ABBEY STOCKBROKERS LIMITED

Registered in England and Wales
No. 02666793

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2015

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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 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 principal activity of Abbey Stockbrokers Limited (the "Company") was to act as an execution-only broker. The Company traded as Santander Sharedealing and the Company's back office had been outsourced to Pershing Securities Limited.

The Company is regulated by the Financial Conduct Authority and is a member of the London Stock Exchange. The Company outsourced its settlement and custody activities for all clients. The financial impact of the outsourcing arrangements is included within these accounts.

Following a business review, the Company wound down it's share dealing activities and consequently ceased providing business to new customers from June 2015. It was agreed for Selftrade (part of the Equiniti Group), to take over the existing customer base. Customers not wishing to have their portfolio transferred were given the option to transfer their portfolio to another broker or encash their holdings. This migration of the customer portfolio to Selftrade took place during October 2015.

On 31 March 2015, the Company issued 1,500,000 ordinary shares of £1.00 each at par to the Company's parent Company, Santander Private Banking UK Limited, for cash. On 16 December 2015, the Company issued 1,900,000 ordinary shares of £1.00 each at par to the Company's parent Company, Santander Private Banking UK Limited, for cash.

Results and dividends

The loss for the year on ordinary activities after taxation amounted to £3,321,178 for the year ended 31 December 2015 (2014: loss £1,427,556).

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

Directors and their interests

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

J De la Vega	(resigned 17 June 2015)
J Alzamora	(resigned 10 June 2015)
P C Ickinger	
A Mathewson	(appointed 6 February 2015)
Mr K J Vinten	(appointed 2 June 2015 & resigned 25 November 2015)
A Wakelin	(appointed 29 May 2015)
D M Green	(resigned 31 December 2015)

Directors' Responsibilities Statement

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 Company ceased it trading operations during the year, with the migration of the 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 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 the basis that the company is no longer a going concern. Preparation of the financial statements on an "other than going concern" basis 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 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.

Pillar 3 Disclosures

Santander UK group's Pillar 3 disclosures are available in the Santander UK group annual report and accounts.

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 and that PricewaterhouseCoopers LLP was duly appointed auditors for the Company with effect from

By Order of the Board

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

25 April 2016
Registered Office Address: 2 Triton Square, Regent's Place, London NW1 3AN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY STOCKBROKERS LIMITED

We have audited the financial statements of Abbey Stockbrokers Limited (the "Company") for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. 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 Directors' Responsibilities Statement, 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 loss 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 qualified, 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 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.
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Report of the Directors.

AJMorley

Alastair Morley, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London. United Kingdom.
25 April 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	31 December 2015 £	31 December 2014 £
Operations			
Commission and fees received	4	825,050	1,568,332
Cost of sales	9	(1,447,330)	(1,064,711)
Loss on ordinary activities		**(622,280)**	503,621
Administrative expenses		(2,683,161)	(2,390,773)
Provisions charged in the year		(893,000)	-
Operating loss	5	**(4,198,441)**	(1,887,152)
Investment income	8	55,077	65,779
Finance costs		(19,799)	(1,894)
Loss before tax		**(4,163,163)**	(1,823,267)
Tax credit on loss for the year	10	841,985	395,711
Loss attributable to equity holders		**(3,321,178)**	(1,427,556)

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

The accompanying notes form an integral part of the accounts.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share Capital £	Share Premium £	Accumulated Deficit £	Total £
1 January 2014	14,579,999	164,982	(13,207,639)	1,537,342
Issue of share capital	1,500,000	-	-	1,500,000
Loss for the year	-	-	(1,427,556)	(1,427,556)
31 December 2014	**16,079,999**	**164,982**	**(14,635,195)**	**1,609,786**
1 January 2015	16,079,999	164,982	(14,635,195)	1,609,786
Issue of share capital	3,400,000	-	-	3,400,000
Loss for the year	-	-	(3,321,178)	(3,321,178)
31 December 2015	**19,479,999**	**164,982**	**(17,956,373)**	**1,688,608**

The accompanying notes form an integral part of the accounts.

BALANCE SHEET

At 31 December 2015

	NOTES	31 December 2015	31 December 2014
		£	£
Assets			
Intangible assets	11	-	388,820
Interest in subsidiary undertakings	12	1	1
Trade and other receivables	13	884,567	554,170
Deferred tax assets	14	7,207	11,462
Cash and cash equivalents		2,169,490	1,224,371
Total assets		**3,061,264**	2,178,824
Liabilities			
Trade and other payables	16	(479,656)	(569,038)
Provisions	17	(893,000)	-
Liabilities		**(1,372,656)**	(569,038)
Net assets		**1,688,608**	1,609,786
Equity			
Capital and reserves			
Share capital	18	19,479,999	16,079,999
Share premium		164,982	164,982
Accumulated deficit		(17,956,373)	(14,635,195)
Total equity		**1,688,608**	1,609,786

The accompanying notes form an integral part of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 25 April 2016. They were signed on its behalf by:

Director

Alan Mathewson

CASH FLOW STATEMENT

For the Year ended 31 December 2015

	NOTE	31 December 2015 £	31 December 2014 £
Net cash outflow from operating activities	19	(2,490,159)	(1,636,156)
Investing activities			
Interest received		55,077	65,779
Net cash inflow from investing activities		**55,077**	65,779
Financing activities			
Finance costs		(19,799)	(1,894)
Proceeds on issue of Share Capital		3,400,000	1,500,000
Net cash inflow from financing activities		**3,380,201**	1,498,106
Net increase/ (decrease) in cash and cash equivalents		945,119	(72,271)
Cash and cash equivalents at beginning of year		1,224,371	1,296,642
Cash and cash equivalents at end of year		**2,169,490**	1,224,371

The accompanying notes form an integral part of the accounts.

NOTES TO THE FINANCIAL STATEMENTS

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 other 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 ceased it trading operations during the year, with the migration of the 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 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 the basis that the company is no longer a going concern. 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 *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue comprises gross commission from clients together with fees earned for the management and administration of Investment Savings Account and other ad hoc fees.

Pensions and other post-retirement benefits

The Company participates in the Santander group defined benefit pension schemes in operation. There is no contractual agreement or stated policy for charging the net defined benefit cost. The contribution to be paid by the Company is calculated as the contributions made by Santander to the schemes in respect of the Company's employees.

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.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade and other payables are initially measured at fair value.

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 accounts. This is also in line with IAS 27 'Consolidated and Separate Financial Statements'.

Intangible assets

Intangible assets relate to computer software. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are reviewed for indications of impairment at each reporting date based on the recoverable amount.
As a result of the Company ceasing trading activities in the year, the intangible assets were written down to nil.

Critical accounting and areas of management judgement: Provisions

The provisions for redundancy and dilapidations are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.
The amounts recognised are based upon Management's estimates of the liability to be settled at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. FINANCIAL RISK FACTORS

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 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 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 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. It occurs in intercompany assets held by the Company.

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 13 to the accounts, trade and other receivables.

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 manages liquidity risk by maintaining sufficient liquid resources through funding obtained from the parent company to ensure it can meet its obligations as they fall due.

Maturities of financial liabilities

At 31 December 2015	**Less than One month £**	**Total £**
Intercompany liabilities	60,396	60,396
Trade and other payables	419,260	419,260
Total financial liabilities	**479,656**	**479,656**

At 31 December 2014	**Less than One month £**	**Total £**
Intercompany liabilities	109,416	109,416
Trade and other payables	459,622	459,622
Total financial liabilities	569,038	569,038

Interest rate risk

The Company is exposed to interest rate risk as it receives a variable interest rate on funds deposited
The sensitivity analysis for 2014 has been determined based on the average balance held on deposit during the reporting period.

A one percentage point movement in interest rates would have the following effects:
For 2015 the interest rate sensitivity is based around the investment income and amounts held as cash and cash equivalents.

	2015 £	**2014 £**
Effect on profit before tax of 1% increase in interest rate	16,969	220,216
Effect on profit before tax of 1% decrease in interest rate	(16,969)	(82,273)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. CAPITAL MANAGEMENT AND RESOURCES

The Company's ultimate UK parent, Santander UK plc ("Santander UK"), 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 Santander UK Group's capital management can be found in the Santander UK 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 5.

Capital adequacy

The company manages its capital on a Basel III basis. Throughout 2015 and 2014, 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

	31 December 2015 £	31 December 2014 £
Total Tier 1 Capital	**1,688,608**	1,609,786

Regulatory capital base

This disclosure is prepared on a CRR basis and agrees to the Regulatory Capital figures reported to the PRA. The Company's Tier 1 capital consists of shareholders' equity, share premium, and unaudited loss for the year ended 31 December 2015.

4. COMMISSION AND FEES

An analysis of the Company's revenue is as follows:

Continuing operations	31 December 2015 £	31 December 2014 £
Commission and fees	825,050	1,566,579
Other income	-	1,753
Total revenue	**825,050**	1,568,332

All revenue was generated in the UK.

5. OPERATING LOSS

Loss from operations has been arrived at after charging:

	31 December 2015 £	31 December 2014 £
Staff costs (see note 6)	**1,005,200**	1,081,260

Auditor's remuneration

The audit fee for the current and prior year has been paid on the Company's behalf by its ultimate UK parent undertaking, Santander UK plc, in accordance with Company policy, for which no recharge has been made. The audit fee payable to the Company's auditors for the audit of the Company's annual accounts for the current year is £5,227 (2014: £5,079).

6. STAFF COSTS

Santander UK is the employer of all staff working for the company. The average monthly number of employees was:

	31 December 2015	31 December 2014
Front office staff	21	25
Back office staff	4	5
	25	30

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. STAFF COSTS *(continued)*

Their aggregate remuneration comprised:

	31 December 2015 £	31 December 2014 £
Wages and salaries	845,809	910,383
Social security costs	75,775	79,913
Other pension costs	83,616	90,964
	1,005,200	1,081,260

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

7. DIRECTORS' EMOLUMENTS AND INTERESTS

No Directors were remunerated for their services to the Company. Directors emoluments are borne by the ultimate UK parent company, Santander UK plc. No emoluments were paid by the Company to the Directors during the year (2014: nil).

8. INVESTMENT INCOME

	31 December 2015 £	31 December 2014 £
Interest on bank deposits	**55,077**	65,779

9. COST OF SALES

	31 December 2015 £	31 December 2014 £
Transaction charges	280,887	378,630
Account charges	1,164,279	656,334
Other costs	2,164	11,657
Interest paid to clients	-	18,090
Total	**1,447,330**	1,064,711

10. TAX

	31 December 2015 £	31 December 2014 £
Current tax:		
UK corporation tax on loss for the year	(849,897)	(433,491)
Adjustment in respect of prior years	3,657	(7,199)
Total current tax	(846,240)	(440,690)
Deferred tax (Note 14):		
Origination and reversal of temporary differences	6,942	41,695
Change in rate of UK Corporation tax	715	(2,909)
Adjustment in respect of prior years	(3,402)	6,193
Total deferred tax	4,255	44,979
Tax credit on loss for the year	**(841,985)**	(395,711)

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. As the changes in rates were substantively enacted prior to 31 December 2015, they have been reflected in the deferred tax asset at 31 December 2015.
The UK government has announced it will enact a further reduction in the main rate of tax of 1% , down to 17% at 1 April 2020 (instead of 18%) in the Finance Bill 2016 which is expected to be enacted in July 2016. Since the proposed change was not substantively enacted by the balance sheet date, the effect has not been reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. TAX *(continued)*

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

	31 December 2015	31 December 2014
	£	£
Loss before tax:	(4,163,163)	(1,823,267)
Tax at the UK corporation tax rate of 20.25% (2014: 21.50%)	(843,040)	(392,002)
Effect of change in tax rate on deferred tax provision	715	(2,909)
Non deductible expenses	85	206
Adjustment to prior year provisions	255	(1,006)
Tax credit on loss for the year	**(841,985)**	(395,711)

11. INTANGIBLE ASSETS

	Intangible Assets (Computer Software) £
Cost or valuation	
At 1 January 2014	777,641
Additions	-
At 31 December 2014	777,641
At 1 January 2015	777,641
Additions	-
At 31 December 2015	**777,641**
Comprising:	
At cost	777,641
Accumulated depreciation and impairment	
At 1 January 2014	129,607
Charge for the year	259,214
At 31 December 2014	388,820
At 1 January 2015	388,820
Charge for the year	388,821
At 31 December 2015	**777,641**
Carrying amount	
At 31 December 2015	-
At 31 December 2014	388,820

12. INTERESTS 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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. TRADE AND OTHER RECEIVABLES

	31 December 2015 £	31 December 2014 £
Trade receivables	18,810	34,488
Amounts due from group undertakings – group relief	849,897	433,491
Prepayments	15,860	86,191
	884,567	554,170

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

14. 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:

	31 December 2015 £
At 1 January 2014	56,441
Income statement charge	(44,979)
At 1 January 2015	11,462
Income statement charge	(4,255)
At 31 December 2015	**7,207**

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

Deferred tax assets / (liabilities)	Provided Balance Sheet 2015 £	Income Statement 2015 £	Provided Balance Sheet 2014 £	Income Statement 2014 £
Other temporary differences	3,061	(2,784)	5,845	(43,998)
Accelerated book depreciation/ (Accelerated tax depreciation)	4,146	(1,471)	5,617	(981)
	7,207	**(4,255)**	11,462	(44,979)

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

15. CLIENT MONEY

At 31 December 2015, the Company held £165,970 (2014: £208,746) on behalf of clients, and is required to hold these amount in accordance with the Financial Conduct Authority ("FCA") Client Asset Rules. The Company had no beneficial interest in these deposits and accordingly, they are not included in the balance sheet.

16. TRADE AND OTHER PAYABLES

	31 December 2015 £	31 December 2014 £
Trade payables	(111,267)	(167,629)
Amounts due to parent undertakings	(60,396)	(109,416)
Accruals	(307,993)	(291,993)
	(479,656)	(569,038)

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The amounts owed to parent undertakings are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. PROVISIONS

	Redundancy provision £	Dilapidations £
At 1 January 2015	-	-
Additional provision	584,000	309,000
As at 31 December 2015	**584,000**	**309,000**

	Redundancy provision £	Dilapidation and others £
Current	**584,000**	**309,000**

The trading activities of the Company ceased during the year and as a result of this a provision has been recognised for redundancies. The redundancy provision of £584,000 is expected to be fully utilised during 2016.

The provision for dilapidations and others refers to the dilapidations and decommissioning costs of the Billericay office, totalling £309,000 which is expected to be fully utilised during 2016.

18. SHARE CAPITAL

	31 December 2015 £	31 December 2014 £
Issued and fully paid:		
- 4,100,000 ordinary shares of £1 each	7,500,000	4,100,000
- 6,000,000 "A" preferred shares of £1 each	6,000,000	6,000,000
- 5,979,999 "B" preferred shares of £1 each	5,979,999	5,979,999
Issued Share Capital	**19,479,999**	16,079,999

During the year, the Company issued and allotted 3,400,000 ordinary shares of £1 each for the purpose of raising additional working capital. As such, the Company has a total ordinary share capital of £7,500,000 (2014: £4,100,000) which is held by the parent company, Santander Private Banking UK Limited.

The preferred "A" shares rank in preference to the preferred "B" shares and the ordinary shares and preferred "B" shares rank 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 rank pari passu with the ordinary shares with regard to the payment of dividends and in all other respects.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. NOTES TO THE CASH FLOW STATEMENT

	31 December 2015 £	31 December 2014 £
Operating loss	(4,198,441)	(1,887,152)
Adjustments for:		
Depreciation on intangible assets	388,821	259,214
Increase in provisions	893,000	-
Operating cash flows before movements in working capital	(2,916,620)	(1,627,938)
Increase/ (decrease) in receivables	86,010	(28,184)
Decrease in payables	(89,382)	(349,981)
Cash used by operations	(2,919,992)	(2,006,103)
Group tax relief	429,833	369,947
Net cash outflow from operating activities	**(2,490,159)**	(1,636,156)

20. 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.

21. RETIREMENT BENEFIT OBLIGATION

The Company participates in the three schemes:

(i) Santander UK Group Pension Scheme, a defined benefit scheme;

(ii) Amalgamated Main Scheme, a defined benefit scheme; and

(iii) Stakeholder Pension scheme, a defined contribution scheme.

The Company participates in the Santander UK group defined benefit pension schemes in operation. There is no contractual agreement of stated policy for charging the net defined benefit cost. The contribution to be paid by the Company is calculated as the contributions made by Santander to the schemes in respect of the Company's employees.

An amount of £83,616 (2014: £90,964) was recognised as an expense for these contributions and is included in staff costs in the income statement.

22. 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	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Parent Company	207	232	467,593	331,224	-	-	60,396	109,416
Group Company	-	-	-	-	849,897	433,491	-	-

Amounts owed by related parties includes £849,897 (2014: £433,491) relating to current tax group relief.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

23. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent Company is Santander Private Banking UK Limited, a Company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander, S.A., a Company registered 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 parent undertaking of the smallest group of undertakings for which the group accounts 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.