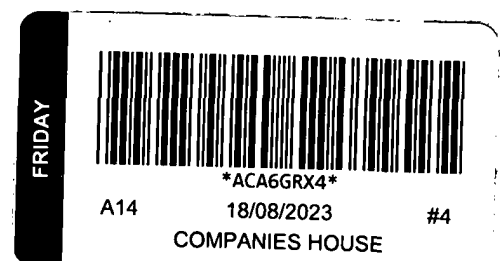


GESBAN UK LIMITED

Registered in England and Wales
Company Number 03072287

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2022



REPORT OF THE DIRECTORS

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

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 £111,976 (2021: profit of £79,354). The Directors do not recommend the payment of a dividend (2021: £nil).

Likely Future Developments

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

Streamlined Energy and Carbon Reporting (SECR)

The Company is out of scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover, assets and number of employees.

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
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.

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 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, 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.

REPORT OF THE DIRECTORS (continued)

Recent events within the global banking industry

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

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

Uncertain macroeconomic and geopolitical environment

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

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

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 independent auditors of the Company.

On behalf of the Board



S D Affleck
Director
10 August 2023

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 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

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 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.

The 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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

London

16-08-2023

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

Continuing operations	Note	2022 £	2021 £
Revenue	3	5,315,242	4,371,243
Cost of Sales	4	(5,083,324)	(4,184,637)
Gross profit		231,918	186,606
Other operating expenses	7	(91,282)	(91,375)
Net foreign exchange gains		-	190
Profit before tax		140,636	95,421
Tax charge	8	(28,660)	(16,067)
Profit for the year after tax		111,976	79,354
Total comprehensive income for the year		111,976	79,354

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

BALANCE SHEET

As at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Deferred tax	9	-	8,595
Total non-current assets		-	8,595
Current assets			
Trade and other receivables	10	625,625	162,250
Cash and cash equivalents	11	1,757,896	1,954,685
Total current assets		2,383,521	2,116,935
Total assets		2,383,521	2,125,530
Current liabilities			
Trade and other payables	12	(952,933)	(826,984)
Corporation tax		(65,626)	(45,560)
Total current liabilities		(1,018,559)	(872,544)
Total liabilities		(1,018,559)	(872,544)
Net current assets		1,364,962	1,244,391
Net assets		1,364,962	1,252,986
Equity			
Share capital	13	100,000	100,000
Retained earnings		1,264,962	1,152,986
Total equity		1,364,962	1,252,986

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



S D Affleck
Director
10 August 2023

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £	Retained earnings £	Total £
Balance at 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
At 31 December 2021 and 1 January 2022	100,000	1,152,986	1,252,986
Profit for the year after tax and total comprehensive income	-	111,976	111,976
Balance at 31 December 2022	100,000	1,264,962	1,364,962

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

CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	2022 £	2021 £
Profit before tax		140,636	95,421
Adjustments for:			
Net foreign exchange gains		-	(190)
Cash flow before operating and investing activities		140,636	95,231
Operating activities			
(Increase)/ Decrease in trade and other receivables		(463,375)	7,445
Increase/ (Decrease) in trade and other payables		125,950	(58,096)
Cash flows generated from operating activities		(196,789)	44,580
Net (decrease)/ increase in cash and cash equivalents		(196,789)	44,580
Cash and cash equivalents at beginning of year		1,954,685	1,910,105
Cash and cash equivalents at end of year	11	1,757,896	1,954,685

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).

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

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

In February 2021, the IASB amended IAS 1 'Presentation of Financial Statements' to require entities to disclose their material rather than their significant accounting policies. To support this amendment, the IASB also amended IFRS Practice Statement 2 'Making Materiality Judgements' to provide guidance on how to apply the concept of materiality. The amendments are effective for annual periods beginning on or after 1 January 2023.

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

Future accounting developments

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

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 (2021: 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 Corporate Governance Office (Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN). The pension expense incurred for the Company is noted in note 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT(continued)

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 2022, total intercompany trade receivables were £558,230 (2021: £158,850).

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	2022 Total
	£	£	£	£	£	£
Intercompany liabilities	-	104,924	-	-	-	104,924
Accruals	-	848,009	-	-	-	848,009
Total financial liabilities	-	952,933	-	-	-	952,933

	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

3. REVENUE

	2022	2021
	£	£
Revenue	5,315,242	4,371,243
Revenue	5,315,242	4,371,243

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

4. COST OF SALES

	2022	2021
	£	£
Staff costs (see Note 5)	4,485,621	3,906,220
Professional fees	583,567	261,164
Other expenses including travel and subscription fees	14,136	17,253
Total cost of sales	5,038,324	4,184,637

NOTES TO THE FINANCIAL STATEMENTS

5. STAFF COSTS

	2022 £	2021 £
Wages and salaries	3,661,128	3,209,142
Social security costs	409,557	346,248
Other pension costs	414,836	350,830
Total Staff Costs	4,485,621	3,906,220

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

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

	2022 Number	2021 Number
Total	65	60

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 (2021: £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. OTHER OPERATING EXPENSES

	2022 £	2021 £
Auditors' remuneration	44,760	38,160
Other general expenses	46,522	53,215
Other operating expenses	91,282	91,375

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.

8. TAX CHARGE

	2022 £	2021 £
Current tax:		
UK corporation tax on profit of the year	23,198	18,130
Adjustments in respect of prior years	(3,133)	1,301
Total current tax charge	20,065	19,431
Deferred tax:		
Origination and reversal of temporary differences	3,523	-
Change in rate of UK Corporation tax	1,112	(2,063)
Adjustments in respect of prior years	3,960	(1,301)
Total deferred tax charge/ (credit)	8,595	(3,364)
Tax charge on profit for the year	28,660	16,067

UK corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profits for the year.

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

NOTES TO THE FINANCIAL STATEMENTS

8. TAX CHARGE (continued)

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

	2022 £	2021 £
Profit before tax:	140,636	95,421
Tax calculated at a tax rate of 19% (2021: 19%)	26,721	18,130
Effect of change in tax rate on deferred tax provision	1,112	(2,063)
Adjustments in respect of prior years	827	-
Tax charge for the year	28,660	16,067

9. DEFERRED TAX

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

The movement on the deferred tax account was as follows:

	2022 £	2021 £
At 1 January	8,595	5,231
Income statement (charge)/ credit	(8,595)	3,364
At 31 December	-	8,595

Deferred tax assets are attributable to the following items:

	2022 £	Balance Sheet 2021 £	Statement of comprehensive Income 2022 £	2021 £
Deferred tax assets	-	-	-	-
Other temporary differences	-	8,595	(8,595)	3,364
Total deferred tax assets	-	8,595	(8,595)	3,364

10. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Amounts due from group companies	558,230	158,850
Prepayments	67,395	3,400
Total Trade and Other Receivables	625,625	162,250

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

11. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Deposits with banks	1,757,896	1,954,685
Total Cash and Cash Equivalents	1,757,896	1,954,685

12. TRADE AND OTHER PAYABLES

	2022 £	2021 £
Amounts due to group companies (group relief)	104,924	104,924
Accruals	848,009	722,060
Total Trade and other payables	952,933	826,984

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

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL

	2022 £	2021 £
Authorised, issued and fully paid:		
100,000 (2021: 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.

14. RELATED PARTY TRANSACTIONS

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

	2022 £	2021 £
Amounts due to group companies		
Santander UK plc (group relief)	104,924	104,924
Total due to group companies	104,924	104,924

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:

	2022 £	2021 £
Cost recharges:		
Santander UK plc	4,573,715	3,631,505
Total	4,573,715	3,631,505

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.

	2022 £	2021 £
Amounts due from group companies		
Santander UK plc – Bank account	1,757,896	1,954,685
Santander Global Operations Limited	-	8,490
Roc Shipping One Limited	9,000	-
Roc Aviation One	1,612	3,225
Unicorn Aviation	-	3,000
Phoenix C1 Aviation Limited	1,612	-
Santander UK plc	127,495	19,025
Santander London Branch	6,077	43,562
Santander Financial Services	39,930	39,930
Pago FX Limited	-	(5,000)
Santander UK Investments	65,854	28,618
PagoNxt Trade Services	-	15,000
Santander Asset Management UK Holdings Limited	-	3,000
Santander UK Technology Limited	274,006	-
Santander UK Operations Limited	7,594	-
Santander Mortgage Holdings Limited	2,154	-
Santander ISA Managers Ltd	22,897	-
Total due from group companies	2,316,127	2,113,535

NOTES TO THE FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS (continued)

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

Revenue:	2022 £	2021 £
Santander UK plc	4,136,818	3,033,360
Santander UK Technology Limited	274,006	430,244
Santander Asset Management UK Limited	181,000	181,000
Santander London Branch	157,541	152,525
Cater Allen Limited	84,131	84,131
Santander Equity Investments Limited	81,000	81,000
Santander UK Operations Limited	7,593	61,152
Santander Insurance Services UK Limited	49,554	49,551
Santander Global Technology	37,500	37,500
Asto Digital Limited	28,650	28,650
Pago FX Limited	63,353	25,000
Santander Fintech Limited	21,050	21,050
Roc Shipping One Limited	9,000	9,000
Deva Capital Advisory UK Branch	2,917	17,500
Santander Consumer (UK) plc	17,500	24,065
Aquanima UK Branch	8,490	8,490
Geoban UK Branch	-	8,490
Besaya ECA Limited	-	6,450
Mortgage Engine Limited	-	4,033
WTW Shipping Limited	3,225	3,225
Phoenix C1 Aviation Limited	3,225	3,225
Santander Asset Management UK Holdings Limited	3,000	3,000
SAM Investment Holdings Limited	3,000	-
Merlion Aviation Limited	3,225	3,225
Roc Aviation One	3,225	3,225
Unicorn Aviation	3,225	3,225
Tikgr Aviation	3,225	3,225
Santander Mortgage Holdings Limited	2,154	2,154
Santander Financial Services	39,930	39,930
PagoNxt Trade Services	21,123	15,000
Santander UK Investments	37,236	28,618
Santander ISA Managers Limited	22,896	-
Trade Maps Ireland Limited	3,225	-
Trade Maps Hong Kong Limited	3,225	-
Total	5,315,242	4,371,243

15. 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.

Capital held by the Company and managed centrally as part of the Banco Santander SA group, comprises share capital and reserves which can be found in the balance sheet.

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

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