

**SANTANDER CARDS LIMITED**

**Registered in England and Wales  
Company Number 03932752**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## STRATEGIC REPORT

The directors submit the strategic report together with their Report of the directors and the audited accounts for the year ended 31 December 2015.

### Fair review of the Company's Business

The principal activity of Santander Cards Limited ("the Company") was previously the provision of credit card services and related financial products. The trade and net assets of the Company were transferred to its parent, Santander UK Plc, on 1 April 2014 and the company remained dormant after this date, except for the income receivable on intra-group loans. The accounts have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The accounts do not include any provision for future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting year.

The Santander UK plc group (the "Group") manages its operations on a divisional basis. For this reason, the directors of the Company believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the divisions of Santander UK plc, which include the Company, are discussed in the Group's Annual Report which does not form part of this Annual Report.

The purpose of this Annual Report is to provide information to the members of the Company and as such it is only addressed to those members. The Annual Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

### Principal risks and uncertainties facing the Company

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in note 2.

By Order of the Board



For and on behalf of  
Santander Secretariat Services Limited, Company Secretary

26 April 2015

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

## REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31 December 2015.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.

### Principal Activity and review of the year

The trade and net assets of the Company were transferred to its parent, Santander UK Plc, on 1 April 2014 and the company remained dormant after this date, except for the income receivable on intra-group loans. The accounts have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The accounts do not include any provision for future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting year.

### Results and Dividends

The profit for the year on ordinary activities after taxation amounted to £0.4m (2014: £19.0m).

The directors do not recommend the payment of a final dividend (2014: £nil).

### Directors

The directors who served throughout the year, and to the date of this annual report, except as noted, were:

J R Aboukhair-Hurtado	(resigned 23 February 2015)
J de la Vega	
N D Wren	(resigned 20 January 2016)
R Attar-Zadeh	

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

### Statement of Going Concern

The trade and net assets of the Company were transferred to its parent, Santander UK Plc, on 1 April 2014 and the company remained dormant after this date. The accounts have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The accounts do not include any provision for future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting year.

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Annual Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

## REPORT OF THE DIRECTORS *(continued)*

### Auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP vacated office as auditors of the Company with effect from 26 April 2016 and that PricewaterhouseCoopers LLP was duly appointed auditors for the Company with effect from 26 April 2016.

By Order of the Board



For and on behalf of  
Santander Secretariat Services Limited  
Company Secretary

26 April 2016

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANTANDER CARDS LIMITED

We have audited the financial statements of Santander Cards Limited ("the Company") for the year ended 31 December 2015 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

## Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

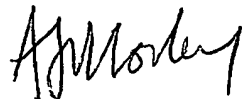
## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Alastair Morley (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

26 April 2016

**INCOME STATEMENT**

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Interest and similar income		0.5	38.3
Interest expense and similar charges		-	(4.2)
<b>Net interest income</b>	<b>3</b>	<b>0.5</b>	<b>34.1</b>
Fee and commission income		-	28.3
Fee and commission expense		-	(14.5)
Administrative expenses		-	(14.5)
Amortisation	7	-	(0.6)
Provisions for bad and doubtful debts	8	-	(8.6)
<b>Profit before tax</b>		<b>0.5</b>	<b>24.2</b>
Tax	9	(0.1)	(5.2)
<b>Profit attributable to the equity holders of the Company</b>		<b>0.4</b>	<b>19.0</b>

All amounts above relate to discontinued operations.

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

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit of £0.4m (2014: £19.0m) for the current and previous year as set out in the Income Statement.

**BALANCE SHEET**

As at 31 December 2015

	Notes	2015 £m	2014 £m
<b>Assets</b>			
Cash and cash equivalents	10	-	-
Amounts owed by Group undertakings	11	92.5	92.0
Intangible assets	12	-	-
<b>Total assets</b>		<b>92.5</b>	<b>92.0</b>
<b>Liabilities</b>			
Amounts owed to Group undertakings	11	0.2	0.1
Corporation tax		-	-
<b>Total liabilities</b>		<b>0.2</b>	<b>0.1</b>
<b>Equity</b>			
Share capital	14	82	82.0
Retained earnings / (accumulated losses)		10.3	9.9
<b>Total shareholder's equity</b>		<b>92.3</b>	<b>91.9</b>
<b>Total liabilities and equity</b>		<b>92.5</b>	<b>92.0</b>

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

The accounts were approved by the Board of directors and authorised for issue on 26 April 2016. They were signed on its behalf by:



Director

REZA ATTAR-ZADEH

# CASH FLOW STATEMENT

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m
<b>Profit from operations before tax</b>		<b>0.5</b>	<b>24.2</b>
Adjustments for:			
Net interest receivable & fees and commissions receivable		(0.5)	(64.2)
Amortisation of intangible assets		-	0.6
Loss on disposal of intangible assets		-	7.4
Decrease in provisions		-	(32.1)
<b>Net cash outflow from trading activities</b>		<b>-</b>	<b>(64.1)</b>
Net amounts paid to group undertaking		(0.5)	(104.4)
Decrease in other assets		-	3.3
Decrease in loans and advances to customers		-	1,590.0
<b>Cash (used in)/ generated from operations</b>		<b>(0.5)</b>	<b>1,424.8</b>
Group relief paid to group undertakings		-	(0.1)
<b>Net cash (used in) / generated from operating activities</b>		<b>(0.5)</b>	<b>1,424.7</b>
<b>Financing activities</b>			
Net amounts paid to Abbey National Treasury Services plc		-	(1,425.5)
Net amounts received from Santander Uk plc		0.5	-
<b>Net cash received from / (used in) financing activities</b>		<b>0.5</b>	<b>(1,425.5)</b>
Net decrease in cash and cash equivalents		-	(0.8)
Cash and cash equivalents at beginning of year		-	0.8
<b>Cash and cash equivalents at end of year</b>	10	<b>-</b>	<b>-</b>

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

Cash and cash equivalents comprise loans and advances to banks.



**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2015

	Share Capital £m	(Accumulated losses) / Retained earnings £m	Total Equity £m
<b>Balance at 1 January 2014</b>	180.0	(107.1)	72.9
Profit for the year	-	19.0	19.0
Reduction of share capital	(98.0)	98.0	-
<b>Balance at 31 December 2014 and 1 January 2015</b>	<b>82.0</b>	<b>9.9</b>	<b>91.9</b>
Profit for the year	-	0.4	0.4
<b>Balance at 31 December 2015</b>	<b>82.0</b>	<b>10.3</b>	<b>92.3</b>

The accompanying notes are an integral part of these accounts

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

### 1. ACCOUNTING POLICIES

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

#### Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee (IFRIC) of the IASB (together IFRS). The Company has also complied with its legal obligation to comply with International Financial Reporting Standards as adopted by the European Union as there are no applicable differences between the two frameworks for the periods presented.

#### Going Concern

The Company has the ability to continue in existence for the foreseeable future and to meet all of its obligations as they fall due. However, IAS 1 requires that financial statements for any Company that has ceased to trade or where there is an intention for the Company to cease to trade in the next twelve months are prepared on an "other than going concern" basis. Accordingly the financial statements have been prepared on an "other than going concern" basis. Preparation of the financial statements on an "other than going concern" basis has had no impact on the amounts reported.

#### Future accounting developments

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company:

- a) IFRS 9 'Financial Instruments' (IFRS 9) – In July 2014, the IASB issued the final version of IFRS 9 which includes the completion of all phases of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement' as discussed below.
  - Phase 1: Classification and measurement of financial assets and financial liabilities. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. The standard also introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. The requirements for the classification and measurement of financial liabilities were carried forward unchanged from IAS 39, however, the requirements relating to the fair value option for financial liabilities were changed to address own credit risk and, in particular, the presentation of gains and losses within other comprehensive income.
  - Phase 2: Impairment methodology. IFRS 9 fundamentally changes the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.
  - Phase 3: Hedge accounting. These requirements align hedge accounting more closely with risk management and establish a more principle-based approach to hedge accounting. Dynamic hedging of open portfolios is being dealt with as a separate project and until such time as that project is complete, entities can choose between applying the hedge accounting requirements of IFRS 9 or to continue to apply the existing hedge accounting requirements in IAS 39. The revised hedge accounting requirements in IFRS 9 are applied prospectively.

The effective date of IFRS 9 is 1 January 2018. For annual periods beginning before 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss. At the date of publication of these Financial Statements the standard is awaiting EU endorsement and the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 9 on these Financial Statements.
- b) IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) – In May 2014, the IASB issued IFRS 15. The effective date of IFRS 15 is 1 January 2018. The standard establishes the principles that shall be applied in connection with revenue from contracts with customers including the core principle that the recognition of revenue must depict the transfer of promised goods or services to customers in an amount that reflects the entitlement to consideration in exchange for those goods and services. IFRS 15 applies to all contracts with customers but does not apply to lease contracts, insurance contracts, financial instruments and certain non-monetary exchanges. At the date of publication of these Financial Statements the standard is awaiting EU endorsement. Whilst it is expected that a significant proportion of the Company's revenue will be outside the scope of IFRS 15, the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 15 on these Financial Statements.
- c) IFRS 16 'Leases' (IFRS 16) – In January 2016, the IASB issued IFRS 16. The standard is effective for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure for both lessees and lessors.
  - For lessee accounting, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value.
  - For lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements from the existing leasing standard (IAS 17) and a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

At the date of publication of these Financial Statements the standard is awaiting EU endorsement. The impact of the standard is currently being assessed, however, it is not yet practicable to quantify the effect of IFRS 16 on these Financial Statements.
- d) There are a number of other standards which have been issued or amended that are expected to be effective in future periods. However, it is not practicable to provide a reasonable estimate of their effects on the Company's Financial Statements until a detailed review has been completed.

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015***(continued)***1. ACCOUNTING POLICIES *(continued)***

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

**Intangible assets**

Intangible assets are recognised if they arise from contracted or other legal rights or if they are capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged. The value of such intangible assets is amortised from the date the asset is available for use, on a straight-line basis over the useful economic life of the assets in question as follows:

Marketing rights	7 years
Computer software	3 - 7 years

Intangible assets are reviewed annually for indicators of impairment and tested for impairment where indicators are present.

**Income taxes, including deferred income taxes**

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

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit as reported in the Income Statement 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.

**Interest income**

Interest income and bank deposit interest are accounted for on an accruals basis and the interest income recorded is based on the Effective Interest rate principles of IAS39.

**Cash and cash equivalents**

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

**Financial liabilities**

Financial liabilities are initially recognised when the Company becomes contractually bound to the transfer of economic benefits in the future. All financial liabilities are initially recognised at fair value net of transaction costs incurred. They are subsequently stated at amortised cost and the redemption value is recognised in the income statement over the period of the liability using the effective interest method.

**2. FINANCIAL RISK MANAGEMENT**

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are credit risk and liquidity risk. The Company manages its risk in line with the central risk management function of the Santander UK plc Group. Santander UK plc Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK plc Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group's strategic objectives.

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

**Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. The main source of credit risk is in the intercompany balances held.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

(continued)

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk

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

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

### 3. NET INTEREST INCOME

	2015 £m	2014 £m
<b>Interest and similar income:</b>		
Interest on intra group loans	0.5	38.3
<b>Interest expense and similar charges:</b>		
Bank loans	-	(4.2)
<b>Net interest income</b>	<b>0.5</b>	<b>34.1</b>

### 4. AUDIT FEES

Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts for the current year of £43,736 (2014: £41,837) was borne by the intermediate UK parent company Santander UK plc in the current and the preceding year.

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

### 5. STAFF COSTS

	2015 £m	2014 £m
Wages and salaries	-	1.9
Social security costs	-	0.2
Pension costs: - defined contribution plans	-	0.1
Other personnel costs	-	0.1
	-	2.3

The Company had average employees of nil in the current year (2014: 21).

### 6. DIRECTORS' EMOLUMENTS AND INTERESTS

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

	2015 £m	2014 £m
Salaries and fees	-	-
Performance related payments	-	-
<b>Total emoluments excluding pension contributions</b>	<b>-</b>	<b>-</b>
Pension contributions	-	-
	-	-

The aggregate emoluments above exclude emoluments received by directors in respect of their primary duties as directors or officers of Banco Santander, S.A. or Santander UK plc. No apportionment of this remuneration has been made. Salary and performance related payments comprised payments to xxx (2014: one) directors serving during the year.

#### Remuneration of highest paid director

The emoluments excluding pension contributions of the highest paid director were £nil (2014: £nil) of which £nil was performance related (2014: £ nil). There was £xxx accrued pension benefit for the highest paid director (2014: £nil. xxx director will be receiving benefits under a defined benefits scheme operated by a fellow group undertaking (2014: 1). xxx directors (2014: nil) will be receiving benefits under a defined contribution scheme.

No director had a material interest in any contract with the Company. The directors did not have any interests in shares or debentures of these subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

(continued)

### 7. AMORTISATION

	2015 £m	2014 £m
Amortisation of intangible fixed assets	-	0.6

### 8. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	2015 £m	2014 £m
Impairment as at 1 January	-	(78.9)
Charges to income statement:		
Impairment losses	-	(8.6)
Other movements in loan loss provision:		
Amount at date of asset transfer	-	87.5
Total movement in loan loss provision	-	78.9
Impairment as at 31 December	-	-

### 9. TAX

	2015 £m	2014 £m
Current tax:		
UK corporation tax on profit of the year	0.1	5.2
Total current tax	-	5.2
Tax charge on profit for the year	0.1	5.2

UK corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015.

The Finance (No. 2) Act 2015, which provides for a reduction in the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020 was enacted on 18 November 2015. The UK government has announced it will enact a further reduction in the main tax rate of 1%, down to 17% at 1 April 2020 in the Finance Bill 2016 which is expected to be enacted in July 2016.

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

	2015 £m	2014 £m
Profit before tax:	0.5	24.2
Tax calculated at a tax rate of 20.25% (2014: 21.5%)	0.1	5.2
Effect of change in rate on deferred tax provision	-	-
Tax charge for the year	0.1	5.2

### 10. CASH AND CASH EQUIVALENTS

	2015 £m	2014 £m
Amounts due from group companies	-	-

The directors consider that the carrying amount due from group companies approximates its fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

(continued)

### 11. BALANCES WITH GROUP UNDERTAKINGS

	2015 £m	2014 £m
<b>Assets:</b>		
Amounts owed by Group undertakings	92.5	92.0
<b>Maturity:</b>		
Between one month and one year	92.5	92.0
<b>Liabilities:</b>		
Amounts owed to Group Undertakings	0.2	0.1
<b>Maturity:</b>		
Repayable within one month	0.2	0.1

The directors consider that the carrying amount of balances with Group undertakings approximates to their fair value.

Balances with group undertakings are available on demand and hence considered current.

Included within amounts owed to group undertakings is £0.2m (2014: £0.1m) which relates to corporation tax group relief.

### 12. INTANGIBLE ASSETS

	Computer software £m	Marketing rights £m	Total £m
<b>Cost</b>			
At 1 January 2014	23.8	33.8	57.6
Transfers	(23.8)	(33.8)	(57.6)
<b>At 31 December 2014</b>	-	-	-
<b>At 31 December 2015</b>	-	-	-
<b>Amortisation</b>			
At 1 January 2014	(23.2)	(26.4)	(49.6)
Charge for the year	(0.6)	-	(0.6)
On transfers	23.8	26.4	50.2
<b>At 31 December 2014</b>	-	-	-
<b>At 31 December 2015</b>	-	-	-
<b>Carrying amount at 31 December 2014</b>	-	-	-
<b>Carrying amount at 31 December 2015</b>	-	-	-

### 13. DEFERRED TAX ASSET

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:

	2015 £m	2014 £m
At 1 January	-	0.1
Transfer to group undertaking	-	(0.1)
At 31 December	-	-

Deferred tax assets are attributable to the following items:

	Balance Sheet 2015 £m	Income Statement 2015 £m
Other temporary differences	-	-

The deferred tax assets scheduled above have been recognised in the Company on the basis that sufficient future taxable profits are forecast within the foreseeable future, in excess of the profits arising from the reversal of existing taxable temporary differences, to allow for the utilisation of the assets as they reverse.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

(continued)

### 14. SHARE CAPITAL

	2015 £m	2014 £m
<b>Issued and fully paid:</b>		
- 82,000,000 ordinary shares of £1 each	82.0	82.0

### 15. RELATED PARTY TRANSACTIONS

#### Remuneration of key management personnel

The remuneration of directors, who are the key management personnel of the Company, is set out in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of the individual directors is provided in note 6.

#### Transactions with related parties

Particulars of transactions with related parties, and the balances outstanding at the year end, are disclosed in the table below:

Related Party	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	2015	2014	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m	£m	£m
Other group companies	0.5	0.5	-	12.7	92.5	92.0	0.2	0.1

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 other than disclosed above. Other group companies includes Santander UK plc.

Amounts owed to related parties includes £0.2m (2014: £0.1m) relating to current tax group relief.

### 16. CAPITAL MANAGEMENT AND RESOURCES

The Company's ultimate parent, Banco Santander, S.A. 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. The Company has no non-centralised process for managing its own capital. Disclosures relating to the group's capital management can be found in the Banco Santander, S.A. Annual Report and Accounts.

Capital held by the Company and managed centrally as part of the Santander UK group, comprises share capital and reserves which can be found in the Balance Sheet on page 6.

### 17. CONTINGENT LIABILITIES

The Company, along with certain other subsidiaries of Santander UK plc, is a party to a capital support deed dated 14 December 2012 with Santander UK plc, Abbey National Treasury Services plc and Cater Allen Limited (each a "regulated entity"). The Capital Support Deed supports a core UK group for the purposes of section 10 of the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") of the FS Handbook. Under section 10.8 of BIPRU, exposures of each regulated entity to other members of the core UK group, including the Company, are exempt from large exposure limits that would otherwise apply. The purpose of the Capital Support Deed is to facilitate the prompt transfer of available capital resources or repayment of liabilities to a regulated entity to ensure that a regulated entity continues to comply with requirements relating to capital resources and risk concentrations. The amount of any transfer is limited to the sum of the Company's capital resources which would not cause the value of its liabilities to exceed the value of its assets, taking into account all of its contingent and prospective liabilities. The Capital Support Deed also provides that, in certain circumstances, funding received by the Company from other parties to the Capital Support Deed becomes repayable on demand, such repayment being limited to the Company's available resources.

### 18. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Santander UK plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander, S.A., a company incorporated in Spain. Banco Santander, S.A. is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Santander UK plc is the intermediate parent undertaking of the smallest group of undertakings for which the group are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.