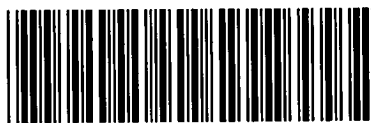


ABBAY STOCKBROKERS LIMITED

Registered in England and Wales
Company Number 02666793

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016



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COMPANIES HOUSE

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2016.

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.

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. Customers not wishing to have their portfolio transferred were given the option to transfer their portfolio to another broker or encash their holdings. The migration of the customer portfolio to Selftrade took place during October 2015.

Results and dividends

The profit for the year amounted to £84,625 for the year ended 31 December 2016 (2015: loss £3,321,178).

The Directors do not recommend the payment of a final dividend (2015: £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:

PC Ickinger
A Mathewson
A Wakelin (resigned 30 September 2016)

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;

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 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 in the current and prior financial year, which included, where appropriate, writing down of the entity's assets to net realisable value in the prior year. 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 '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 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 plc.

Pillar 3 Disclosures

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

Independent Auditors

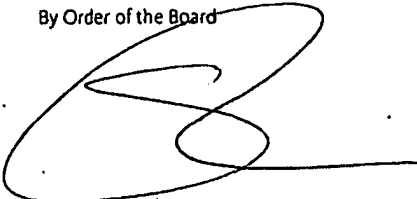
Each of the Directors as at the date of approval of this report has confirmed that:

- 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.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under Section 487(2) of the Companies Act 2006.

By Order of the Board



For and on behalf of
Santander Secretariat Services Limited,
Secretary

21 April 2017

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 FINANCIAL STATEMENTS

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. The entity ceased trading during the previous financial year and the entity will be liquidated in the future. Accordingly, the going concern basis of preparation is not appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No further adjustments to these financial statements in the current financial year were necessary to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Directors. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY STOCKBROKERS LIMITED(continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. 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.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

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 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) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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. With respect to the Report of the Directors, we consider whether the report includes the disclosures required by applicable legal requirements.



Lawrence Wilkinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2017

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

	NOTES	2016 £	2015 £
Discontinued operations			
Commission and fees received	4	23,702	825,050
Other income	4	1,852	-
Cost of sales	5	-	(1,447,330)
Profit/ (loss) on ordinary activities		25,554	(622,280)
Administrative expenses		(147,149)	(2,683,151)
Provisions written back/ (charged) in the year	16	225,449	(893,000)
Operating profit/ (loss)	6	103,854	(4,198,441)
Investment income	9	3,996	55,077
Finance costs		-	(19,799)
Profit/ (loss) before tax		107,850	(4,163,163)
Tax (charge)/ credit on profit/ (loss) for the year	10	(23,225)	841,985
Profit/ (loss) attributable to equity holders		84,625	(3,321,178)

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 £	Total Equity £
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
1 January 2016	19,479,999	164,982	(17,956,373)	1,688,608
Profit for the year	-	-	84,625	84,625
31 December 2016	19,479,999	164,982	(17,871,748)	1,773,233

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

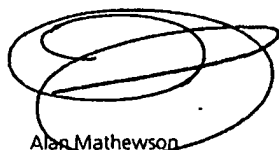
BALANCE SHEET

As at 31 December 2016

	Notes	2016 £	2015 £
Assets			
Interest in subsidiary undertakings	11	1	1
Trade and other receivables	12	81,251	884,566
Deferred tax assets	13	3,210	7,207
Cash and cash equivalents		1,783,640	2,169,490
Total assets		1,868,102	3,061,264
Liabilities			
Trade and other payables	15	(94,869)	(479,656)
Provisions	16		(893,000)
Liabilities		(94,869)	(1,372,656)
Net assets		1,773,233	1,688,608
Equity			
Capital and reserves			
Share capital	17	19,479,999	19,479,999
Share premium		164,982	164,982
Accumulated losses		(17,871,748)	(17,956,373)
Total equity		1,773,233	1,688,608

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:



Alan Mathewson
Director
21 April 2017

CASH FLOW STATEMENT

For the years ended 31 December

	Notes	2016 £	2015 £
Net cash outflow from operating activities	18	(389,846)	(2,490,159)
Investing activities			
Interest received		3,996	55,077
Net cash Inflow from Investing activities		3,996	55,077
Financing activities			
Finance costs		-	(19,799)
Proceeds on Issue of Share Capital		-	3,400,000
Net cash Inflow from financing activities		-	3,380,201
Net (decrease) /increase in cash and cash equivalents		(385,850)	945,119
Cash and cash equivalents at beginning of year		2,169,490	1,224,371
Cash and cash equivalents at end of year		1,783,640	2,169,490

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

General information

The Company is a limited liability company, domiciled and incorporated in the United Kingdom and is 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 in the current and prior financial year, which includes, where appropriate, writing down of the entity's assets to net realisable value in the prior year. 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

The Company has not yet adopted any significant new or revised standards and interpretations, and amendments thereto, which have been issued, as these are not considered relevant to the Company.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (*continued*)

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Critical accounting and areas of management judgement: Redundancy and dilapidation provisions

The provision for redundancy covers the estimated total liability to the company's employees and is based upon factors such as the remuneration package of the employees and their length of service.

The provision for dilapidations represents the present obligations arising as consequences of the surrender of the tenancy at the previous registered office in Billericay, Essex, United Kingdom. The provision represents the expected obligation to be settled in respect of the remedial work required in accordance with the lease agreement.

2. FINANCIAL RISK MANAGEMENT

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are credit risk and liquidity risk. The Company manages its risk in line with the central risk management function of the Santander UK 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 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 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 12 to the financial statements, 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 to meet its obligations. The Company has significant cash balances. The ultimate UK parent Company, Santander UK plc would provide support to the Company to ensure adequate resources are available in order for the Company to meet its obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. FINANCIAL RISK MANAGEMENT (*continued*)

Maturities of financial liabilities

At 31 December 2016	On demand £	Total £
Intercompany liabilities	86,897	86,897
Trade and other payables	7,972	7,972
Total financial liabilities	94,869	94,869

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

Interest rate risk

The Company is exposed to interest rate risk as it receives a variable interest rate on funds deposited. For 2016 the interest rate sensitivity is based around the investment income and amounts held as cash and cash equivalents.

A one percentage point movement in interest rates would have the following effects:

	2016 £	2015 £
Effect on profit before tax of 1% increase in interest rate	19,766	16,969
Effect on profit before tax of 1% decrease in interest rate	(19,766)	(16,969)

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 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 2016 and 2015, 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 2016 £	31 December 2015 £
Total Tier 1 Capital	1,773,233	1,588,508

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 profit for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. COMMISSION AND FEES RECEIVED

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

	31 December 2016	31 December 2015
	£	£
Discontinued operations	-	-
Commission and fees received	23,702	825,050
Other income	1,852	-
Total revenue	25,554	825,050

All revenue was generated in the UK.

5. COST OF SALES

	31 December 2016	31 December 2015
	£	£
Transaction charges	-	280,887
Account charges	-	1,164,279
Other costs	-	2,164
Interest paid to clients	-	-
Total	-	1,447,330

6. OPERATING PROFIT / (LOSS)

Profit / (loss) from operations has been arrived at after charging:

	31 December 2016	31 December 2015
	£	£
Staff costs	80,648	1,005,200

Auditors' 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 financial statements for the current year is £5,000 (2015: £5,227).

7. STAFF COSTS

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

	31 December 2016	31 December 2015
Front office staff	-	21
Back office staff	1	4
	1	25

Their aggregate remuneration comprised:

	31 December 2016	31 December 2015
	£	£
Wages and salaries	66,991	845,809
Social security costs	7,270	75,775
Other pension costs	6,387	83,616
	80,648	1,005,200

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.

8. 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. 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 (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. INVESTMENT INCOME

	31 December 2016	31 December 2015
	£	£
Interest on bank deposits	3,996	55,077

10. TAX

	31 December 2016	31 December 2015
	£	£
Current tax:		
UK corporation tax on profit/ (loss) for the year	(81,251)	(849,897)
Adjustment in respect of prior years	100,479	3,657
Total current tax	19,228	(846,240)
Deferred tax		
Origination and reversal of temporary differences	103,470	6,942
Change in rate of UK Corporation tax	(10,158)	715
Adjustment in respect of prior years	(89,315)	(3,402)
Total deferred tax	3,997	4,255
Tax charge/ (credit) on profit/ (loss) for the year	23,225	(841,985)

UK corporation tax is calculated at 20% (2015: 20.25%) 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 reductions in the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020 was enacted on 18 November 2015.

The Finance Act 2016, which was substantively enacted on 6 September 2016, introduced a further reduction in the corporation tax rate to 17% from 2020. Since this further change was substantively enacted prior to 31 December 2016, the effects have been reflected in the deferred tax balances at the balance sheet date.

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

	31 December 2016	31 December 2015
	£	£
Profit/ (loss) before tax:	107,850	(4,163,163)
Tax at the UK corporation tax rate of 20% (2015: 20.25%)	21,571	(843,040)
Effect of change in tax rate on deferred tax provision	(10,158)	715
Non deductible expenses	648	85
Adjustment to prior year provisions	11,164	255
Tax charge/ (credit) on profit / (loss) for the year	23,225	(841,985)

11. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. TRADE AND OTHER RECEIVABLES

	31 December 2016 £	31 December 2015 £
Trade receivables	-	18,809
Amounts due from group undertakings – group relief	81,251	849,897
Prepayments	-	15,860
	81,251	884,566

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

13. 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 2016 £
At 1 January 2015	11,462
Income statement charge	(4,255)
As at 31 December 2015 and 1 January 2016	7,207
Income statement charge	(3,997)
At 31 December 2016	3,210

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

	Provided Balance Sheet 2016 £	Income Statement 2016 £	Provided Balance Sheet 2015 £	Income Statement 2015 £
Other temporary differences	-	(3,061)	3,061	(2,784)
Accelerated book depreciation/ (Accelerated tax depreciation)	3,210	(936)	4,146	(1,471)
	3,210	(3,997)	7,207	(4,255)

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.

14. CLIENT MONEY

At 31 December 2016, the Company held £162,779 (2015: £165,970) on behalf of clients, and is 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 are not included in the balance sheet.

15. TRADE AND OTHER PAYABLES

	31 December 2016 £	31 December 2015 £
Trade payables	-	(111,267)
Amounts due to parent undertakings	(86,897)	(60,396)
Accruals	(7,972)	(307,993)
	(94,869)	(479,656)

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 FOR THE YEAR ENDED 31 DECEMBER 2016

16. PROVISIONS

	Redundancy provision £	Dilapidations £
As at 1 January 2015	-	-
Additional provision	584,000	309,000
As at 31 st December 2015 and 1 January 2016	584,000	309,000
Provisions utilised	(584,000)	(83,551)
Provisions written back	-	(225,449)
As at 31 December 2016	-	-

The trading activities of the Company ceased in 2015 and as a result of this a provision had been recognised for redundancies. The provision has been fully utilised during the reporting year.

The provision for dilapidations refers to the dilapidations and decommissioning costs of the Billericay office. An element of this provision was utilised within the reporting year. It was determined that the residual balance of this provision amounting to £225,449 was no longer an obligation of the Company, and has been written back to the statement of comprehensive income.

17. SHARE CAPITAL

	31 December 2016 £	31 December 2015 £
Issued and fully paid:		
- 7,500,000 ordinary shares of £1 each	7,500,000	7,500,000
- 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	19,479,999

The Company has a total ordinary share capital of £7,500,000 (2015: £7,500,000) 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.

18. NOTES TO THE CASH FLOW STATEMENT

	31 December 2016 £	31 December 2015 £
Profit/ (loss) before tax	107,850	(4,163,163)
Adjustments for:		
Investment income	(3,996)	(55,077)
Finance costs	-	19,799
Depreciation on intangible assets	-	388,821
(Decrease)/ increase in provisions	(893,000)	893,000
Operating cash flows before movements in working capital	(789,146)	(2,916,620)
Decrease in receivables	34,670	86,010
Decrease in payables	(384,790)	(89,382)
Cash used by operations	(1,139,265)	(2,919,992)
Group tax relief	749,420	429,833
Net cash outflow from operating activities	(389,845)	(2,490,159)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. 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 therefrom cannot be quantified but it is not believed that any material liability will arise under these indemnities.

20. 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 £6,387 (2015: £83,616) was recognised as an expense for these contributions and is included in staff costs in the income statement.

21. 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	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Santander UK plc	-	207	-	467,593	-	-	86,897	60,396
Abbey National Treasury Services plc	-	-	-	-	81,251	849,897	-	-

Amounts owed by Abbey National Treasury Services plc of £81,251 (2015: £849,897) relates to current tax group relief.

All amounts due to and due from related parties are unsecured and repayable on demand. None of these balances owed by or owed to related parties 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.

22. 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 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 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