind down the operations of the Company. The Directors believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down. However, IAS 1 'Presentation of Financial Statements' requires that financial statements for any Company that has ceased to trade or where there is an intention for the Company to cease to trade in the next twelve months are prepared on an 'other than going concern' basis. Accordingly, the financial statements have been prepared on an 'other than going concern' basis. As a result, the Company's non-current assets have been reclassified as current assets.

The financial statements do not include any provision for future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting year.

Financial Instruments

The Company's financial instruments comprise Trade receivables and payables that arise directly from its operations as well as cash balances. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. All assets, liabilities and transactions are denominated in pound sterling.

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in note 2.

Streamlined Energy and Carbon Reporting (SECR)

SECR is considered and managed the Group level. Information on the annual energy use and associated greenhouse gas emissions of the Group is set out in the Strategic report and Directors' report sections of the Santander UK Group Holdings plc 2022 Annual Report.

On behalf of the Board



J Narang
Director
7 July 2023

Registered Office Address: 2 Triton Square, Regent's Place, London, NW1 3AN

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

	Note	2022 £	2021 £
Revenue	3	9,978	99,651,641
Other income		8,288	-
Cost of sales	4	(7,593)	(97,586,447)
Gross profit		10,673	2,065,194
Administrative expenses	7	(2,184)	(68,642)
Operating profit		8,489	1,996,552
Interest and similar income	8	-	6,423
Profit before tax		8,489	2,002,975
Tax charge	9	(1,613)	(367,214)
Profit for the year after tax		6,876	1,635,761
Other Comprehensive income for the year		-	-
Total Comprehensive income for the year		6,876	1,635,761

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

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2021	200	22,832,608	22,832,808
Profit for the year after tax and total comprehensive income	-	1,635,761	1,635,761
At 31 December 2021 and 1 January 2022	200	24,468,369	24,468,569
Profit for the year after tax and total comprehensive income	-	6,876	6,876
Dividends paid	-	(18,349,619)	(18,349,619)
At 31 December 2022	200	6,125,626	6,125,826

CASH FLOW STATEMENT

For the years ended 31 December

	Note	2022 £	2021 £
Net cash generated from operating activities	14	1,550,737	1,715,859
Investing activities			
Interest received		-	6,423
Net cash from investing activities		-	6,423
Financing activities			
Dividends paid		(18,349,619)	-
Net cash used in financing activities		(18,349,619)	-
Net (decrease)/increase in cash and cash equivalents		(16,798,882)	1,722,282
Cash and cash equivalents at beginning of year		27,750,476	26,028,194
Cash and cash equivalents at end of year	15	10,951,594	27,750,476

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

As at 31 December

	Note	2022 £	2021 £
Current assets			
Trade and other receivables	11	1,360,661	9,345,146
Cash and cash equivalents	15	10,951,594	27,750,476
Total current assets		12,312,255	37,095,622
Total assets		12,312,255	37,095,622
Current liabilities			
Trade and other payables	12	(4,059,869)	(11,784,688)
Corporation tax		(2,126,560)	(842,365)
Total current liabilities		(6,186,429)	(12,627,053)
Net current assets		6,125,826	24,468,569
Net assets		6,125,826	24,468,569
Equity			
Share capital	13	200	200
Retained earnings		6,125,626	24,468,369
Total equity		6,125,826	24,468,569

For the year ending 31 December 2022, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 5 to 15 were approved by the Board of Directors by written resolution on 7 July 2023 and signed on its behalf by:



J Narang
Director
7 July 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information

The Company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. It is part of a European listed group whose ultimate parent is Banco Santander SA. The registered office address of the Company is 2 Triton Square, Regent's Place, London, NW1 3AN.

Basis of preparation

These financial statements are prepared for Santander UK Operations Limited (the Company) under the Companies Act 2006. All current assets and liabilities have been presented at their recoverable value at the end of the reporting period.

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards (IAS).

The financial statements do not include any provision for future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting year.

The functional and presentation currency of the Company is Sterling.

Going concern

As set out in the Directors report, the Directors have decided to wind down the operations of the Company. The Directors believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down. However, IAS 1 'Presentation of Financial Statements' requires that financial statements for any Company that has ceased to trade or where there is an intention for the Company to cease to trade in the next twelve months are prepared on an 'other than going concern' basis. Accordingly, the financial statements have been prepared on an 'other than going concern' basis.

Recent accounting developments

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB amended IAS 1 'Presentation of Financial Statements' to require entities to disclose their material rather than their significant accounting policies. To support this amendment, the IASB also amended IFRS Practice Statement 2 'Making Materiality Judgements' to provide guidance on how to apply the concept of materiality. The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments have been applied in preparing these financial statements and, consequently, only material accounting policy information is disclosed.

Future accounting developments

At 31 December 2022, for the Company, there were no other significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective, or which have otherwise not been early adopted where permitted.

Material accounting policy information

The following material accounting policies have been applied in preparing these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

Revenue recognition

Revenue represents fees receivable in respect of the operational servicing, including back-office operations, call centres and collections as well as systems administration that the Company's employees undertook on behalf of the Group and certain subsidiaries of Banco Santander SA. Revenue billed to the Company's internal customers represents a mark-up of 2% on employment costs of its staff.

Interest and similar income

Interest income on cash and cash equivalent balances is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

1) Classification and subsequent measurement

Financial assets: amortised cost

The Company's financial assets that are measured at amortised costs comprise of trade and other receivables and cash and cash equivalents. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents comprise balances held with banks.

Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The financial liabilities of the Company comprise trade and other payables. The amounts are unsecured.

2) Impairment of Financial assets

Expected credit losses are recognised on all financial assets at amortised cost. The expected credit loss considers forward looking information to recognise impairment allowances.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

3) Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or the Company has transferred its contractual right to receive the cash flows from the assets and either: (1) substantially all the risks and rewards of ownership have been transferred; or (2) the Company has neither retained nor transferred substantially all of the risks and rewards but has transferred control. Financial liabilities are derecognised when extinguished, cancelled or expired.

Income taxes, including deferred taxes

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

Income tax payable on profits is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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 the assets may be utilised as they reverse. Such deferred tax liabilities are not recognised if the temporary difference arises from goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Retirement Benefit Schemes

The Company participated in the Santander UK Group Pension Scheme. There is no contractual agreement or stated policy for recharging the defined benefit cost to companies in the Group. The contribution to be paid by the Company is calculated as the contributions made by Santander UK plc to the scheme in respect of the Company's employees. Details of the scheme and any associated deficit or surplus appear in the financial statements of Santander UK plc which are available from the Corporate Governance Office, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN or from Santander UK's website, www.santander.co.uk.

The pension expense incurred for the company is noted in note 5.

Research and Development

Expenditure on research activities is recognised in the profit or loss incurred.

Research and Development Expenditure Credit (RDEC)

The Company recognised RDEC on qualifying expenditure that does not result in a capitalised asset, directly against expenses in the Income Statement to which they relate. The RDECs are recognised to the extent that there is reasonable assurance that the Company will comply with the conditions attaching to it and that the credits will be received.

Critical judgements and accounting estimates

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

In the course of preparing the financial statements, no significant judgements and accounting estimates have been made in the process of applying the Company's accounting policies.

2. RISK MANAGEMENT

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are credit risk, liquidity risk and operational risk. The Company manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 Group's strategic objectives.

a) Financial risks

i) Credit risk

Credit risk is the risk of financial loss arising from the default of a customer or counterparty to which the Company has directly provided services.

Maximum exposure to credit risk

The table below shows the Company's maximum exposure to credit risk. The table only shows the financial assets that credit risk affects.

	2022			2021		
	Gross amounts £	Loss allowances £	Net exposure £	Gross amounts £	Loss allowances £	Net exposure £
Balance Sheet assets						
Amounts due from group companies	1,299,423	-	1,299,423	9,283,908	-	9,283,908
Research and Development Expenditure Credit (RDEC)	61,238	-	61,238	61,238	-	61,238
Total	1,360,661	-	1,360,661	9,345,146	-	9,345,146

The Company did not recognise an ECL provision against the intercompany receivable balances because the Company could fully recover the balances within a short period of time. In addition, the debtors have sufficient accessible highly liquid assets in order to repay the balance if demanded. The ECL provision for the remaining balances was insignificant.

The carrying amount of financial assets recorded in the financial statements is net of impairment losses and represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

NOTES TO THE FINANCIAL STATEMENTS

2. RISK MANAGEMENT (continued)

a) Financial risks (continued)

ii) Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it meet its obligations as they fall due or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet obligations as they fall due.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date. There are no significant financial liabilities related to financial guarantee contracts:

	On demand £	Less than 6 months £	6-12 months £	1-5 years £	Over 5 years £	2022 Total £
Intercompany liabilities	-	4,029,904	-	-	-	4,029,904
Other payables and accruals	-	29,965	-	-	-	29,965
Total financial liabilities	-	4,059,869	-	-	-	4,059,869

	On demand £	Less than 6 months £	6-12 months £	1-5 years £	Over 5 years £	2021 Total £
Intercompany liabilities	-	11,764,688	-	-	-	11,764,688
Other payables and accruals	-	20,000	-	-	-	20,000
Total financial liabilities	-	11,784,688	-	-	-	11,784,688

b) 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. This includes regulatory, legal and compliance risk. Operational risk is monitored and managed within the Group. Further information can be found in the Santander UK Group Holdings plc Annual Report which does not form part of this Report.

3. REVENUE

Revenue is wholly attributable to the principal activity of the Company.

	2022 £	2021 £
Management fees – related parties	9,978	99,651,641
Total	9,978	99,651,641

4. COST OF SALES

	2022 £	2021 £
Staff costs	-	97,339,704
Professional fees - related parties	7,593	61,152
Management fee - Santander Global Technologies & Operations	-	428,344
Other expenses	-	19,686
Research and Development Expenditure Credit (RDEC)	-	(262,439)
Total	7,593	97,586,447

Research and Development Expenditure Credits (RDEC) are tax reliefs available from the UK tax authority (HMRC) on qualifying expenditure relating to qualifying activities.

During 2021, as a result of HMRC agreement of the claims for the years 2017 to 2019, the Company has recognised an RDEC of £262,439. Given HMRC's enquiries into past claims and the relatively early stage of the claims process for the year ended 31 December 2020, management could not provide a reasonable estimate of the benefit that may be available in respect to this period and accordingly, no amounts were recognised.

NOTES TO THE FINANCIAL STATEMENTS

5. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	-	80,079,776
Social security costs	-	7,733,447
Other pension costs	-	9,312,987
Other remuneration costs	-	213,494
Total Staff Costs	-	97,339,704

Santander UK plc, the immediate parent, in 2021 bore all the staff costs before recharging them to the Company. The monthly average number of full-time equivalent staff was as follows:

	2022	2021
	Number	Number
Administrative	Nil	2,796

On 1 November 2021, the Company undertook a Transfer of Undertakings (Protection of Employment) ("TUPE") of its staff and so had no staff as at 31 December 2021 and 31 December 2022.

6. DIRECTORS' EMOLUMENTS

Directors' emoluments of those Directors who are Santander UK plc employees, were borne by Santander UK plc, for the current year for which no recharge has been made. The Directors' services to the Company are an incidental part of their duties.

Directors' emoluments borne by the Company are as follows:

	2022	2021
	£	£
Remuneration for services as a Director	-	179,797
Performance related emoluments	-	86,369
Total Directors' Emoluments	-	266,166

Details of the emoluments of the highest paid Director which have been borne by the Company which are included in the above table are as follows:

	2022	2021
	£	£
Remuneration for services as a Director	-	92,406
Performance related emoluments	-	61,375
Total Emoluments	-	153,781

7. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
Administrative expenses	2,184	68,642
Total administrative expenses	2,184	68,642

Included in the 2021 administrative expenses, are fees payable to the Company's auditors for the audit of the 2021 Company's annual financial statements totalling £24,720.

NOTES TO THE FINANCIAL STATEMENTS

8. INTEREST AND SIMILAR INCOME

	2022 £	2021 £
Interest on bank deposits held	-	6,423
Total interest and similar income	-	6,423

9. TAX CHARGE

	2022 £	2021 £
Current tax		
UK corporation tax on profit of the year	1,613	286,663
Adjustments in respect of prior years	1,282,582	101,686
Total current tax charge	1,284,195	388,349
Deferred tax		
Origination and reversal of temporary differences	-	93,902
Adjustments in respect of prior years	(1,282,582)	(115,037)
Total deferred tax credit	(1,282,582)	(21,135)
Tax charge on profit for the year	1,613	367,214

UK corporation tax is calculated at 19.00% (2021: 19.00%) of the estimated assessable profits for the year.

The UK government announced in its budget on 3 March 2021 that it would increase the main rate of corporation tax by 6% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and, as a result, the effect has been reflected in the deferred tax position included in these financial statements for both the 2021 and 2022 balance sheet dates.

The tax on the Company's profit before tax is the same as (2021: differs from) the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2022 £	2021 £
Profit before tax	8,489	2,002,975
Tax calculated at a rate of 19% (2021: 19%)	1,613	380,565
Adjustments in respect of prior years	-	(13,351)
Tax charge for the year	1,613	367,214

10. DEFERRED TAX

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement on the deferred tax account was as follows:

	2022 £	2021 £
At 1 January	-	72,767
Statement of Comprehensive Income credit	1,282,582	21,135
Transfer to group undertaking	(1,282,582)	(93,902)
At 31 December	-	-

Deferred tax assets are attributable to the following items:

	Balance Sheet		Statement of Comprehensive Income	
	2022 £	2021 £	2022 £	2021 £
Deferred tax asset				
Other temporary differences	-	-	1,282,582	21,135
	-	-	1,282,582	21,135

The deferred tax assets scheduled above have been recognised in the Company on the basis that sufficient future taxable profits are forecast within the Santander UK Group foreseeable future, in excess of the profits arising from the reversal of existing taxable temporary differences, to allow for the utilisation of the assets as they reverse.

The deferred tax asset was transferred out to Amounts due from group companies during the year.

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Amounts due from group companies	1,299,423	9,283,908
Research and Development Expenditure Credit (RDEC)	61,238	61,238
Total trade and other receivables	1,360,661	9,345,146

The recoverable value of trade and other receivables due within one year approximate to their carrying amounts as presented above. None of the balances are considered past due or impaired (2021: nil).

Research and Development Expenditure Credits (RDEC) are tax reliefs available from the UK tax authority (HMRC) on qualifying expenditure relating to qualifying activities. See note 4 for further details.

12. TRADE AND OTHER PAYABLES

	2022 £	2021 £
Amounts due to group companies	72,141	7,806,925
Amounts due to group companies – group relief	3,957,763	3,957,763
Accrued expenses	29,965	20,000
Total trade and other payables	4,059,869	11,784,688

The recoverable value of trade and other payables due within one year approximate to their carrying amounts as presented above.

13. SHARE CAPITAL

	2022 £	2021 £
100 (2021: 100) 'A' ordinary shares of 1 each	100	100
100 (2021: 100) 'B' ordinary shares of 1 each	100	100
Total share capital	200	200

Share capital consists of 200 (2021: 200) in respect of issued and fully paid shares.

The holders of 'A' ordinary shares have no right to any dividend or distribution declared or made by the Company. 'A' ordinary shareholders are entitled to vote at general meetings.

The holders of 'B' ordinary shares are entitled to receive dividends or distribution declared or made by the Company if so resolved. 'B' ordinary shareholders are not entitled to receive notice of, vote at, or attend general meetings.

NOTES TO THE FINANCIAL STATEMENTS

14. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2022 £	2021 £
Profit before tax	8,489	2,002,975
Adjustments for:		
Interest and similar income	-	(6,423)
Profit from operations	8,489	1,996,552
Changes in operating assets and liabilities:		
Net decrease in trade and other receivables	7,984,485	125,925,058
Net decrease in trade and other payables	(6,442,237)	(126,299,653)
Net decrease in deferred tax	-	93,902
Cash generated from operating activities	1,550,737	1,715,859
Net cash generated from operating activities	1,550,737	1,715,859

Where tax liabilities have been group relieved, they are accounted for as operating payables.

15. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Balances with banks	10,951,594	27,750,476
Total cash and cash equivalents	10,951,594	27,750,476

16. RELATED PARTY TRANSACTIONS

The following were the transactions with group undertakings as at and for the year ended 31 December:

	Revenue and interest income		Cost of sales and administrative expenses		Amounts due from related parties		Amounts due to related parties	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Immediate parent:								
Santander UK plc	9,978	99,651,641	-	-	1,299,423	9,283,908	64,547	7,307,020
Santander UK plc – group relief	-	-	-	-	-	-	3,957,763	3,957,763
Santander UK plc – interest and Bank account	-	6,423	-	-	10,951,594	27,750,476	-	-
Other related parties:								
Gesban UK Ltd	-	-	7,593	61,152	-	-	7,594	-
Santander Global Technology & Operations	-	-	-	428,344	-	-	-	499,905
	9,978	99,658,064	7,593	489,496	12,251,017	37,034,384	4,029,904	11,764,688

Transactions with related parties are primarily for the settlement of salaries and other costs owed by the Company. Amounts owed by related parties include cash and cash equivalent relating to Bank balances held with Santander UK plc.

There were no related party transactions during the year (2021: nil), or existing at the balance sheet date, with the Company's or parent company's key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL MANAGEMENT AND RESOURCES

The Company's immediate UK parent, Santander UK plc adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the RFB Group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the RFB Group's capital management can be found in the Santander UK plc Annual Report.

Capital held by the Company and managed centrally as part of the RFB group, comprises share capital and reserves which can be found in the Balance Sheet.

No dividends were proposed or declared before the financial statements were authorised for issue.

18. CONTINGENT LIABILITIES AND COMMITMENTS

Capital Support Deed

At 31 December 2022, Santander UK plc (RFB), Cater Allen Limited, Santander ISA Managers Limited and certain other non-regulated subsidiaries within the RFB were party to the RFB Sub-Group Capital Support Deed dated 17 December 2021. These parties were permitted by the PRA to form a core UK group, as defined in the PRA Rulebook, a permission which will expire on 31 December 2024. Exposures of each of the regulated entities to other members of the core UK group were exempt from large exposure limits that would otherwise apply. These intra-group exposures were risk-weighted at 0% and excluded from leverage exposure on a solo as well as consolidated basis. The purpose the Deed was to facilitate the prompt transfer of available capital resources from, or repayment of liabilities by, the non-regulated parties to any of the regulated parties in the RFB Sub-Group in the event that one of the regulated parties breached or was at risk of breaching its capital resources or risk concentrations requirements.

19. PARENT UNDERTAKING AND CONTROLLING PARTY

Santander UK Operations Limited is domiciled in the United Kingdom. The Company's immediate parent company is Santander UK plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander SA, a company registered in Spain. Banco Santander SA is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Santander UK plc group is the UK parent undertaking of the smallest group of undertakings for which group financial statements are drawn up.

Copies of all sets of group financial statements, which include the results of the Company, are available from the Corporate Governance Office Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.