

**SANTANDER UK TECHNOLOGY LIMITED**

**Registered in England and Wales  
Company Number 05212726**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2022**

## STRATEGIC REPORT

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

### Fair review of the Company's Business

The principal activity of Santander UK Technology Limited (the "Company"), was the provision of IT staff to the Company's immediate parent, Santander UK plc. 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 June 2022.

Santander UK Technology Limited (the "Company") made a profit for the year of £1,175,000 (2021: £2,656,000).

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

The Santander UK plc Group (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 the Santander UK Group, the Company adheres to the policies and standards set by the Santander UK Group Holdings plc Board. To support efficiency and ensure a consistent approach, engagement with stakeholders on issues and decisions which have an impact across the wider Santander UK Group is conducted at UK-Group level. 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 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 do however believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down. In addition, the Company has received a letter of support from the parent, Santander UK Group Holdings plc, confirming that support will be provided to allow the Company to meet its ongoing trading liabilities for a period of at least 12 months commencing from the date of the signing of the statutory financial statements.

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

An example of how the Directors had regard to the matters set out in section 172(1) when discharging section 172 duties was when, following the decision to integrate the operations of the Company into Santander UK plc, the Directors considered the impact of this change on the Company, its customers, staff and suppliers. Discussions centred on simplification to drive efficiencies and improve organisational agility; and harmonisation of key HR aspects around people, processes and improved employee engagement. The aim of the new operating model provides an opportunity for the company to ensure simplicity, sustainability, and a positive and consistent experience for all of our colleagues.

In addition, simplifying our organisation will bring all colleagues together 'under one roof', aligning to one company vision and one set of business goals. It will help us to develop a One Santander UK culture, removing siloes and legacy ways of working while enhancing career mobility and multi-skilling opportunities, as well as engagement with our colleagues across the bank.

### 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.

## STRATEGIC REPORT (continued)

### 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 Santander UK 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 Santander UK plc group.

On behalf of the Board



S Affleck  
Director  
7 June 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 audited financial statements for the year ended 31 December 2022.

### Principal activities and review of the year

The principal activity of Santander UK Technology Limited (the “Company”), was the provision of IT staff to the Company’s immediate parent, Santander UK plc.

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 £1,175,000 (2021: £2,656,000).

The Directors do not propose the payment of a final dividend for 2022 (2021: £nil). No interim dividend was paid in 2022 (2021: £nil).

### Directors

The Directors who served throughout the year and to the date of this report (except as noted) were as follows:

S D Affleck	
G Calder	(Resigned 31 January 2023)
S S Munro	(Appointed 25 January 2022)
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 this 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.

### Employee Engagement

As set out in the Strategic report on page 1, during the year the Company’s employees were transferred to Santander UK plc. Although the Company had no employees as at 31 December 2022, the statements below refer to those employed during the first 5 months of 2022.

The Company participates in the policies and practices of Santander UK plc Group (the “Group”) to keep employees informed on matters relevant to them as employees through regular meetings, newsletters and the Intranet. Employee representatives are consulted regularly on a wide range of matters affecting their interests. Employees are encouraged to be involved in the Company’s performance through the Group’s Share Save schemes and are also encouraged to achieve a common awareness of the financial and economic factors affecting the performance of the Company and Group.

The Group is committed to equality of access and quality of service for disabled people and embraces the spirit of the UK Equality Act 2010 throughout its business operations. The Group has processes in place to help recruit, train, develop, retain and promote employees with disabilities and is committed to giving full and fair consideration to applications for employment made by disabled persons, and for continuing the employment of, and arranging appropriate training for, existing employees who have become disabled.

## REPORT OF THE DIRECTORS (continued)

### Employee Engagement (continued)

Details of the number of employees and related costs can be found in note 6 to the Financial Statements. Further details on the Company's engagement with its employees is included in the s172(1) statement on page 1.

### Business Relationships

The Company recognises the importance of fostering relationships with its principal stakeholders and that this is the key to the long term success of our business. We understand the importance to act fairly and responsibly between members of the Company. For more details on how the Directors have engaged with their customers and suppliers is included in the s172(1) statement on page 1.

### 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 the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 2 and 17 to the financial statements include 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 operational risk.

The Directors of the Company have made the decision to wind down the operations of the Company. The Directors do however believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down. In addition, the Company has received a letter of support from the parent, Santander UK Group Holdings plc, confirming that support will be provided to allow the Company to meet its ongoing trading liabilities for a period of at least 12 months commencing from the date of the signing of the statutory financial statements. 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, in the previous year the Company's non-current assets were reclassified as current assets and no further adjustments were required in the current year. The company intends to cease trading in the near future.

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 at a Santander UK group level. Information on the annual energy use and associated greenhouse gas emissions of the Santander UK group (including the Company) is set out in the Strategic report and Directors' report sections of the Santander UK Group Holdings plc 2022 Annual Report.

### Employees

Although there were no employees at the end of 2022, the statements below refer to those employees employed during the first 5 months of 2022.

Details of the number of employees and related costs can be found in note 6 to the Financial Statements.

The Company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters and the Intranet. Employee representatives are consulted regularly on a wide range of matters affecting their interests. Employees are encouraged to be involved in the Company's performance through the Group's Share Save schemes and are also encouraged to achieve a common awareness of the financial and economic factors affecting the performance of the Company and Group.

The Group is committed to equality of access and quality of service for disabled people and embraces the spirit of the UK Equality Act 2010 throughout its business operations. The Group has processes in place to help recruit, train, develop, retain and promote employees with disabilities and is committed to giving full and fair consideration to applications for employment made by disabled persons, and for continuing the employment of, and arranging appropriate training for, existing employees who have become disabled.

## REPORT OF THE DIRECTORS (continued)

### Directors confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves 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 s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP are deemed re-appointed as auditors under Section 487(2) of the Companies Act 2006.

On behalf of the board



S Affleck  
Director  
7 June 2023

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

# Independent auditors' report to the members of Santander UK Technology Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Santander UK Technology Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Independent auditors' report to the members of Santander UK Technology Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries. Audit procedures performed by the engagement team included:



# Independent auditors' report to the members of Santander UK Technology Limited (continued)

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries meeting specific fraud criteria; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Harry Armour (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
07 June 2023

**STATEMENT OF COMPREHENSIVE INCOME**

For the years ended 31 December

	Note	2022 £000	2021 £000
Revenue	3	45,883	104,300
Cost of sales	4	(44,137)	(100,297)
<b>Gross profit</b>		<b>1,746</b>	<b>4,003</b>
Administrative expenses	7	(450)	(1,008)
<b>Profit before tax</b>	8	<b>1,296</b>	<b>2,995</b>
Tax charge for the year	9	(121)	(339)
<b>Net profit for the year after tax</b>		<b>1,175</b>	<b>2,656</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>1,175</b>	<b>2,656</b>

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 £000	Retained Earnings £000	Total Equity £000
At 1 January 2021	8	33,045	33,053
Net Profit after tax and total comprehensive income for the year	-	2,656	2,656
<b>At 31 December 2021</b>	<b>8</b>	<b>35,701</b>	<b>35,709</b>
Net Profit after tax and total comprehensive income for the year	-	1,175	1,175
<b>At 31 December 2022</b>	<b>8</b>	<b>36,876</b>	<b>36,884</b>

**CASH FLOW STATEMENT**

For the years ended 31 December

	Note	2022 £000	2021 £000
<b>Net cash (used in)/ generated from operating activities</b>	16	<b>(117,841)</b>	<b>13,172</b>
<b>Net (decrease)/ increase in cash and cash equivalents during the year</b>		<b>(117,841)</b>	<b>13,172</b>
Cash and cash equivalents at beginning of year		141,666	128,494
<b>Cash and cash equivalents at end of year</b>	12	<b>23,825</b>	<b>141,666</b>

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

**BALANCE SHEET**

As at 31 December

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Deferred tax	10	-	986
Trade and other receivables	11	27,974	44,095
Cash and cash equivalents	12	23,825	141,666
Corporation tax		2,055	2,697
<b>Total current assets</b>		<b>53,854</b>	<b>189,444</b>
<b>Total assets</b>			
		<b>53,854</b>	<b>189,444</b>
<b>Current liabilities</b>			
Trade and other payables	13	(16,970)	(153,735)
Provisions	14	-	-
<b>Total current liabilities</b>		<b>(16,970)</b>	<b>(153,735)</b>
<b>Net current assets</b>			
		<b>36,884</b>	<b>35,709</b>
<b>Net assets</b>			
		<b>36,884</b>	<b>35,709</b>
<b>Equity</b>			
Share capital	15	8	8
Retained earnings		36,876	35,701
<b>Total equity</b>		<b>36,884</b>	<b>35,709</b>

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

The financial statements on pages 9 to 20 were approved by the Board of Directors, authorised for issue and signed on its behalf by:



S Affleck  
Director  
7 June 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 Technology 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 Pound Sterling.

#### Going concern

As set out in the Directors report, the Directors have decided to wind down the operations of the Company. The Directors do however believe that the Company has adequate resources to meet its ongoing liabilities until it is formally wound down. In addition, the Company has received a letter of support from the parent, Santander UK Group Holdings plc, confirming that support will be provided to allow the Company to meet its ongoing trading liabilities for a period of at least 12 months commencing from the date of the signing of the statutory financial statements. 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, in the previous year the Company's non-current assets were reclassified as current assets and no further adjustments were required in the current year. The company intends to cease trading in the near future.

#### 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 significant new or revised standard 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 consistently 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 provision of IT staff to the Company's immediate parent, Santander UK plc. Revenue billed to Santander UK plc represents a mark-up of 3% on employment costs of its staff.

Expenses in relation to cost of sales are accounted for on an accruals basis.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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, in the case of a financial asset or financial liability not at FVTPL, 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 are classified in the measurement categories of amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset, and the cash flow characteristics of the asset.

The business model reflects how the Company manages the assets in order to generate cash flows and, specifically, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. Factors considered in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the assets' cash flows have solely payments of principal and interest (SPPI) characteristics. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related asset is classified and measured at FVTPL.

All of the Company's financial assets are classified in the measurement category of amortised cost.

##### Financial assets

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 (ECL) considers forward looking information to recognise impairment allowances.

ECL provisions for trade receivables are recognised based on the simplified approach 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. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

##### 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.

##### Retirement Benefit Schemes

The employees were transferred to Santander UK plc on 1 June 2022 but prior to that the Company participated in the Santander UK Group Pension Scheme. There was 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 was 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 Corporate Governance Office (Santander UK plc), 2 Triton Square, Regent's Place, London, NW1 3AN.

The pension expense incurred for the company is noted in note 6.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Income taxes including deferred taxes

The tax expense represents the sum of the income tax currently payable and deferred income 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 Statement of Comprehensive Income 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 assets and 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.

#### Research and Development

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

#### Research and Development Expenditure Credit (RDEC)

The Company recognises 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 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2. RISK MANAGEMENT (continued)

## 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 £'000	Loss allowances £'000	Net exposure £'000	Gross amounts £'000	Loss allowances £'000	Net exposure £'000
<b>Balance Sheet assets</b>						
Amounts owed by group undertakings	25,452	-	25,452	40,775	-	40,775
Research and Development Expenditure Credit (RDEC)	2,522	-	2,522	2,522	-	2,522
<b>Total</b>	<b>27,974</b>	<b>-</b>	<b>27,974</b>	<b>43,297</b>	<b>-</b>	<b>43,297</b>

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.

## ii) Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to 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 Company manages liquidity risk with support of its parent.

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 £000	Less than 6 months £000	6-12 months £000	1-5 Years £000	Over 5 years £000	2022 Total £000
At 31 December 2022						
Intercompany liabilities	16,881	-	-	-	-	16,881
Other payables and accruals	89	-	-	-	-	89
<b>Total financial liabilities</b>	<b>16,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,970</b>

	On demand £000	Less than 6 months £000	6-12 months £000	1-5 Years £000	Over 5 years £000	2021 Total £000
At 31 December 2021						
Intercompany liabilities	-	139,950	-	-	-	139,950
Other payables and accruals	13,785	-	-	-	-	13,785
<b>Total financial liabilities</b>	<b>13,785</b>	<b>139,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,735</b>

## 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 Annual Report which does not form part of this Report.

## 3. REVENUE

	2022 £000	2021 £000
Revenue from the provision of IT staff – related parties	45,883	104,300
<b>Total</b>	<b>45,883</b>	<b>104,300</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. COST OF SALES

	2022 £000	2021 £000
Staff costs (see Note 6)	43,860	110,434
Professional fees – related parties	275	431
Professional fees – other	2	-
Research and Development Expenditure Credit (RDEC)	-	(10,568)
<b>Total</b>	<b>44,137</b>	<b>100,297</b>

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

## 5. DIRECTORS' EMOLUMENTS

The aggregate emoluments received by the Directors of the Company were:

	2022 £000	2021 £000
Salaries and fees	-	60
Performance related payments	-	-
Other fixed remuneration (pension and other allowances & non-cash benefits)	-	12
<b>Total</b>	<b>-</b>	<b>72</b>

The aggregate emoluments for 2021 above, exclude emoluments received by Directors in respect of their primary duties as Directors or officers of Banco Santander SA and Santander UK plc. No apportionment of this remuneration has been made (2021: £nil). For these Directors, their services to the Company are an incidental part of their duties.

There were no emoluments paid by the Company to its directors in 2022.

## Remuneration of highest paid Director

Details of the emoluments including cash in lieu pension provisions (but excluding defined benefit contributions) of the highest paid Director are in the following table:

	2022 £000	2021 £000
Remuneration for services as a Director	-	72
Performance related emoluments	-	-
Value of benefits received other than in cash	-	-
<b>Total</b>	<b>-</b>	<b>72</b>

## 6. STAFF COSTS

Santander UK plc, the immediate parent, bears all the staff costs before recharging them to the Company. The monthly average number of persons employed by the Company was as follows:

	2022 Number	2021 Number
Technical	1,137	1,164
Administrative	24	24
<b>Total</b>	<b>1,161</b>	<b>1,188</b>

The monthly average number of staff is based on the first 5 months of 2022 only as on 1 June 2022, the Company undertook a Transfer of Undertakings (Protection of Employment) ("TUPE") of its staff and so had no staff for the remainder of 2022.

Their aggregate employment costs comprised:

	2022 £000	2021 £000
Wages and salaries	35,475	88,712
Social security costs	4,006	10,508
Other pension costs	4,379	11,214
<b>Total</b>	<b>43,860</b>	<b>110,434</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. ADMINISTRATIVE EXPENSES

	2022 £000	2021 £000
Administrative expenses	450	1,008
<b>Total</b>	<b>450</b>	<b>1,008</b>

Foreign exchange losses of £10,500 (2021: losses of £2,000) are reflected within administrative expenses.

## 8. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	40	34

Fees payable to the Company's auditors and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent undertaking disclose such fees on a consolidated basis.

## 9. TAX CHARGE FOR THE YEAR

	2022 £000	2021 £000
<b>Current tax:</b>		
UK corporation tax on profit of the year	792	322
Adjustments in respect of prior years	(150)	56
Total current tax	642	378
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(546)	248
Change in rate of UK Corporation tax	(172)	(237)
Adjustments in respect of prior years	197	(50)
Total deferred tax	(521)	(39)
<b>Tax charge on profit for the year</b>	<b>121</b>	<b>339</b>

UK corporation tax is calculated at 19% (2021: 19%) 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 differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2022 £000	2021 £000
Profit before tax:	1,296	2,995
Tax calculated at a tax rate of 19% (2021: 19%)	246	570
Effect of change in tax rate on deferred tax provision	(172)	(237)
Adjustments in respect of prior years	47	6
<b>Tax charge for the year</b>	<b>121</b>	<b>339</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 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 £000	2021 £000
At 1 January	986	947
Income statement credit	521	39
Transfer from / to group undertaking	(1,507)	-
<b>At 31 December</b>	<b>-</b>	<b>986</b>

Deferred tax assets are attributable to the following items:

	Balance Sheet		Income Statement	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Deferred tax assets</b>				
Accelerated (tax depreciation)/book depreciation	-	780	(59)	57
Other temporary differences	-	206	580	(18)
	-	986	521	39

## 11. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Amounts owed by group undertakings	25,452	40,775
Other debtors	-	10
Prepayments	-	788
Research and Development Expenditure Credit (RDEC)	2,522	2,522
<b>Total</b>	<b>27,974</b>	<b>44,095</b>

Research and Development Expenditure Credits (RDEC) are tax reliefs available from the UK tax authority (HMRC) on qualifying expenditure relating to qualifying activities. This arises due to a CT repayable from RDEC claims in respect of the 2019 accounting period.

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

## 12. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000
Deposits with banks	23,825	141,666
<b>Total</b>	<b>23,825</b>	<b>141,666</b>

Cash and cash equivalent balances are placed with the parent undertaking, Santander UK plc which provides banking services to the Company.

## 13. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Amounts owed to group undertakings	16,881	139,950
Other taxation and social security	-	1,672
Other creditors	-	21
Accrued expenses	89	12,092
<b>Total</b>	<b>16,970</b>	<b>153,735</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. PROVISIONS

	Provision for redundancy £000
At 1 January 2021	201
Provision utilised	(201)
At 31 December 2021 and 31 December 2022	-

## 15. SHARE CAPITAL

	2022 £000	2021 £000
<b>Issued and fully paid:</b>		
8,000 (2021: 8,000) ordinary shares of £1 each	8	8

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

## 16. NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES

	2022 £000	2021 £000
Profit from operations	1,296	2,995
<b>Adjustments for:</b>		
Net exchange differences	10	2
	1,306	2,997
Decrease in provisions	-	(201)
Decrease/ (Increase) in receivables	17,097	(17,986)
(Decrease)/ Increase in payables	(136,244)	28,362
<b>Net cash movement in working capital</b>	<b>(117,841)</b>	<b>13,172</b>
<b>Net cash (used in)/ generated from operating activities</b>	<b>(117,841)</b>	<b>13,172</b>

## 17. CAPITAL MANAGEMENT AND RESOURCES

The Company's immediate 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 group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the Santander UK group's capital management can be found in the Santander UK group Annual Report and financial statements.

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

No dividends (2021: £nil) were proposed or declared before the financial statements were authorised for issue.

## 18. RELATED PARTY TRANSACTIONS

Transactions with related parties are primarily for the settlement of salaries and other costs owed by the Company.

There were no related party transactions during the year, or existing at the balance sheet date, with the Company's or parent company's key management personnel (2021: £nil) other than those disclosed under note 5.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. RELATED PARTY TRANSACTIONS (continued)

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

	Revenue, interest and similar income		Cost of sales and administrative expenses		Amounts due from related parties		Amounts due to related parties	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
<b>Ultimate parent:</b>								
Banco Santander SA	-	-	-	-	802	835	-	-
<b>Immediate parent:</b>								
Santander UK plc	45,883	104,300	1	1	14,241	29,065	16,027	139,397
Santander UK plc – group relief	-	-	-	-	10,200	10,200	-	-
Santander UK plc – interest and Bank account	-	-	-	-	23,825	141,666	-	-
<b>Other related parties:</b>								
Santander Global Facility SA	-	-	-	-	8	8	33	6
Gesban UK Limited	-	-	274	430	-	-	274	-
Santander Insurance Services UK Limited	-	-	-	-	-	19	-	-
Santander Global Technology S.L	-	-	-	-	201	201	547	547
Santander Insurance Services Ireland Limited	-	-	-	-	-	447	-	-
	<b>45,883</b>	<b>104,300</b>	<b>275</b>	<b>431</b>	<b>49,277</b>	<b>182,441</b>	<b>16,881</b>	<b>139,950</b>

## 19. 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, including Santander UK Technology Limited, 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.

## 20. PARENT UNDERTAKING AND CONTROLLING PARTY

Santander UK Technology 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 registered office address of Santander UK plc is 2 Triton Square, Regent's Place, London NW1 3AN.

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 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 Corporate Governance Office, 2 Triton Square, Regent's Place, London, NW1 3AN.