

GESBAN UK LIMITED

Registered in England and Wales
Company Number 03072287

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2021



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2021.

This Report of the Directors has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions under Sections 415A (1) & (2) of the Companies Act 2006. The Company is also exempt from preparing a Strategic Report in accordance with Section 414B of the Companies Act 2006.

Principal activities

The principal activity of Gesban UK Limited (the Company), is to provide a single source of accounting and invoice payment services to Banco Santander SA group entities in the UK and Ireland.

Results and dividends

The profit for the year after tax amounted to £79,354 (2020: profit of £113,895). The Directors do not recommend the payment of a dividend (2020: £nil).

Impact of Covid-19

In 2021, there were ongoing challenges in terms of navigating the changing circumstances presented by the Covid-19 pandemic, including its impact on the economy and upon home and office working arrangements. The Company continues to monitor the impact of Covid-19 on its operations and customers and intends to take a coordinated approach with the other members of Banco Santander SA group where applicable. There has been no significant change to the carrying value of its assets and liabilities at the reporting date.

Broader geopolitical and social risks, including invasion by Russia of Ukraine

During the course of the past two years, since the onset of the Covid-19 pandemic, a number of broader risks have evolved and may present future headwinds. These include geopolitical tensions between regions across the world, global supply chain pressures (which have already fuelled inflationary pressures), stretched household finances, and emerging social unrest. These factors are also likely to play into increased localised political risk, including in the UK. The Company is closely following these developments and the potential for any material impacts which may need to be taken into consideration in its future plans and intends to take a coordinated approach with the other members of the Banco Santander SA group.

Likely Future Developments

The Directors do not expect any significant change in the level of business in the foreseeable future.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S D Affleck
F J Calderon Gonjar
R J Morrison (resigned 31 December 2021)
B Pert

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.

REPORT OF THE DIRECTORS (continued)

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 are set out above. The financial position of the Company, its cash flows and liquidity position are set out in the financial statements. In addition, notes 2 and 16 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk, liquidity risk and operational risk.

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

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 certain Directors of the Company by Santander UK Group Holdings plc (where such person has been nominated in writing by Santander UK Group Holdings plc or one of its subsidiaries as its representative on the board) 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.

Directors' confirmations

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


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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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



S D Affleck
Director
24 September 2022

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

Independent auditors' report to the members of Gesban UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gesban UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 2021; 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.

Independent auditors' report to the members of Gesban UK Limited (continued)

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 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.

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 2021 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 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 applicable tax legislations, 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 posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management and communication with those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- 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.

Independent auditors' report to the members of Gesban UK Limited (continued)

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. 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.

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.



Nikhil Dhiri (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 September 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

Continuing operations	Note	2021 £	2020 £
Revenue	3	4,371,243	4,418,395
Cost of Sales	4	(4,184,637)	(4,018,999)
Gross profit		186,606	399,396
Interest and similar income	7	-	300
Other operating expenses	8	(91,375)	(262,112)
Net foreign exchange gains/(loss)		190	(65)
Profit before tax		95,421	137,519
Tax charge	9	(16,067)	(23,624)
Profit for the year after tax		79,354	113,895
Other comprehensive income for the year		-	-
Total comprehensive income for the year		79,354	113,895

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

BALANCE SHEET

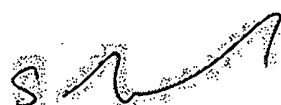
As at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Deferred tax	10	8,595	5,231
Total non-current assets		8,595	5,231
Current assets			
Trade and other receivables	11	162,250	169,505
Cash and cash equivalents	12	1,954,685	1,910,105
Total current assets		2,116,935	2,079,610
Total assets		2,125,530	2,084,841
Current liabilities			
Trade and other payables	13	(826,984)	(885,080)
Corporation tax		(45,560)	(26,129)
Total current liabilities		(872,544)	(911,209)
Total liabilities		(872,544)	(911,209)
Net current assets		1,244,391	1,168,401
Net assets		1,252,986	1,173,632
Equity			
Share capital	14	100,000	100,000
Retained earnings		1,152,986	1,073,632
Total equity		1,252,986	1,173,632

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 on pages 6 to 17 were approved by the Board of Directors, authorised for issue and signed on its behalf by:



S D Affleck
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020	100,000	959,737	1,059,737
Profit for the year after tax and total comprehensive income	-	113,895	113,895
At 31 December 2020 and 1 January 2021	100,000	1,073,632	1,173,632
Profit for the year after tax and total comprehensive income	-	79,354	79,354
Balance at 31 December 2021	100,000	1,152,986	1,252,986

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

CASH FLOW STATEMENT

For the year ended 31 December 2021

Note	2021 £	2020 £
Profit before tax	95,421	137,519
Adjustments for:		
Interest and similar income	-	(300)
Net foreign exchange (gains)/losses	(190)	65
Cash flow before operating and investing activities	95,231	137,284
Operating activities		
Net change in trade and other receivables	7,445	159,793
Net change in trade and other payables	(58,096)	(111,933)
Cash flows generated from operating activities	44,580	185,144
Investing activities		
Interest received	-	300
Cash flows generated from investing activities	-	300
Net increase in cash and cash equivalents	44,580	185,444
Cash and cash equivalents at beginning of year	1,910,105	1,724,661
Cash and cash equivalents at end of year	12 1,954,685	1,910,105

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

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies that have been applied to Gesban UK Limited (the Company) in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

General information

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

Basis of preparation

These financial statements are prepared for Gesban UK Limited (the Company) under the Companies Act 2006.

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards (IAS). On 31 December 2020, International Financial Reporting Standards (IFRSs) as adopted by the European Union at that date were brought into UK law and became UK-adopted IAS, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted IAS in its financial statements on 1 January 2021, however, this change had no impact on recognition, measurement or disclosures in the periods reported.

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 functional and presentation currency of the Company is Pound Sterling.

Recent accounting developments

Interest Rate Benchmark Reform:

In 2020, the Company applied 'Interest Rate Benchmark Reform – Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' to all loans whose interest rates were based on LIBOR that were transitioning to alternative benchmark interest rates. During 2021, the Company applied the practical expedient in these amendments, to account for a change in the basis for determining the contractual cash flows by updating the effective interest rate using the guidance in IFRS 9. This resulted in no immediate gain or loss being recognised. There were no loans or other instruments remaining that are affected by IBOR reform as at 31 December 2021.

Future accounting developments

At 31 December 2021, for Gesban UK Limited, there were no significant new or revised standard and interpretations, and amendments thereto, which have been issued but which are not yet effective or which have otherwise not been early adopted where permitted.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that Company ("the functional currency"). The financial statements are presented in Pounds Sterling (£), as this is the currency of the primary economic environment in which the Company operates. The financial statements of the Company's immediate parent company, Gesban Servicios Administrativos Globales SL are presented in Euros.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive income.

Revenue recognition

Revenue represents fees receivable in respect of accounting and invoice payment services provided to affiliates of Banco Santander SA in the UK and Ireland.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and VAT.

The Company's revenue is derived from fixed price service agreements and therefore the amount of revenue to be earned from each agreement is determined by reference to those fixed prices. Fees are billed through invoices on a 3 monthly basis in advance and in most cases paid in advance by the customer. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of trade and other payables due within one year. All of the Company's revenue is recognised within the same month of performing the service for the customers.

The Company has applied the following practical expedient:

i) the promised amount of consideration has not been adjusted for the effects of the financing component as the Company expects, at contract inception, that the period between when the entity transfers a promised service to a customer and when the customer pays for that service is one year or less.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

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

Cost of sales

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

Financial instruments

Initial recognition and measurement

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

1) Classification and subsequent measurement

The Company's financial assets that are measured at amortised costs comprise of trade and other receivables and cash and cash equivalents. The classification and measurement requirements for financial assets and financial liabilities are set out below.

Business model

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

Solely Payments of Principal and Interest ("SPPI")

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

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. Based on these factors, the Company classifies its debt instruments into the measurement category of amortised cost. The Company's debt instruments are classified as trade and other receivables and relate to customer trading activities and for Group Relief. The carrying amount of these assets is adjusted by any ECL recognised.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

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.

2) Impairment of Financial assets

Expected credit losses are recognised on all financial assets at amortised cost. The expected credit loss considers forward looking information to recognise impairment allowances earlier in the lifecycle of a product. A three-stage approach to impairment measurement is adopted as follows:

- Stage 1 - the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

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.

As at the balance sheet date none of the company's assets (2020: none) held any materially significant ECL provision.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

3) Derecognition

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

Cash and cash equivalents

Cash and cash equivalents comprise of balances held with banks.

Income taxes, including deferred taxes

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

Income tax payable on profits is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Retirement Benefits Schemes

The Company participates in the Santander UK Group Pension Scheme. There is no contractual agreement for charging the net cost in relation to Pension Schemes. The contribution recharged to and paid by the Company is calculated as the contributions made by Santander UK plc to the schemes in respect of the Company's employees. Details of the schemes and any associated deficit or surplus appear in the financial statements of Santander UK plc which are available from Santander Secretariat (Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN). The pension expense incurred for the Company is noted in note 5.

Critical judgements and accounting estimates

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 operational risk, credit risk and liquidity risk. The Company manages its risk in line with the central risk management function of the Banco Santander SA Group.

Banco Santander SA Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Banco Santander SA Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Banco Santander SA 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 Banco Santander SA Group's strategic objectives.

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 Banco Santander SA Group ("the Group"). Further information can be found in the Group's Annual Report which does not form part of this Report.

Credit risk

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

Maximum exposure to credit risk

The class of financial assets most exposed to credit risk in the Company are Trade receivables. No collateral or other credit enhancements are held. The Company did not recognise an ECL provision against these balances as the Company could fully recover the balances within a short period of time because they are all intercompany. In addition, all the debtors have sufficient accessible highly liquid assets in order to repay the balances if demanded. As at 31 December 2021, total intercompany trade receivables were £158,850 (2020: £165,183).

Liquidity risk

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

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

	On demand	Less than 6 Months	6-12 Months	1-5 years	Over 5 years	2021 Total
	£	£	£	£	£	£
Intercompany liabilities	-	104,924	-	-	-	104,924
Accruals	-	722,060	-	-	-	722,060
Total financial liabilities	-	826,984	-	-	-	826,984

	On demand	Less than 6 Months	6-12 Months	1-5 years	Over 5 years	2020 Total
	£	£	£	£	£	£
Intercompany liabilities	-	104,925	-	-	-	104,925
Accruals	-	780,155	-	-	-	780,155
Total financial liabilities	-	885,080	-	-	-	885,080

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

	2021	2020
	£	£
Revenue	4,371,243	4,418,395
Revenue	4,371,243	4,418,395

Revenue consists of accounting and invoice payment services to fellow Banco Santander SA group entities in the UK and Ireland.

4. COST OF SALES

	2021	2020
	£	£
Staff costs (see Note 5)	3,906,220	3,566,690
Professional fees	261,164	450,730
Other expenses including travel and subscription fees	17,253	1,579
Total cost of sales	4,184,637	4,018,999

In 2020, the cost of sales includes a deduction relating to input VAT recovery for the period 2017 to 2019 totalling £17,529. The recovery was recognised after the Company was satisfied that HMRC had reviewed and approved the annual adjustment calculation.

Recruitment fees in 2020 were reclassified as 'Professional fees' as they relate to fees paid to an external agency for placement of candidates within the Company.

5. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	3,209,142	2,877,264
Social security costs	346,248	304,640
Other pension costs	350,830	384,786
Total Staff Costs	3,906,220	3,566,690

The pension contributions made by the Company represent recharges borne by Santander UK plc and not direct contributions to any of Santander UK plc's Pension schemes.

The monthly average number of persons employed by the Company during the year was as follows:

	2021	2020
	Number	Number
Total	60	59

6. DIRECTORS AND EMPLOYEES

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by Santander UK plc, a subsidiary of Banco Santander SA. The Directors' services to the Company are an incidental part of their duties. No emoluments were paid by the Company to Directors during the year (2020: £nil). It is not possible to make an accurate apportionment of the Directors' remuneration paid by Santander UK plc in respect of each of the subsidiaries.

7. INTEREST AND SIMILAR INCOME

	2021	2020
	£	£
Interest on bank deposits held with related parties	-	300
Total interest and similar income	-	300

8. OTHER OPERATING EXPENSES

	2021	2020
	£	£
Auditors' remuneration	38,160	38,160
Software expenses	-	216,086
Other general expenses	53,215	7,866
Other operating expenses	91,375	262,112

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER OPERATING EXPENSES (continued)

Auditors' remuneration relates to the fee payable to the Company's auditors for the audit of the Company's financial statements for the current year. Foreign exchange losses in the current year have been reclassified and reported separately under 'Net foreign exchange losses.' The prior year exchange losses of £7 are reflected within other general expenses.

9. TAX CHARGE

	2021 £	2020 £
Current tax:		
UK corporation tax on profit of the year	18,130	26,129
Adjustments in respect of prior years	1,301	(1,567)
Total current tax charge	19,431	24,562
Deferred tax:		
Change in rate of UK Corporation tax	(2,063)	(551)
Adjustments in respect of prior years	(1,301)	(387)
Total deferred tax credit	(3,364)	(938)
Tax charge on profit for the year	16,067	23,624

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profits for the year.

The UK government announced in its budget on 3 March 2021 that it would increase the main rate of corporation tax by 6% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and, as a result, the effect has been reflected in the closing deferred tax position included in these financial statements. The comparative 2020 results reflected an increase in tax rates by 2% following an announcement in the 2020 budget to reverse a previously planned rate reduction from April 2020.

The tax on the Company's profit before tax differs (2020: differs) from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2021 £	2020 £
Profit before tax:	95,421	137,519
Tax calculated at a tax rate of 19% (2020: 19%)	18,130	26,129
Effect of change in tax rate on deferred tax provision	(2,063)	(551)
Adjustments in respect of prior years	-	(1,954)
Tax charge for the year	16,067	23,624

10. DEFERRED TAX

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised.

The movement on the deferred tax account was as follows:

	2021 £	2020 £
At 1 January	5,231	4,293
Income statement credit	3,364	938
At 31 December	8,595	5,231

Deferred tax assets are attributable to the following items:

	2021 £	Balance Sheet 2020 £	Statement of comprehensive Income 2021 £	2020 £
Deferred tax assets				
Other temporary differences	8,595	5,231	3,364	938
Total deferred tax assets	8,595	5,231	3,364	938

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Amounts due from group companies	158,850	165,183
Prepayments	3,400	4,322
Total Trade and Other Receivables	162,250	169,505

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

12. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Deposits with banks	1,954,685	1,910,105
Total Cash and Cash Equivalents	1,954,685	1,910,105

13. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Amounts due to group companies (group relief)	104,924	104,925
Accruals	722,060	780,155
Total Trade and other payables	826,984	885,080

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

14. SHARE CAPITAL

	2021 £	2020 £
Issued and fully paid:		
100,000 (2020: 100,000) ordinary shares of £1 each	100,000	100,000

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

15. RELATED PARTY TRANSACTIONS

The following were the balances with related parties as at 31 December.

	2021 £	2020 £
Amounts due to group companies		
Santander UK plc (group relief)	104,924	104,925
Total due to group companies	104,924	104,925

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.

The following were transactions with related parties for the years ending 31 December:

	2021 £	2020 £
Cost recharges:		
Santander UK plc	3,631,505	3,378,995
Total	3,631,505	3,378,995

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (continued)

The following were the balances with related parties as at 31 December. Amounts owed by related parties include cash and cash equivalent relating to bank balances held with Santander UK plc.

	2021	2020
	£	£
Amounts due from group companies		
Santander UK plc – Bank account	1,954,685	1,910,105
Cater Allen Limited	-	84,131
Santander Global Operations Limited	8,490	61,152
Roc Shipping One Limited	-	9,000
Roc Aviation One	3,225	3,000
Unicorn Aviation	3,000	3,000
WTW Shipping Limited	-	1,500
Phoenix C1 Aviation Limited	-	1,500
Tikgi Aviation	-	750
Merlion Aviation Limited	-	750
Santander UK plc	19,025	300
Asto Digital Limited	-	100
Santander London Branch	43,562	-
Santander Financial Services	39,930	-
Pago FX Limited	(5,000)	-
Santander UK Investments	28,618	-
PagoNxt Trade Services	15,000	-
Santander Asset Management UK Holdings Limited	3,000	-
Total due from group companies	2,113,535	2,075,288

The following were transactions with related parties for the year ending 31 December:

	2021	2020
	£	£
Revenue :		
Santander UK plc	3,033,360	3,181,415
Santander UK Technology Limited	430,244	430,244
Santander Asset Management UK Limited	181,000	181,000
Santander London Branch	152,525	100,000
Cater Allen Limited	84,131	84,131
Santander Equity Investments Limited	81,000	81,000
Santander UK Operations Limited	61,152	61,152
Santander Insurance Services UK Limited	49,551	47,000
SAM Investment Holdings Limited	-	37,000
Santander Global Technology	37,500	35,000
Asto Digital Limited	28,650	28,650
Pago FX Limited	25,000	22,500
Santander Fintech Limited	21,050	21,050
Roc Shipping One Limited	9,000	18,000
Deva Capital Advisory UK Branch	17,500	12,708
Santander Consumer (UK) plc	24,065	10,000
Athena Corporation Limited	-	9,878
Aquanima UK Branch	8,490	8,490
Geoban UK Branch	8,490	8,490
Besaya ECA Limited	6,450	6,000
HQ Mobile Limited	-	6,000
Mortgage Engine Limited	4,033	4,033
WTW Shipping Limited	3,225	3,000
Darep Limited	-	3,000
Phoenix C1 Aviation Limited	3,225	3,000
Santander Asset Management UK Holdings Limited	3,000	3,000
Merlion Aviation Limited	3,225	3,000
Roc Aviation One	3,225	3,000
Unicorn Aviation	3,225	3,000
Tikgi Aviation	3,225	3,000
Santander Mortgage Holdings Limited	2,154	2,154
Trans Rotor Limited	-	(1,500)
Santander Financial Services	39,930	-
PagoNxt Trade Services	15,000	-
Santander UK Investments	28,618	-
Total	4,371,243	4,418,395

NOTES TO THE FINANCIAL STATEMENTS

16. CAPITAL MANAGEMENT AND RESOURCES

The Company's ultimate parent, Banco Santander SA adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander Group. Disclosures relating to the group's capital management can be found in the Banco Santander SA Annual Report and financial statements.

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

17. PARENT UNDERTAKING AND CONTROLLING PARTY

Gesban UK Limited is domiciled in the United Kingdom. The Company's immediate parent company is Gesban Servicios Administrativos Globales SL, a company registered in Spain.

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. Gesban SA is the 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 Santander Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.