

**SANTANDER ISA MANAGERS LIMITED**

**Registered in Scotland**

**Company Number: SC151605**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2023**

## STRATEGIC REPORT

The Directors submit the Strategic Report together with their Directors' Report and the audited financial statements for the year ended 31 December 2023.

### Fair review of the Company's Business

The principal activities of Santander ISA Managers Limited (the Company) are to act as the platform service provider and stocks & shares ISA manager for investments on the Santander Investment Hub and investments advised through the Santander UK plc financial planning service. The Company is a private limited company regulated by the Financial Conduct Authority (FCA).

The Investment Hub is an online platform that allows customers the ability to invest in a wide variety of investments and manage those investments online. All advised business from the Santander UK plc Financial Planning service is serviced on the Investment Hub, including investments through both the financial planning and Santander Private Banking divisions. The Company is part of the Retail Banking division of Santander UK plc.

The Company made a profit after tax for the year of £5,493,894 (2022: £5,134,087). The primary source of revenue continues to be platform fees charged for Investment Hub holdings. Revenue fell slightly compared to the previous year which was a reflection of the general market trend with customers preferring to hold cash in savings/fixed deposits yielding higher interest rates. Profit performance was driven by higher interest income due to increases in Bank of England base rate partly offset by lower revenue and higher costs.

At 31 December 2023, the Company had net assets of £48,483,144 (2022: £42,989,250).

Santander UK plc is the immediate parent company and is incorporated in the United Kingdom. The ultimate parent company is Banco Santander SA, a company incorporated in Spain.

The Company, together with Santander UK plc and other subsidiaries of Santander UK plc, form the Ring-Fenced Bank group (the RFB Group). Santander UK Group Holdings plc group (the Santander UK Group) constitute both the ring-fenced and non ring-fenced operations. The RFB Group manages its operations on a divisional basis. For this reason, the Directors of the Company 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 RFB Group, which include the Company, are discussed in the Santander UK Group Holdings plc Annual Report which does not form part of this 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. Nothing in this report should be construed as a profit forecast.

### S.172 Statement

The RFB Group is committed to ensuring that stakeholder interests continue to be embedded in all aspects of decision-making across the RFB 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 plc, the Company adheres to the policies and standards set by the Santander UK plc Board. To support efficiency and ensure a consistent approach, engagement with stakeholders on issues and decisions which have an impact across the overall RFB Group is conducted at the RFB 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 plc Board's deliberations and decision making in the Santander UK plc 2023 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. In discharging its responsibility for the overall oversight of the Company's business, the Board has continued to pay due regard to its duty to promote the long-term success of the Company for the benefit of its shareholder, by ensuring its decisions are in accordance with the agreed RFB Group strategy. The Board also regularly reviews management information on the progress made by the Company in delivering on this strategy, as well as reporting on business, financial and operational performance and key risks and compliance issues which supports the Directors in staying sighted on stakeholder outcomes and feedback.

The Santander UK plc Board, along with the Company's Board, has identified five key stakeholder groups whose interests and needs it regularly considers. These stakeholders are our customers, employees, investors, regulators and communities. Careful consideration was given to these stakeholders, whilst keeping the customer at the heart of the strategic decision-making process. Set out below are some examples of how the Company's Directors have paid due regard to the interests of these stakeholders during the year under review.

## STRATEGIC REPORT (continued)

### S.172 Statement (continued)

The Directors continue to undertake numerous activities to discharge their duties in relation to section 172. Continued focus on simplification of the customer experience and improvement to the investment platform and associated journeys are intended to provide customers with a clear and easy way to access investment products. The Company is pleased to report the successful adherence to all regulatory deadlines in 2023, in particular with regards Consumer Duty regulation. Through continued and focussed attention to customer experiences and outcomes, the Board continues to ensure developments and innovations are designed, built and delivered with customer consideration at every step. The Board is also pleased to recognise the continued focus on work to support People and the Planet, in particular supporting local communities and a continued partnership with National Parks.

### 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 and Business Risk is managed at the RFB Group level, with the focus on maintaining a low to medium risk appetite; review of risks to ensure the Company stays within its risk appetite range; mitigation of risk through having a clear and consistent strategy and an effective planning process; and thorough risk monitoring and management. Further information can be found within the Santander UK plc Annual Report.

On behalf of the Board



**Stephen Affleck**  
Director  
15 April 2024

Registered Office Address: 287 St. Vincent Street, Glasgow, G2 5NB.

## REPORT OF THE DIRECTORS

The Directors submit their report together with the Strategic Report and audited financial statements for the year ended 31 December 2023.

### Principal activities

The principal activities of Santander ISA Managers Limited are to act as the platform service provider and stocks & shares ISA manager for investments on the Santander Investment Hub and investments advised through the Santander UK plc financial planning service. The Company is a private limited company regulated by the FCA.

### Results and dividends

The profit for the year amounted to £5,493,894 (2022: £5,134,087).

The Directors do not recommend the payment of a final dividend (2022: £nil).

### Directors

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

J Dunne  
SD Affleck  
A Kilby  
SF Livingston

### 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 also 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.

### 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 15 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, market risk & liquidity risk.

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period of 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

## REPORT OF THE DIRECTORS (continued)

### Likely future developments

Santander ISA Managers Limited continues to enhance and expand the range of services offered on the Investment Hub, with plans on increasing customer numbers through both the direct digital channel and through Santander UK plc advised distribution.

### Financial instruments

The Company's risks are managed on a group level by the UK parent company, Santander UK plc.

The Company's financial instruments comprise cash balances and various items such as debtors and creditors that arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

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

### 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.

### 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 Sustainability Review section of the Santander UK Group Holdings plc 2023 Annual Report.

### Statement of disclosure of information to auditors

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 section 418 of the Companies Act 2006.

### Independent Auditors

In accordance with Sections 485 and 487 of the Companies Act 2006, PricewaterhouseCoopers LLP are re-appointed as auditors of the Company.

On behalf of the Board



**Stephen Affleck**

Director  
15 April 2024

Registered Office Address: 287 St. Vincent Street, Glasgow G2 5NB

# Independent auditors' report to the members of Santander ISA Managers Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Santander ISA Managers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 2023; the Statement of Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity 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.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 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.

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 2023 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 the 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 the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business

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.



Nikhil Dhiri (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
15 April 2024

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 £	2022 £
Revenue	3	17,312,859	18,097,654
Administrative expenses	6	<u>(13,244,776)</u>	<u>(12,557,602)</u>
<b>Operating profit</b>		<b>4,068,083</b>	5,540,052
Interest income	4	4,131,896	802,382
Finance costs	5	<u>(1,018,355)</u>	<u>(4,055)</u>
<b>Profit before tax</b>		<b>7,181,624</b>	6,338,379
Tax charge	7	<u>(1,687,730)</u>	<u>(1,204,292)</u>
<b>Profit for the year</b>		<b><u>5,493,894</u></b>	<u>5,134,087</u>
<b>Total comprehensive income for the year</b>		<b><u>5,493,894</u></b>	<u>5,134,087</u>

All of the above amounts relate to continuing operations.

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

**BALANCE SHEET**

As at 31 December 2023

	Note	2023 £	2022 £
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	3,075,006	3,150,236
Cash and cash equivalents	10	<u>50,868,902</u>	<u>44,974,281</u>
<b>TOTAL ASSETS</b>		<u><b>53,943,908</b></u>	<u><b>48,124,517</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	(3,773,082)	(3,930,974)
Current tax		<u>(1,687,682)</u>	<u>(1,204,293)</u>
<b>TOTAL LIABILITIES</b>		<u><b>(5,460,764)</b></u>	<u><b>(5,135,267)</b></u>
<b>NET CURRENT ASSETS</b>		<u><b>48,483,144</b></u>	<u><b>42,989,250</b></u>
<b>NET ASSETS</b>		<u><b>48,483,144</b></u>	<u><b>42,989,250</b></u>
<b>EQUITY</b>			
Share capital	12	5,000,000	5,000,000
Retained earnings		<u>43,483,144</u>	<u>37,989,250</u>
<b>TOTAL EQUITY</b>		<u><b>48,483,144</b></u>	<u><b>42,989,250</b></u>

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

The financial statements on pages 8 to 21 were approved by the Board of Directors on 15 April 2024 and signed on its behalf by:



**Stephen Affleck**  
Director  
15 April 2024

**CASH FLOW STATEMENT**

For the year ended 31 December 2023

	2023	2022
Note	£	£
<b>OPERATING ACTIVITIES</b>		
Profit before tax	7,181,624	6,338,379
<i>Adjustments for:</i>		
Interest income	4 (4,131,896)	(802,382)
Finance costs	5 <u>1,018,355</u>	<u>4,055</u>
<b>Operating cash flows before movement in working capital</b>	<b>4,068,083</b>	5,540,052
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	9 75,230	820,669
Decrease in trade and other payables	11 <u>(1,362,233)</u>	<u>(10,827,266)</u>
<b>Cash flow generated from/ (used in) operating activities</b>	<b>2,781,080</b>	(4,466,545)
Interest paid	5 <u>(1,018,355)</u>	<u>(4,055)</u>
<b>Net cash flow generated from/ (used in) operating activities</b>	<b>1,762,725</b>	(4,470,600)
<b>INVESTING ACTIVITIES</b>		
Interest received	4 <u>4,131,896</u>	<u>802,382</u>
<b>Net cash flow generated from investing activities</b>	<b>4,131,896</b>	<u>802,382</u>
Net increase/(decrease) in cash and cash equivalents	5,894,621	(3,668,218)
Cash and cash equivalents at beginning of year	<u>44,974,281</u>	<u>48,642,499</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	10 <u><u>50,868,902</u></u>	<u><u>44,974,281</u></u>

Where tax assets and liabilities have been group-relieved, they are accounted for as operating receivables or operating payables.

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital (note 12) £	Retained Earnings £	Total Equity £
Balance at 1 January 2022	5,000,000	32,855,163	37,855,163
Total comprehensive income for the year	-	5,134,087	5,134,087
<b>Balance at 31 December 2022</b>	<u>5,000,000</u>	<u>37,989,250</u>	<u>42,989,250</u>
Balance at 1 January 2023	5,000,000	37,989,250	42,989,250
Total comprehensive income for the year	-	5,493,894	5,493,894
<b>Balance at 31 December 2023</b>	<u>5,000,000</u>	<u>43,483,144</u>	<u>48,483,144</u>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. ACCOUNTING POLICIES

These financial statements are prepared for Santander ISA Managers Limited (the Company) under the Companies Act 2006.

#### General information

The Company is a private company limited by shares, incorporated in the United Kingdom and registered in Scotland. The Company is owned by Santander UK plc whose ultimate parent is Banco Santander SA. The registered office address of the Company is 287 St. Vincent Street, Glasgow, G2 5NB.

#### Basis of preparation

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

The functional and presentation currency of the Company is Sterling.

#### Going concern

The financial statements have been prepared on the going concern basis using the historical cost convention. An assessment of the appropriateness of the adoption of the going concern basis of accounting is disclosed in the Directors' statement of going concern set out in the Directors' Report.

#### Recent accounting developments

The amendment to IAS 1 'Presentation of Financial Statements', which requires disclosure of material rather than significant accounting policies, is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendment was adopted early in the preparation of the financial statements for the year ended 31 December 2022.

No other significant new or revised pronouncements, which became effective from 1 January 2023, impacted these financial statements.

#### Future accounting developments

At 31 December 2023, for the Company, there were no other significant new or revised pronouncements 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.

Those material accounting policies which involve the application of judgements or accounting estimates that are determined to be critical to the preparation of these financial statements are set out in the section headed "Critical judgements and accounting estimates".

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents commission receivable and platform fees earned by the Company from customers making use of the Santander Investment Hub.

Platform fees are based on the value of the customer investments in funds, excluding any cash money held in cash only accounts or any cash held in either the Stocks and Shares ISA or the Investment accounts. Fees are calculated daily but charged half yearly in arrears. The actual amount paid half yearly varies as the value of the investment funds change on a daily basis due to market movements, further investments and any customer withdrawals. As the charge represents a performance obligation over time, it is recognised as income on a monthly basis, in accordance with the contractual obligations, as earned.

Interest income is recognised as it accrues by reference to the balance invested and the effective interest rate applicable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

##### i) Classification and subsequent measurement

The Company classifies its financial assets in the measurement category of amortised cost. The Company holds no financial assets or liabilities measured at fair value.

##### *Financial assets: amortised cost*

The Company's financial assets that are measured at amortised cost comprise of trade and other receivables and cash and cash equivalents.

##### Trade and other receivables

Trade and other receivables consist of accrued platform fees generated from the Santander Investment Hub and accrued interest from bank deposits. The recognition of platform fees is discussed in further detail under revenue as above.

##### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held with banks, and other short-term highly liquid investments with original maturities of 90 days or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

##### *Financial liabilities*

Financial liabilities are classified and subsequently measured at amortised cost. The financial liabilities of the Company comprise trade and other payables. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The amounts are unsecured.

##### ii) 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 earlier in the lifecycle of a product. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of ECL is calculated using three main components: (i) probability of default (PD), (ii) loss given default (LGD) and (iii) the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD. The lifetime PD represent the PD occurring over the remaining maturity of the instrument. The EAD represents the expected balance at default. The LGD represents expected losses on the EAD in the event of default.

The expected credit losses for trade and other receivables without a significant funding component is measured at an amount equal to lifetime expected credit losses, in accordance with the simplified approach in IFRS 9. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Trade and other receivables consist of accrued platform fees which are collected in May and November. In practice, the Company can recoup fees through various means and this results in there being negligible ECL against trade and other receivables.

##### iii) 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. ACCOUNTING POLICIES (continued)

#### Income taxes including deferred income taxes

Income tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Critical judgements and accounting estimates

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following estimates and judgements are considered important to the portrayal of the Company's financial condition:

#### *Santander Investment Hub Revenue*

Management estimate revenue earned but not invoiced from the investment hub by applying a platform service fee at a tiered rate. The percentage is estimated based upon management's assessment of the value of individual investments across the fee percentage thresholds, arising from past experience of managing this fund.

### 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 operational risk, credit risk, market risk and liquidity risk. The Company manages its risk in line with the central risk management function of the RFB Group. The RFB Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the RFB Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the RFB 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 RFB Group's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to specific individuals. Formal standing committees are maintained for effective management of oversight. Their authority is derived from the person they are intended to assist. Further information can be found in the Santander UK plc Annual Report which does not form part of this Report.

#### a) 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 Santander UK Group. Further information can be found in the Santander UK Group Holdings plc Annual Report which does not form part of this Report.

#### b) Financial risks

##### i) Market risk

Market risk is the potential for loss of income or a decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value and manages market risk accordingly. Details of the market risk management policy are disclosed in the Santander UK Group Holdings plc Annual Report which does not form part of this Report.

##### ii) Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations. It occurs where the Company has significant financial exposure to amounts due from third parties and fellow group companies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 2. RISK MANAGEMENT (continued)

#### b) Financial risks (continued)

##### ii) Credit risk - Credit risk management practices

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort to assess whether there has been a significant increase in risk since initial recognition. This includes quantitative and qualitative information and also forward-looking analysis.

##### Quantitative criteria

In determining whether there has been a significant increase in credit risk, the Company uses probability of default (PD) movements linked to the Santander UK plc risk grade to assess counterparty strength. The risk rating is the main method used to measure credit risk. However, unless identified at an early stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due.

##### Qualitative criteria

The Company also uses qualitative criteria to identify where an exposure has increased in credit risk. The qualitative criteria used are: in forbearance and watch-list - proactive management.

##### Definition of default (Credit impaired)

The Company defines a financial instrument as in default (i.e. credit impaired) for purposes of calculating ECL if it is more than 90 days past due (DPD), or if it has data that raises doubt that counterparties can keep up with their payments i.e. they are unlikely to pay.

For financial instruments that are considered to have low credit risk, the credit risk is assumed to not have increased significantly since initial recognition. Financial instruments are considered to have low credit risk when the borrower is considered to have a low risk of default from a market perspective. Typically, financial instruments with an external credit rating of investment grade are considered to have low credit risk.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery. The Company endeavours to receive regular payments from all its debtors in order to reduce any significant credit risk.

Credit risk arising from the cash deposits held with the parent undertaking, Santander UK plc, is deemed to pose no significant concentration of risk. Other trade receivable balances are held with counterparties with risk rating of BBB+ or above and are settled within a few days or a month and therefore considered low risk. The overall ECL is deemed insignificant and has therefore not been provided in these financial statements at the current and previous year end.

Counterparty balances with third parties comprising client monies pose no significant credit risk to the Company due to the regulated nature of client money. Furthermore, client money balances are not assets of the Company and are not recognised on the Balance Sheet.

##### iii) 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 its obligations as they fall due. The Company manages liquidity risk with the support of its parent company, ensuring that the Company will have sufficient liquid resources to ensure it can meet its obligations as they fall due.

For all financial assets and liabilities, the carrying value approximates the fair value due to the short-term nature of these financial assets and liabilities.

##### Maturities of financial liabilities

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
At 31 December 2023						
Trade and other payables	-	1,027,663	2,745,419	-	-	3,773,082
Total financial liabilities	-	1,027,663	2,745,419	-	-	3,773,082
At 31 December 2022						
Trade and other payables	-	937,337	2,993,637	-	-	3,930,974
Total financial liabilities	-	937,337	2,993,637	-	-	3,930,974

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. REVENUE

	2023 £	2022 £
Commission fees and similar income	<u>17,312,859</u>	<u>18,097,654</u>

## 4. INTEREST INCOME

	2023 £	2022 £
Bank interest from group company	335,143	99,658
Bank interest from third parties	<u>3,796,753</u>	<u>702,724</u>
	<u>4,131,896</u>	<u>802,382</u>

Bank interest from group companies relates to interest earned on the Company's operational bank accounts and client money accounts with Santander UK plc (notes 13 and 14).

Bank interest from third parties relates to interest earned on client money accounts (note 14), spread across a wide range of third-party credit institutions.

Increases in the Bank of England base rate during 2023 resulted in significant growth of interest income.

## 5. FINANCE COSTS

	2023 £	2022 £
Interest payable to group undertakings	-	4,055
Interest payable to customers	<u>1,018,355</u>	<u>-</u>
	<u>1,018,355</u>	<u>4,055</u>

The company started paying customers interest on their cash holdings in the Investment Hub from December 2022.

## 6. ADMINISTRATIVE EXPENSES

	2023 £	2022 £
<b>Employments costs:</b>		
Wages and salaries	3,923,483	3,289,674
Social security costs	372,815	299,615
Other personnel costs	16,624	8,516
<b>Total Employment costs</b>	<u>4,312,922</u>	<u>3,597,805</u>
<b>Other expenses:</b>		
Management and IT charges from related parties	3,868,291	3,822,405
Administrative charges from related parties	22,897	22,896
External service provider fees	4,352,520	4,076,636
Other administration expenses	688,146	1,037,860
	<u>13,244,776</u>	<u>12,557,602</u>

Management and IT charges are payable to the parent undertaking, Santander UK plc.

External service provider fees for managing and servicing the Santander Investment Hub were previously included within 'Other administration expenses'.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 6. ADMINISTRATIVE EXPENSES (continued)

Santander UK plc is the employer of all staff working for the Company and recharges those costs to the Company. Included within 'Other personnel costs', are indirect staff costs relating to private healthcare, training and professional subscriptions.

Number of colleagues – monthly average	2023 Number	2022 Number
Contact Centre	78	74
Administrative and other	29	33
<b>Total</b>	<b>107</b>	<b>107</b>

## Auditors' remuneration

The remuneration of the Auditors in respect to the audit of the Company's annual financial statements was £30,750 (2022: £29,000).

Fees for audit-related assurance services with respect to the Client Assets Sourcebook (CASS) audit for the year were £263,000 (2022: £301,250). The CASS audit-related assurance fee was paid by the Company's UK parent undertaking, Santander UK plc, in accordance with company policy for which no recharge has been made.

## 7. TAX CHARGE

	2023 £	2022 £
<b>Current tax</b>		
UK Corporation tax charge on profit of the year	1,687,682	1,204,292
Adjustments in respect of prior years	48	-
Total current tax	1,687,730	1,204,292
<b>Tax charge on profit for the year</b>	<b>1,687,730</b>	<b>1,204,292</b>

UK corporation tax is calculated at 23.50% (2022: 19%).

The enacted tax rate for 2024 is expected to be 25% for corporation tax.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK to implement the OECD Pillar Two model rules which introduces a global minimum effective tax rate of 15% with effect from 1 January 2024. It is not anticipated that the rules will impact the Company.

The tax on the Company's profit before tax differs from (2022: same as) the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2023 £	2022 £
Profit before tax	7,181,624	6,338,379
Tax calculated at a rate of 23.50% (2022: 19.00%)	1,687,682	1,204,292
Adjustment to prior year provisions	48	-
<b>Tax charge for the year</b>	<b>1,687,730</b>	<b>1,204,292</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 8. DIRECTORS' EMOLUMENTS

	2023 £	2022 £
<b>Directors' remuneration</b>		
Salaries and fees	60,098	47,749
Performance related payments	28,153	31,548
Other fixed remuneration (allowances & non-cash benefits)	827	4,361
Pension contributions	<u>17,155</u>	<u>18,930</u>
<b>Total remuneration</b>	<u><u>106,233</u></u>	<u><u>102,588</u></u>
	2023 £	2022 £
<b>Directors' and Other Key Management Personnel compensation</b>		
Short-term employee benefits	89,078	83,658
Post-employee benefits	<u>17,155</u>	<u>18,930</u>
<b>Total compensation</b>	<u><u>106,233</u></u>	<u><u>102,588</u></u>

Directors of Santander ISA Managers Limited are all employees of Santander UK plc. For one Director (2022: one), costs for services provided to the Company were recharged by Santander UK plc. The Director's remuneration attributable to the Company was £106,233 (2022: £102,588). This included £60,098 relating to salary (2022: £47,749), £827 relating to other fixed remuneration (2022: £4,361), and £28,153 which was performance related (2022: £31,548). Employer pension contributions totalling £17,155 (2022: £18,930) were provided to a pension scheme in respect of one Director.

The aggregate emoluments above exclude emoluments received by other Directors, because their services to the Company are considered to be an incidental part of their duties. No apportionment of their remuneration has been made (2022: nil).

**Remuneration of highest paid Director**

The emoluments excluding pension contributions to the highest paid Director were £89,078 (2022: 83,658), £28,153 (2022: 31,548) of which was performance related. Employer pension contributions totalling £17,155 (2022: £18,930) were provided to a pension scheme in respect of the highest paid Director.

## 9. TRADE AND OTHER RECEIVABLES

	2023 £	2022 £
Trade receivables	135,844	60,966
Other receivables	<u>2,939,162</u>	<u>3,089,270</u>
	<u><u>3,075,006</u></u>	<u><u>3,150,236</u></u>

The fair value of the trade and other receivables balances approximates the carrying value of the assets.

## 10. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank	<u>50,868,902</u>	<u>44,974,281</u>

Cash and cash equivalents comprise of £50,565,081 (2022: £44,404,285) held as liquid resources with Santander UK plc and £303,821 (2022: £569,996) held with external banks.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 11. TRADE AND OTHER PAYABLES

	2023 £	2022 £
Amounts owed to fellow related parties	2,763,803	3,055,217
Other payables	<u>1,009,279</u>	<u>875,757</u>
	<u><b>3,773,082</b></u>	<u><b>3,930,974</b></u>

Amounts owed to fellow related parties (see note 13 for details) are due on demand and, with the exception of group relief, incur interest. The fair value approximates the carrying value of the liabilities.

## 12. SHARE CAPITAL

	2023 No	2023 £	2022 No	2022 £
Issued and fully paid: Ordinary shares of £1	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shareholders are entitled to any residual assets in the winding up of the Company.

All issued shares have been fully paid.

## 13. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties:

Related Party	Income		Expenditure	
	2023 £	2022 £	2023 £	2022 £
Santander UK plc – management and IT fees	-	-	3,868,291	3,822,405
Santander UK plc – bank interest	335,143	99,658	-	-
Santander UK plc – finance costs	-	-	-	4,055
Gesban UK Limited – administrative fees	-	-	22,897	22,896
	<u><b>335,143</b></u>	<u>99,658</u>	<u><b>3,891,188</b></u>	<u>3,849,356</u>

Related Party	Amounts owed by related parties		Amounts owed to related parties	
	2023 £	2022 £	2023 £	2022 £
Santander UK plc – cash and cash equivalents	50,565,081	44,404,285	-	-
Santander UK plc – accrued bank interest	135,844	60,866	-	-
Santander UK plc – other payables	-	-	2,763,803	1,338,165
Santander UK plc – Corporation tax group relief	-	-	-	1,694,156
Gesban UK Limited – administrative fees	-	-	-	22,896
	<u><b>50,700,925</b></u>	<u>44,465,151</u>	<u><b>2,763,803</b></u>	<u>3,055,217</u>

Amounts due to Santander UK plc that are classed as other payables incur interest at Bank of England base rate for balances not settled on a monthly basis. The Company incurred no interest for the year as the balances were settled monthly (2022: incurred interest of £4,055 for balances not settled monthly).

Amounts owed by related parties exclude client money.

Expenditure includes management and IT costs payable to the parent undertaking, Santander UK plc.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 13. RELATED PARTY TRANSACTIONS (continued)

#### Banking Services

The bank balances held with the parent undertaking, Santander UK plc, totalled £50,565,081 (2022: £44,404,285). Balances held with external banks totalled £303,821 (2022: £569,996).

#### Key management compensation

Further information regarding Directors' emoluments is included under note 8.

In line with the IAS24 declaration requirement, 3 directors, other key management personnel and their connected persons (2022: 3) held customer accounts with the Company on normal market terms and conditions, or on the same terms and conditions as applicable to other employees in Santander UK group. The total balance in the accounts as at 31 December was £189,991 (2022: £177,357).

### 14. CLIENT MONEY

At 31 December 2023, the Company held £14,710,631 (2022: £16,596,457) on behalf of clients within accounts operated by Santander UK plc.

The Company held £128,901,609 (2022: £149,159,524) on behalf of clients within accounts operated through third party banks.

The Company is required to hold these amounts in accordance with the Financial Conduct Authority ("FCA") Client Asset Rules. The Company has no beneficial interest in these deposits and accordingly, they are not included in the balance sheet.

The Company recognises the bank interest earned on client money accounts and this is reflected under 'Interest Income'. See note 4 for details.

### 15. 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.

### 16. CONTINGENT LIABILITIES AND COMMITMENTS

#### Capital Support Deed

At 31 December 2023, Santander UK plc, Cater Allen Limited, Santander ISA Managers Limited and certain other non-regulated subsidiaries within the RFB Group, 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 17. PARENT UNDERTAKING AND CONTROLLING PARTY

Santander ISA Managers 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 incorporated 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 intermediate parent undertaking of the smallest group of undertakings for which the group financial statements are drawn up and of which the Company is a member.

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.