

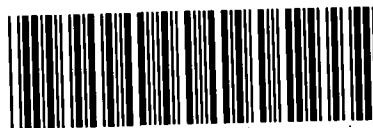
AN (123) LIMITED

**Registered in England and Wales
Company Number 00059614**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2019**

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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019.

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 and review of the year

AN (123) Limited (the "Company") has not traded during the year. It is the Directors intention to make this Company dormant by the end of 2021.

Results and dividends

The result for the year after taxation amounted to £nil (2018: profit of £2,678).

The Directors recommended an interim dividend for the year of £nil (2018: £nil) and a final dividend for the year of £nil (2018: £nil).

Brexit and IBOR transition

The process for the UK leaving the EU impacts the economic, legal and regulatory environment for our customers and across the financial services industry. In addition, the use of LIBOR, which is expected to cease in 2021, and its transition to (near) Risk Free Reference Rates (RFR) is also a significant issue across the industry. The Company's ultimate parent, Santander UK Group Holdings plc has put in place appropriate plans to address the potential risks as it affects group of companies (the Santander UK Group) and will update and implement in this Company as necessary. The Company has no interest-bearing assets or liabilities as such this change will not impact this entity.

Impact of Covid-19

The Directors do not expect this to have impact on the operations of the Company. The Company is monitoring the impact of the COVID-19 outbreak on its financial performance.

The Company is part of the Santander UK Group, which has implemented precautionary measures and protocols based on recommendations from official health authorities, such as the World Health Organization (WHO) and Public Health England. Further such measures may need to be implemented in future, as the situation is complex and is still changing rapidly.

Given the fluidity of the situation, the Company cannot quantify the magnitude and duration of the impact of the COVID-19 outbreak at this time, although there may well be a negative impact on our 2020 financial results. However, the Company does not anticipate any significant change to the carrying value of its assets and liabilities at the reporting date. The Company will continue to monitor and assess its business operations.

Post Balance Sheet Events

No adjusting or significant non-adjusting events, besides the aforementioned impact of Covid-19, have occurred between the 31 December 2019 and the date of authorisation of the financial statements.

Directors

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

RJ Morrison
GR White

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

REPORT OF THE DIRECTORS (*continued*)

Statement of Going Concern and Financial Management

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 2 and 9 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 liquidity risk and market risk.

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

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

Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Company by Santander UK Group Holdings plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities were in force during the financial year and at the date of approval of the Annual 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.

Statement of disclosure of information to auditors

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

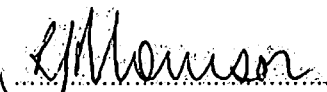
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors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

Independent Auditors

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

By order of the Board



RJ Morrison
Director

29 May 2020

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AN (123) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, AN (123) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AN (123) LIMITED (CONTINUED)

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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

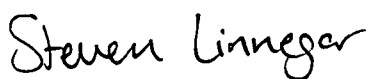
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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.



Steven Linnegar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 May 2020

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

		2019	2018
	Note	£	£
Discontinued operations			
Interest income		-	8,806
Operating expense		-	(5,500)
Profit before tax		-	3,306
Tax	4	-	(628)
Profit after tax for the year		-	2,678

The Company has no comprehensive income or expenses attributable to the equity holders other than the result of £nil (2018: profit of £2,678) for the current and previous year.

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

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2018	2	19,538	19,540
Profit and total comprehensive income for the year	-	2,678	2,678
Balance as at 31 December 2018	2	22,216	22,218
Balance as at 1 January 2019	2	22,216	22,218
Result and total comprehensive income for the year	-	-	-
Balance as at 31 December 2019	2	22,216	22,218

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

CASH FLOW STATEMENT

For the years ended 31 December

		2019	2018
	Note	£	£
Net cash (used in)/generated from operating activities	7	(5,500)	2,276
Financing activities			
Dividends paid		-	(5,300,000)
Net cash used in financing activities		-	(5,300,000)
Net decrease in cash and cash equivalents		(5,500)	(5,297,724)
Cash and cash equivalents at beginning of the year		28,346	5,326,070
Cash and cash equivalents at end of the year	7	22,846	28,346

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

BALANCE SHEET

As at 31 December

	Note	2019 £	2018 £
Current assets			
Cash and cash equivalents	7	22,846	28,346
Total current assets		22,846	28,346
Total assets		22,846	28,346
Current liabilities			
Corporation tax liability		-	(628)
Trade and other payables	5	(628)	(5,500)
Total current liabilities		(628)	(6,128)
Total liabilities		(628)	(6,128)
Net assets		22,218	22,218
Equity			
Share capital	6	2	2
Retained earnings		22,216	22,216
Total equity		22,218	22,218

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

The 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 5 to 11 were approved by the board of directors, authorised for issue and signed on its behalf by:



RJ Morrison
Director
29 May 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

AN (123) Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is 2 Triton Square, Regent's Place, London, NW1 3AN.

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

Basis of preparation

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

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

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

Future accounting developments

At 31 December 2019, there were no significant new or revised standards and interpretations, and amendments, which had been issued but which are not yet effective for the Company.

Recent accounting developments

On 1 January 2019, the Company adopted IFRS 16 'Leases' (IFRS 16). The accounting policy has had no significant impact upon the Company.

Revenue and expense recognition

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

Income taxes, including deferred income taxes

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

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

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

Cash and cash equivalents

Cash and cash equivalents could 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, amount due from group companies, short term investments in securities and bank overdrafts repayable on demand.

Financial Instruments

a) Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

b) Financial assets and liabilities

Classification and subsequent measurement

From 1 January 2018, the Company has applied IFRS 9 Financial Instruments and classifies its financial assets in the measurement categories of amortised cost.

At the balance sheet date, financial assets were measured at amortised cost.

All financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2019

1. ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

c) Financial assets: debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset, and the cash flow characteristics of the asset.

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. If neither of these is applicable, such as where the financial assets are held for trading purposes, then the financial assets are classified as part of an 'other' business model and measured at FVTPL. 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.

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 represent SPPI. 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.

Share capital

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

Dividends

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

Critical accounting judgements and key sources of estimation uncertainty

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

2. FINANCIAL RISK MANAGEMENT

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are liquidity risk and market risk. The Company manages its risk in line with the central risk management function of Santander UK Group Holdings plc (the Santander UK Group). Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators.

Effective and efficient risk governance and oversight provides 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 Group 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 Group Holdings plc annual report which does not form part of this report.

Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due.

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. Market risk arises as a result of interest rates and exposures to changes in equity markets. The Company's income was exposed in 2018 to movements in the LIBOR interest rate on receivables relating to amounts due by group companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

2. FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)**Sensitivity analysis

A 50 basis point adverse movement in interest rates would result in a fall in operating profit of £nil (2018: £7,886) and a 50 basis point favourable movement in interest rates would result in an increase in operating profit of £nil (2018: £7,886).

3. RESULT FROM OPERATIONS

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by the ultimate UK parent company Santander UK Group Holdings plc. The Directors' services to the Company are an incidental part of their duties. No emoluments were paid by the Company to the Directors during the year (2018: £nil).

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

The statutory audit fee for the current year of £5,665 has been paid on the Company's behalf by the immediate UK parent undertaking, Santander Equity Investments Limited, for which no recharge has been made. The profit from operations in the prior year was arrived at after charging audit fees of £5,500 which were payable to the Company's auditors for the statutory audit of the Company's annual financial statements.

4. TAX

	2019 £	2018 £
Current tax:		
UK corporation tax for the year	-	628
Tax charge for the year	-	628

UK corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable profits for the year.

The Finance Act 2016 introduced a reduction in the UK corporation tax rate to 17.00% from 1 April 2020, however, this rate deduction was reversed in the UK Budget in March 2020. As a result, the UK corporation tax rate is expected to remain at 19.00%.

The tax on the Company's result before tax is equal to (2018: the profit before tax is equal to) the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2019 £	2018 £
Profit before tax:	-	3,306
Tax calculated at tax rate of 19.00% (2018: 19.00%)	-	628
Tax charge for the year	-	628

5. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Accrued expenses	-	5,500
Amounts due to group companies	628	-
	628	5,500

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

6. SHARE CAPITAL

	2019 £	2018 £
Issued and fully paid:		
20 (2018: 20) ordinary shares at £0.10 each	2	2

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2019

7. NOTE TO THE CASH FLOW STATEMENT

	2019 £	2018 £
Profit for the year after tax	-	2,678
Add back tax charge	-	628
Profit before tax	-	3,306
Changes in operating assets and liabilities:		
Change in other receivables	-	2,579
Change in tax liabilities	(628)	-
Change in other payables	(5,500)	5,500
Change in amounts due to group companies	628	(9,109)
Cash flows (used in)/generated from operating activities	(5,500)	2,276
Income tax paid	-	-
Net cash (used in)/generated from operating activities	(5,500)	2,276

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

8. RELATED PARTY TRANSACTIONS**Trading transactions**

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

Related party transactions at the balance sheet date are as follows:

	Income		Amounts due from related parties		Amounts due to related parties	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Immediate UK parent company (1)	-	8,806	-	-	-	-
Fellow group companies	-	-	-	-	628	-
	-	8,806	-	-	628	-

(1) In 2018, the immediate parent of the Company changed following its transfer from Santander UK plc to Santander Equity Investments Limited. Interest earned from Santander UK plc up to the change of ownership has been disclosed within the category of immediate parent.

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 (2018: none).

9. CAPITAL MANAGEMENT AND RESOURCES

The Company's ultimate UK parent, Santander UK Group Holdings plc (the Santander UK Group) adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the Santander UK Group's capital management can be found in the Santander UK Group Holdings plc annual report and financial statements.

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

10. PARENT UNDERTAKING AND CONTROLLING PARTY

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. Santander UK Group Holdings plc 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 Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2019

11. POST BALANCE SHEET EVENTS

The Company is monitoring the impact of the COVID-19 outbreak on the financial performance of the Company. The Company is part of the Santander UK Group, which has implemented precautionary measures and protocols based on recommendations from official health authorities, such as the World Health Organization (WHO) and Public Health England. Further such measures may need to be implemented in future, as the situation is complex and is still changing rapidly.

Given the fluidity of the situation, the Company cannot quantify the magnitude and duration of the impact of the COVID-19 outbreak at this time, although there may well be a negative impact on our 2020 financial results. However, the Company does not anticipate any significant change to the carrying value of its assets and liabilities at the reporting date. The Company will continue to monitor and assess its business operations.

This is a non-adjusting post balance sheet event.