

# **SANTANDER EQUITY INVESTMENTS LIMITED**

**Registered in England and Wales  
Company Number 03053574**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2017**

THURSDAY



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COMPANIES HOUSE

## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2017.

This Report of the Directors has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions provided in section 414B (as incorporated to the Act by the Strategic Report and Director's Report Regulations 2013) of the Act.

### Principal activity and review of the year

The principal activity of Santander Equity Investments Limited (the "Company") is that of an investment company. The Company's primary source of income is interest earned on amounts due from related group entities.

### Results and dividends

The profit for the year after taxation amounted to £161,451 (2016: £8,797,268), included in the prior years' profit was a profit on discontinued operations of £8,752,493.

The Company did not pay an interim dividend for the year (2016: £nil). The Directors do not recommend the payment of a final dividend (2016: £nil).

### Future developments

The Company continues to act as an investment entity and future investment opportunities will be considered by the Directors as they arise.

### Post balance sheet events

On the 24th January 2018 the Company acquired the following companies for consideration of £75,916:

- Abbey National UK Investments
- Solarlaser Limited
- Abbey National Business Office Equipment Leasing Limited
- Abbey National Beta Investments Limited
- Cater Allen Lloyd's Holdings Limited
- Abbey National Treasury Services Investments Limited
- Cater Allen Syndicate Management Limited
- Cater Allen Holdings Limited
- Sheppards Moneybrokers Limited
- Cater Allen International Limited

On the 3<sup>rd</sup> May 2018 the Company acquired the following companies for consideration of £4:

- First National Motor Business Limited
- First National Motor Facilities Limited
- First National Motor Finance Limited
- First National Motor Leasing Limited

On the 13th April 2018 the Company acquired the following companies for consideration of £101,003:

- AN(123) Limited
- Alliance & Leicester Investments (Derivatives) Limited
- A&L CF March (5) Limited

On the 10<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £35,002:

- Whitewick Limited

On the 14<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £1,107:

- Alliance & Leicester Cash Solutions Limited
- A&L CF June (2) Limited
- Liquidity Limited
- Carfax (Guernsey) Limited

On the 29<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £4,000:

- Alliance & Leicester commercial bank Limited
- Alliance & Leicester Investments Limited
- Alliance & Leicester Investments(No.2) Limited
- Tuttle and Son Limited

On the 1<sup>st</sup> June 2018 the Company acquired the following companies for consideration of £12,501:

- First National Motor Contracts Limited
- First National Motor Plc

## REPORT OF THE DIRECTORS (*continued*)

### Directors

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

AR Honey  
RJ Morrison

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements

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

### Statement of Going Concern and Financial Management

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 12 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 market 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.

### Qualifying third party indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities 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 plc.

### Statement of disclosure of information to auditors


Each of the Directors as at the date of approval of this report has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself 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 to be re-appointed as auditors under section 487 (2) of the Companies Act 2006.

### By order of the Board



Santander Secretariat Services Limited, Secretary

18 June 2018  
Registered office: 2 Triton Square, Regent's Place, London, NW1 3AN

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANTANDER EQUITY INVESTMENTS LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Santander Equity Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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### 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.

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### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### 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 Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2017 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 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 set out on page 2, 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.

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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

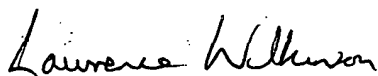
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Lawrence Wilkinson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London 18 June 2018

**INCOME STATEMENT**

For the year ended 31 December

		2017 £	2016 £
<b>Continuing operations</b>	<b>Note</b>		
Interest income		199,939	55,969
<b>Profit before tax</b>		199,939	55,969
Tax	4	(38,488)	(11,194)
<b>Profit for the year from continuing operations</b>		161,451	44,775
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	5	-	8,752,493
<b>Profit after tax for the year</b>		161,451	8,797,268

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit of £161,451 (2016: £8,797,268) for the current and previous year.

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

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December

	Share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2016	33,005,000	171,304	33,176,304
Profit and total comprehensive income for the year	-	8,797,268	8,797,268
Balance as at 31 December 2016	33,005,000	8,968,572	41,973,572
Balance as at 1 January 2017	33,005,000	8,968,572	41,973,572
Profit and total comprehensive income for the year	-	161,451	161,451
Balance as at 31 December 2017	33,005,000	9,130,023	42,135,023

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

**CASH FLOW STATEMENT**

For the year ended 31 December

		2017 £	2016 £
<b>Net cash flows generated from operating activities</b>	<b>Note</b>		
	10	178,979	29,589
<b>Financing activities:</b>			
Issue of share capital		-	-
<b>Net cash flows from financing activities</b>		-	-
<b>Investing activities:</b>			
Investment in subsidiaries	7	-	(6,043,065)
Proceeds from the disposal of subsidiaries	7	-	41,106,628
<b>Net cash flow from investing activities</b>		-	35,063,563
Net increase in cash and cash equivalents		178,979	35,093,152
Cash and cash equivalents at beginning of the year	10	42,002,036	6,908,884
<b>Cash and cash equivalents at end of the year</b>	10	42,181,015	42,002,036

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

**BALANCE SHEET**

As at 31 December

	Notes	2017 £	2016 £
<b>Non-current assets</b>			
Investment in subsidiaries	7	-	-
<b>Total non-current assets</b>		-	-
<b>Current assets</b>			
Cash	10	42,092	-
Loans and receivables	6	42,138,923	45,221,311
<b>Total current assets</b>		42,181,015	45,221,311
<b>Total assets</b>		42,181,015	45,221,311
<b>Current liabilities</b>			
Trade and other payables	8	(45,992)	(28,464)
Bank overdrafts	10	-	(3,219,275)
<b>Total current liabilities</b>		(45,992)	(3,247,739)
<b>Total liabilities</b>		(45,992)	(3,247,739)
<b>Net assets</b>		42,135,023	41,973,572
<b>Equity</b>			
Share capital	9	33,005,000	33,005,000
Retained earnings		9,130,023	8,968,572
<b>Total equity</b>		42,135,023	41,973,572

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

The accompanying notes form an integral part of the financial statements. These financial statements have been prepared in accordance with the special provisions relating to the small companies regime and the directors make this statement in accordance with section 414(3) of the Companies Act 2006.

The financial statements were approved by the board of directors, authorised for issue and signed on its behalf by:



Andrew Honey  
Director

18 June 2018

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 1. ACCOUNTING POLICIES

Santander Equity Investments Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is 2 Triton Square, Regent's Place, London, NW1 3AN.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and on a going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors.

The financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company (the functional currency). The financial statements are presented in Sterling, which is the functional currency of the Company.

#### Future accounting developments

At 31 December 2017, Santander Equity Investments Limited has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for Santander Equity Investments Limited:

- a) IFRS 9 'Financial Instruments' (IFRS 9) – In July 2014, the International Accounting Standards Board (IASB) approved IFRS 9 to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

IFRS 9 sets out the requirements for recognition and measurement of financial instruments. The main new developments of the standard are discussed below.

**Classification and measurement of financial assets and financial liabilities:** Under IFRS 9, financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. Both tests were applied to financial assets at 31 December 2017, and gave rise to no classification and measurement changes for Santander Equity Investments Limited.

**Impairment:** IFRS 9 introduces fundamental changes to the impairment of financial assets measured at amortised cost or at fair value through other comprehensive income, lease receivables and certain commitments to extend credit and financial guarantee contracts. It is no longer necessary for losses to be incurred before credit losses are recognised. Instead, under IFRS 9, an entity always accounts for expected credit losses (ECLs), and any changes in those ECLs. The ECL approach must reflect both current and forecast changes in macroeconomic data over a horizon that extends from 12 months to the remaining life of the asset if a borrower's credit risk is deemed to have deteriorated significantly at the reporting date compared to the origination date. The estimate of ECLs should reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and considering reasonable and supportable information at the reporting date. Similar to the current incurred credit loss provisioning approach, management will exercise judgement as to whether additional adjustments are required in order to adequately reflect possible events or current conditions that could affect credit risk.

**Transition and impact:** IFRS 9 has been endorsed for use in the European Union. The mandatory effective date of IFRS 9 is 1 January 2018. For the Santander Equity Investments Limited, the application of IFRS 9 resulted in no changes to shareholders' equity at 1 January 2018.

- b) A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None of these are expected to have a material impact on the financial statements of the Company.

#### Revenue/expense recognition

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

#### Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction 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.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2017

### 1. ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, net loans and advances to banks, amounts due from other banks, short term investments in securities and bank overdrafts repayable on demand.

#### Financial assets

The Company classifies its financial assets, including intercompany financial assets as loans and receivables. Management determines the classification at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the entity provides money or services directly to a customer with no intention of trading the loan. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership.

#### Impairment of financial assets

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty.

Impairment losses are recognised in the Statement of comprehensive income and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

A write-off is made when all collection procedures have been completed and is charged against previously established provisions for impairment.

#### Financial liabilities

The Company classifies its financial liabilities, including intercompany financial liabilities, as deposits and payables which are held at amortised. The carrying value of financial liabilities is a fair approximation of their fair values.

#### Investment in other entities

Investment in other entities is carried at cost less any provision for impairment.

#### Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

#### Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved.

#### Critical accounting judgements and key sources of estimation uncertainty

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in financial statements. There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 2. FINANCIAL 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 market risk. The Company manages its risk in line with the central risk management function of the Santander UK Group. Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group's strategic objectives.

Authority flows from the Santander UK plc Board to the Chief Executive Officer and from him to 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2017

**2. FINANCIAL RISK MANAGEMENT (continued)****Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets held by the Company.

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 6 to the financial statements.

The Directors do not consider the credit risk to be significant given the immediate parent entity, Santander Plc, is an A rated counterparty.

As at 31 December 2017 there were no assets that were either past due or impaired £nil (2016: £nil).

**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.

Maturities of financial liabilities can be found in note 8 to the financial statements. Bank overdrafts are repayable in less than 90 days.

**Market risk**

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The majority of market risk arises as a result of interest rates. The Company's income is exposed to movements in LIBOR interest rates on receivables from group companies. Payables on amounts due to group companies are non-interest bearing.

**Sensitivity analysis**

A 50 basis point adverse movement in LIBOR rates would result in a fall in revenue of £172,000 (2016: £53,018) a 50 basis point favourable movement in rates would result in an increase in revenue of £255,103 (2016: £65,682).

**3. PROFIT FROM OPERATIONS**

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by the UK parent company, Santander UK plc. The Directors' services to the Company are an incidental part of their duties. No emoluments were paid by the Company to the Directors during the year (2016: £nil).

The Company had no employees in the current or previous financial year.

The statutory audit fee for the current and prior year has been paid on the Company's behalf by the intermediate UK parent company, Santander UK plc, in accordance with company policy, for which no recharge has been made. The statutory audit fee for the current year is £5,500 (2016: £5,000).

**4. TAX**

	2017 £	2016 £
<b>Current tax:</b>		
UK corporation tax for the year	38,488	11,194
<b>Tax charge for the year</b>	<b>38,488</b>	<b>11,194</b>

UK corporation tax is calculated at 19.25% (2016: 20.00%) of the estimated assessable profits for the year.

The Finance (No. 2) Act 2015, which provides for reductions in the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020 was enacted on 18 November 2015. The Finance Act 2016, which was substantively enacted on 6 September 2016, introduced a further reduction in the corporation tax rate to 17% from 2020

The tax on the Company's profit before tax is equal to the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2017 £	2016 £
<b>Profit before tax from continuing operations:</b>	<b>199,939</b>	<b>55,969</b>
Tax calculated at a tax rate of 19.25% (2016: 20.00%)	38,488	11,194
<b>Tax charge for the year</b>	<b>38,488</b>	<b>11,194</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2017

**5. DISCONTINUED OPERATIONS**

On 30 November 2016 the Company disposed of its investments in its subsidiaries undertaking, for further details refer to note 7. The results and profit on the sale of the discontinued operations were as follows:

	2017	2016
	£	£
Operating expenses	-	(18,450)
Net gain on sale of investments*	-	8,767,253
<b>Profit of discontinued operations before tax</b>	-	<b>8,748,803</b>
Tax credit on discontinued operations	-	3,690
<b>Profit from discontinued operations (after tax)</b>	-	<b>8,752,493</b>

\*the gain on the sale of the subsidiary undertakings is not assessable for tax purposes.

**6. LOANS AND RECEIVABLES**

	2017	2016
	£	£
<b>Current:</b>		
Amounts due from group companies	<b>42,138,923</b>	<b>45,221,311</b>

The Directors consider that the carrying amount of receivables approximates to their fair value.

Amounts due from group companies are repayable on demand with interest fixed quarterly at three month LIBOR.

**7. INVESTMENT IN SUBSIDIARIES**

	2017	2016
	£	£
At 1 January	-	26,296,310
Additions	-	6,043,065
Disposals	-	(32,339,375)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

**8. TRADE AND OTHER PAYABLES**

	2017	2016
	£	£
Amounts due to group companies – group relief	<b>45,992</b>	<b>7,504</b>
Amounts due to group companies	-	20,960
	<b>45,992</b>	<b>28,464</b>

The Directors consider that the carrying amount of payables approximates to their fair value.

Amounts due to group companies are non-interest bearing and are repayable on demand.

**9. SHARE CAPITAL**

	2017	2016
	£	£
<b>Issued and fully paid:</b>		
33,005,000 (2016: 33,005,000) ordinary shares of £1 each	<b>33,005,000</b>	<b>33,005,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2017

**10. NOTE TO CASH FLOW STATEMENT**

	2017 £	2016 £
<b>Profit before tax from continuing operations</b>	<b>199,939</b>	<b>55,969</b>
Changes in operating assets and liabilities		
Change in Payables	(20,960)	(7,930)
<b>Cash generated from continuing operations</b>	<b>178,979</b>	<b>48,039</b>
<b>Profit before tax from discontinued operations</b>	-	<b>8,748,803</b>
Gain on disposal of investments	-	(8,767,253)
<b>Cash used in discontinued operations</b>	-	<b>(18,450)</b>
<b>Net cash generated from operating activities</b>	<b>178,979</b>	<b>29,589</b>

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

Reconciliation of cash and cash equivalents:

	2017 £	2016 £
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<b>42,092</b>	-
<b>Loans and receivables</b>	<b>42,138,923</b>	<b>45,221,311</b>
<b>Bank overdraft</b>	-	<b>(3,219,275)</b>
<b>Cash and cash equivalents</b>	<b>42,181,015</b>	<b>42,002,036</b>

**11. RELATED PARTY TRANSACTIONS****Trading transactions**

The trading transactions with related parties relate to interest received on amounts due by related group entities.

Related party transactions at balance date are as follows:

	Income		Amounts due from related parties		Amounts due to related parties	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Immediate UK parent company	-	-	-	-	45,992	28,464
Fellow group company	199,939	55,969	42,138,923	45,221,311	-	-
	199,939	55,969	42,138,923	45,221,311	45,992	28,464

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.

**12. CAPITAL MANAGEMENT AND RESOURCES**

The Company's intermediate UK parent, Santander UK plc ("Santander UK"), adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK 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 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 on page 6.

**13. PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent company is Abbey National Treasury Services plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander SA, a company registered in Spain. Banco Santander SA is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Abbey National Treasury Services plc is the immediate 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 financial statements, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2017

### 14. POST BALANCE SHEET EVENTS

On the 24th January 2018 the Company acquired the following companies for consideration of £75,916:

- Abbey National UK Investments
- Solarlaser Limited
- Abbey National Business Office Equipment Leasing Limited
- Abbey National Beta Investments Limited
- Cater Allen Lloyd's Holdings Limited
- Abbey National Treasury Services Investments Limited
- Cater Allen Syndicate Management Limited
- Cater Allen Holdings Limited
- Sheppards Moneybrokers Limited
- Cater Allen International Limited

On the 3<sup>rd</sup> May 2018 the Company acquired the following companies for consideration of £4:

- First National Motor Business Limited
- First National Motor Facilities Limited
- First National Motor Finance Limited
- First National Motor Leasing Limited

On the 13th April 2018 the Company acquired the following companies for consideration of £101,003:

- AN(123) Limited
- Alliance & Leicester Investments (Derivatives) Limited
- A&L CF March (5) Limited

On the 10<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £35,002:

- Whitewick Limited

On the 14<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £1,107:

- Alliance&Leicester Cash Solutions Limited
- A&L CF June (2) Limited
- Liquidity Limited
- Carfax (Guernsey) Limited

On the 29<sup>th</sup> May 2018 the Company acquired the following companies for consideration of £4,000:

- Alliance&Leicester commercial bank Limited
- Alliance&Leicester Investments Limited
- Alliance&Leicester Investments(No.2) Limited
- Tuttle and Son Limited

On the 1<sup>st</sup> June 2018 the Company acquired the following companies for consideration of £12,501:

- First National Motor Contracts Limited
- First National Motor Plc