ABBEY STOCKBROKERS LIMITED

Registered in England and Wales
Company Number 02666793

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2018.

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

The principal activity of Abbey Stockbrokers Limited (the Company) was to act as an execution-only broker. The Company is regulated by the Financial Conduct Authority.

During 2015, the Company wound down its share dealing activities and consequently ceased providing business to new customers. It was agreed for Selftrade (part of the Equiniti Group) to take over the existing customer base. The Company has not engaged in any further new trading activity since this date.

On 2 July 2018, the Company reduced its share capital by £19,354,999 and its share premium by £164,982 in order to rationalise the capital of the Company and create distributable reserves.

Results and dividends

The loss for the year amounted to £19,598 (2017: loss of £22,554).

The Company paid an interim dividend of £1,450,000 on 26 July 2018. The Directors do not recommend the payment of a final dividend (2017: £nil).

Directors and their interests

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

JAS Moodie	(appointed 23 March 2018)
RJ Morrison	
CL Platts	(appointed 1 April 2019)

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Going Concern

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 3 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 and liquidity risk.

The Company ceased its trading operations during 2015 with the migration of the residual portfolio to the Equiniti Group. The financial statements have therefore been prepared on a basis other than going concern, which includes, where appropriate, writing down of the entity's assets to net realisable value. Whilst the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities for the foreseeable future, the parent has the intention to liquidate the company once all necessary due diligence has been completed. As required by IAS 1 'Presentation of Financial Statements', management has prepared the financial statements on a basis other than going concern. Preparation of the financial statements on a "basis other than going concern" has had no impact on the amounts reported.

REPORT OF THE DIRECTORS (continued)

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 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.

Pillar 3 Disclosures

Santander UK Group Holdings' Pillar 3 disclosures are available in the Santander UK Group Holdings plc annual report and Financial statements.

Independent 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, PricewaterhouseCoopers LLP are re-appointed as auditors of the Company.

By Order of the Board

Alexander O'Brien
For and on behalf of
Santander Secretariat Services Limited,
Secretary

25 April 2019

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

Independent auditors' report to the members of Abbey Stockbrokers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Abbey Stockbrokers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 2018; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

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

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than 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.

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 2018 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.

Independent auditors' report to the members of Abbey Stockbrokers Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 1, 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.

Liam Thompson-Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2019

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

Discontinued operations	Note	2018 £	2017 £
Interest receivable	4	1,673	304
Administrative expenses	5	(23,487)	(30,773)
Loss before tax		**(21,814)**	(30,469)
Tax credit on loss for the year	7	2,216	7,915
Loss for the year		**(19,598)**	(22,554)
Total comprehensive loss for the year		**(19,598)**	(22,554)

All of the activities of the Company are classed as discontinued.

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

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

	Share Capital £	Share Premium £	(Accumulated losses)/ Retained Earnings £	Total Equity £
1 January 2017	19,479,999	164,982	(17,871,748)	1,773,233
Loss for the year	-	-	(22,554)	(22,554)
31 December 2017	**19,479,999**	**164,982**	**(17,894,302)**	**1,750,679**
1 January 2018	19,479,999	164,982	(17,894,302)	1,750,679
Loss for the year	-	-	(19,598)	(19,598)
Ordinary Share reduction	(19,354,999)	-	19,354,999	-
Share premium reduction	-	(164,982)	164,982	-
Dividends paid	-	-	(1,450,000)	(1,450,000)
31 December 2018	**125,000**	**-**	**156,081**	**281,081**

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

BALANCE SHEET

As at 31 December

Assets	Note	2018 £	2017 £
Cash and cash equivalents		191,989	1,658,303
Interest in subsidiary undertakings	8	1	1
Trade and other receivables	9	87,758	104,741
Corporation tax		4,674	-
Deferred tax assets	10	2,159	-
Total assets		**286,581**	1,763,045
Liabilities			
Deferred tax liabilities	10	-	(12,366)
Trade and other payables	12	(5,500)	-
Liabilities		**(5,500)**	(12,366)
Net assets		**281,081**	1,750,679
Equity			
Capital and reserves			
Share capital	13	125,000	19,479,999
Share premium	13	-	164,982
Retained earnings/ (Accumulated losses)		156,081	(17,894,302)
Total equity		**281,081**	1,750,679

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

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

R Morrison

Rachel Morrison
Director
25 April 2019

CASH FLOW STATEMENT

For the years ended 31 December

	Note	2018 £	2017 £
Net cash outflow from operating activities	14	**(17,987)**	**(125,641)**
Investing activities			
Interest received		1,673	304
Net cash inflow from investing activities		**1,673**	304
Financing activities			
Dividends paid		(1,450,000)	-
Net cash outflow from financing activities		**(1,450,000)**	-
Net decrease in cash and cash equivalents		(1,466,314)	(125,337)
Cash and cash equivalents at beginning of year		1,658,303	1,783,640
Cash and cash equivalents at end of year		**191,989**	1,658,303

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

General information

The Company is a private Company limited by shares, incorporated and registered in England and Wales and part of Santander UK Group Holdings plc, whose ultimate parent is Banco Santander SA. The registered office address of the Company is 2 Triton Square, Regent's Place, London NW1 3AN.

Basis of preparation

The financial statements of Abbey Stockbrokers Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as 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.
The functional and presentation currency of the Company is sterling.

Going Concern

The Company ceased its trading operations during 2015 with the migration of the residual portfolio to the Equiniti Group. The financial statements have therefore been prepared on a basis other than going concern, which includes, where appropriate, writing down of the entity's assets to net realisable value. Whilst the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities for the foreseeable future, the parent has the intention to liquidate the company once all necessary due diligence has been completed. As required by IAS1 'Presentation of Financial Statements', management has prepared the financial statements on a basis other than going concern. Preparation of the financial statements on a "basis other than going concern" has had no impact on the amounts reported.

Future accounting developments

At 31 December 2018, the Company had 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:

- 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases 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 (ROU) 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.

Recent accounting developments

On 1 January 2018, the Company adopted IFRS 9 'Financial Instruments' (IFRS 9) and IFRS 15 'Revenue from Contracts with Customers' (IFRS 15). The accounting policies have had no significant impact upon the Company.

Interest receivable

Interest receivable comprises interest income on financial assets and is determined using the effective interest rate which is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. Interest income represents interest receivable on bank deposits.

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, 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. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

1) 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, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

Financial assets: amortised cost

The Company's financial assets consist of trade and other receivables which are measured at amortised cost. The carrying amount is adjusted by any impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

1) Classification and subsequent measurement (continued)

Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The Company's financial liabilities comprise of trade and other payables.

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.

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.

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law 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

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.

Dividends on ordinary shares

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

Investments in subsidiary companies

Investments in subsidiary companies are shown at cost less provision for impairment. The Company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group financial statements. This is also in accordance with IAS 27 'Consolidated and Separate Financial Statements'.

Critical judgements and accounting estimates

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. In the course of preparing the financial statements, no significant judgements and accounting estimates have been made in the process of applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 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 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 Group Board to the Chief Executive Officer and then 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.

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 Introduction of IFRS 9

IFRS 9 replaced IAS 39 on 1 January 2018. IFRS 9 introduced a new impairment methodology and rules around classification and measurement of financial assets. The accounting policy has had no significant impact upon the Company.

Maximum exposure to credit risk

The class of financial assets most exposed to credit risk in the Company are trade and other receivables. No collateral is held as security. Total trade receivables as at 31 December 2018 were £87,758. The Company did not recognise an ECL provision against this balance as it is payable on demand and the debtor has sufficient accessible highly liquid assets in order to repay the receivable if demanded.

Liquidity risk

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

The Company's financial liabilities totalling £5,500 are payable on demand.

The Company manages liquidity risk by maintaining sufficient liquid resources to meet its obligations.

Interest rate risk

The Company does not receive any interest on funds deposited in bank deposits except for a small portion which accrue interest at a variable rate interest. The level of interest income is dependent upon prevailing interest rates, which could potentially result in an adverse impact to the Company's result as reported under the Statement of Comprehensive Income. However the level of interest income received by the Company is small and therefore the Company's exposure to interest rate risk is considered to be insignificant.

3. CAPITAL MANAGEMENT AND RESOURCES

The Company's 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 and reserves which can be found in the Balance Sheet.

Capital adequacy

The company manages its capital on a Basel III basis. Throughout 2018 and 2017, the company held capital over and above its regulatory requirements, and managed internal capital allocations and targets in accordance with its capital and risk management policies.

Capital Table

	2018 £	2017 £
Total Tier 1 Capital	281,081	1,750,679

Regulatory capital base

This disclosure is prepared on a CRR basis and agrees to the Regulatory Capital figures reported to the PRA (Prudential Regulation Authority). The Company's Tier 1 capital consists of shareholders' equity and the loss for the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. INTEREST RECEIVABLE

	2018 £	2017 £
Interest on bank deposits	1,673	304

5. ADMINISTRATIVE EXPENSES

	2018 £	2017 £
Audit fees	5,500	-
Other fees	17,987	30,773
	23,487	30,773

Auditors' remuneration

The loss in the current year has been arrived at after charging audit fees of £5,500 which are payable to the Company's auditors for the statutory audit of the Company's annual financial statements. The audit fees in the preceding year (£5,500) were paid on the Company's behalf by its former UK parent undertaking, Santander UK plc for which no recharge was made. The Company had no employees in the current or previous financial year.

Fees for audit-related assurance services with respect to the Client Asset Sourcebook (CASS) audit for the year were £10,000 (2017: £10,000). The CASS audit related assurance fee was paid by the Company's parent undertaking Santander UK plc, in accordance with Company's policy for which no recharge has been made.

6. DIRECTORS' EMOLUMENTS AND INTERESTS

No (2017: none) 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 (2017: £nil).

7. TAX CREDIT ON LOSS FOR THE YEAR

	2018	2017
Current tax:	£	£
UK corporation tax on loss for the year	(4,674)	(23,491)
Adjustment in respect of prior years	16,983	-
Total current tax	12,309	(23,491)
Deferred tax		
Origination and reversal of temporary differences	530	17,637
Change in rate of UK Corporation tax	(56)	(2,061)
Adjustment in respect of prior years	(14,999)	-
Total deferred tax	(14,525)	15,576
Tax credit on loss for the year	**(2,216)**	(7,915)

UK corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable losses for the year.

The Finance Act 2016 introduced a further reduction in the corporation tax rate to 17% from 2020. The effects have been reflected in the deferred tax balances at both 31 December 2018 and 2017.

The tax on the Company's loss before tax differs from (2017: differs from) the theoretical amount that would arise using the standard tax rate of the Company as follows:

	2018 £	2017 £
Loss before tax:	(21,814)	(30,469)
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	(4,145)	(5,865)
Effect of change in tax rate on deferred tax provision	(56)	(2,062)
Non-deductible expenses	1	12
Adjustment to prior year provisions	1,984	-
Tax credit on loss for the year	**(2,216)**	(7,915)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. INTEREST IN SUBSIDIARY UNDERTAKINGS

The following is a list of the subsidiary undertakings of the Company:

Name of subsidiaries	Place of incorporation ownership (or *registration)* and operation	Proportion of ownership *interest* %	Proportion of voting *power held* %	Method used to *account for* investment	*Principal* activity
Abbey Stockbrokers (Nominees) Limited	England and Wales	100	100	At Cost	Dormant

The registered office of Abbey Stockbrokers (Nominees) Limited is 2 Triton Square Regent's Place London NW1 3AN.

9. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Amounts due from group undertakings	87,758	104,741
	87,758	104,741

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

10. DEFERRED TAX

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement on the deferred tax account was as follows:

	£
At 1 January 2017	3,210
Income statement charge	(15,576)
As at 31st December 2017 and 1 January 2018	(12,366)
Income statement credit	14,525
At 31 December 2018	**2,159**

Deferred tax assets and liabilities are attributable to the following items:

	Provided Balance Sheet 2018 £	Income Statement 2018 £	Provided Balance Sheet 2017 £	Income Statement 2017 £
Other temporary differences	-	14,999	(14,999)	(14,999)
Accelerated book depreciation/ (Accelerated tax depreciation)	2,159	(474)	2,633	(577)
	2,159	**14,525**	(12,366)	(15,576)

The deferred tax assets scheduled have been recognised in the Company on the basis that sufficient future taxable profits are forecast within the Santander UK Group, 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.

11. CLIENT MONEY

At 31 December 2017, the Company held £162,801 on behalf of clients, and was required to hold these amounts in accordance with the Financial Conduct Authority (FCA) Client Asset Rules. The Company had no beneficial interest in these deposits and accordingly, they were not included in the balance sheet.

In April 2018, the Company paid the client money totalling £162,820 to charity following FCA approval.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Accruals	5,500	-
	5,500	-

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

13. SHARE CAPITAL

	2018 £	2017 £
Issued and fully paid:		
- 125,000 (2017: 7,500,000) ordinary shares of £1 each	125,000	7,500,000
- 0 (2017: 6,000,000) "A" preferred shares of £1 each	-	6,000,000
- 0 (2017: 5,979,999) "B" preferred shares of £1 each	-	5,979,999
Issued Share Capital	**125,000**	19,479,999

At 31 December 2017, the Company had total ordinary share capital of £7,500,000 which was held by the parent company, Santander Private Banking UK Limited. The preferred "A" shares ranked in preference to the preferred "B" shares and the ordinary shares and preferred "B" shares ranked in preference to the ordinary shares in respect of the repayment of capital in the event of a winding up. The preferred "A" and "B" shares ranked pari passu with the ordinary shares with regard to the payment of dividends and in all other respects.

On 2 July 2018, the issued share capital of the Company was reduced from £19,479,999 to £125,000 (comprising 125,000 ordinary shares of £1 each) by cancelling and extinguishing all the preferred shares, 7,375,000 ordinary shares and share premium totalling £164,982. The purpose of the Capital Reduction was to rationalise the capital of the Company and create distributable reserves.

14. NOTES TO THE CASH FLOW STATEMENT

	2018 £	2017 £
Loss before tax	(21,814)	(30,469)
Adjustments for:		
Interest receivable	(1,673)	(304)
Operating cash flows before movements in working capital	(23,487)	(30,773)
Decrease/ (increase) in receivables	16,983	(23,490)
Increase/ (decrease) in payables	5,500	(94,869)
(Increase)/ decrease in deferred tax	(14,525)	15,576
Cash used by operations	(15,529)	(133,556)
Corporation tax (paid)/ received	(2,458)	7,915
Net cash outflow from operating activities	**(17,987)**	(125,641)

15. CONTINGENT LIABILITIES

In the ordinary course of business the Company has given letters of indemnity in respect of lost share certificates. The contingent liability arising there from cannot be quantified but it is not believed that any material liability will arise under these indemnities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties who are not members of the Company:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £
Santander Equity Investments Limited	-	-	-	-	87,758	-	-	-
Abbey National Treasury Services plc	-	-	-	-		104,741	-	-

Other transactions:

	2018 £	2017 £
Dividends paid to immediate parent company – Santander Private Banking Limited (note 17)	1,450,000	-

Amounts owed by Abbey National Treasury Services plc of £104,741 in the previous year relate to current tax group relief.

All amounts due from related parties are unsecured and repayable on demand. None of the balances are interest bearing.

There were no other related party transactions during the year, or existing at the balance sheet date, other than those disclosed above with the Company or parent Company's key management personnel.

17. PARENT UNDERTAKING AND CONTROLLING PARTY

Up until 21 September 2018, the Company's immediate parent Company was Santander Private Banking UK Limited, a Company registered in England and Wales. On 21 September 2018, the Company was transferred to Santander Equity Investments Limited, a company registered in England and Wales. The immediate parent company of Santander Equity Investments Limited is Santander UK Group Holdings plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander SA, a Company registered in Spain. Banco Santander SA is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. 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.