

# SANTANDER UK FOUNDATION LIMITED

England & Wales · Charity number 803655

## Details

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Other names	ABBEY NATIONAL CHARITABLE TRUST LIMITED, SANTANDER FOUNDATION, SANTANDER UK FOUNDATION LIMITED, THE DISCOVERY FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	<a href="#">02509711</a>
Registered	1990-06-17
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	167-169 Great Portland street 5th Floor London W1W 5PF
Phone	07922577773
Email	<a href="mailto:grants@santander.co.uk">grants@santander.co.uk</a>
Website	<a href="http://www.santanderfoundation.org.uk">www.santanderfoundation.org.uk</a>

## Activities

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**Objects:** TO SUPPORT SUCH CHARITABLE INSTITUTION OR INSTITUTIONS, "NOT FOR PROFIT ORGANISATIONS" AND COMMUNITY INTEREST COMPANIES AS THE TRUSTEES SHALL IN THEIR ABSOLUTE DISCRETION DETERMINE CONCERNED WITH THE PRESERVATION AND PROTECTION OF GOOD HEALTH, THE RELIEF OF POVERTY, DISTRESS AND SICKNESS, THE ADVANCEMENT OF PUBLIC EDUCATION, THE RELIEF OF SUFFERING OF ANIMALS AND THE PRESERVATION AND PROTECTION OF THE ENVIRONMENT PROVIDED THAT ANY SUCH SUPPORT SHALL BE CONDITIONED UPON IT BE APPLIED SOLELY FOR CHARITABLE PURPOSES.

**Activities:** Grantmaking to UK charities working within the published charitable priorities of the Santander Foundation.

## Classification

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- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies

## Geography

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- Guernsey
- Isle Of Man
- Jersey
- Northern Ireland
- Scotland
- Throughout England And Wales

## Finances

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Period end	Income	Expenditure	Assets	Employees
2024-12-31	£854,803	£1,579,749	£18,728,604	0
2023-12-31	£466,876	£3,531,599	£18,874,223	0
2022-12-31	£3,356,053	£2,135,621	£20,746,242	0
2021-12-31	£3,677,230	£2,309,288	£21,793,584	0
2020-12-31	£4,386,610	£3,452,418	£19,539,188	0

## Trustees

Name	Role	Appointed
<b>Judith Mary Moran</b>	Chair	2020-04-22
Danny Jones		2020-04-22
Dr Alice Rhiannon Eardley		2026-02-27
Ellis Goodson		2026-01-20
Hannah Elizabeth Cameron		2023-01-30
Josephine Elizabeth Clapham		2023-01-30
Maryanne Matthews		2026-02-03
Mofeyisayo Ayodele		2026-01-20
Simon Ross		2026-01-20

**SANTANDER UK FOUNDATION LIMITED**

England & Wales - Charity number 803655

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# Accounts

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**SANTANDER UK  
FOUNDATION LIMITED**

A company limited by guarantee

**Company No. 02509711  
Registered Charity No. 803655**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2024**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Trustees

D Jones  
JM Moran  
S Inskip  
CH Tapia Montes  
J Clapham  
H Cameron

JM Moran, CH Tapia Montes and H Cameron are independent trustees.

### Foundation Corporate Governance Office

Santander Secretariat Services Limited

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Cater Allen Limited  
2 Triton Square  
Regents Place  
London  
NW1 3AN

### Registered office

2 Triton Square  
Regents Place  
London  
NW1 3AN

### Principal address

Unity Place  
200 Grafton Gate East  
Milton Keynes  
MK9 1UP

## REPORT OF THE TRUSTEES

(incorporating the Directors' report)

The Trustees present their report together with the audited financial statements for the year ended 31 December 2024. The report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements, and comply with the charity's governing documents, the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard 102 Statement of Recommended Practice (FRS 102 SORP second edition – October 2019). The administrative details page on page 2 forms part of the Trustees' report.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemptions including not preparing a Strategic Report.

### About the Santander UK Foundation Limited

We are the charity of Santander UK plc. We're an independent foundation regulated by the Charities Commission and we're proud to hold a close and purposeful working relationship with our corporate donor, Santander UK plc.

As a grant making organisation the Santander Foundation aims to challenge and alleviate financial & digital inequalities by funding and collaborating with charities across the UK.

In 2023, Santander UK plc paused its annual monetary contribution to the Foundation, whilst maintaining the support in-kind for services provided.

In 2024, £238,248 was received from Santander UK plc towards the Matched Donations, a scheme for Santander employees to further their fundraising efforts which is delivered by the Foundation. The Foundation did not receive any additional annual monetary contribution. The matched donations scheme supplemented the donations raised by Santander UK plc colleagues for charities that were close to their hearts. The scheme was paused on 30th November 2024 following a joint decision by the trustees and Santander UK. The pause allows Santander UK to explore more impactful ways of deploying these funds within its own community programmes and takes into account the Foundations own strategic review, which kicked off in 2024.

In 2025, the Foundation and its corporate donor will align and formalise the future terms of engagement and collaboration between the parties, underpinned by the outcome of the Foundation's strategic review..

### Foreword from our Board

2024 saw the Foundation deliver its fourth year of the Digital & Financial Empowerment Fund, our strategic funding programme aimed at small and medium sized charities delivering projects to their community which empower people to develop their digital and financial capabilities.

In addition to the Foundation's ongoing commitment to driving impact through its funded partners, the Board has initiated a strategic review to shape its future direction. To support this process, external strategy consultants have been engaged, with the review expected to conclude by summer 2025.

We remain committed to being responsive and led by the needs of our funded partners, ensuring space for meaningful dialogue and relational support. We extend our sincere thanks to all our partners – your insight, feedback, and intelligence continue to guide the evolution of our organisation.

### Strategic Funding

Building on our growing institutional knowledge and deepening collaboration with funded partners, we recognised the importance of strengthening their marketing and communications capabilities. In 2023, the Foundation awarded a new £396,000 partnership with Media Trust to deliver tailored training led by media industry experts. Each participating charity also received a professionally produced film, created by a volunteer filmmaker. The first and second year of the programme has been successfully delivered and well received – supporting 12 partners in 2024. These have already made a tangible impact on our partners' visibility and storytelling capacity.

### Structure, Governance and Management

Santander UK Foundation Limited (the Foundation) is a registered charity (no. 803655) and a company limited by guarantee (no. 02509711), governed by Memorandum and Articles of Association. The Foundation was incorporated on 8 June 1990.

Trustees are elected by the Members of the Foundation at the General Meeting or by written resolution signed by all Members eligible to vote at the General Meeting. The Trustees are also Directors for the purposes of Company Law.

The Trustees are selected to bring a diverse range of skills, experience and knowledge to the role. They meet regularly, usually on a quarterly basis. The Trustees do not have a maximum length of office. A business plan is prepared and agreed by the Trustees for each financial year. A quarterly report examines performance against the agreed budgets.

All Trustees are provided with an induction pack containing a copy of the Foundation's objectives, priorities and most recent Annual Report and financial statements. The Foundation Secretary will then discuss with the Trustees the background and current business plan of the Foundation.

The Trustees met on six occasions during the year ended 31 December 2024 (2023: six). All grants are ratified at a meeting of the Trustees. A quorum of two Trustees is the minimum requirement.

The Foundation's related parties are considered to be Santander UK Group Holdings plc, Santander UK plc, Cater Allen Limited and Banco Santander SA and its subsidiaries, together with the Trustees. Refer to note 15 for details. There were no additional group or related party donations or transactions in 2024.

## REPORT OF THE TRUSTEES *(continued)* (incorporating the Directors' report)

There were no additional annual funding contributions, besides the one towards the Matched Donations scheme, made to the Foundation from Santander UK plc during 2024, however Santander UK plc and Santander Foundation are in active talks about restarting donations from the beginning of 2027. The ring-fencing regulation established in 2019 required the Santander UK Foundation to establish an arms-length relationship with Santander UK plc. Therefore, the charity created a Service Level Agreement with Santander UK plc to receive in-kind services in support of the Foundation's activities and infrastructure. A notional charge for these services is included within Charitable Activities and the corresponding gift of these services is included within Donations, both within the Statement of Financial Activities.

The Trustees who served throughout the year and to the date of this report were as follows:

D Jones  
CJ Anderson (resigned 18 October 2024)  
JM Moran  
S Inskip  
CH Tapia Montes  
J Clapham  
H Cameron

### Objectives and activities for public benefit

In 2024, no amendments were made to the charitable objectives of the Foundation, as such the objectives of the Foundation remain:

- To support such charitable institution or institutions, "not for profit organisations" and community interest companies as the trustees shall in their absolute discretion determine concerned with the preservation and protection of good health, the relief of poverty, distress and sickness, the advancement of public education, the relief of suffering of animals and the preservation and protection of the environment provided that any such support shall be conditioned upon it be applied solely for charitable purposes.

The broad charitable objectives of the Foundation are purposefully defined as such to provide flexibility to the Foundation to distribute grants and help disadvantaged people by making donations to appropriate charitable organisations working within the published charitable objectives.

Throughout the years, the Foundation has supported a number of non-profit organisations to deliver charitable initiatives across the UK, investing significant sums across the third sector since the establishment of the Foundation in 1990. As part of the strategic review which took place in 2019, the Foundation established a new strategic grants programme, the Santander Foundation Digital & Financial Empowerment Fund.

The Foundation aims to further its charitable objectives primarily through the delivery of the Digital & Financial Empowerment Fund which provides funding and learning support to organisations delivering projects that will help people to become digitally and financially empowered and is targeted at communities already facing inequitable social and economic inequities.

In addition to the Grants programme, the Santander UK Foundation continued to deliver the Santander UK Colleagues matched donations scheme until it was paused in November 2024. The programme matched funds from the fundraising activities of Santander UK employees for UK registered charities. The matched donations programme was supporting a wider variety of charities that are reflective of the broad charitable objectives of the Foundation.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities and grant making policy will contribute to the aims and objectives that have been set.

### Achievements & Performance

#### Our Strategic Grant Funding in 2024

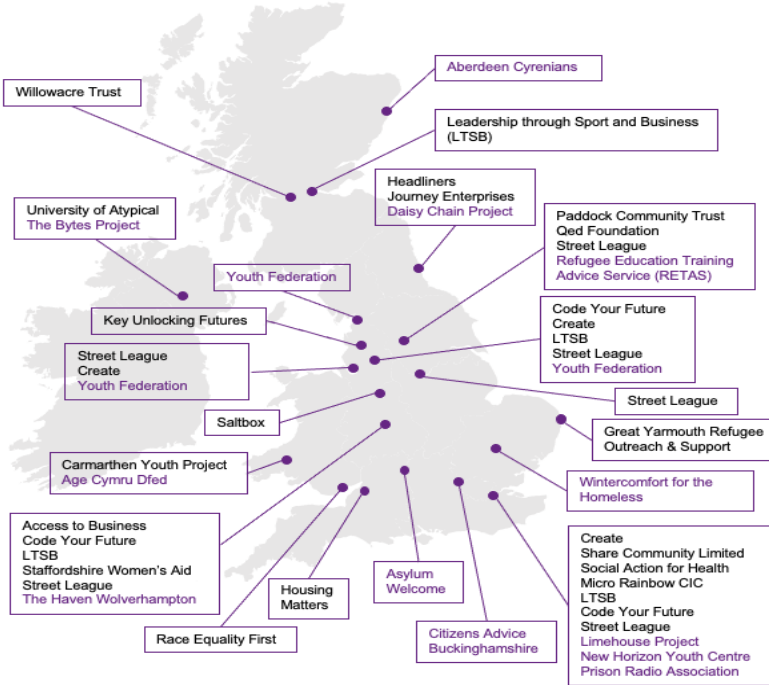
In 2024, Santander Foundation supported 15 organisations, distributing a total of £723,670 through the Digital and Financial Empowerment Fund. Of these, 2 related to the Wave 1 funding, 12 were organisations entering their third year of funding as part of Wave 2. The remaining organisation receiving grant funding was the Media Trust.

Alongside the funding awarded, the charities were provided with learning and impact support to articulate and evidence the significant social impact their work achieves.

The Fund continues to support a diverse set of organisations in 2025. Partners have been selected from across the UK, including organisations in each of the devolved nations.

## REPORT OF THE TRUSTEES *(continued)* (incorporating the Directors' report)

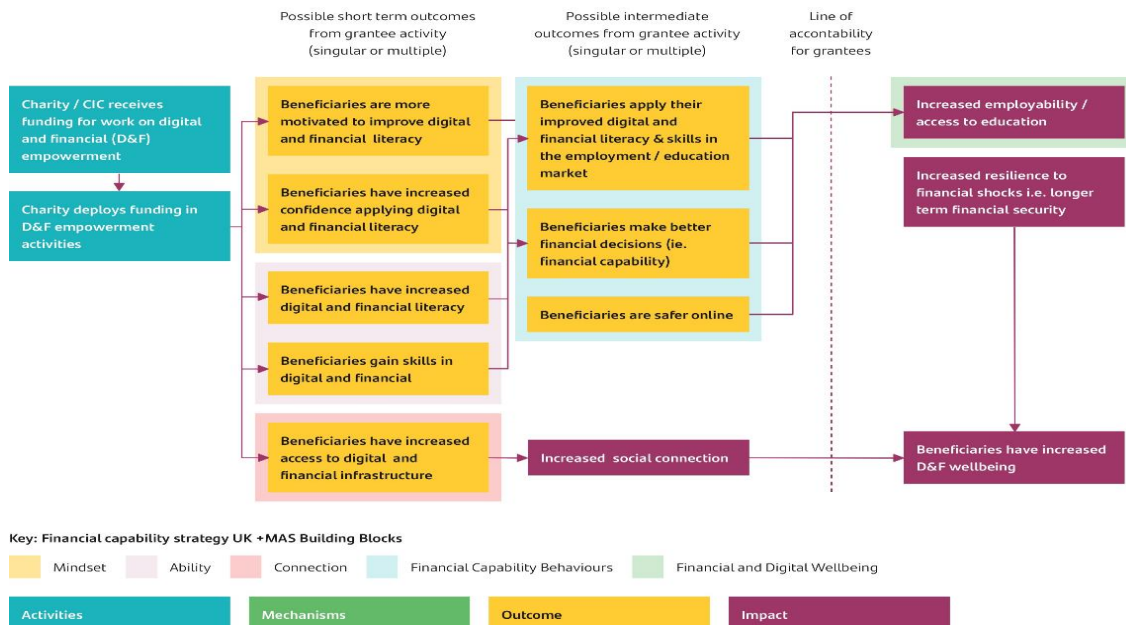
The map shows a clustering of organisations in the UK's main population centres – London, the West Midlands, and the North-West. Rurality can be a key factor aggravating both digital and financial exclusion and our current grant portfolio considers six organisations working with individuals in rural areas.



- Charities onboarded in 2021 are in black
- Charities onboarded in 2022 are in purple.

### Grant making policy

In 2024 the Foundation continued to develop the Digital & Financial Empowerment Fund, the funding programme is now in its fourth year with the first cohort (Wave 1) of funded partners being awarded in late 2021 and second cohort (Wave 2) of funded partners being awarded in November 2022. The Digital & Financial Empowerment Fund focuses on supporting projects that will help people to become digitally and financially empowered and is targeted at communities already facing social and economic inequities. In collaboration with New Philanthropy Capital (NPC) – the Foundation developed a Theory of Change model which visualises the logic model of the Digital & Financial Empowerment Fund:



## REPORT OF THE TRUSTEES *(continued)* (incorporating the Directors' report)

### Matched Funding

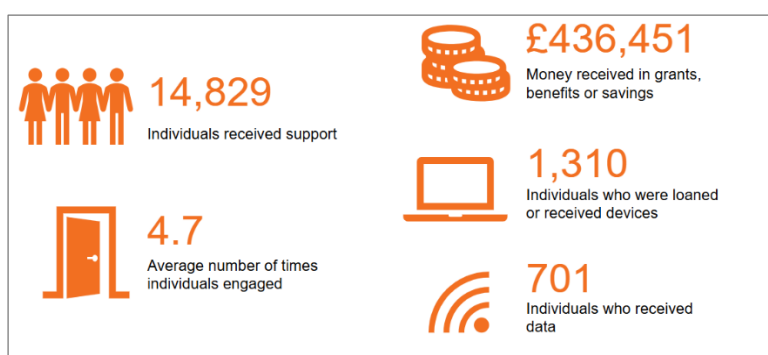
In addition to its core Grants Programme, the Foundation continued to deliver the Santander UK colleagues matched donations scheme for most of 2024. The scheme was paused on 30th November 2024 following a joint decision by the trustees and Santander UK. The pause allows Santander UK to explore more impactful ways of deploying these funds within its own community programmes as well as the Foundation to conclude its strategic review.

The scheme focuses on supporting Santander UK employees that have undertaken fundraising activities for UK-registered charities by providing matched donations. In 2024, the Foundation matched 617 (2023: 383) donations, distributing over £642,366 (2023: £588,770) to UK based charities.

During the current year, £238,248 was received from Santander UK plc towards the Matched Donations scheme.

### Our Impact

Santander Foundation is currently providing funding and support to thirty-four charitable organisations across the UK, since the launch of the Financial and Digital Empowerment Fund in 2021 the funded partners have supported 14,829 people to develop Digital & Financial capabilities. Key impact figures:



### Looking Ahead – Our Future Plans

As a grant making foundation it's imperative that we continue to maintain capacity to absorb learning and create opportunities for the voices of our funded partners and those with lived experience to be heard. Our learning partnership with NPC is a significant relationship we hope to further 'benefit from having now determined our research agenda and constructed our Impact Measurement Framework in the prior year. In the year ahead, the Foundation will be working with Santander UK to review our working relationship to improve clarity and simplicity in this process, and ensuring we bring on board the very best practice as a corporate foundation.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the charity does not undertake fundraising from the general public and does not employ professional fundraisers.

The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

The matched donations scheme operated by the charity matches the commitments Santander UK colleagues fundraising efforts, as such these activities are not deemed to be fundraising efforts in aid of Santander UK Foundation Limited.

### Investment Policy & Performance

The Trustees have the power to purchase investments and securities which are considered fit for the purposes of the Foundation, with the exception of derivatives. The Trustees comply with the Charity Commission's guidelines on investments.

The Foundation's investment strategy is a split of 50% equities and 50% UK fixed income to achieve a broadly balanced portfolio seeking moderate growth. Further information concerning the performance and nature of the investment can be found within this section under unrestricted funds and note 1.

The Foundation's assets are invested in a combination of passive (index-tracking) collective investment funds. For the 12 months ended 31 December 2024 the return of the Aggregated Fund (as a measure of dividend income versus the value of the UK quoted investments) was 2.8% (2023: 2.3%). The fund continues to provide a stable return for the Foundation and is consistent with the Foundation's expectations to seek moderate growth from its investment portfolio.

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Risk Management

As members of the charity the Trustees hold accountability for recognising, mitigating, and avoiding the presenting risks exposed to the Foundation. Quarterly reporting and governance meetings serve to identify and respond to identified risks by building appropriate controls, policies, and responses.

The major risks the charity is exposed to, as identified by the Trustees, is the principal risk of reliance on one sole source of revenue, conflicts of interest presented by the close relationship with the charity's corporate donor, grant fraud, reputational risk and a variety of challenges arising from the complexity of running a foundation with a small number of staff hours.

Major Risks	Controls
Reliance on one sole donor.	Appropriate reserves policy is established and met. In year funding budgets are agreed in line with available budget. Investment approach provides greater security.
Grant fraud.	Robust due diligence carried out in assessment. Annual grant reporting. Relational grant management. Established terms and conditions with funded partners.
Conflicts of interest.	Conflicts of interest policy.
Reputational risk.	Quarterly reporting. Robust due diligence carried out in assessment.

The Trustees remain satisfied the Foundation holds in place the appropriate controls, knowledge, resources, and policies to identify, assess, and respond to the major risk. Further steps will be taken next year to review organisational policies and controls as part of wider organisational development programme.

### Income

The funding from Santander UK plc was paused for the current and prior year. During the current year, £238,248 was received from Santander UK plc in the form of matched donations from employees of Santander UK plc (2023: £nil). In addition to this, services provided by Santander UK plc, for which no charge was made, have been valued at £100,000 (2023: £100,000).

Investment income of £516,555 was received during the year (2023: £400,349).

### Reserves

The majority of the income of the Foundation is used for grant making purposes. Grants are only agreed to the extent of available income. The Foundation does not employ staff directly. Due to ring-fencing regulation in 2019, the Foundation was required to establish an arms-length relationship with Santander UK plc for the services (staff and infrastructure) provided by Santander UK plc.

The Trustees continue to hold significant investments to generate an annual income to support the charity. It is the Foundation's approach to ensure funds are available to cover one month of grant awards at any time in reserve. At 31 December 2024, the total funds of the Foundation were £18,728,604 (2023: £18,874,223).

### Endowment funds

These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. There are two endowment funds; one is a restricted fund (the Abbey Housing Association fund "AHA") and the other is an unrestricted endowment fund. The investment income for the funds is included within restricted and unrestricted on the SOFA and Balance Sheet based on the funds from which the income is derived.

The Foundation passed a resolution on 20 August 2025 under s.282 of the Charities Act 2011, subject to the consent of the Charity Commission, to free the restrictions with respect to the expenditure of capital that applies to £6,000,000 of the unrestricted permanent endowment fund. The Charity Commission granted its consent on 4 September 2025. This will be reflected in the 2025 financial statements as a transfer from the unrestricted permanent endowment fund to unrestricted funds.

### Restricted funds

The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.

### Unrestricted funds

These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Statement of trustees' responsibilities

The trustees (who are also directors of Santander UK Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Statement of Going Concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. In 2024, the Corporate donor continued to pause the annual charitable donation provided to the Foundation until the foreseeable future. As a consequence, the Trustees are reviewing the current uncertain financial position to identify sources of income to define the next steps for the Foundation.

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

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Foundation by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Foundation. 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.

This report was approved by the Trustees on 16 September 2025, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
17 September 2025

Registered Office Address: 2 Triton Square, Regents Place, London, NW1 3AN

# ***Independent auditors' report to the members of Santander UK Foundation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Santander UK Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 2024; the statement of financial activities (SOFA)- incorporating summary income and expenditure account, and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

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### **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 charitable 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.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **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 trustees 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 Trustees we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### *Report of the Trustees*

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the period ended 31 December 2024 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 charitable company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Trustees.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income, cash and expenditure accounts;
- obtaining confirmations of cash balances and material investment balances as at 31 December 2024;
- testing the recognition of grant expenditure in line with terms of the grant awards;
- enquiring of management and the board of trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the board of trustees; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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](http://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.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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

- we have not obtained 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
- certain disclosures of trustees' 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.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

David Hagger (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
*17 September 2025*

## STATEMENT OF FINANCIAL ACTIVITIES (SOFA) – INCORPORATING SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2024

	Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2024 £	Total funds 2023 £
<b>Income and endowments from:</b>						
Donations	2	338,248	-	-	338,248	100,000
Investments	3	470,944	45,611	-	516,555	400,349
<b>Total</b>		<b>809,192</b>	<b>45,611</b>	<b>-</b>	<b>854,803</b>	<b>500,349</b>
<b>Expenditure on:</b>						
Charitable activities	6	(1,579,749)	-	-	(1,579,749)	(3,531,599)
<b>Total</b>		<b>(1,579,749)</b>	<b>-</b>	<b>-</b>	<b>(1,579,749)</b>	<b>(3,531,599)</b>
Net gains on investments	8	-	-	579,327	579,327	1,159,231
<b>Net (expense)/ income and net movement in funds for the year</b>		<b>(770,557)</b>	<b>45,611</b>	<b>579,327</b>	<b>(145,619)</b>	<b>(1,872,019)</b>
Total funds brought forward	12,16	2,359,292	398,914	16,116,017	18,874,223	20,746,242
<b>Total funds carried forward</b>	<b>12,16</b>	<b>1,588,735</b>	<b>444,525</b>	<b>16,695,344</b>	<b>18,728,604</b>	<b>18,874,223</b>

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

A summary of the prior year comparative for each fund is disclosed within note 12.

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**BALANCE SHEET**

As at 31 December 2024

	Note	Total funds 2024 £	Total funds 2023 £
<b>Fixed assets:</b>			
Investments	8	<b>18,132,116</b>	17,033,055
Total fixed assets		<b>18,132,116</b>	17,033,055
<b>Current assets:</b>			
Cash at bank and in hand	9	<b>1,313,781</b>	3,268,706
Other debtors	9	<b>53,987</b>	17,066
Total current assets		<b>1,367,768</b>	3,285,772
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	<b>(771,280)</b>	(1,444,604)
<b>Net current assets</b>		<b>596,488</b>	1,841,168
<b>Total net assets</b>		<b>18,728,604</b>	18,874,223
<b>The funds of the charity:</b>			
Restricted permanent endowment fund - Affordable Housing Fund	16	<b>1,291,033</b>	1,329,419
Unrestricted permanent endowment fund	16	<b>15,404,311</b>	14,786,598
Restricted income funds	16	<b>444,525</b>	398,914
Unrestricted Funds	16	<b>1,588,735</b>	2,359,292
<b>Total Charity funds</b>		<b>18,728,604</b>	18,874,223

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

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime.

The financial statements on pages 12 to 23 were approved by the Trustees on 16 September 2025 and signed on their behalf by:



Judith Moran  
Trustee  
17 September 2025

## CASH FLOW STATEMENT

For the year ended 31 December 2024

	Year ended 31 December 2024	Year ended 31 December 2023
	£	£
<b>Cash flows from operating activities</b>		
Net expense and net movement in funds for the year	(145,619)	(1,872,019)
Adjustments for:		
Realised (gains)/ losses on sales during the year	(548,548)	1,664
Unrealised gains on investment revaluation	(30,779)	(1,160,895)
Investment income	(516,555)	(400,349)
<b>Operating cash flows before movements in working capital</b>	<b>(1,241,501)</b>	<b>(3,431,599)</b>
(Increase)/ decrease in other debtors	(36,921)	8,646
(Decrease)/ increase in payables	(673,324)	832,164
<b>Net cash used in operating activities</b>	<b>(1,951,746)</b>	<b>(2,590,789)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,276,045)	(409,607)
Sale of investments	760,000	34,000
Investment income	516,555	400,349
Transfers of cash held as part of investment funds	(3,689)	4,457
<b>Net cash (used in)/ generated by investing activities</b>	<b>(3,179)</b>	<b>29,199</b>
Net decrease in cash and cash equivalents	(1,954,925)	(2,561,590)
Cash and cash equivalents at beginning of year	3,268,706	5,830,296
<b>Cash and cash equivalents at end of year</b>	<b>1,313,781</b>	<b>3,268,706</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The Foundation is a public benefit entity and is a limited liability company in which liability is limited by guarantee. The Company is domiciled and incorporated in the United Kingdom and is registered with Companies House in England and Wales.

The principal accounting policies applied to Santander UK Foundation Limited (the Foundation) are summarised below.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102) second edition – October 2019 applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), effective 1 January 2015; and the Companies Act 2006.

The financial statements have been prepared on the going concern basis.

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are discussed in the Report of the Trustees on pages 3 to 8. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. In 2023, Santander UK plc paused its annual charitable donations provided to the Foundation for the foreseeable future. During 2024, Santander UK plc employee matched donations were received by the Foundation. This is not expected to continue in the forthcoming year. As a consequence, the Trustees are reviewing the current uncertain financial position to identify sources of income to define the next steps for the Foundation.

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

#### **Income**

All income is included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Donations and gifts are recognised as soon as their amount and receipt are probable, which is usually only when they are received.

Investment income is recognised as it is receivable.

#### **Gifts in kind**

Where services are gifted to the Foundation, the value to the Foundation of the gifted services is included in these financial statements on a grossed up basis and is included within income and expenditure.

#### **Expenditure**

Direct charitable expenditure includes grants payable to charities together with support costs related to making these grants. Funds designated for future grant awards where no formal commitment is made are carried forward and set aside for the purpose of making the specific awards until they are committed. At this point, the grants are recognised in the financial statements. Grant expenditure is recognised to the extent to which there is a valid expectation that payments will be made.

Matched donations are accounted for when a valid application is received from employees. Due diligence is undertaken of applications received. If due diligence is in progress at year-end and it is subsequently confirmed that the claim is valid, then an accrual is recognised at the balance sheet date.

Creditors represent costs which have been incurred but not paid for at the year end.

#### **Support and governance costs**

Support costs include costs associated with the operations of the Foundation. Support costs are generally allocated against the unrestricted funds. However, costs related to or are apportionable towards the restricted funds are allocated against those funds. Governance costs comprise the cost of the strategic direction of the charity including trustees' meetings and professional fees. These are included in the financial statements on expenditure on charitable expenditure based on activity.

#### **Cash at bank and in hand**

The Foundation seeks to maintain sufficient cash resources equivalent to at least one month's worth of grants paid to beneficiaries in order for it to meet its obligations. At 31 December 2024, cash at bank and in hand of £1,313,781 was held (2023: £3,268,706), comprising cash held on demand with related parties and external banks.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES *(continued)*

#### Investments

Fixed assets investments are stated at bid market value at the balance sheet date. All investments are investment assets held in the United Kingdom. Investments include deposit balances and funds that invest in equities and fixed income securities, which are held by fund managers.

Realised and unrealised investment gains and losses relating to the Main Fund are included in the unrestricted endowment fund and in the restricted permanent endowment fund - Affordable Housing Fund where they relate to the Housing Association Fund.

#### Fund accounting

The Charity maintains various types of funds as follows:

- **Endowment funds**  
These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. The investment income is included within restricted funds for the AHA portfolio and unrestricted funds for the main investment portfolio.
- **Restricted funds**  
The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.
- **Unrestricted funds**  
These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

#### Other debtors

Other debtors represent funds which have been advanced to third party administrators of the Charity to cover the cost of matched donations awarded but not yet paid due to short term timing differences.

#### Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Foundation becomes a party to the contractual terms of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

#### Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The Foundation's liabilities comprise grants awarded that are awaiting payment and support costs which are classified as amortised cost.

#### Liabilities

Liabilities are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. DONATIONS

	2024 £	2023 £
Donations received from Santander UK plc	238,248	-
Gifts in kind from Santander UK plc	100,000	100,000
	<b>338,248</b>	100,000

### 3. INVESTMENTS

	2024 £	2023 £
Bank interest income	510	2,089
Dividend income	516,045	398,260
<b>Interest and dividends</b>	<b>516,555</b>	400,349

### 4. AUDIT FEES

Fees payable to the Foundation's Auditors for the audit of the Foundation's annual financial statements for the current year are £21,048 (2023: £20,280). For the current and prior year, irrecoverable VAT at 20% is included within the fee. The 2024 audit fee net of VAT is £17,540 (2023: £16,900). Fees payable to the auditors for non-audit services were £nil (2023:£nil).

### 5. TRUSTEES' AND STAFF EMOLUMENTS

The Trustees received neither remuneration nor expenses for services rendered (2023: £nil).

The Foundation had no directly employed staff during the year (2023: none) and as a result had no staff or related costs (2023: £nil). During the year one of the Foundation's secretaries who is employed and remunerated by Santander UK plc, provided the administrative support for the Foundation. The costs for their services provided to the Charity form part of the re-charge from Santander UK plc included within Other support costs.

The key management personnel for the foundation are the Trustees none of whom receive remuneration for their work performed.

### 6. CHARITABLE ACTIVITIES

	Donations and grants paid to institutions £	Support costs £	Total 2024 £	Donations and grants paid to institutions £	Support costs £	Total 2023 £
<b>Charitable activities:</b>						
Grants and matched donations	1,366,036	-	1,366,036	3,153,050	-	3,153,050
<b>Expenditure on charitable activities:</b>						
Grant administration and grant processing costs	-	36,757	36,757	-	30,347	30,347
Other support costs	-	130,765	130,765	-	196,729	196,729
Governance costs	-	46,191	46,191	-	151,473	151,473
<b>Total</b>	<b>1,366,036</b>	<b>213,713</b>	<b>1,579,749</b>	<b>3,153,050</b>	<b>378,549</b>	<b>3,531,599</b>

Grants and matched donations allocation by charitable purpose:

	2024 £	Number of grants 2024 No.	2023 £	Number of grants 2023 No.
Santander Foundation Digital & Financial Empowerment Fund	723,670	15	2,564,280	138
Matched Donations	642,366	617	588,770	383
<b>Total</b>	<b>1,366,036</b>	<b>632</b>	<b>3,153,050</b>	<b>521</b>

Santander UK plc allocated £100,000 to support the Foundation with the cost of services. The amount was used as gift in kind to support the FTE and marketing costs (2023: £100,000). This is included in other support costs. The 15 grants (2023: 138) included above were distributed to 15 (2023: 34) partners.

The support costs and governance costs are allocated based on the activities performed and has been allocated to charitable expenditure. No costs are incurred for generating funds. The material grants awarded above £10,000 are included in note 14.

## NOTES TO THE FINANCIAL STATEMENTS

## 7. TAXATION

As a charity, the Company is exempt from taxation on income and gains received within categories covered by Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

No tax charge has arisen in the year.

## 8. INVESTMENTS

2024	Main fund Portfolio £	Abbey Housing Association fund	Total £
		Portfolio £	
Market value at 1 January 2024	15,678,884	1,354,171	17,033,055
Purchases during the year	1,230,434	45,611	1,276,045
Sales during the year	(760,000)	-	(760,000)
Realised gains on sales during the year	548,548	-	548,548
Unrealised gains/ (losses)	69,165	(38,386)	30,779
Movement in cash	3,360	329	3,689
<b>Market value at 31 December 2024</b>	<b>16,770,391</b>	<b>1,361,725</b>	<b>18,132,116</b>
UK quoted investments	16,756,817	1,360,804	18,117,621
Cash held as part of investment portfolio	13,574	921	14,495
<b>Total investments</b>	<b>16,770,391</b>	<b>1,361,725</b>	<b>18,132,116</b>
<b>Historic cost at 31 December 2024</b>	<b>12,772,419</b>	<b>1,314,712</b>	<b>14,087,131</b>
Historic cost at 31 December 2023	11,750,077	1,268,772	13,018,849

2023	Main fund Portfolio £	Abbey Housing Association fund	Total £
		Portfolio £	
Market value at 1 January 2023	14,242,948	1,259,726	15,502,674
Purchases during the year	374,135	35,472	409,607
Sales during the year	-	(34,000)	(34,000)
Realised losses on sales during the year	-	(1,664)	(1,664)
Unrealised gains	1,064,851	96,044	1,160,895
Movement in cash	(3,050)	(1,407)	(4,457)
<b>Market value at 31 December 2023</b>	<b>15,678,884</b>	<b>1,354,171</b>	<b>17,033,055</b>
UK quoted investments	15,668,670	1,353,578	17,022,248
Cash held as part of investment portfolio	10,214	593	10,807
<b>Total investments</b>	<b>15,678,884</b>	<b>1,354,171</b>	<b>17,033,055</b>
<b>Historic cost at 31 December 2023</b>	<b>11,750,077</b>	<b>1,268,772</b>	<b>13,018,849</b>
Historic cost at 31 December 2022	11,378,992	1,268,707	12,647,699

The portfolios for both funds are structured so that they invest in passive OEIC stocks. As a result, the majority of the investments exceeded 5% of the relevant portfolio.

At the year end date, the stocks consisted of the following Level 1 investments:

**Main fund**

Royal London UK All Share Tracker Z  
 IShares Pacific Ex Japan Eq Idx-L AC  
 IShares Corporate Bond Index F  
 BlackRock Col. UK Gilts All Stocks - LA  
 BlackRock Collective Cont. Euro  
 BlackRock Collective North Amer  
 BlackRock Collective Japan Eq. Tracker

**Abbey Housing Association fund**

BlackRock Col. UK Gilts All Stocks - LA  
 IShares Corporate Bond Index F

The custodian of the investments is Bank of New York Mellon.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. INVESTMENTS (continued)

As a result of holding investments, the Foundation is exposed to a variety of risks, the most significant of which are credit risk, market risk and liquidity risk. The Foundation manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 Group's strategic objectives.

#### Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Foundation losing the principal amount invested, the interest accrued and any unrealised gains.

In accordance with Group policy, the Foundation manages its portfolios across the credit risk lifecycle, from drawing up risk strategy, plans, budgets and limits to making sure the actual risk profile of the Foundation's exposures stays in line with plans and the Foundation's appetite to risk.

#### Market risk

Market risk is the risk of losses on financial investments caused by adverse price movements through changes in equity prices or commodity prices, interest rate moves or foreign exchange fluctuations.

The Foundation mitigates market risk by ensuring diversification in the investments it holds by investing in a range of trackers funds, bonds and gilts over a wide geographical market and by monitoring the returns achieved during the financial year.

#### Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Foundation does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. The Foundation manages liquidity risk with the support of Santander UK plc, ensuring that the Foundation will have sufficient liquid resources in order to meet its obligations as they fall due.

### 9. CURRENT ASSETS

	2024 £	2023 £
Cash at bank and in hand	1,313,781	3,268,706
Other debtors	53,987	17,066
	<b>1,367,768</b>	<b>3,285,772</b>

Cash is held in bank accounts operated by Cater Allen Limited, a fellow subsidiary of Santander UK plc. Other debtors wholly consist of cash held by Charitable Giving, as agent for the Foundation, for the purpose of making donations.

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

All creditors: amounts falling due within one year are accruals.

The following table shows the breakdown of accruals recognised at the year end date:

	2024 £	2023 £
Grant creditor	745,232	1,424,324
Support costs – grant administration and grant processing costs	26,048	20,280
<b>Total accruals and deferred income</b>	<b>771,280</b>	<b>1,444,604</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 11. ALLOCATION OF NET ASSETS BETWEEN FUNDS

2024	Unrestricted permanent endowment fund	Restricted permanent endowment fund - Affordable Housing Fund	Restricted income funds	Unrestricted Funds	Total funds
	£	£	£	£	£
Investments	15,404,311	1,291,033	70,692	1,366,080	18,132,116
Cash	-	-	373,833	939,948	1,313,781
Other debtors	-	-	-	53,987	53,987
Unpaid grants	-	-	-	(745,232)	(745,232)
Accruals	-	-	-	(26,048)	(26,048)
<b>Total funds</b>	<b>15,404,311</b>	<b>1,291,033</b>	<b>444,525</b>	<b>1,588,735</b>	<b>18,728,604</b>

2023	Unrestricted permanent endowment fund	Restricted permanent endowment fund - Affordable Housing Fund	Restricted income funds	Unrestricted Funds	Total funds
	£	£	£	£	£
Investments	14,786,598	1,329,419	24,753	892,285	17,033,056
Cash	-	-	374,161	2,894,545	3,268,706
Other debtors	-	-	-	17,066	17,066
Unpaid grants	-	-	-	(1,424,324)	(1,424,324)
Accruals	-	-	-	(20,280)	(20,280)
<b>Total funds</b>	<b>14,786,598</b>	<b>1,329,419</b>	<b>398,914</b>	<b>2,359,292</b>	<b>18,874,223</b>

Note 16 shows the allocation of the investment portfolios between restricted, unrestricted and endowment.

## 12. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) - PRIOR YEAR COMPARATIVE

Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2023 £
<b>Income and endowments from:</b>				
Donations	2	100,000	-	100,000
Investments	3	366,876	33,473	400,349
<b>Total</b>		<b>466,876</b>	<b>33,473</b>	<b>500,349</b>
<b>Expenditure on:</b>				
Charitable activities	6	(3,531,599)	-	(3,531,599)
<b>Total</b>		<b>(3,531,599)</b>	<b>-</b>	<b>(3,531,599)</b>
Net gains on investments	8	-	-	1,159,231
<b>Net (expenditure)/ income</b>		<b>(3,064,723)</b>	<b>33,473</b>	<b>1,159,231</b>
Total funds brought forward	12,16	5,424,015	365,441	14,956,786
<b>Total funds carried forward</b>	<b>12,16</b>	<b>2,359,292</b>	<b>398,914</b>	<b>16,116,017</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 13. LIABILITY OF MEMBERS

The liability of each Trustee to contribute to the assets of the Foundation on winding up is limited to £100 (2023: £100).

## 14. MATCHED DONATIONS AND GRANTS AWARDED TO CHARITIES

Charity name	2024 £	2023 £
Aberdeen Cyrenians Ltd	50,000	85,000
Access 2 Business	-	35,250
Age Cymru Dyfed	44,742	82,117
Arts & Disability Forum	-	60,000
Asylum Welcome	36,247	72,184
Carmarthen Youth Project	-	60,250
CHAS Bristol	-	74,418
Citizens Advice Buckinghamshire	50,000	85,000
Code your future	-	60,000
Create Arts	-	60,000
Daisy Chain Project Teeside	49,973	84,973
Grant Access 2 Business	-	55,000
Great Yarmouth Refugee & Outreach Support Limited	-	57,750
Headliners UK	-	85,360
Journey	-	58,100
Key Unlocking Futures	5,000	90,250
Leadership Through Sport and Business	-	60,250
Limehouse Project Limited	50,040	85,759
Media Trust	132,065	132,065
Micro Rainbow CIC	-	60,250
New Horizon Youth Centre	45,531	81,890
Paddock Community Trust	-	60,000
Prison Radio Association	34,619	66,175
QED Foundation	-	80,000
Race Equality First	-	60,450
RETAS Leeds	40,586	70,378
Saltbox	-	85,000
Share Community Limited	-	57,750
Social Action for Health	-	60,250
Staffordshire Women's Aid	-	57,500
Street League	-	60,000
The Bytes Project	42,522	83,144
The Haven Wolverhampton	40,874	72,240
Willowacre Trust	-	57,750
Winter Comfort for the Homeless	51,471	82,297
Youth Federation Limited	50,000	85,000
Other grants below £10,000	-	480
Total grants awarded	723,670	2,564,280
Total matched donations awarded	642,366	588,770
Total donations and grants awarded during the year	1,366,036	3,153,050

Matched donations above include £138,852 awarded to Macmillan Cancer Support.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. RELATED PARTY DISCLOSURES

The Trustees are elected by the Members of the Foundation at the General Meeting and no trustees are appointed by either Santander UK Group Holdings plc or Santander UK plc. The Foundation has received donations and gifts from Santander UK plc amounting to £100,000 (2023: £100,000). In addition to this, the Foundation received £238,248 (2023: £nil) in respect of matched donations from Santander UK plc.

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of £nil (2023: £nil).

Related party cash balances are held by Cater Allen Limited and were £1,313,781 at 31 December 2024 (2023: £3,268,706). There were no other transactions entered into with related parties during the year (2023: none).

### 16. RESERVES

2024	As at 1 January 2024	Income	Expenditure	Investment (losses)/ gains	As at 31 December 2024
	£	£	£	£	£
Restricted permanent endowment fund - Affordable Housing Fund	1,329,419	-	-	(38,386)	1,291,033
Unrestricted permanent endowment fund	14,786,598	-	-	617,713	15,404,311
<b>Total endowment funds</b>	<b>16,116,017</b>	<b>-</b>	<b>-</b>	<b>579,327</b>	<b>16,695,344</b>
Restricted income funds	398,914	45,611	-	-	444,525
Unrestricted Funds	2,359,292	809,192	(1,579,749)	-	1,588,735
<b>Total income funds</b>	<b>2,758,206</b>	<b>854,803</b>	<b>(1,579,749)</b>	<b>-</b>	<b>2,033,260</b>
<b>Total funds</b>	<b>18,874,223</b>	<b>854,803</b>	<b>(1,579,749)</b>	<b>579,327</b>	<b>18,728,604</b>

	As at 1 January 2023	Income	Expenditure	Investment gains	As at 31 December 2023
	£	£	£	£	£
Restricted permanent endowment fund - Affordable Housing Fund	1,235,039	-	-	94,380	1,329,419
Unrestricted permanent endowment fund	13,721,747	-	-	1,064,851	14,786,598
<b>Total endowment funds</b>	<b>14,956,786</b>	<b>-</b>	<b>-</b>	<b>1,159,231</b>	<b>16,116,017</b>
Restricted income funds	365,441	33,473	-	-	398,914
Unrestricted Funds	5,424,015	466,876	(3,531,599)	-	2,359,292
<b>Total income funds</b>	<b>5,789,456</b>	<b>500,349</b>	<b>(3,531,599)</b>	<b>-</b>	<b>2,758,206</b>
<b>Total funds</b>	<b>20,746,242</b>	<b>500,349</b>	<b>(3,531,599)</b>	<b>1,159,231</b>	<b>18,874,223</b>

Unrestricted funds are available for use at the discretion of the Trustees to further the objectives of the Foundation.

Restricted funds are for grants to charities working on housing related causes.

Endowment Funds represent funds invested by the charity from which it derives investment income. The movement during the year is driven by net investment gains from the increase in market values of the underlying investments.

### 17. CAPITAL COMMITMENTS

The Foundation had no capital commitments at the balance sheet date.

### 18. GRANT COMMITMENTS

The Foundation awarded grants of £723,670 to 15 entities (2022: £2,564,280 to 34 entities), a further £132,065 (2023: £850,735) is committed to the Santander Foundation Digital & Financial Empowerment Fund and Media Trust will be charged, subject to the conditions of the grant agreements being met. This, together with the grants charged in 2022 and 2023, is a total of £4,750,884 (2023: £4,618,819) over the 4-year period from 2022 to 2025 inclusive.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. SUBSEQUENT EVENTS

The Foundation passed a resolution on 20 August 2025 under s.282 of the Charities Act 2011, subject to the consent of the Charity Commission, to free the restrictions with respect to the expenditure of capital that applies to £6,000,000 of the unrestricted permanent endowment fund. The Charity Commission granted its consent on 4 September 2025. This will be reflected in the 2025 financial statements as a transfer from the unrestricted permanent endowment fund to unrestricted funds.

**SANTANDER UK FOUNDATION LIMITED**

England & Wales - Charity number 803655

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# Accounts

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**SANTANDER UK  
FOUNDATION LIMITED**

A company limited by guarantee

**Company No. 02509711  
Registered Charity No. 803655**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2023**

SATURDAY



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28/09/2024

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COMPANIES HOUSE

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Trustees

D Jones  
CJ Anderson  
JM Moran  
S Inskip (appointed 30 January 2023)  
CH Tapia Montes (appointed 30 January 2023)  
J Clapham (appointed 30 January 2023)  
H Cameron (appointed 30 January 2023)

JM Moran, CH Tapia Montes, H Cameron and CJ Anderson are independent trustees.

### Foundation Corporate Governance Office

Santander Secretariat Services Limited

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Cater Allen Limited  
2 Triton Square  
Regents Place  
London  
NW1 3AN

### Registered office

2 Triton Square  
Regents Place  
London  
NW1 3AN

### Principal address

Santander House  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

## REPORT OF THE TRUSTEES

(incorporating the Directors' report)

The Trustees present their report together with the audited financial statements for the year ended 31 December 2023. The report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements, and comply with the charity's governing documents, the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard 102 Statement of Recommended Practice (FRS 102 SORP second edition – October 2019). The administrative details page on page 2 forms part of the Trustees' report.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemptions including not preparing a Strategic Report.

### About the Santander UK Foundation Limited

We are the charity of Santander UK plc. We're an independent foundation regulated by the Charities Commission and we're proud to hold a close and purposeful working relationship with our corporate donor, Santander UK plc. In 2023, Santander UK plc paused its annual monetary contribution to the Foundation maintaining the support in-kind for the services provided. In 2024, the Foundation and its corporate donor will align and formalize the future terms of engagement and collaboration between the parties.

As a grant making organisation the Santander Foundation aims to challenge and alleviate financial & digital inequalities by funding and collaborating with charities across the UK.

We also operate a matched donations scheme that supplements the donations raised by Santander UK plc colleagues for charities that are close to their hearts.

### Foreword from our Board

2023 saw the Foundation deliver its third year of the Digital & Financial Empowerment Fund, our strategic funding programme aimed at small and medium sized charities delivering projects to their community which empower people to develop their digital and financial capabilities. Over the last year, we have seen the continued "cost of living" crisis deepen and continue to impact upon communities, and upon the charities that serve them, across the UK. We at the Santander Foundation sought to further bolster the support we could offer to our own 34 funded partners. We provided a 10% uplift to all of our funded partners and then added a further £20,000 to each grantee.

Furthermore, we have committed to remaining flexible and lead by the needs of our funded partners, ensuring we retain capacity for meaningful conversations and relational support. We would like to take this moment, to sincerely thank all of our funded partners whose insight, feedback and intelligence shaped this response and continues to shape our organisation.

### Strategic Funding

As we develop our institutional knowledge and the collaboration with our funded partners, we recognised the need to support our partners to improve their marketing and communications capabilities. To up-skill our funded partners, the Foundation awarded a new £396,000 partnership with Media Trust to provide tailored training, delivered by media industry experts and producing a high-quality film for each charity made by a volunteer professional filmmaker. The new programme will support 10 to 12 funded partners per year between 2023 – 2025.

### Structure, Governance and Management

Santander UK Foundation Limited (the Foundation) is a registered charity (no. 803655) and a company limited by guarantee (no. 02509711), governed by Memorandum and Articles of Association. The Foundation was incorporated on 8 June 1990.

Trustees are elected by the Members of the Foundation at the General Meeting or by written resolution signed by all Members eligible to vote at the General Meeting. The Trustees are also Directors for the purposes of Company Law.

The Trustees are selected to bring a diverse range of skills, experience and knowledge to the role. They meet regularly, usually on a quarterly basis. The Trustees do not have a maximum length of office. A business plan is prepared and agreed by the Trustees for each financial year. A quarterly report examines performance against the agreed budgets.

All Trustees are provided with an induction pack containing a copy of the Foundation's objectives, priorities and most recent Annual Report and financial statements. The Foundation Secretary will then discuss with the Trustee the background and current business plan of the Foundation.

The Trustees met on six occasions during the year ended 31 December 2023 (2022: five). All grants are ratified at a meeting of the Trustees. A quorum of two Trustees is the minimum requirement.

The Foundation's related parties are considered to be Santander UK Group Holdings plc, Santander UK plc, Cater Allen Limited and Banco Santander SA and its subsidiaries, together with the Trustees. Refer to note 15 for details. There were no additional group or related party donations or transactions in 2023.

No donations were made to the Foundation from Santander UK plc during 2023. The ring-fencing regulation established in 2019 required the Santander UK Foundation to establish an arms-length relationship with Santander UK plc. Therefore, the charity created a Service Level Agreement with Santander UK plc to receive in-kind services in support of the Foundation's activities and infrastructure.

**REPORT OF THE TRUSTEES (continued)**

(Incorporating the Directors' report)

The Trustees who served throughout the year and to the date of this report were as follows:

S Willis	(resigned 31 July 2023)
D Jones	
CJ Anderson	
JM Moran	
S Inskip	(appointed 30 January 2023)
CH Tapia Montes	(appointed 30 January 2023)
J Clapham	(appointed 30 January 2023)
R Attar-Zadeh	(appointed 30 January 2023; resigned 22 February 2023)*
H Cameron	(appointed 30 January 2023)

\* Note R Attar-Zadeh's short term as a trustee is owing to a working principle whereby trustees connected to Santander UK plc, agree to resign from the board of trustees upon leaving the employment of Santander UK PLC.

**Objectives and activities for public benefit**

In 2023, no amendments were made to the charitable objectives of the Foundation, as such the objectives of the Foundation remain:

To support such charitable institution or institutions, "not for profit organisations" and community interest companies as the trustees shall in their absolute discretion determine concerned with the preservation and protection of good health, the relief of poverty, distress and sickness, the advancement of public education, the relief of suffering of animals and the preservation and protection of the environment provided that any such support shall be conditioned upon it be applied solely for charitable purposes.

The broad charitable objectives of the Foundation are purposefully defined as such to provide flexibility to the Foundation to distribute grants and help disadvantaged people by making donations to appropriate charitable organisations working within the published charitable objectives.

Throughout the years, the Foundation has supported a number of non-profit organisations to deliver charitable initiatives across the UK, investing significant sums across the third sector since the establishment of the Foundation in 1990. As part of the strategic review which took place in 2019, the Foundation established a new strategic grants programme, the Santander Foundation Digital & Financial Empowerment Fund.

The Foundation aims to further its charitable objectives primarily through the delivery of the Digital & Financial Empowerment Fund which provides funding and learning support to organisations delivering projects that will help people to become digitally and financially empowered and is targeted at communities already facing inequitable social and economic inequities.

In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues matched donations scheme. The programme match funds the fundraising efforts of Santander UK employees that have undertaken fundraising activities for UK registered charities. The matched donations programme supports a wider variety of charities that are reflective of the broad charitable objectives of the Foundation.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities and grant making policy will contribute to the aims and objectives that have been set.

**Achievements & Performance**

**Our Strategic Grant Funding in 2023**

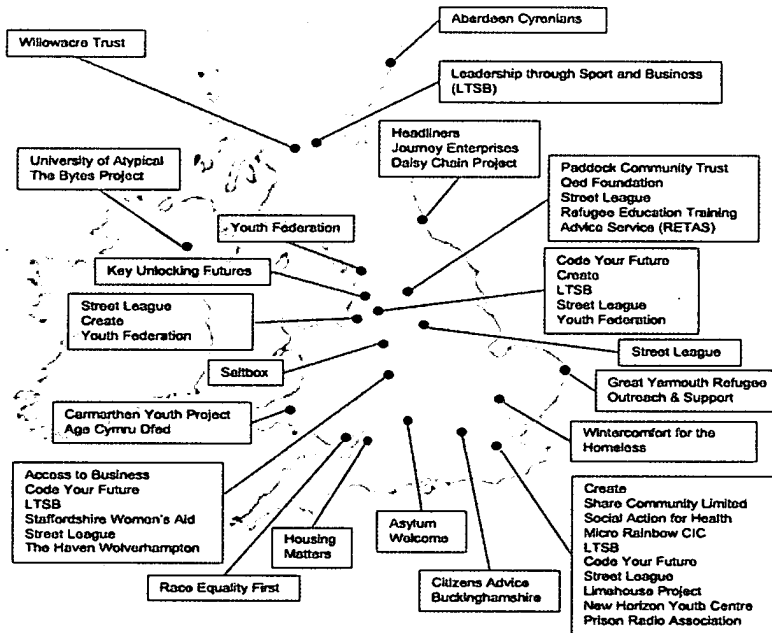
In 2023 the foundation distributed a total of £2,564,280 to thirty four funded partners as part of its Financial and Digital Empowerment Fund and the additional cost of living funding. Alongside the funding awarded, the charities will be provided with learning and impact support to articulate and evidence the significant social impact their work achieves.

The Fund has supported a diverse set of organisations in 2023. Partners were selected from across the UK, including organisations in each of the devolved nations.

# REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

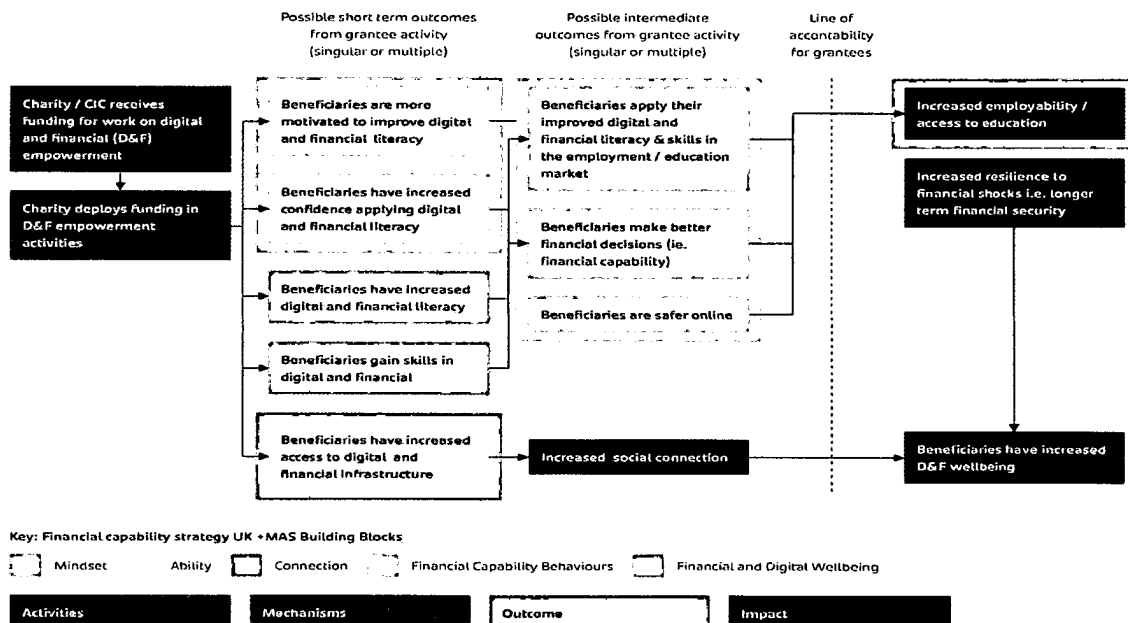
The map shows a clustering of organisations in the UK's main population centres – London, the West Midlands, and the North-West. Rurality can be a key factor aggravating both digital and financial exclusion and our current grant portfolio considers six organisations working with individuals in rural areas.



- Charities onboarded in 2021 are in black
- Charities onboarded in 2022 are in purple.

### Grant making policy

In 2023 the Foundation continued to develop the Digital & Financial Empowerment Fund, the funding programme is now in its third year with the first cohort of funded partners being awarded in late 2021 and second cohort of funded partners being awarded in November 2022. The Digital & Financial Empowerment Fund focuses on supporting projects that will help people to become digitally and financially empowered and is targeted at communities already facing social and economic inequities. In collaboration with New Philanthropy Capital (NPC) – the Foundation developed a Theory of Change model which visualises the logic model of the Digital & Financial Empowerment Fund:



## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

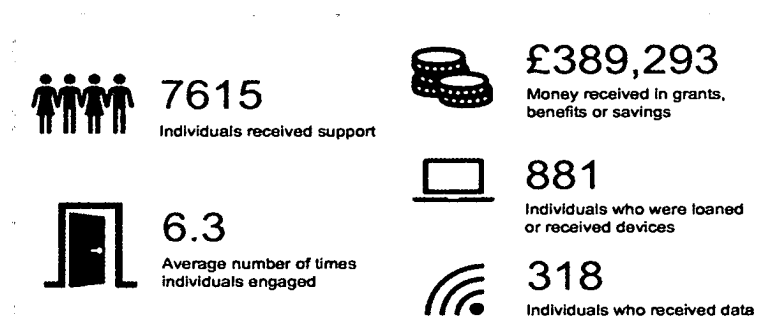
In 2023, considering the impact of the cost of living crisis, the Santander Foundation decided to direct additional funds to increase the support to the 34 funded partners onboarded in 2021 and 2022 by providing a 10% uplift to all of our funded partners and then added a further £20,000 to each grantee. In addition to providing additional support to the current partners, the Foundation decided to pause the application process for the Financial & Digital Empowerment Fund to assess the learnings and opportunities to continue to deliver the Foundation's purpose in the future. As part of this process, the trustees will review the overarching strategy, considering the areas of focus and opportunities for increased impact, considering the development of a long-term strategic approach for the next few years.

### Matched Funding

In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues matched donations scheme. The programme is focused on supporting employees that have undertaken fundraising activities for UK registered charities. Santander colleagues can apply to the Scheme for the UK registered charity to receive an additional sum by way of a matched donation. In 2023, the Foundation distributed 383 matched donation requests totalling a value of over £588,770 to 232 UK registered charities.

### Our Impact

Santander Foundation is currently providing funding and support to thirty-four charitable organisations across the UK, since the launch of the Financial and Digital Empowerment Fund in 2021 the funded partners have supported 7,615 people to develop Digital & Financial capabilities. Key impact figures:



### Looking Ahead – Our Future Plans

As a grant making foundation it's imperative that we continue to maintain capacity to absorb learning and create opportunities for the voices of our funded partners and those with lived experience to be heard. Our learning partnership with NPC is a significant relationship we hope to further benefit from having now determined our research agenda and constructed our Impact Measurement Framework in 2023. In the year ahead, the Foundation will be working with Santander UK to review our working relationship to improve clarity and simplicity in this process, and ensuring we bring on board the very best practice as a corporate foundation.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the charity does not undertake fundraising from the general public and does not employ professional fundraisers.

The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

The matched donations scheme operated by the charity matches the commitments Santander UK colleagues fundraising efforts, as such these activities are not deemed to be fundraising efforts in aid of Santander UK Foundation Limited.

### Investment Policy & Performance

The Trustees have the power to purchase investments and securities which are considered fit for the purposes of the Foundation, with the exception of derivatives. The Trustees comply with the Charity Commission's guidelines on investments.

The Foundation's investment strategy is a split of 50% equities and 50% UK fixed income to achieve a broadly balanced portfolio seeking moderate growth. Further information concerning the performance and nature of the investment can be found within this section under unrestricted funds and note 1.

The Foundation's assets are invested in a combination of passive (index-tracking) collective investment funds. For the 12 months ended 31 December 2023 the return of the Aggregated Fund (as a measure of dividend income versus the value of the UK quoted investments) was 2.3% (2022: 2.3%). The fund continues to provide a stable return for the Foundation and is consistent with the Foundation's expectations to seek moderate growth from its investment portfolio.

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Risk Management

As members of the charity the Trustees hold accountability for recognising, mitigating, and avoiding the presenting risks exposed to the Foundation. Quarterly reporting and governance meetings serve to identify and respond to identified risks by building appropriate controls, policies, and responses.

The major risks the charity is exposed to, as identified by the Trustees, is the principal risk of reliance on one sole source of revenue, conflicts of loyalty presented by the close relationship with the charity's corporate donor, grant fraud, reputational risk and a variety of challenges arising from the complexity of running a foundation with a small number of staff hours.

Major Risks	Controls
Reliance on one sole donor.	Appropriate reserves policy is established and met. In year funding budgets are agreed in line with available budget. Investment approach provides greater security.
Grant fraud.	Robust due diligence carried out in assessment. Annual grant reporting. Relational grant management. Established terms and conditions with funded partners.
Conflicts of loyalty and interest.	Conflicts of interest policy.
Reputational risk.	Quarterly reporting. Robust due diligence carried out in assessment.

The Trustees remain satisfied the Foundation holds in place the appropriate controls, knowledge, resources, and policies to identify, assess, and respond to the major risk. Further steps will be taken next year to review organisational polices and controls as part of wider organisational development programme.

### Income

Other than services provided by Santander UK Plc, no donations were received in the year (2022: £2,900,000). Investment income of £400,349 was received during the year (2022: £356,053). The services provided by Santander UK plc, for which no charge was made, have been valued at £100,000 (2022: £100,000).

### Reserves

The majority of the income of the Foundation is used for grant making purposes. Grants are only agreed to the extent of available income. The Foundation does not employ staff directly. Due to ring-fencing regulation in 2019, the Foundation was required to establish an arms-length relationship with Santander UK plc to pay for the services (staff and infrastructure) provided by Santander UK plc.

The Trustees continue to hold significant investments to generate an annual income to support the charity. It is the Foundation's approach to ensure funds are available to cover one month of grant awards at any time in reserve. At 31 December 2023, the total funds of the Foundation were £18,874,223 (2022: £20,746,242).

### Endowment funds

These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. There are two endowment funds; one is a restricted fund (the Abbey Housing Association fund "AHA") and the other is an unrestricted endowment fund. The investment income for the funds is included within restricted and unrestricted on the SOFA and Balance Sheet based on the funds from which the income is derived.

### Restricted funds

The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.

### Unrestricted funds

These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Statement of trustees' responsibilities

The trustees (who are also directors of Santander UK Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Statement of Going Concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. In 2023, the Corporate donor pause until the foreseeable future the annual charitable donation provided to the Foundation. As a consequence, the Trustees are reviewing the current uncertain financial position to identify sources of income to define the next steps for the Foundation.

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

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Foundation by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Foundation. 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.

The financial statements were approved by the Trustees on 5 September 2024, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
20 September 2024

Registered Office Address: 2 Triton Square, Regents Place, London, NW1 3AN

# ***Independent auditors' report to the members of Santander UK Foundation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Santander UK Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 2023; the statement of financial activities (SOFA) - incorporating summary income and expenditure account and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of accounting policies.

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### **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 charitable 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.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **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 trustees 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 Trustees, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## *Report of the Trustees*

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the period ended 31 December 2023 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 charitable company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Trustees.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income, cash and expenditure accounts;
- obtaining confirmations of cash balances and material investment balances as at 31 December 2023;
- testing the recognition of grant expenditure in line with terms of the grant awards;
- enquiring of management and the board of trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the board of trustees; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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](http://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 charitable 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.

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## Other required reporting

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### Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of trustees' 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.

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### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



David Hagger (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 September 2024

## STATEMENT OF FINANCIAL ACTIVITIES (SOFA) – INCORPORATING SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2023

	Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2023 £	Total funds 2022 £
<b>Income and endowments from:</b>						
Donations	2	100,000	-	-	100,000	3,000,000
Investments	3	366,876	33,473	-	400,349	356,053
<b>Total</b>		<b>466,876</b>	<b>33,473</b>	<b>-</b>	<b>500,349</b>	<b>3,356,053</b>
<b>Expenditure on:</b>						
Charitable activities	6	(3,531,599)	-	-	(3,531,599)	(2,135,621)
<b>Total</b>		<b>(3,531,599)</b>	<b>-</b>	<b>-</b>	<b>(3,531,599)</b>	<b>(2,135,621)</b>
Net gains/ (losses) on investments	8	-	-	1,159,231	1,159,231	(2,267,774)
<b>Net (expense)/ income and net movement in funds for the year</b>		<b>(3,064,723)</b>	<b>33,473</b>	<b>1,159,231</b>	<b>(1,872,019)</b>	<b>(1,047,342)</b>
Total funds brought forward	12,16	5,424,015	365,441	14,956,786	20,746,242	21,793,584
<b>Total funds carried forward</b>	<b>12,16</b>	<b>2,359,292</b>	<b>398,914</b>	<b>16,116,017</b>	<b>18,874,223</b>	<b>20,746,242</b>

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

A summary of the prior year comparative for each fund is disclosed within note 12.

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**BALANCE SHEET**

As at 31 December 2023

	Note	Total funds 2023 £	Total funds 2022 £
<b>Fixed assets:</b>			
Investments	8	17,033,055	15,502,674
<b>Total fixed assets</b>		<b>17,033,055</b>	<b>15,502,674</b>
<b>Current assets:</b>			
Cash at bank and in hand	9	3,268,706	5,830,296
Other debtors	9	17,066	25,712
<b>Total current assets</b>		<b>3,285,772</b>	<b>5,856,008</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(1,444,604)	(612,440)
<b>Net current assets</b>		<b>1,841,168</b>	<b>5,243,568</b>
<b>Total net assets</b>		<b>18,874,223</b>	<b>20,746,242</b>
<b>The funds of the charity:</b>			<b>Represented*</b>
Restricted permanent endowment fund - Affordable Housing Fund	16	1,329,419	1,235,039
Unrestricted permanent endowment fund	16	14,786,598	13,721,747
Restricted income funds	16	398,914	365,441
Unrestricted Funds	16	2,359,292	5,424,015
<b>Total Charity funds</b>		<b>18,874,223</b>	<b>20,746,242</b>

\* The funds of the charity have been represented for 2022 – see note 19.

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

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime.

The financial statements on pages 12 to 22 were approved by the Trustees on 20 September 2024 and signed on their behalf by:



Judith Moran  
Trustee  
20 September 2024

**CASH FLOW STATEMENT**

For the year ended 31 December 2023

	Year ended 31 December 2023	Year ended 31 December 2022*
	£	£
<b>Cash flows from operating activities</b>		
Net expense and net movement in funds for the year	(1,872,019)	(1,047,342)
Adjustments for:		
Realised losses/ (gains) on sales during the year	1,664	(196,061)
Unrealised (gains)/ losses on investment revaluation	(1,160,895)	2,463,835
Investment income	(400,349)	(356,053)
<b>Operating cash flows before movements in working capital</b>	<b>(3,431,599)</b>	<b>864,379</b>
Decrease in other debtors	8,646	34,426
Increase in payables	832,164	438,980
<b>Net cash (used in)/ generated by operating activities</b>	<b>(2,590,789)</b>	<b>1,337,785</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(409,607)	(1,003,895)
Sale of investments	34,000	650,000
Investment income	400,349	356,053
Transfers of cash held as part of investment funds	4,457	(38)
<b>Net cash used in investing activities</b>	<b>29,199</b>	<b>2,120</b>
Net (decrease)/ increase in cash and cash equivalents	(2,561,590)	1,339,905
Cash and cash equivalents at beginning of year	5,830,296	4,490,391
<b>Cash and cash equivalents at end of year</b>	<b>3,268,706</b>	<b>5,830,296</b>

\* The comparatives for 2022 have been corrected to include investment income of £356,053 within investing activities with a corresponding adjustment to cash generated by operating activities – see note 19

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1. ACCOUNTING POLICIES

The Foundation is a public benefit entity and is a limited liability company in which liability is limited by guarantee. The Company is domiciled and incorporated in the United Kingdom and is registered with Companies House in England and Wales.

The principal accounting policies applied to Santander UK Foundation Limited (the Foundation) are summarised below.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102) second edition – October 2019 applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), effective 1 January 2015; and the Companies Act 2006.

The financial statements have been prepared on the going concern basis.

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are discussed in the Report of the Trustees on pages 3 to 11. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. In 2023, the Corporate donor pause until the foreseeable future the annual charitable donation provided to the Foundation. As a consequence, the Trustees are reviewing the current uncertain financial position to identify sources of income to define the next steps for the Foundation.

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

#### Income

All income is included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Donations and gifts are recognised as soon as their amount and receipt are probable, which is usually only when they are received.

Investment income is recognised as it is receivable.

#### Gifts in kind

Where services are gifted to the Foundation, the value to the Foundation of the gifted services is included in these financial statements on a grossed up basis and is included within income and expenditure.

#### Expenditure

Direct charitable expenditure includes grants payable to charities together with support costs related to making these grants. Funds designated for future grant awards where no formal commitment is made are carried forward and set aside for the purpose of making the specific awards until they are committed. At this point, the grants are recognised in the financial statements. Grant expenditure is recognised to the extent to which there is a valid expectation that payments will be made.

Matched donations are accounted for when they have been approved for payment to the individual charities and the Foundation has communicated to the relevant charity that it will be making the matched donation. Where approval and communication has been actioned but the payment has not been made by the third-party administrator of the Charity, an accrual for the expenditure is made.

Creditors represent costs which have been incurred but not paid for at the year end.

#### Support and governance costs

Support costs include costs associated with the operations of the Foundation. Support costs are generally allocated against the unrestricted funds. However, costs related to or are apportionable towards the restricted funds are allocated against those funds. Governance costs comprise the cost of the strategic direction of the charity including trustees' meetings and professional fees. These are included in the financial statements on expenditure on charitable expenditure based on activity.

#### Cash at bank and in hand

The Foundation seeks to maintain sufficient cash resources equivalent to at least one month's worth of grants paid to beneficiaries in order for it to meet its obligations. At 31 December 2023, cash at bank and in hand of £3,258,706 was held (2022: £5,830,296), comprising cash held on demand with related parties and external banks.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 1. ACCOUNTING POLICIES *(continued)*

#### Investments

Fixed assets investments are stated at bid market value at the balance sheet date. All investments are investment assets held in the United Kingdom. Investments include deposit balances and funds that invest in equities and fixed income securities, which are held by fund managers

Realised and unrealised investment gains and losses relating to the Main Fund are included in the unrestricted endowment fund and in the restricted permanent endowment fund - Affordable Housing Fund where they relate to the Housing Association Fund.

#### Fund accounting

The Charity maintains various types of funds as follows:

- **Endowment funds**  
These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. The investment income is included within restricted funds for the AHA portfolio and unrestricted funds for the main investment portfolio
- **Restricted funds**  
The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.
- **Unrestricted funds**  
These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

#### Other debtors

Other debtors represent funds which have been advanced to third party administrators of the Charity to cover the cost of matched donations awarded but not yet paid due to short term timing differences.

#### Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Foundation becomes a party to the contractual terms of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

#### Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The Foundation's liabilities comprise grants awarded that are awaiting payment and support costs which are classified as amortised cost.

#### Liabilities

Liabilities are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2. DONATIONS

	2023 £	2022 £
Donations received from Santander UK plc	-	2,900,000
Gifts in kind from Santander UK plc	100,000	100,000
	100,000	3,000,000

## 3. INVESTMENTS

	2023 £	2022 £
Bank interest income	2,089	2,157
Dividend income	398,260	353,896
Interest and dividends	400,349	356,053

## 4. AUDIT FEES

Fees payable to the Foundation's Auditors for the audit of the Foundation's annual financial statements for the current year are £20,280 (2022: £19,200). For the current and prior year, irrecoverable VAT at 20% is included within the fee. The 2023 audit fee net of VAT is £16,900 (2022: £16,000).

Fees payable to the auditors for non-audit services were nil (2022: nil).

## 5. TRUSTEES' AND STAFF EMOLUMENTS

The Trustees received neither remuneration nor expenses for services rendered (2022: Enil).

The Foundation had no directly employed staff during the year (2022: none) and as a result had no staff or related costs (2022: Enil). During the year one of the Foundation's secretaries who is employed and remunerated by Santander UK plc, provided the administrative support for the Foundation. The costs for their services provided to the Charity form part of the re-charge from Santander UK plc included within Other support costs.

The key management personnel for the foundation are the Trustees none of whom receive remuneration for their work performed.

## 6. CHARITABLE ACTIVITIES

	Donations and grants paid to institutions £	Support costs £	Total 2023 £	Donations and grants paid to institutions £	Support costs £	Total 2022 £
<b>Charitable activities:</b>						
Grants and matched donations	3,153,050	-	3,153,050	1,920,297	-	1,920,297
<b>Expenditure on charitable activities:</b>						
Grant administration and grant processing costs	-	30,347	30,347	-	30,912	30,912
Other support costs	-	196,729	196,729	-	155,522	155,522
Governance costs	-	151,473	151,473	-	28,890	28,890
<b>Total</b>	<b>3,153,050</b>	<b>378,549</b>	<b>3,531,599</b>	<b>1,920,297</b>	<b>215,324</b>	<b>2,135,621</b>

Grants and matched donations allocation by charitable purpose:

	2023 £	Number of grants 2023 No.	2022 £	Number of grants 2022 No.
Santander Foundation Digital & Financial Empowerment Fund	2,564,280	138	1,335,870	34
Matched Donations	588,770	383	584,427	465
<b>Total</b>	<b>3,153,050</b>	<b>521</b>	<b>1,920,297</b>	<b>499</b>

Santander UK plc allocated £100,000 to support the Foundation with the cost of services. The amount was used as gift in kind to support the FTE and marketing costs (2022: £100,000). This is included in other support costs. The 138 grants included above were distributed to 34 partners.

The support costs and governance costs are allocated based on the activities performed and has been allocated to charitable expenditure. No costs are incurred for generating funds. The material grants awarded above £10,000 are included in note 14.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. TAXATION

As a charity, the Company is exempt from taxation on income and gains received within categories covered by Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

No tax charge has arisen in the year.

## 8. INVESTMENTS

2023	Main fund Portfolio	Abbey Housing Association fund Portfolio	Total
	£	£	
Market value at 1 January 2023	14,242,948	1,259,726	15,502,674
Purchases during the year	374,135	35,472	409,607
Sales during the year	-	(34,000)	(34,000)
Realised losses on sales during the year	-	(1,664)	(1,664)
Unrealised gains	1,064,851	96,044	1,160,895
Movement in cash	(3,050)	(1,407)	(4,457)
Market value at 31 December 2023	15,678,884	1,354,171	17,033,055
UK quoted investments	15,668,670	1,353,578	17,022,248
Cash held as part of investment portfolio	10,214	593	10,807
Total investments	15,678,884	1,354,171	17,033,055
Historic cost at 31 December 2023	11,750,077	1,268,772	13,018,849
Historic cost at 31 December 2022	11,378,992	1,268,707	12,647,699

2022	Main fund Portfolio	Abbey Housing Association fund Portfolio	Total
	£	£	
Market value at 1 January 2022	15,865,101	1,551,413	17,416,514
Purchases during the year	978,014	25,882	1,003,896
Sales during the year	(650,000)	-	(650,000)
Realised gains on sales during the year	196,061	-	196,061
Unrealised losses	(2,146,266)	(317,569)	(2,463,835)
Movement in cash	38	-	38
Market value at 31 December 2022	14,242,948	1,259,726	15,502,674
UK quoted investments	14,229,684	1,257,726	15,487,410
Cash held as part of investment portfolio	13,264	2,000	15,264
Total investments	14,242,948	1,259,726	15,502,674
Historic cost at 31 December 2022	11,378,992	1,268,707	12,647,699
Historic cost at 31 December 2021	10,854,879	1,242,825	12,097,704

The portfolios for both funds are structured so that they invest in passive OEIC stocks. As a result, the majority of the investments exceeded 5% of the relevant portfolio.

At the year end date, the stocks consisted of the following Level 1 investments:

## Main fund

Royal London UK All Share Tracker Z  
iShares Pacific Ex Japan Eq Idx-L AC  
iShares Corporate Bond Index F  
BlackRock Col. UK Gilts All Stocks - LA  
BlackRock Collective Cont. Euro  
BlackRock Collective North Amer  
BlackRock Collective Japan Eq. Tracker

## Abbey Housing Association fund

BlackRock Col. UK Gilts All Stocks - LA  
iShares Corporate Bond Index F

The custodian of the investments is Bank of New York Mellon.

As a result of holding investments, the Foundation is exposed to a variety of risks, the most significant of which are credit risk, market risk and liquidity risk. The Foundation manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 Group's strategic objectives.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***8. INVESTMENTS (continued)****Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Foundation losing the principal amount invested, the interest accrued and any unrealised gains.

In accordance with Group policy, the Foundation manages its portfolios across the credit risk lifecycle, from drawing up risk strategy, plans, budgets and limits to making sure the actual risk profile of the Foundation's exposures stays in line with plans and the Foundation's appetite to risk.

**Market risk**

Market risk is the risk of losses on financial investments caused by adverse price movements through changes in equity prices or commodity prices, interest rate moves or foreign exchange fluctuations.

The Foundation mitigates market risk by ensuring diversification in the investments it holds by investing in a range of trackers funds, bonds and gilts over a wide geographical market and by monitoring the returns achieved during the financial year.

**Liquidity risk**

Liquidity risk is the potential that, although remaining solvent, the Foundation does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. The Foundation manages liquidity risk with the support of Santander UK plc, ensuring that the Foundation will have sufficient liquid resources in order to meet its obligations as they fall due.

**9. CURRENT ASSETS**

	2023 £	2022 £
Cash at bank and in hand	3,268,706	5,830,296
Other debtors	17,066	25,712
	<b>3,285,772</b>	<b>5,856,008</b>

Cash is held in bank accounts operated by Cater Allen Limited, a fellow subsidiary of Santander UK plc. Other debtors wholly consist of cash held by Charitable Giving, as agent for the Foundation, for the purpose of making donations.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

All creditors: amounts falling due within one year are accruals.

The following table shows the breakdown of accruals recognised at the year end date:

	2023 £	2022 £
Grant creditor	1,424,324	569,780
Support costs – grant administration and grant processing costs	20,280	42,660
<b>Total accruals and deferred income</b>	<b>1,444,604</b>	<b>612,440</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. ALLOCATION OF NET ASSETS BETWEEN FUNDS

2023	Unrestricted permanent endowment fund	Restricted permanent endowment fund - Affordable Housing Fund	Restricted income funds	Unrestricted Funds	Total funds
	£	£	£	£	£
Investments	14,786,597	1,329,419	24,753	892,286	17,033,055
Cash	-	-	374,161	2,894,545	3,268,706
Other debtors	-	-	-	17,066	17,066
Unpaid grants	-	-	-	(1,424,324)	(1,424,324)
Accruals	-	-	-	(20,280)	(20,280)
<b>Total funds</b>	<b>14,786,597</b>	<b>1,329,419</b>	<b>398,914</b>	<b>2,359,292</b>	<b>18,874,223</b>

2022 – represented – see note 19	Unrestricted permanent endowment fund	Restricted permanent endowment fund - Affordable Housing Fund	Restricted income funds	Unrestricted Funds	Total funds
	£	£	£	£	£
Investments	13,721,747	1,235,039	24,687	521,201	15,502,674
Cash	-	-	340,754	5,489,542	5,830,296
Other debtors	-	-	-	25,712	25,712
Unpaid grants	-	-	-	(569,780)	(569,780)
Accruals	-	-	-	(42,660)	(42,660)
<b>Total funds</b>	<b>13,721,747</b>	<b>1,235,039</b>	<b>365,441</b>	<b>5,424,015</b>	<b>20,746,242</b>

Note 16 shows the allocation of the investment portfolios between restricted, unrestricted and endowment.

## 12. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) - PRIOR YEAR COMPARATIVE

	Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £
<b>Income and endowments from:</b>					
Donations	2	3,000,000	-	-	3,000,000
Investments	3	330,171	25,882	-	356,053
<b>Total</b>		<b>3,330,171</b>	<b>25,882</b>	<b>-</b>	<b>3,356,053</b>
<b>Expenditure on:</b>					
Charitable activities	6	(2,135,621)	-	-	(2,135,621)
<b>Total</b>		<b>(2,135,621)</b>	<b>-</b>	<b>-</b>	<b>(2,135,621)</b>
Net gains on investments	8	-	-	(2,267,774)	(2,267,774)
<b>Net income and net movement in funds for the year</b>		<b>1,194,550</b>	<b>25,882</b>	<b>(2,267,774)</b>	<b>(1,047,342)</b>
Total funds brought forward	12,16	4,229,465	339,559	17,224,560	21,793,584
<b>Total funds carried forward</b>	<b>12,16</b>	<b>5,424,015</b>	<b>365,441</b>	<b>14,956,786</b>	<b>20,746,242</b>

NOTES TO THE FINANCIAL STATEMENTS *(continued)***13. LIABILITY OF MEMBERS**

The liability of each Trustee to contribute to the assets of the Foundation on winding up is limited to £100 (2022: £100).

**14. MATCHED DONATIONS AND GRANTS AWARDED TO CHARITIES**

Charity name	2023 £	2022 £
Aberdeen Cyrenians Ltd	85,000	50,000
Access 2 Business	35,250	50,000
Age Cymru Dyfed	82,117	58,241
Arts & Disability Forum	60,000	25,000
Asylum Welcome	72,184	49,069
Carmarthen Youth Project	60,250	25,000
CHAS Bristol	74,418	41,666
Citizens Advice Buckinghamshire	85,000	50,000
Code your future	60,000	25,000
Create Arts	60,000	25,000
Daisy Chain Project Teeside	84,973	50,054
Grant Access 2 Business	55,000	-
Great Yarmouth Refugee & Outreach Support Limited	57,750	25,000
Headliners UK	85,360	49,820
Journey	58,100	25,000
Key Unlocking Futures	90,250	55,000
Leadership Through Sport and Business	60,250	25,000
Limehouse Project Limited	85,759	49,960
Media Trust	132,065	-
Micro Rainbow CIC	60,250	25,000
New Horizon Youth Centre	81,890	57,579
Paddock Community Trust	60,000	25,000
Prison Radio Association	66,175	56,706
QED Foundation	80,000	45,000
Race Equality First	60,450	25,000
RETAS Leeds	70,378	46,536
Saltbox	85,000	50,000
Share Community Limited	57,750	25,000
Social Action for Health	60,250	25,000
Staffordshire Women's Aid	57,500	25,000
Street League	60,000	25,000
The Bytes Project	83,144	55,621
The Haven Wolverhampton	72,240	44,385
Willowacre Trust	57,750	25,000
Winter Comfort for the Homeless	82,297	51,232
Youth Federation Limited	85,000	50,000
Other grants below £10,000	480	-
<b>Total grants awarded</b>	<b>2,564,280</b>	<b>1,335,869</b>
<b>Total matched donations awarded</b>	<b>588,770</b>	<b>584,428</b>
<b>Total donations and grants awarded during the year</b>	<b>3,153,050</b>	<b>1,920,297</b>

NOTES TO THE FINANCIAL STATEMENTS *(continued)***15. RELATED PARTY DISCLOSURES**

The Trustees are elected by the Members of the Foundation at the General Meeting and no trustees are appointed by either Santander UK Group Holdings plc or Santander UK plc. The Foundation has received donations and gifts from Santander UK plc amounting to £100,000 (2022: £3,000,000).

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of Enil (2022: Enil)

Related party cash balances are held by Cater Allen Limited and were £3,268,706 at 31 December 2023 (2022: £5,830,296). There were no other transactions entered into with related parties during the year (2022: none).

**16. RESERVES**

2023	As at 1 January 2023	Income	Expenditure	Investment gains	As at 31 December 2023
	£	£	£	£	£
Restricted permanent endowment fund - Affordable Housing Fund	1,235,039	-	-	94,380	1,329,419
Unrestricted permanent endowment fund	13,721,747	-	-	1,064,851	14,786,598
<b>Total endowment funds</b>	<b>14,956,786</b>	<b>-</b>	<b>-</b>	<b>1,159,231</b>	<b>16,116,017</b>
Restricted income funds	365,441	33,473	-	-	398,914
Unrestricted Funds	5,424,015	466,876	3,531,599	-	2,359,292
<b>Total income funds</b>	<b>5,789,456</b>	<b>500,349</b>	<b>3,531,599</b>	<b>-</b>	<b>2,758,206</b>
<b>Total funds</b>	<b>20,746,242</b>	<b>500,349</b>	<b>3,531,599</b>	<b>1,159,231</b>	<b>18,874,223</b>
2022 represented - see note 19					
	As at 1 January 2022	Income	Expenditure	Investment losses	As at 31 December 2022
	£	£	£	£	£
Restricted permanent endowment fund - Affordable Housing Fund	1,552,608	-	-	(317,569)	1,235,039
Unrestricted permanent endowment fund	15,671,952	-	-	(1,950,205)	13,721,747
<b>Total endowment funds</b>	<b>17,224,560</b>	<b>-</b>	<b>-</b>	<b>(2,267,774)</b>	<b>14,956,786</b>
Restricted income funds	339,559	25,882	-	-	365,441
Unrestricted Funds	4,229,465	3,330,171	(2,135,621)	-	5,424,015
<b>Total income funds</b>	<b>4,569,024</b>	<b>3,356,053</b>	<b>(2,135,621)</b>	<b>-</b>	<b>5,789,456</b>
<b>Total funds</b>	<b>21,793,584</b>	<b>3,356,053</b>	<b>(2,135,621)</b>	<b>(2,267,774)</b>	<b>20,746,242</b>

Unrestricted funds are available for use at the discretion of the Trustees to further the objectives of the Foundation.

Restricted funds are for grants to charities working on housing related causes.

Endowment Funds represent funds invested by the charity from which it derives investment income. The movement during the year is driven by net investment gains from the increase in market values of the underlying investments.

**17. CAPITAL COMMITMENTS**

The Foundation had no capital commitments at the balance sheet date.

**18. GRANT COMMITMENTS**

The foundation awarded grants of £2,564,280 to 34 entities (2022: £1,335,869 to 34 entities), a further £850,735 is committed to the Santander Foundation Digital & Financial Empowerment Fund and Media Trust will be charged, subject to the conditions of the grant agreements being met. This, together with the grants charged in 2022, is a total of £4,618,819 over the 3-year period from 2022 to 2024 inclusive (2021-2023: £3,000,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## 19. REPRESENTATIONS

## 1. Funds

The foundation has changed the presentation of its funds to correct the accumulation of funds held in the restricted permanent endowment fund relating to the Affordable Housing Fund and the unrestricted permanent endowment fund. Investment gains and losses relating to each of the original endowments have been allocated to the endowment funds. Previously, a revaluation reserve was presented which reflected gains and losses of both funds combined.

The funds of the charity:	At 1 January 2022 as presented	At 1 January 2022 represented	At 31 December 2022 as presented	Impact of error	At 31 December 2022 represented
	£	£	£	£	£
General Endowment Fund	6,940,962	-	6,940,962	(6,940,962)	-
Revaluation Reserve	10,283,598	-	8,015,824	(8,015,824)	-
Restricted permanent endowment fund - Affordable Housing Fund	-	1,552,608	-	1,235,039	1,235,039
Unrestricted permanent endowment fund	-	15,671,952	-	13,721,747	13,721,747
<b>Total Endowment Funds</b>	<b>17,224,560</b>	<b>17,224,560</b>	<b>14,956,786</b>	<b>-</b>	<b>14,956,786</b>
Income funds:					
- Restricted	339,559	339,559	365,441	-	365,441
- Unrestricted	4,229,465	4,229,465	5,424,015	-	5,424,015
<b>Total Income Funds</b>	<b>4,569,024</b>	<b>4,569,024</b>	<b>5,789,456</b>	<b>-</b>	<b>5,789,456</b>
<b>Total Charity funds</b>	<b>21,793,584</b>	<b>21,793,584</b>	<b>20,746,242</b>	<b>-</b>	<b>20,746,242</b>

## 2. Cash Flow Statement

The Cash Flow Statement comparatives for 2022 have been corrected to include investment income of £356,053 as a deduction in arriving at cash generated by operating activities and as an addition to cash generated from investing activities. Previously, investment income was not shown separately within the Cash Flow Statement.

**SANTANDER UK FOUNDATION LIMITED**

England & Wales - Charity number 803655

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# Accounts

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**SANTANDER UK  
FOUNDATION LIMITED**

A company limited by guarantee

**Company No. 02509711  
Registered Charity No. 803655**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2022**

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Trustees

S Willis  
D Jones  
CJ Anderson  
JM Moran  
S Inskip (appointed 30 January 2023)  
CHT Montes (appointed 30 January 2023)  
J Clapham (appointed 30 January 2023)  
H Cameron (appointed 30 January 2023)

JM Moran, CHT Montes, H Cameron and CJ Anderson are independent trustees.

### Foundation Corporate Governance Office

Santander Secretariat Services Limited

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Cater Allen Limited  
2 Triton Square  
Regents Place  
London  
NW1 3AN

### Registered office

2 Triton Square  
Regents Place  
London  
NW1 3AN

### Principal address

Santander House  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

# REPORT OF THE TRUSTEES

(incorporating the Directors' report)

## About the Santander UK Foundation Limited

We are the charity of Santander UK plc. We're an independent foundation regulated by the Charities Commission and we're proud to hold a close and purposeful working relationship with our corporate donor, Santander UK plc. Santander UK plc donate an annual contribution to the Santander UK Foundation Limited ("Foundation") to support the Foundation to carry out its charitable objectives.

As a grant making organisation the Santander Foundation aims to challenge and alleviate financial & digital inequalities by funding and collaborating with charities across the UK.

We invest in learning to understand how systems, practice and policies can contribute to effective change and move people closer to prosperity.

We also operate a matched donations scheme that supplements the donations raised by Santander UK plc colleagues for charities that are close to their hearts.

## Foreword from our Chair and Foundation Manager

As we pen this foreword to our Annual Report, the UK and our Civil Society is gripped once more by another crisis.

The 'Cost-of-Living Crisis' is the latest threat that faces charities and communities across the UK. As the language of persistent crisis entrenches itself into our regular vocabulary with an uncomfortable ease, the scale of the impact can become normalised, and the human toll risks becoming inadvertently desensitised.

We know that many people who face existing economic disadvantage will be moved closer or into a position of poverty, whilst for others the 'Cost-of-Living Crisis' will exacerbate and perpetuate deep rooted social inequities.

Recently our funded partners have told us that charitable services are being stretched, as more people are increasingly presenting in a state of crisis. In addition, many of the workforce's who selflessly support their communities are indeed now facing many of the same pressures they aim to professionally alleviate. This is not a social condition we can afford to normalise or desensitise.

Whilst the full extent of the 'Cost-of-Living Crisis' is not yet known, its impact will leave deepened scars of trauma, loss, and disadvantage for many of the most vulnerable across the UK. At this time it's imperative we stand alongside the organisations we support.

## Our Response

In December we agreed to uplift all our current and new funded partners awards, increasing their funding with a 10% unrestricted payment. Furthermore, we have committed to remaining flexible and lead by the needs of our funded partners, ensuring we retain capacity for meaningful conversations and relational support. We would like to take this moment, to sincerely thank all of our funded partners who's insight, feedback and intelligence shaped this response and continues to shape our organisation.

## Strategic Funding

2022 saw the Foundation deliver its second year of the Digital & Financial Empowerment Fund, our strategic funding programme aimed at small and medium sized charities delivering projects to their community which empower people to develop their digital and financial capabilities.

This year thirteen new funded partners were awarded a total of £1.85m, joining a network of thirty-four funded partners working and learning across the UK as they aim to empower and support people who face disadvantage or existing economic inequities. The funding takes our total partner portfolio up to £3.5m.

Our 2022 funding programme saw 455 organisations apply with just 13 awards being made, this is not an indication of success, a validation of purpose, nor an efficient use of time for grant seekers. As we develop our institutional knowledge, we recognise the need to improve our communications and funding tools to ensure that as a modern corporate foundation we can contribute to a more efficient and purposeful civil society. The application success rate for the Digital & Financial Empowerment Fund in 2022 was 2.85%, we commit to publishing the application success rates of our open funding programmes each year hereafter to encourage transparency and ensure we are held to account in efforts to improve efficiency.

## Organisational Development

2022 marked the 32nd year the Foundation has existed, and our 12th year as "Santander UK Foundation". Whilst neither of these anniversaries serve as institutional landmarks, the Foundation itself experienced a significant year in its maturity and growth, expanding our governance team and welcoming four new trustees with a rich and varying range of experiences across Santander UK and civil society.

The Foundation was also able to recruit additional workforce in 2022, welcoming Matt York as Foundation Manager in October.

As we continue to learn from the experiences and insight from our increased capacity we begin a journey of organisational modernisation, strategic renewal, learning from and with our funded partners, to ensure our practice, structures and governance is as effective as possible ultimately ensuring we provide the best conditions and support for our funded partners to thrive and "Help People Prosper".

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Looking Ahead – Our Future Plans

As a grant making foundation it's imperative we continue to maintain capacity to absorb learning and create opportunities for the voices of our funded partners and those with lived experience to be heard. Our learning partnership with NPC is a significant relationship we hope to further benefit from having now determined our research agenda and constructed our Impact Measurement Framework in 2022.

Finally, we both wish to thank the continued generosity and support of Santander UK plc who provide not only resource to the Foundation, but a growing appetite to learn and support the work of the Foundation to achieve its mission. Together we are looking forward to a challenging and critical year in supporting our communities.

The Trustees present their report together with the audited financial statements for the year ended 31 December 2022. The report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements, and comply with the charity's governing documents, the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard 102 Statement of Recommended Practice (FRS 102 SORP second edition – October 2019).

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemptions including not preparing a Strategic Report.

The Trustees who served throughout the year and to the date of this report were as follows:

CP Fallis	(resigned 1 September 2022)
S Willis	
JF Collins	(resigned 1 September 2022)
D Jones	
CJ Anderson	
JM Moran	
S Inskip	(appointed 30 January 2023)
CHT Montes	(appointed 30 January 2023)
J Clapham	(appointed 30 January 2023)
R Attar-Zadeh	(appointed 30 January 2023; resigned 22 February 2023)*
H Cameron	(appointed 30 January 2023)

\* Note R Attar-Zadeh's short term as a trustee is owing to a working principle whereby trustees connected to Santander UK plc, agree to resign from the board of trustees upon leaving the employment of Santander UK PLC.

### Structure, Governance and Management

Santander UK Foundation Limited (the Foundation) is a registered charity (no. 803655) and a company limited by guarantee (no. 02509711), governed by Memorandum and Articles of Association. The Foundation was incorporated on 8 June 1990.

Trustees are elected by the Members of the Foundation at the General Meeting or by written resolution signed by all Members eligible to vote at the General Meeting. The Trustees are also Directors for the purposes of Company Law.

The Trustees are selected to bring a diverse range of skills, experience and knowledge to the role. They meet regularly, usually on a quarterly basis. The Trustees do not have a maximum length of office. A business plan is prepared and agreed by the Trustees for each financial year. A quarterly report examines performance against the agreed budgets.

All Trustees are provided with an induction pack containing a copy of the Foundation's objectives, priorities and most recent Annual Report and financial statements. The Foundation Secretary will then discuss with the Trustee the background and current business plan of the Foundation.

The Trustees met on six occasions during the year ended 31 December 2022 (2021: five). All grants are ratified at a meeting of the Trustees. A quorum of two Trustees is the minimum requirement.

The Foundation's related parties consist of Santander UK plc, Cater Allen Limited, Santander UK Group Holdings plc and Banco Santander SA, by the virtue of Banco SA's ownership and control of Santander UK Group Holdings plc. The majority of donations into the Foundation are from Santander UK plc. The ring-fencing regulation established in 2019 required the Santander UK Foundation to establish an arms-length relationship with Santander UK plc. Therefore, the charity created a Service Level Agreement with Santander UK plc to receive in-kind services in support of the Foundation's activities and infrastructure.

### Objectives and activities for public benefit

In 2022, no amendments were made to the charitable objectives of the Foundation, as such the objectives of the Foundation remain:

- To support such charitable institution or institutions, "not for profit organisations" and community interest companies as the trustees shall in their absolute discretion determine concerned with the preservation and protection of good health, the relief of poverty, distress and sickness, the advancement of public education, the relief of suffering of animals and the preservation and protection of the environment provided that any such support shall be conditioned upon it be applied solely for charitable purposes.

The broad charitable objectives of the Foundation are purposefully defined as such to provide flexibility to the Foundation to distribute grants and help disadvantaged people by making donations to appropriate charitable organisations working within the published charitable objectives.

Throughout the years, the Foundation has supported a number of non-profit organisations to deliver charitable initiatives across the UK, investing significant sums across the third sector since the establishment of the Foundation in 1990. As part of the strategic review which took place in 2019, the Foundation defined and established a new strategic grants programme, the Santander Foundation Digital & Financial Empowerment Fund.

# REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

The Foundation aims to further its charitable objectives primarily through the delivery of the Digital & Financial Empowerment Fund which provides funding and learning support to organisations delivering projects that will help people to become digitally and financially empowered, and is targeted at communities already facing inequitable social and economic inequities.

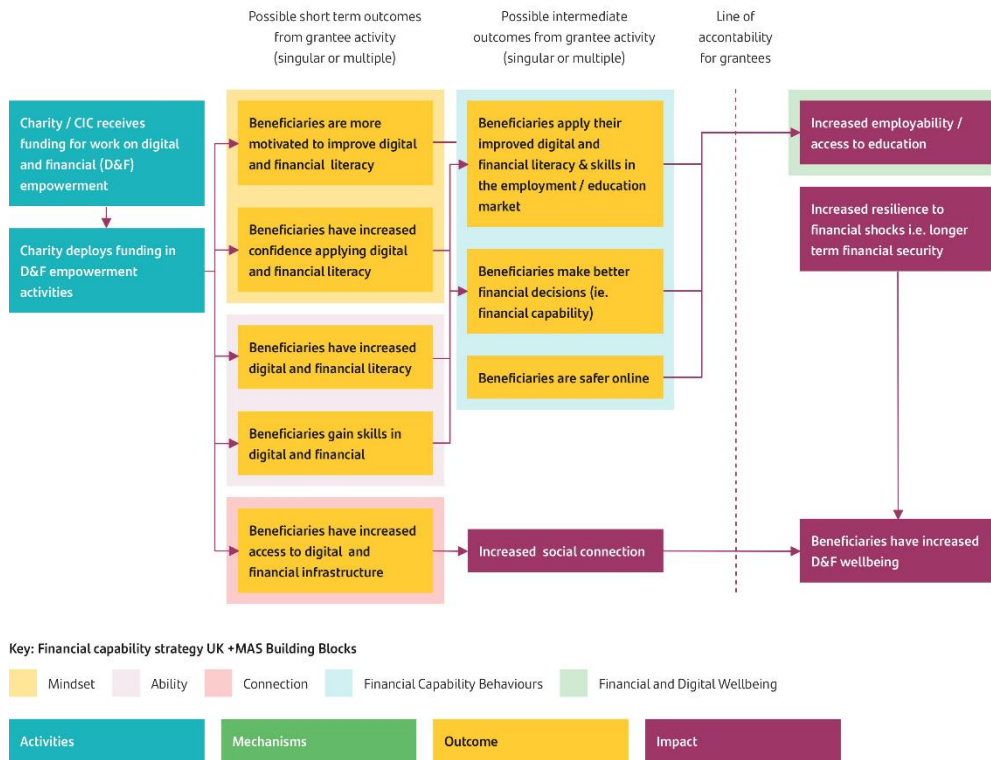
In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues matched donations scheme. The programme match funds the fundraising efforts of Santander UK employees that have undertaken fundraising activities for UK registered charities. The matched donations programme supports a wider variety of charities that are reflective of the broad charitable objectives of the Foundation.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities and grant making policy will contribute to the aims and objectives that have been set.

## Grant making policy

In 2022 the Foundation continued to deliver the Digital & Financial Empowerment Fund, the funding programme is now in its second year with the first cohort of funded partners being awarded in late 2021 and second cohort of funded partners being awarded in November 2022.

The Digital & Financial Empowerment Fund focuses on supporting projects that will help people to become digitally and financially empowered and is targeted at communities already facing social and economic inequities. In collaboration with New Philanthropy Capital (NPC) – the Foundation developed a Theory of Change model which visualises the logic model of the Digital & Financial Empowerment Fund:



Funding to the Digital & Financial Empowerment Fund is awarded on annual basis following an open call for grant seekers who meet the programmatic and organisational eligibility conditions made visible on the Foundation website. Applications are reviewed by a third-party provider who work to agreed priorities and conditions set by the trustees. Following an initial sift, long listed applications are reviewed in further detail to be shortlisted, the shortlisted tranche of "highly commendable" applications is then put to the trustees to make a final decision on funding.

Further details on the Digital & Financial Empowerment Fund, together with the relevant forms and supporting information are available on the Foundation's website: [www.santandersustainability.co.uk/the-santander-foundation](http://www.santandersustainability.co.uk/the-santander-foundation).

# REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

## Achievements & Performance

### Our Strategic Grant Funding in 2022

# £1.85m

Awarded to new grassroots charities



# 63,000

People will improve their digital & financial skills over the next 3 years

In 2022 the foundation made new awards of £1.85m to thirteen charities as part of its Financial and Digital Empowerment Fund, these thirteen new partners will receive grants ranging from £125,000 to £150,00 over the next three years to deliver services that will empower people with skills, support and confidence needed to improve digital and financial capabilities. Alongside the funding awarded, the charities will be provided with learning and impact support to articulate and evidence the significant social impact their work achieves.

These thirteen new funded partners are located across the UK, with funding being awarded to at least one charity in each of the UK nations.

The thirteen new funded partners are: Aberdeen Cyrenians, Age Cymru Dyfed, Asylum Welcome, Citizens Advice Buckinghamshire, Daisy Chain Project Teesside, Limehouse Project, New Horizon Youth Centre, Prison Radio Association, RETAS Leeds, The Bytes Project, The Haven Wolverhampton, Wintercomfort For The Homeless, and Youth Federation.

### Matched Funding

In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues matched donations scheme. The programme is focused on supporting employees that have undertaken fundraising activities for UK registered charities. Santander colleagues can apply to the Scheme for the UK registered charity to receive an additional sum by way of a matched donation. In 2022, the Foundation awarded 465 matched donation requests totalling a value of over £625,000 to 320 UK registered charities.

# £625k

Awarded through matched fundraising activities

### Our Impact

Santander Foundation is currently providing funding and support to thirty-four charitable organisations across the UK, since the launch of the Financial and Digital Empowerment Fund in 2021 the funded partners have supported 2,109 people to develop Digital & Financial capabilities. Key impact figures:



# 2109

Individuals received support



# £204,750

Money received in grants, benefits or savings



# 4.3

Average number of times individuals engaged



# 157

Individuals who were loaned or received devices



# 224

Individuals who received data

# +4.0

Average change to NPS score of "Confidence as an internet user"

# +2.9

Average change to NPS score of "Confidence managing money"

**REPORT OF THE TRUSTEES** *(continued)***(incorporating the Directors' report)****Awarded Grants & Matched Donations**

The following pages of the Trustees Report make references to awarded, distributed, and paid grants. To support the reader to understand these terms an explanatory note is provided below:

**Awarded** – When a grant or matched donation is agreed to be given/paid to a recipient organisation. Awarded grants are payable in agreed annual instalments over three years through the Digital and Financial Empowerment Fund, whereas matched donations are payable in a single instalment following due diligence of the activity.

**Distributed** – Grants and/or matched donations which have been distributed have therefore been paid. Grants and/or matched donations “to be distributed” are awarded and payable in line with their terms and conditions.

In 2022 the Foundation distributed grants, in addition to distributing matched donations totalling £1,920,297 (2021: £2,116,706) in total during the year. The number of grants and matched donations awarded were 478 (2021: 383) and these were made for the following charitable purposes:

## 1a. Strategic grants awarded in year

The table below shows new grants awarded in year and their total value to be paid out over the multi-year lifetime of the grant:

	2022		2021	
	Total £	No. grants awarded	Total £	No. grants awarded
Digital & Financial Empowerment Fund	1,850,000	13	3,000,000	21

As part of the Digital & Financial Empowerment Fund the Foundation committed to a further £1,850,000 in new awards to be made over a three year period. Of these awards, £569,424 was distributed in year, leaving a further £1,280,576 to be distributed between 2023 and 2025.

Total Digital & Financial Empowerment Fund grants were 34 (2021: 21), as disclosed in note 6, of which 13 (2021: 21) were new grants awarded in year as detailed above.

## 1b. Matched donations awarded in year.

The table below shows match donations awarded in year:

	2022		2021	
	Total £	No. donations awarded	Total £	No. donations awarded
Health	234,579	204	83,200	129
Social Inclusion	386,567	256	366,254	227
Other	4,433	5	764	6
<b>Total</b>	<b>625,579</b>	<b>465</b>	<b>450,218</b>	<b>362</b>

Matched donations are recognised as awarded when the Foundation approves the donation, the accounting policies on page 19 details how Matched Donations are accounted for.

**Grants outstanding**

The table below show the total grant liabilities at the start, and end of the year. Grants outstanding are the result of grants awarded in year, and grant liabilities brought forward from previous years; less total grants paid in year.

	2022	2021
	Total £	Total £
Grants outstanding at 1 <sup>st</sup> January	1,483,512	-
Awarded in year	1,850,000	3,000,000
Paid in year	(916,090)	(1,516,488)
<b>Amounts outstanding at 31<sup>st</sup> December</b>	<b>2,417,422</b>	<b>1,483,512</b>

The Foundation makes grants from its Digital & Financial Empowerment Fund on an annual basis, these grants are made payable (distributed) over a period of three years.

**REPORT OF THE TRUSTEES** *(continued)*

(incorporating the Directors' report)

**Grants and matched donations charged and paid**

	Grants 2022	Matched donations 2022	Total 2022	Grants 2021	Matched donations 2021	Total 2021
	£	£	£	£	£	£
Matched donations paid	-	550,000	550,000	-	400,000	400,000
Grants payable at 1 <sup>st</sup> January	666,486	-	666,486	-	-	-
New grants awarded in year	669,384	-	669,384	1,666,488	-	1,666,488
Cash advances to matched donations agent at 1st January	-	60,139	60,139	-	110,357	110,357
Cash advances to matched donations agent at 31st December	-	(25,712)	(25,712)	-	(60,139)	(60,139)
<b>Total charged in year</b>	<b>1,335,870</b>	<b>584,427</b>	<b>1,920,297</b>	<b>1,666,488</b>	<b>450,218</b>	<b>2,116,586</b>
Accrued at 1 <sup>st</sup> January	150,000	(60,139)	89,861	-	(110,357)	(110,357)
Accrued at 31 <sup>st</sup> December	(569,780)	25,712	(544,068)	(150,000)	60,139	(89,861)
<b>Paid in year</b>	<b>916,090</b>	<b>550,000</b>	<b>1,466,090</b>	<b>1,516,488</b>	<b>400,000</b>	<b>1,916,488</b>

**Financial Review**

The financial performance for the year is set out on page 15 of the financial statements. The net expense for the year after realised and unrealised gains and losses amounted to £1,047,342 (2021: net income £2,254,396).

The following table is an analysis of the Foundation's total reserves:

	2022		2021	
	£	%	£	%
General Endowment Fund	6,940,962	33.5%	6,940,962	31.8%
Revaluation Reserve	8,015,824	38.6%	10,283,598	47.2%
Restricted income funds	365,441	1.8%	339,559	1.6%
Unrestricted Funds	5,424,015	26.1%	4,229,465	19.4%
<b>Total</b>	<b>20,746,242</b>	<b>100%</b>	<b>21,793,584</b>	<b>100%</b>

Future grant commitments of £2,417,422 (2021: £1,483,512) will be paid out of unrestricted funds.

The endowment has seen a decrease during 2022 that has been driven by the decrease in market values of the underlying investments.

Restricted funds can only be used for housing related causes and it is noted that no grants were awarded during the year to restricted causes. The only movement in restricted reserves during the year has been the investment income earned on the Housing Association Fund Portfolio.

Unrestricted funds constitute an amount greater than the monthly average expenditure on grants during the year. The Foundation is therefore satisfied its reserves are maintained in accordance with the reserves policy as discussed below.

Revaluation gains arising from the investment portfolio.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the charity does not undertake fundraising from the general public and does not employ professional fundraisers.

The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

The matched donations scheme operated by the charity matches the commitments Santander UK colleagues fundraising efforts, as such these activities are not deemed to be fundraising efforts in aid of Santander Foundation.

**REPORT OF THE TRUSTEES** *(continued)***(incorporating the Directors' report)****Investment Policy & Performance**

The Trustees have the power to purchase investments and securities which are considered fit for the purposes of the Foundation, with the exception of derivatives. The Trustees comply with the Charity Commission's guidelines on investments.

The Foundation's investment strategy is a split of 50% equities and 50% UK fixed income to achieve a broadly balanced portfolio seeking moderate growth. Further information concerning the performance and nature of the investment can be found within this section under unrestricted funds and note 1.

The Foundation's assets are invested in a combination of passive (index-tracking) collective investment funds. For the 12 months ended 31 December 2022 the return of the Aggregated Fund (as a measure of dividend income versus the value of the UK quoted investments) was 2.3% (2021: 2.0%). The fund continues to provide a stable return for the Foundation and is consistent with the Foundation's expectations to seek moderate growth from its investment portfolio.

**Risk Management**

As members of the charity the Trustees hold accountability for recognising, mitigating, and avoiding the presenting risks exposed to the Foundation. Quarterly reporting and governance meetings serve to identify and respond to identified risks by building appropriate controls, policies, and responses.

The major risks the charity is exposed to, as identified by the Trustees, is the principal risk of reliance on one sole source of revenue, conflicts of loyalty presented by the close relationship with the charity's corporate donor, grant fraud, reputational risk and a variety of challenges arising from the complexity of running a foundation with a small number of staff hours.

Major Risks	Controls
Reliance on one sole donor.	Appropriate reserves policy is established and met. In year funding budgets are agreed in line with available budget. Partnership agreement with Santander UK PLC. Investment approach provides greater security.
Grant fraud.	Robust due diligence carried out in assessment. Annual grant reporting. Relational grant management. Established terms and conditions with funded partners.
Conflicts of loyalty and interest.	Partnership agreement with Santander UK PLC. Dual line management of seconded staff. Conflicts of interest policy.
Reputational risk.	Quarterly reporting. Partnership agreement with Santander UK PLC Established relationships with Santander UK PLC Communications teams. Robust due diligence carried out in assessment.

The Trustees remain satisfied the Foundation holds in place the appropriate controls, knowledge, resources, and policies to identify, assess, and respond to the major risk. Further steps will be taken next year to review organisational policies and controls as part of wider organisational development programme.

**Income**

The principal sources of funding were donations of £2,900,000 (2021: £3,224,000), £nil (2021: £6,593) of additional income from Santander UK plc and investment income of £356,053 (2021: £346,637). Santander UK plc also provided services valued at £100,000 (2021: £100,000) for which no charge was made. The value of these services is included within donations.

**Reserves**

The majority of the income of the Foundation is used for grant making purposes. Grants are only agreed to the extent of available income. The Foundation does not employ staff directly. Due to ring-fencing regulation in 2019, the Foundation was required to establish an arms-length relationship with Santander UK plc to pay for the services (staff and infrastructure) provided by Santander UK plc. The Foundation is also responsible for entering into service contracts to cover the costs of the administration of the charitable activities.

The Trustees continue to hold significant investments to generate an annual income to support the charity. It is the Foundation's policy to ensure funds are available to cover one month of grant awards at any time in reserve. At 31 December 2022, the total funds of the Foundation were £20,746,242 (2021: £21,793,584).

**Endowment funds**

These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. There are two endowment funds; one is a restricted fund (the AHA portfolio) and the other is an unrestricted endowment fund. The investment income for the funds is included within restricted and unrestricted on the SOFA and Balance Sheet based on the funds from which the income is derived.

**Restricted funds**

The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.

## REPORT OF THE TRUSTEES *(continued)*

(incorporating the Directors' report)

### Unrestricted funds

These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

### Related parties

The related parties of Santander UK Foundation Limited are considered to be Santander UK Group Holdings plc, Santander UK plc, Cater Allen Limited and Banco Santander SA and their subsidiaries, together with the Trustees and the Trust Secretaries. Refer to note 15 for details. There were no additional group or related party donations or transactions in 2022.

### Statement of trustees' responsibilities

The trustees (who are also directors of Santander UK Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Statement of Going Concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

### Uncertain macroeconomic and geopolitical environment

In the past few years, a number of broader, more complex and uncertain risks have evolved which may present future headwinds. These include geopolitical tensions between regions across the world, in particular the current conflict in Ukraine. This has impacted global energy prices and supply chains which added to inflationary pressures, as well as stretching household finances. These risks accelerate trends towards deglobalisation, and a reduction of variety of goods and services, causing prices to increase over the medium to long-term. These factors are also playing into increased localised political risk across the globe, including in the UK with a second new Prime Minister in 2022.

The Company is closely following these developments and the potential for any material impacts, which may need to be taken into consideration in its business plans and intends to take a coordinated approach with the other members of the Santander UK plc group.

## REPORT OF THE TRUSTEES *(continued)*

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Foundation by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Foundation. 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.

The financial statements were approved by the Trustees on 9 August 2023, authorised for issue and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J Moran', is positioned above the printed name and title of the signatory.

Judith Moran  
Trustee  
9 August 2023

Registered Office Address: 2 Triton Square, Regents Place, London, NW1 3AN

# ***Independent auditors' report to the members of Santander UK Foundation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Santander UK Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 2022; the statement of financial activities (SOFA) - incorporating summary income and expenditure account and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

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### **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 charitable 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.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **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 trustees 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 Trustees, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Report of the Trustees

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the period ended 31 December 2022 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 charitable company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Trustees.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to expenditure accounts;
- obtaining confirmations of cash balances and material investment valuations as at 31 December 2022;
- testing the recognition of grant expenditure in line with terms of the grant awards;
- enquiring of management and the board of trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the board of trustees; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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](http://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 charitable 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.

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## Other required reporting

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### Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of trustees' 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.

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### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

*DChan*

Daniel Chan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

9 August 2023

## STATEMENT OF FINANCIAL ACTIVITIES (SOFA) – INCORPORATING SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2022

	Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £	Total funds 2021 £
<b>Income and endowments from:</b>						
Donations	2	3,000,000	-	-	<b>3,000,000</b>	3,330,593
Investments	3	330,171	25,882	-	<b>356,053</b>	346,637
<b>Total</b>		<b>3,330,171</b>	<b>25,882</b>	-	<b>3,356,053</b>	3,677,230
<b>Expenditure on:</b>						
Charitable activities	6	(2,135,621)	-	-	<b>(2,135,621)</b>	(2,309,288)
<b>Total</b>		<b>(2,135,621)</b>	-	-	<b>(2,135,621)</b>	(2,309,288)
Net (losses)/ gains on investments	8	-	-	(2,267,774)	<b>(2,267,774)</b>	886,454
<b>Net (expense)/ income and net movement in funds for the year</b>		<b>1,194,550</b>	<b>25,882</b>	<b>(2,267,774)</b>	<b>(1,047,342)</b>	2,254,396
Total funds brought forward	12,16	<b>4,229,465</b>	<b>339,559</b>	<b>17,224,560</b>	<b>21,793,584</b>	19,539,188
<b>Total funds carried forward</b>	12,16	<b>5,424,015</b>	<b>365,441</b>	<b>14,956,786</b>	<b>20,746,242</b>	21,793,584

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

A summary of the prior year comparative for each fund is disclosed within note 12.

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**BALANCE SHEET**

As at 31 December 2022

	Note	Total funds 2022 £	Total funds 2021 £
<b>Fixed assets:</b>			
Investments	8	15,502,674	17,416,514
<b>Total fixed assets</b>		<b>15,502,674</b>	<b>17,416,514</b>
<b>Current assets:</b>			
Cash at bank and in hand	9	5,830,296	4,490,391
Other debtors	9	25,712	60,139
<b>Total current assets</b>		<b>5,856,008</b>	<b>4,550,530</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(612,440)	(173,460)
<b>Net current assets</b>		<b>5,243,568</b>	<b>4,377,070</b>
<b>Total net assets</b>		<b>20,746,242</b>	<b>21,793,584</b>
<b>The funds of the charity:</b>			
Endowment funds			
- General Endowment Fund	16	6,940,962	6,940,962
- Revaluation Reserve	16	8,015,824	10,283,598
Restricted income funds	16	365,441	339,559
Unrestricted Funds	16	5,424,015	4,229,465
<b>Total Charity funds</b>		<b>20,746,242</b>	<b>21,793,584</b>

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

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime.

The financial statements on pages 15 to 25 were approved by the Trustees on 9 August 2023 and signed on their behalf by:



Judith Moran  
Trustee  
9 August 2023

## CASH FLOW STATEMENT

For the year ended 31 December 2022

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
<b>Cash flows from operating activities</b>		
Net (expense)/ income and net movement in funds for the year	(1,047,342)	2,254,396
Adjustments for:		
Realised gains on sales during the year	(196,061)	(540,699)
Unrealised losses/ (gains) on investment revaluation	2,463,835	(345,754)
<b>Operating cash flows before movements in working capital</b>	<b>1,220,432</b>	<b>1,367,943</b>
Decrease in other debtors	34,426	50,218
Increase in payables	438,980	156,600
<b>Net cash generated by operating activities</b>	<b>1,693,838</b>	<b>1,574,761</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,003,895)	(1,219,297)
Sale of investments	650,000	1,214,920
Transfers of cash held as part of investment funds	(38)	8,179
<b>Net cash (used in)/ generated by investing activities</b>	<b>(353,933)</b>	<b>3,802</b>
Net increase in cash and cash equivalents	1,339,905	1,578,563
Cash and cash equivalents at beginning of year	4,490,391	2,911,828
<b>Cash and cash equivalents at end of year</b>	<b>5,830,296</b>	<b>4,490,391</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The Foundation is a public benefit entity and is a limited liability company in which liability is limited by guarantee. The Company is domiciled and incorporated in the United Kingdom and is registered with Companies House in England and Wales.

The principal accounting policies applied to Santander UK Foundation Limited (the Foundation) are summarised below.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments.

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102) second edition – October 2019 applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), effective 1 January 2015; and the Companies Act 2006.

The Foundation's activities, together with the factors likely to affect its future prospects are discussed in the Report of the Trustees on pages 3 to 11. The administrative details page on page 2 forms part of the Trustees' report.

The financial statements have been prepared on the going concern basis as disclosed in the Trustees' statement of going concern set out in the Report of the Trustees.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

#### **Income**

All income is included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Donations and gifts are recognised as soon as their amount and receipt are probable, which is usually only when they are received.

Investment income is recognised as it is receivable.

#### **Gifts in kind**

Where services are gifted to the Foundation, the value of the gifted services is included in these financial statements on a grossed up basis and is included within income and expenditure.

#### **Expenditure**

Direct charitable expenditure includes grants payable to charities together with support costs related to making these grants. Grants are accounted for when the Trustees have accepted a legal obligation to make the grant. Funds designated for future grant awards where no formal commitment is made are carried forward and set aside for the purpose of making the specific awards until they are committed. At this point, the grants are recognised in the financial statements.

Matched donations are accounted for when payments are made to the individual charities by the third-party administrator of the Charity.

Creditors represent costs which have been incurred but not paid for at the year end.

#### **Support and governance costs**

Support costs include costs associated with the operations of the Foundation. Support costs are generally allocated against the unrestricted funds. However costs related to or are apportionable towards the restricted funds are allocated against those funds. Governance costs comprise the cost of the strategic direction of the charity including trustees meetings and professional fees. These are included in the financial statements on expenditure on charitable expenditure based on activity.

#### **Cash at bank and in hand**

The Foundation seeks to maintain sufficient cash resources equivalent to at least one month's worth of grants paid to beneficiaries in order for it to meet its obligations. At 31 December 2022, cash at bank and in hand of £5,830,296 was held (2021: £4,490,391), comprising cash held on demand with related parties and external banks.

#### **Investments**

Fixed assets investments are stated at bid market value at the balance sheet date. All investments are investment assets held in the United Kingdom. Investments include deposit balances, equities and fixed income funds, which are held by fund managers. Realised and unrealised investment gains and losses relating to the Main Fund are included in unrestricted funds and in the restricted funds where they relate to the Housing Association Fund.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***1. ACCOUNTING POLICIES** *(continued)***Fund accounting**

The Charity maintains various types of funds as follows:

- **Endowment funds**  
These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. The investment income is included within restricted funds for the AHA portfolio and unrestricted funds for the main investment portfolio.
- **Restricted funds**  
The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.
- **Unrestricted funds**  
These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

**Other debtors**

Other debtors represent funds which have been advanced to third party administrators of the Charity to cover the cost of matched donations awarded but not yet paid due to short term timing differences.

**Financial instruments**

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Initial recognition and measurement**

Financial assets and liabilities are initially recognised when the Foundation becomes a party to the contractual terms of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

**Financial liabilities**

Financial liabilities are classified and subsequently measured at amortised cost. The Foundation's financial liabilities comprise grants awarded that are awaiting payment and support costs which are classified as amortised cost.

Financial liabilities are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

**2. DONATIONS**

	2022 £	2021 £
Donations received from Santander UK plc	2,900,000	3,224,000
Gifts in kind from Santander UK plc	100,000	100,000
Donations received from other than Santander UK plc	-	6,593
	<b>3,000,000</b>	<b>3,330,593</b>

During the year, Santander UK plc made a cash donation of £2,900,000 (2021: £3,224,000) including an ad-hoc Santander UK Plc CEO donation. Santander UK plc also provided services valued at £100,000 (2021: £100,000) for which no charge was made. The value of these services is included within the above donations.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***3. INVESTMENTS**

	2022 £	2021 £
Bank interest income	2,157	1,542
Dividend income	353,896	345,095
<b>Interest and dividends</b>	<b>356,053</b>	<b>346,637</b>

**4. AUDIT FEES**

Fees payable to the Foundation's Auditors for the audit of the Foundation's annual financial statements for the current year are £19,200 (2021: £16,500). For the current and prior year, irrecoverable VAT at 20% is included within the fee. The 2022 audit fee net of VAT is £16,000 (2021: £13,750).

Fees payable to the auditors for non-audit services were nil (2021: nil).

**5. TRUSTEES' AND STAFF EMOLUMENTS**

The Trustees received neither remuneration nor expenses for services rendered (2021: £nil).

The Foundation had no directly employed staff during the year (2021: none) and as a result had no staff or related costs (2021: £nil). During the year one of the Foundation's secretaries who is employed and remunerated by Santander UK plc, provided the administrative support for the Foundation. The costs for their services provided to the Charity form part of the re-charge from Santander UK plc included within Other support costs.

The key management personnel for the foundation are the Trustees none of whom receive remuneration for their work performed.

**6. CHARITABLE ACTIVITIES**

	Donations and grants paid to institutions £	Support costs £	Total 2022 £	Donations and grants paid to institutions £	Support costs £	Total 2021 £
<b>Charitable activities:</b>						
Grants and matched donations	1,920,297	-	1,920,297	2,116,586	-	2,116,586
<b>Expenditure on charitable activities:</b>						
Grant administration and grant processing costs	-	30,912	30,912	-	57,494	57,494
Other support costs	-	155,522	155,522	-	107,488	107,488
Governance costs	-	28,890	28,890	-	27,720	27,720
<b>Total</b>	<b>1,920,297</b>	<b>215,324</b>	<b>2,135,621</b>	<b>2,116,586</b>	<b>192,702</b>	<b>2,309,288</b>

Grants and matched donations allocation by charitable purpose:

	2022 £	Number of grants 2022 No.	2021 £	Number of grants 2021 No.
Santander Foundation Digital & Financial Empowerment Fund	1,335,870	34	1,666,368	21
Matched Donations	584,427	465	450,218	412
<b>Total</b>	<b>1,920,297</b>	<b>499</b>	<b>2,116,586</b>	<b>433</b>

Santander UK plc allocated £100,000 to support the Foundation with the cost of services. The amount was used as gift in kind to support the FTE and marketing costs (2021: £100,000). This is included in other support costs.

The support costs and governance costs are allocated based on the activities performed and has been allocated to charitable expenditure. No costs are incurred for generating funds. The material grants awarded above £10,000 are included in note 14.

**7. TAXATION**

As a charity, the Company is exempt from taxation on income and gains received within categories covered by Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

No tax charge has arisen in the year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## 8. INVESTMENTS

2022	Main fund Portfolio £	Housing Association fund Portfolio £	Total £
Market value at 1 January 2022	15,865,101	1,551,413	17,416,514
Purchases during the year	978,014	25,882	1,003,896
Sales during the year	(650,000)	-	(650,000)
Realised gains on sales during the year	196,061	-	196,061
Unrealised gains	(2,146,266)	(317,569)	(2,463,835)
Movement in cash	38	-	38
<b>Market value at 31 December 2022</b>	<b>14,242,948</b>	<b>1,259,726</b>	<b>15,502,674</b>
UK quoted investments	14,229,684	1,257,726	15,487,410
Cash held as part of investment portfolio	13,264	2,000	15,264
<b>Total investments</b>	<b>14,242,948</b>	<b>1,259,726</b>	<b>15,502,674</b>
<b>Historic cost at 31 December 2022</b>	<b>11,378,992</b>	<b>1,268,707</b>	<b>12,647,699</b>
Historic cost at 31 December 2021	10,854,879	1,242,825	12,097,704

2021	Main fund Portfolio £	Housing Association fund Portfolio £	Total £
Market value at 1 January 2021	14,896,762	1,637,101	16,533,863
Purchases during the year	1,192,718	26,579	1,219,297
Sales during the year	(1,188,341)	(26,579)	(1,214,920)
Realised gains on sales during the year	535,415	5,284	540,699
Unrealised gains	436,227	(90,472)	345,755
Movement in cash	(7,680)	(500)	(8,180)
Market value at 31 December 2021	15,865,101	1,551,413	17,416,514
UK quoted investments	15,851,875	1,549,413	17,401,288
Cash held as part of investment portfolio	13,226	2,000	15,226
<b>Total investments</b>	<b>15,865,101</b>	<b>1,551,413</b>	<b>17,416,514</b>
Historic cost at 31 December 2021	10,854,879	1,242,825	12,097,704
Historic cost at 31 December 2020	10,322,766	1,238,041	11,560,807

The portfolios for both funds are structured so that they invest in passive OEIC stocks. As a result, the majority of the investments exceeded 5% of the relevant portfolio.

At the year end date, the stocks consisted of the following Level 1 investments:

**Main fund**

Royal London UK All Share Tracker Z  
iShares Pacific Ex Japan Eq Idx-L AC  
iShares Corporate Bond Index F  
BlackRock Col. UK Gilts All Stocks - LA  
BlackRock Collective Cont. Euro  
BlackRock Collective North Amer  
BlackRock Collective Japan Eq. Tracker

**Housing Association fund**

BlackRock Col. UK Gilts All Stocks - LA  
iShares Corporate Bond Index F

The custodian of the investments is Bank of New York Mellon.

As a result of holding investments, the Foundation is exposed to a variety of risks, the most significant of which are credit risk, market risk and liquidity risk. The Foundation manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***8. INVESTMENTS (continued)****Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Foundation losing the principal amount invested, the interest accrued and any unrealised gains.

In accordance with Group policy, the Foundation manages its portfolios across the credit risk lifecycle, from drawing up risk strategy, plans, budgets and limits to making sure the actual risk profile of the Foundation's exposures stays in line with plans and the Foundation's appetite to risk.

**Market risk**

Market risk is the risk of losses on financial investments caused by adverse price movements through changes in equity prices or commodity prices, interest rate moves or foreign exchange fluctuations.

The Foundation mitigates market risk by ensuring diversification in the investments it holds by investing in a range of trackers funds, bonds and gilts over a wide geographical market and by monitoring the returns achieved during the financial year.

**Liquidity risk**

Liquidity risk is the potential that, although remaining solvent, the Foundation does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. The Foundation manages liquidity risk with the support of Santander UK plc, ensuring that the Foundation will have sufficient liquid resources in order to meet its obligations as they fall due.

**9. CURRENT ASSETS**

	2022 £	2021 £
Cash at bank and in hand	5,830,296	4,490,391
Other debtors	25,712	60,139
	<b>5,856,008</b>	<b>4,550,530</b>

Cash at bank and in hand includes cash held by third parties of £nil (2021: £nil). The remaining cash is held in bank accounts operated by Cater Allen Limited, a fellow subsidiary of Santander UK plc.

Other debtors wholly consist of cash held by Charitable Giving, as agent for the Foundation, for the purpose of making donations.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

The following table shows the breakdown of accruals recognised at the year end date. All amounts are payable within one year.

	2022 £	2021 £
Grant creditor	569,780	150,000
Support costs – grant administration and grant processing costs	42,660	23,460
<b>Total accruals and deferred income</b>	<b>612,440</b>	<b>173,460</b>

**11. ALLOCATION OF NET ASSETS BETWEEN FUNDS**

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2022 £
Investments	14,242,948	1,259,726	15,502,674
Cash	5,830,296	-	5,830,296
Other debtors	25,712	-	25,712
Unpaid grants	(569,780)	-	(569,780)
Accruals	(42,660)	-	(42,660)
<b>Total funds</b>	<b>19,486,516</b>	<b>1,259,726</b>	<b>20,746,242</b>

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2021 £
Investments	15,865,101	1,551,413	17,416,514
Cash	4,490,391	-	4,490,391
Other debtors	60,139	-	60,139
Unpaid grants	(150,000)	-	(150,000)
Accruals	(23,460)	-	(23,460)
<b>Total funds</b>	<b>20,242,171</b>	<b>1,551,413</b>	<b>21,793,584</b>

Note 16 shows the allocation of the investment portfolios between restricted, unrestricted and endowment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## 12. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) - PRIOR YEAR COMPARATIVE

	Note(s)	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £
<b>Income and endowments from:</b>					
Donations	2	3,330,593	-	-	3,330,593
Investments	3	319,597	27,040	-	346,637
<b>Total</b>		<b>3,650,190</b>	<b>27,040</b>	<b>-</b>	<b>3,677,230</b>
<b>Expenditure on:</b>					
Charitable activities	6	(2,309,288)	-	-	(2,309,288)
<b>Total</b>		<b>(2,309,288)</b>	<b>-</b>	<b>-</b>	<b>(2,309,288)</b>
Net gains on investments	8	-	-	886,454	886,454
<b>Net income and net movement in funds for the year</b>		<b>1,340,902</b>	<b>27,040</b>	<b>886,454</b>	<b>2,254,396</b>
Total funds brought forward	12,16	2,888,563	312,519	16,338,106	19,539,188
<b>Total funds carried forward</b>	<b>12,16</b>	<b>4,229,465</b>	<b>339,559</b>	<b>17,224,560</b>	<b>21,793,584</b>

## 13. LIABILITY OF MEMBERS

The liability of each Trustee to contribute to the assets of the Foundation on winding up is limited to £100.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***14. MATCHED DONATIONS AND GRANTS AWARDED TO CHARITIES**

Charity name	2022	2021
	£	£
Aberdeen Cyrenians Ltd	50,000	-
Access 2 Business	50,000	-
Age Cymru Dyfed	58,241	-
Arts & Disability Forum	25,000	100,000
Asylum Welcome	49,069	-
Carmarthen Youth Project	25,000	100,000
Charitable Giving	-	100,000
CHAS Bristol	41,666	41,668
Citizens Advice Buckinghamshire	50,000	-
Code your future	25,000	100,000
Create Arts	25,000	100,000
Daisy Chain Project Teeside	50,054	-
Grant Access 2 Business	-	100,000
Great Yarmouth Refugee & Outreach Support Limited	25,000	75,000
Headliners UK	49,820	49,820
Journey	25,000	75,000
Key Unlocking Futures	55,000	40,000
Leadership Through Sport and Business	25,000	100,000
Limehouse Project Limited	49,960	-
Micro Rainbow CIC	25,000	100,000
New Horizon Youth Centre	57,579	-
Paddock Community Trust	25,000	100,000
Prison Radio Association	56,706	-
QED Foundation	45,000	60,000
Race Equality First	25,000	100,000
RETAS Leeds	46,536	-
Saltbox	50,000	50,000
Share Community Limited	25,000	75,000
Social Action for Health	25,000	100,000
Staffordshire Women's Aid	25,000	75,000
Street League	25,000	100,000
The Bytes Project	55,621	-
The Haven Wolverhampton	44,385	-
Willowacre Trust	25,000	75,000
Winter Comfort For The Homeless	51,232	-
Youth Federation Limited	50,000	-
Total grants awarded	1,335,870	1,816,488
Total matched donations awarded	584,427	300,098
<b>Total donations and grants awarded during the year</b>	<b>1,920,297</b>	<b>2,116,586</b>

**15. RELATED PARTY DISCLOSURES**

The Trustees are elected by the Members of the Foundation at the General Meeting and no trustees are appointed by Santander UK plc. The Foundation has received donations and gifts from Santander UK plc amounting to £3,000,000 (2021: £3,324,000).

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of £nil (2021: £56,331).

Related party cash balances are held by Cater Allen Limited and were £5,830,296 at 31 December 2022 (2021: £4,490,391). There were no other transactions entered into with related parties during the year (2021: none).

NOTES TO THE FINANCIAL STATEMENTS *(continued)***16. RESERVES**

	As at 1 January 2022 £	Income £	Expenditure £	Investment gains £	As at 31 December 2022 £
<b>Unrestricted Funds</b>					
General Reserve	4,229,465	3,330,171	(2,135,621)	-	5,424,015
<b>Total unrestricted funds</b>	<b>4,229,465</b>	<b>3,330,171</b>	<b>(2,135,621)</b>	<b>-</b>	<b>5,424,015</b>
<b>Restricted Funds</b>					
General Reserve	339,559	25,882	-	-	365,441
<b>Total restricted funds</b>	<b>339,559</b>	<b>25,882</b>	<b>-</b>	<b>-</b>	<b>365,441</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	10,283,598	-	-	(2,267,774)	8,015,824
<b>Total Endowment funds</b>	<b>17,224,560</b>	<b>-</b>	<b>-</b>	<b>(2,267,774)</b>	<b>14,956,786</b>
<b>Total funds</b>	<b>21,793,584</b>	<b>3,356,053</b>	<b>(2,135,621)</b>	<b>(2,267,774)</b>	<b>20,746,242</b>

	As at 1 January 2021 £	Income £	Expenditure £	Investment gains £	As at 31 December 2021 £
<b>Unrestricted Funds</b>					
General Reserve	2,888,563	3,650,190	(2,309,288)	-	4,229,465
<b>Total unrestricted funds</b>	<b>2,888,563</b>	<b>3,650,190</b>	<b>(2,309,288)</b>	<b>-</b>	<b>4,229,465</b>
<b>Restricted Funds</b>					
General Reserve	312,519	27,040	-	-	339,559
<b>Total restricted funds</b>	<b>312,519</b>	<b>27,040</b>	<b>-</b>	<b>-</b>	<b>339,559</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	9,397,144	-	-	886,454	10,283,598
<b>Total Endowment funds</b>	<b>16,338,106</b>	<b>-</b>	<b>-</b>	<b>886,454</b>	<b>17,224,560</b>
<b>Total funds</b>	<b>19,539,188</b>	<b>3,677,230</b>	<b>(2,309,288)</b>	<b>886,454</b>	<b>21,793,584</b>

Unrestricted funds are available for use at the discretion of the Trustees to further the objectives of the Foundation.

Restricted funds are for grants to charities working on housing related causes.

Endowment Funds represent funds invested by the charity from which it derives investment income. The movement during the year is driven by net unrealised gains from the increase in market values of the underlying investments.

**17. CAPITAL COMMITMENTS**

The Foundation had no capital commitments at the balance sheet date.

**18. GRANT COMMITMENTS**

The foundation awarded grants of £1,335,870 to 34 entities (2021: £1,666,368 to 21 entities), a further £1,847,644 is committed and will be paid between 2023 and 2024 subject to the conditions of the grant agreements being met. This totals £3,183,514 over a 3-year period from 2022 to 2024 (2021-2023: £3,000,000).

**SANTANDER UK FOUNDATION LIMITED**

England & Wales - Charity number 803655

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# Accounts

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**SANTANDER UK  
FOUNDATION LIMITED**

A company limited by guarantee.

**Company No. 02509711  
Registered Charity No. 803655**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2021**

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Trustees

CP Fallis  
S Willis  
JF Collins  
D Jones  
CJ Anderson  
JM Moran

### Foundation Secretariat

Santander Secretariat Services Limited

### Chartered Accountants and Statutory Auditor

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Cater Allen Limited  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

### Registered office

2 Triton Square  
Regent's Place  
London  
NW1 3AN

### Principal address

Santander House  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

## REPORT OF THE TRUSTEES

(incorporating the Directors' report)

The Trustees present their report together with the audited financial statements for the year ended 31 December 2021. The report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements, and comply with the charity's governing documents, the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard 102 Statement of Recommended Practice (FRS 102 SORP second edition – October 2019).

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemptions including not preparing a Strategic Report.

The Trustees who served throughout the year and to the date of this report were as follows:

CP Fallis  
S Willis  
JF Collins  
D Jones  
CJ Anderson  
JM Moran

### Structure, Governance and Management

Santander UK Foundation Limited (the Foundation) is a registered charity (no. 803655) and a company limited by guarantee (no. 02509711), governed by Memorandum and Articles of Association. The Foundation was incorporated on 8 June 1990.

Trustees are elected by the Members of the Foundation at the General Meeting or by written resolution signed by all Members eligible to vote at the General Meeting. The Trustees are also Directors for the purposes of Company Law.

The Trustees are selected to bring a diverse range of skills, experience and knowledge to the role. They meet regularly, usually on a quarterly basis. The Trustees do not have a maximum length of office. A business plan is prepared and agreed by the Trustees for each financial year. A quarterly report examines performance against the agreed budgets.

All Trustees are provided with an induction pack containing a copy of the Foundation's objectives, priorities and most recent Annual Report and financial statements. The Foundation Secretary will then discuss with the Trustee the background and current business plan of the Foundation.

The Trustees met on 5 occasions during the year ended 31 December 2021 (2020: 5). All grants are ratified at a meeting of the Trustees. A quorum of two Trustees is the minimum requirement. Grants of over £10,000 are approved by one Trustee and grants of over £30,000 are approved by two Trustees.

The Foundation's related parties consist of Santander UK plc, Cater Allen Limited, Santander UK Group Holdings plc and Banco Santander SA, by the virtue of Banco SA's ownership and control of Santander UK Group Holdings plc. The majority of donations into the Foundation are from Santander UK plc. The ring-fencing regulation established in 2019 required the Santander UK Foundation to establish an arms-length relationship with Santander UK plc. Therefore, the Foundation created a Service Level Agreement to pay Santander UK plc for the services provided by the company to support the Foundation activities.

The Company's risk management focuses on the major areas of credit, liquidity, marketing and operational risk. Risk management is carried out by the central risk management function of the Santander UK Group. Authority flows from the Santander UK Group Holdings plc Board to the Chief Executive Officer and from them to their direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight. Their authority is derived from the person they are intended to assist.

The major risks the charity is exposed to, as identified by the Trustees, are grant fraud, reputational risk and a variety of challenges arising from the complexity of running a foundation with a small number of staff hours. These risks are actively managed by the Trustees, and work is undertaken to identify risks and mitigate them where possible. Steps will be taken next year to grow the staff resources available which will help with the management of all of the major risks the Foundation faces.

It is anticipated that there may be instances where applications received may either in part or whole, contain untrue disclosures with the purpose to allow the applicant to obtain funds from the Foundation through deception. This is referred to as grant fraud risk and this is managed by only awarding grants to registered charities, community interest companies and credit unions and this provides a first stage of due diligence. Registered charities that submit regular financial statements and have no flags on the relevant registers are eligible for funding. Each grant is made via a formal grant offer which outlines the terms of the award and each charity is asked to complete a Trustee declaration that confirms the grant was used for the wholly charitable purposes that it was awarded for. We ask each charity to submit a report one year after a grant is made to confirm the details of the spending (an impact report). The relatively small value of the grants made, up to £5,000, means that the Foundation is confident that the risk processes in place are appropriate and adequate to the risk level. Where the Foundation is made aware of a fraud or potential fraud the Foundation will investigate the incident, ask the charity for an explanation and notify The Charity Commission for England and Wales. The Foundation takes grant fraud very seriously as this diverts scarce resources and support away from legitimate charitable causes. The Foundation aims to ensure that all the grants that we make are used for their intended charitable purpose. In those cases where we believe grant fraud has taken place we will request repayment of the grant and will not accept future applications from the charity or individual concerned. These will then be logged as an incident and registered with our Santander UK Risk Manager and reported to the Trustees.

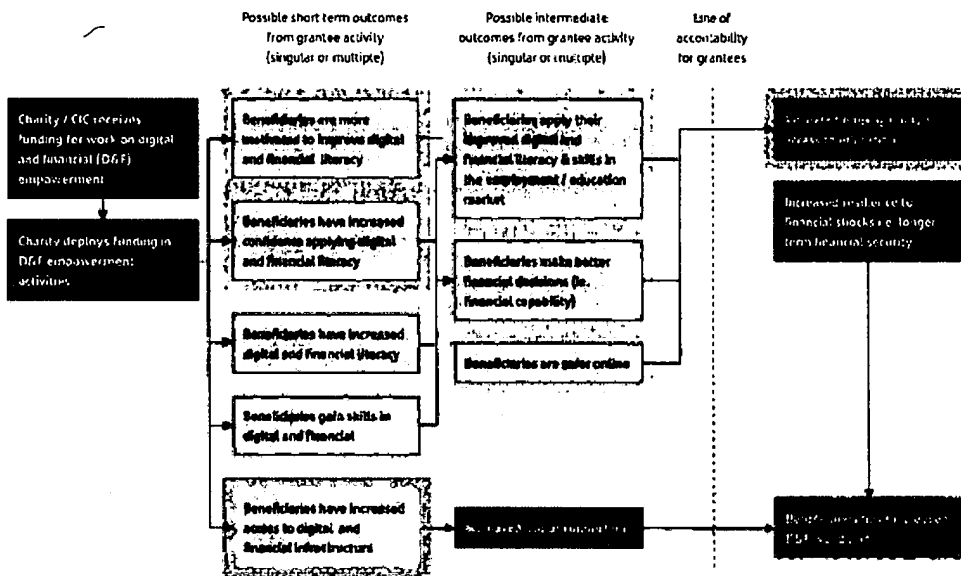
Reputational risk for the Foundation consists of loss resulting from damages to the firm's reputation through non-compliance with regulation, thus leading to increased regulatory costs. The Foundation manages such risk through compliance with existing regulation and by keeping up to date with developments in the regulatory environment.

## REPORT OF THE TRUSTEES (continued)

### Objectives and activities for public benefit

The charitable objectives of the Foundation are to provide grants and help disadvantaged people by making donations to appropriate charitable organisations working within the published charitable objectives. Throughout the years, we've supported a number of non-profit organisations to deliver charitable initiatives across the UK. Throughout the strategic review which took place in 2019, the Foundation trustees concluded that in this modern world, the lack of digital and financial skills could have a substantial negative impact on a person's life and financial wellbeing. Those already at a disadvantage are most likely to be missing out, further widening the social inequality gap. Considering these findings, the Foundation trustees decided to define as a new charitable strategy development of a new grants programme, the Santander Foundation Digital & Financial Empowerment Fund, focused on supporting projects that will help people to become digitally and financially empowered. The new programme was launched in June 2021 with the ambition to support UK charities to give people the digital confidence, knowledge, and skills to enable them to make better, more informed decisions about money and have access to financial services. To help the Foundation describe what it wants to achieve, the entity developed - with support from experts at charity advice service New Philanthropy Capital (NPC) - a Theory of Change that explains:

- the needs we are trying to address.
- the changes we want to make (our outcomes).
- what we plan to do (our activities).



Key: Financial capability strategy UK • MAS Building Blocks

Mindset Ability Connection Financial Capability Behaviours Financial and Digital Wellbeing



The first edition of the Santander Foundation Digital & Financial Empowerment Fund was launched in June 2021 with the following intent:

- Over the next three years (2021 – 2024) invest £1.8 million into our Financial & Digital Empowerment Fund.
- The Foundation aimed to award 12 grants of up to a total of £150,000 per organisation. The selected charities could ask for differing amounts in each of the three years. They would be able to request a minimum of £25,000 in any one year, with the maximum of £150,000 over three years.

The new programme was open for UK registered charities and C.I.C.s and the organisations needed to meet the following requirements:

- be based in the UK and working within one of the nations or regions.
- be a UK registered charity or Community Interest Company.
- have at least three unconnected Trustees, Directors or Management Committee members. By unconnected we mean not related by blood, marriage, in a long-term relationship or living together at the same address.
- have an annual income above £75,000. We anticipate most of the organisations we'll support will be small and medium-sized organisations with an income of less than £2 million.
- have a bank account in the organisation's name with at least two unconnected signatories.
- have been operating for at least 18 months and have at least one set of annual financial statements.

## REPORT OF THE TRUSTEES *(continued)*

The Santander Foundation Digital & Financial Empowerment Fund was open for applications from 28 June 2021 to 13 August 2021 a total of 455 applications were received. The result exceeded the Foundation expectations, and it helped to consolidate the importance of digital and financial inclusion as an area within which the Foundation could have a meaningful impact

Once the application process was closed, the Foundation began the process of selecting funded partners

The selection process was supported by the third-party CC Works that helped the Foundation to assess all the applications. The process was divided in the following stages:

- 1) Eligibility check
- 2) Assessing against key criteria - filtering of the 455 applications
- 3) Shortlisting the applications – selecting 70 applications for next stage
- 4) Full assessment – phone interviews with the applicants and shortlisted 36 applicants for trustees' review
- 5) Trustees selection

Considering the level of applications and the Santander Foundation 2021 forecasted budget, the Trustees decided to increase the size of the 2021 edition and award 21 grants a total of £3,000,004 over the next three years to 21 UK charitable organisations. All selected funded partners were offered the donation and they agreed on the Santander Foundation Grants programme,

In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues Matched Donations scheme. The programme is focused on supporting employees that have undertaken fundraising activities for UK registered charities. Colleagues can submit an application to the Scheme for the UK registered charity to receive an additional sum by way of a matched donation. In 2021, the Foundation awarded 362 matched donation requests disbursing a total of £450,218 to 224 UK registered charities.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives, in planning future activities and in setting the grant making policy for the year. The Trustees' grant making activities have provided benefit to the beneficiaries of the charity and the public.

### Grant making policy

The charitable priorities for 2021 were to help disadvantaged people in the UK by supporting projects which improve skills, knowledge and/or provide innovative solutions to social challenges and to support staff fundraising through our Matched Donation scheme.

This was achieved mainly through selection of appropriate recipients in response to the published programme and through the staff matched donation scheme of Santander UK plc Group.

### Investments

The Trustees have the power to purchase investments and securities which are considered fit for the purposes of the Foundation, with the exception of derivatives. The Trustees comply with the Charity Commission's guidelines on investments.

The Foundation's investment strategy is a split of 50% equities and 50% UK fixed income to achieve a broadly balanced portfolio seeking moderate growth. Further information concerning the performance and nature of the investment can be found within this section under unrestricted funds and note 1.

## REPORT OF THE TRUSTEES *(continued)*

### Achievements and performance

The Foundation made grants and matched donations of £2,116,586 (2020: £3,311,937) in total during the year. The number of grants and matched donations awarded were 362 (2020: 581) and these were made for the following charitable purposes:

	2021		2020	
	Total value (£)	Number of grants and donations	Total value (£)	Number of grants and donations
Santander Foundation Digital & Financial Empowerment Fund	1,666,368	21	-	-
COVID-19 grants	-	-	3,000,000	4
Health	83,200	129	164,935	241
Social Inclusion	366,254	227	144,456	331
Other	764	6	2,546	5
<b>Total</b>	<b>2,116,586</b>	<b>383</b>	<b>3,311,937</b>	<b>581</b>

The foundation awarded grants of £1,666,368 to 21 entities during the financial year. A further £1,333,636 was committed and will be paid between 2022 and 2023 subject to condition of the grant agreement being met. This totals £3,000,004 over a three year period.

The principal sources of funding were donations of £3,224,000 (2020: £4,000,000), £6,593 (2020: £nil) of additional income from Santander UK plc and investment income of £346,637 (2020: £351,610). Santander UK plc also provided services valued at £100,000 (2020: £nil) for which no charge was made. The value of these services is included within donations.

### Impact assessment and evaluation

Other than staff matched donations all payments are issued with a grant confirmation and feedback (impact report) form asking the charity to outline what qualitative and quantitative impacts the grant has had at the end of the grant period, usually one year. This is returned by the beneficiary along with an official receipt. A table of whole programme indicators is compiled to assess the effectiveness of the grants programme and what intended and unintended impacts have resulted from our support. This is used in assisting the Trustees when considering future grant requests made by the same or similar organisations.

### Financial Review

The objectives of the Foundation are to support disadvantaged people in the United Kingdom. This is achieved through the two core programmes: matched donations and grants. The matched donation scheme supports the fundraising activities of Santander UK employees and in the year £450,218 (2020: £311,937) of funding was made to charities through this scheme. The Santander Foundation Digital & Financial Empowerment Fund was launched in June 2021 and is focused on supporting projects that will help people to become digitally and financially empowered. The aim is to support UK charities to give people the digital confidence, knowledge, and skills to enable them to make better, more informed decisions about money and have access to financial services. In 2021, the Foundation awarded grants to 21 UK charitable organisations and made the commitment to award a total of £1,333,516 to be paid between 2022 and 2023 subject to condition of the grant agreement being met.

The financial performance for the year is set out on page 13 of the financial statements. The net income for the year after realised and unrealised gains and losses amounted to £2,254,396 (2020: net income £1,360,460).

As an analysis of the Foundation's total reserves, 31.8% constitutes endowment investments. The endowment has seen an increase during 2021 that has been driven by the increase in market values of the underlying investments.

1.6% of total reserves equating to £339,559 (2020: £312,519) relate to restricted funds that can only be used for housing related causes and it is noted that no grants were awarded during the year to restricted causes. The only movement in restricted reserves during the year has been the investment income earned on the Housing Association Fund Portfolio.

Unrestricted funds represent 19.4% of total reserves, equating to £4,229,465 (2020: £2,888,563). The unrestricted reserves constitute an amount greater than the monthly average expenditure on grants during the year. The Foundation is therefore satisfied its reserves are maintained in accordance with the reserves policy as discussed below.

The remaining 47.2% of total reserves equating to £10,283,598 (2020: £9,397,144) relates to revaluation gains arising from the investment portfolio.

## REPORT OF THE TRUSTEES *(continued)*

### Reserves

The income of the Foundation is exclusively used for grant purposes. Grants are only agreed to the extent of available income. The Foundation has no employees. Due to ring-fencing regulation in 2019, the Foundation was required to establish an arms-length relationship with Santander UK plc to pay for the services (staff and infrastructure) provided by Santander UK plc. The Foundation is also responsible for entering into service contracts to cover the costs of the administration of the charitable activities.

The Trustees continue to hold significant investments to generate an annual income to support the charity. It is the Foundation's policy to ensure funds are available to cover one month of grant awards at any time in reserve. At 31 December 2021, the total funds of the Foundation were £21,793,584 (2020: £19,539,188).

### Endowment funds

These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. There are two endowment funds one is a restricted fund (the AHA portfolio) and the other is an unrestricted endowment fund. The investment income for the funds is included within restricted and unrestricted on the SOFA and Balance Sheet based on the funds from which the income is derived.

### Restricted funds

The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.

### Unrestricted funds

These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

### Investments

The Foundation's assets are invested in a combination of passive (index-tracking) collective investment funds. For the 12 months ended 31 December 2021 the return of the Aggregated Fund (as a measure of dividend income versus the value of the UK quoted investments) was 2.0% (2020: 2.3%). The fund continues to provide a stable return for the Foundation and is consistent with the Foundation's expectations to seek moderate growth from its investment portfolio.

### Plans for the Future

The new grants programme, the Santander Foundation Digital & Financial Empowerment Fund was open for applications from 28 June 2021 to 13 August 2021, and a total of 455 applications were submitted. The result exceeded the Foundation expectations, and it helped to consolidate the importance of digital and financial inclusion as a relevant area for the charity sector. Considering the evolution of the Foundation strategy, the ambition is to establish a strong and valuable relationship with the 21 funded partners selected in 2021. To support this ambition, the Foundation will work in partnership with NPC to develop an efficient monitoring and evaluation framework and create opportunities for funded partners to share learning and best practices.

### Related parties

The related parties of Santander UK Foundation Limited are considered to be Santander UK Group Holdings plc, Santander UK plc, Cater Allen Limited and Banco Santander SA and their subsidiaries, together with the Trustees and the Trust Secretaries. Refer to note 15 for details.

In addition, during the year, Santander UK Plc CEO made a one off cash donation of £324,000.

## REPORT OF THE TRUSTEES *(continued)*

### Statement of trustees' responsibilities

The trustees (who are also directors of Santander UK Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Statement of Going Concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. Should no further funding be made available to the Foundation, there are sufficient existing funds available to meet its commitments. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

### Impact of Covid-19

In 2021, there were ongoing challenges in terms of navigating the changing circumstances presented by the Covid-19 pandemic, including its impact on the economy and upon home and office working arrangements. The Company continues to monitor the impact of Covid-19 on its operations and customers and intends to take a coordinated approach with the other members of the Santander UK plc group where applicable. There has been no significant change to the carrying value of its assets and liabilities at the reporting date.

### Broader geopolitical and social risks, including invasion by Russia of Ukraine

During the course of the past two years, since the onset of the Covid-19 pandemic, a number of broader risks have evolved and may present future headwinds. These include, geopolitical tensions between regions across the world, global supply chain pressures (which have already fuelled inflationary pressures), stretched household finances, and emerging social unrest. These factors are also likely to play into increased localised political risk, including in the UK. The Company is closely following these developments and the potential for any material impacts which may need to be taken into consideration in its future plans and intends to take a coordinated approach with the other members of the Santander UK plc group.

## REPORT OF THE TRUSTEES *(continued)*

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Foundation by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Foundation. 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.

The financial statements were approved by the Trustees on 25 July 2022, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
25 July 2022

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

# ***Independent auditors' report to the members of Santander UK Foundation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Santander UK Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 2021; the statement of financial activities (SOFA) - incorporating summary income and expenditure account and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

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### **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 charitable 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.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **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 trustees 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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## ***Independent auditors' report to the members of Santander UK Foundation Limited (continued)***

### *Report of the Trustees*

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable 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 Trustees. We have nothing to report in this respect.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to expenditure accounts;
- obtaining confirmations of cash balances and material investment valuations as at 31 December 2021;
- testing the recognition of grant expenditure in line with terms of the grant awards;
- enquiring of management and the board of trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the board of trustees; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## ***Independent auditors' report to the members of Santander UK Foundation Limited (continued)***

### *Use of this report*

This report, including the opinions, has been prepared for and only for the charity'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.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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

- we have not obtained 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
- certain disclosures of trustees' 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.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Daniel Chan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

25 July 2022

## STATEMENT OF FINANCIAL ACTIVITIES (SOFA) – INCORPORATING SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £	Total funds 2020 £
<b>Income and endowments from:</b>						
Donations	2	3,330,593	-	-	3,330,593	4,035,000
Investments	3	319,597	27,040	-	346,637	351,610
<b>Total</b>		<b>3,650,190</b>	<b>27,040</b>	<b>-</b>	<b>3,677,230</b>	<b>4,386,610</b>
<b>Expenditure on:</b>						
Charitable activities	6	(2,309,288)	-	-	(2,309,288)	(3,452,418)
<b>Total</b>		<b>(2,309,288)</b>	<b>-</b>	<b>-</b>	<b>(2,309,288)</b>	<b>(3,452,418)</b>
Net gains on investments	8	-	-	886,454	886,454	426,268
<b>Net income and net movement in funds for the year</b>		<b>1,340,902</b>	<b>27,040</b>	<b>886,454</b>	<b>2,254,396</b>	<b>1,360,460</b>
Total funds brought forward	12,16	2,888,563	312,519	16,338,106	19,539,188	18,178,728
<b>Total funds carried forward</b>	<b>12,16</b>	<b>4,229,465</b>	<b>339,559</b>	<b>17,224,560</b>	<b>21,793,584</b>	<b>19,539,188</b>

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

A summary of the prior year comparative for each fund is disclosed within note 12.

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities

**BALANCE SHEET**

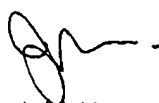
As at 31 December 2021

	Note	Total funds 2021 £	Total funds 2020 £
<b>Fixed assets:</b>			
Investments	8	17,416,514	16,533,863
<b>Total fixed assets</b>		<b>17,416,514</b>	<b>16,533,863</b>
<b>Current assets:</b>			
Cash at bank and in hand	9	4,490,391	2,911,828
Other debtors	9	60,139	110,357
<b>Total current assets</b>		<b>4,550,530</b>	<b>3,022,185</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(173,460)	(16,860)
<b>Net current assets</b>		<b>4,377,070</b>	<b>3,005,325</b>
<b>Total net assets</b>		<b>21,793,584</b>	<b>19,539,188</b>
<b>The funds of the charity:</b>			
<b>Endowment funds</b>			
- General Endowment Fund	16	6,940,962	6,940,962
- Revaluation Reserve	16	10,283,598	9,397,144
Restricted income funds	16	339,559	312,519
Unrestricted Funds	16	4,229,465	2,888,563
<b>Total Charity funds</b>		<b>21,793,584</b>	<b>19,539,188</b>

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

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime

The financial statements were approved by the Trustees on 25 July 2022, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
25 July 2022

**CASH FLOW STATEMENT**

For the year ended 31 December 2021

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
<b>Cash flows from operating activities</b>		
Net income and net movement in funds for the year	2,254,396	1,360,460
Adjustments for:		
Realised gains on sales during the year	(540,699)	(367,451)
Unrealised gains on investment revaluation	(345,754)	(144,574)
Operating cash flows before movements in working capital	1,367,943	848,435
Decrease in other debtors	50,218	8,350
Increase/ (decrease) in payables	156,600	(124,446)
Net cash generated by operating activities	1,574,761	732,339
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,219,297)	(1,088,572)
Sale of investments	1,214,920	1,105,175
Transfers of cash held as part of investment funds	8,179	(15,693)
Net cash generated by investing activities	3,802	910
Net increase in cash and cash equivalents	1,578,563	733,249
Cash and cash equivalents at beginning of year	2,911,828	2,178,579
Cash and cash equivalents at end of year	4,490,391	2,911,828

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The Foundation is a public benefit entity.

The principal accounting policies applied to Santander UK Foundation Limited (the Foundation) are summarised below.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments.

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102) second edition – October 2019 applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), effective 1 January 2015; and the Companies Act 2006.

The Foundation's activities, together with the factors likely to affect its future prospects are discussed in the Report of the Trustees on pages 3 to 9. The administrative details page on page 2 forms part of the Trustees' report.

The financial statements have been prepared on the going concern basis as disclosed in the Trustees' statement of going concern set out in the Report of the Trustees.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

#### Income

All income is included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Donations and gifts are recognised as soon as their amount and receipt are probable, which is usually only when they are received.

Investment income is recognised as it is receivable.

#### Gifts in kind

Where services are gifted to the Foundation, the value of the gifted services is included in these financial statements on a grossed up basis and is included within income and expenditure.

#### Expenditure

Direct charitable expenditure includes grants payable to charities together with support costs related to making these grants. Grants are accounted for when the Trustees have accepted a legal obligation to make the grant. Funds designated for future grant awards where no formal commitment is made are carried forward and set aside for the purpose of making the specific awards until they are committed. At this point, the grants are recognised in the financial statements.

Creditors represent costs which have been incurred but not paid for at the year end.

#### Support and governance costs

Support costs include costs associated with the operations of the Foundation. Support costs are generally allocated against the unrestricted funds. However costs related to or are apportionable towards the restricted funds are allocated against those funds. Governance costs comprise the cost of the strategic direction of the charity including trustees meetings and professional fees. These are included in the financial statements on expenditure on charitable expenditure based on activity.

#### Cash at bank and in hand

The Foundation seeks to maintain sufficient cash resources equivalent to at least one month's worth of grants paid to beneficiaries in order for it to meet its obligations. At 31 December 2021, cash and cash equivalents of £4,490,391 were held (2020: £2,911,828), comprising cash held on demand with related parties and external banks.

#### Investments

Fixed assets investments are stated at bid market value at the balance sheet date. All investments are investment assets held in the United Kingdom. Investments include deposit balances, equities and fixed income funds, which are held by fund managers. Realised and unrealised investment gains and losses relating to the Main Fund are included in unrestricted funds and in the restricted funds where they relate to the Housing Association Fund.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*1. ACCOUNTING POLICIES *(continued)*

## Fund accounting

The Charity maintains various types of funds as follows:

- **Endowment funds**  
These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. The investment income is included within restricted funds for the AHA portfolio and unrestricted funds for the main investment portfolio.
- **Restricted funds**  
The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes
- **Unrestricted funds**  
These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

## Other debtors

Other debtors represent funds which have been advanced to third party administrators of the Charity to cover the cost of grants awarded but not yet paid due to short term timing differences.

## Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Foundation becomes a party to the contractual terms of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

## Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The Foundation's financial liabilities comprise grants awarded that are awaiting payment and support costs which are classified as amortised cost.

Financial liabilities are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

## 2. DONATIONS

	2021	2020
	£	£
Donations received from Santander UK plc	3,224,000	4,000,000
Gifts in kind from Santander UK plc	100,000	-
Donations received from Santander London Branch	-	35,000
Donations received from other than Santander UK plc	6,593	-
	3,330,593	4,035,000

During the year, Santander UK plc made a cash donation of £3,224,000 (2020: £4,000,000) including an ad-hoc Santander UK Plc CEO donation. Santander UK plc also provided services valued at £100,000 (2020: £nil) for which no charge was made. The value of these services is included within the above donations.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 3. INVESTMENT INCOME

	2021 £	2020 £
Bank interest income	1,542	7,269
Dividend Income	345,095	344,341
Interest and dividends	346,637	351,610

## 4. AUDIT FEES

Fees payable to the Foundation's Auditors for the audit of the Foundation's annual financial statements for the current year are £16,500 (2020: £6,960). For the current and prior year, irrecoverable VAT at 20% is included within the fee. The 2021 audit fee net of VAT is £13,750 (2020: £5,800).

Fees payable to the auditors for non-audit services were nil (2020: nil).

## 5. TRUSTEES' AND STAFF EMOLUMENTS

The Trustees received neither remuneration nor expenses for services rendered (2020: £nil).

The Foundation had no directly employed staff during the year (2020: none) and as a result had no staff or related costs (2020: £nil). During the year one of the Foundation's secretaries who is employed and remunerated by Santander UK plc, provided the administrative support for the Foundation. The costs for their services provided to the Charity form part of the re-charge from Santander UK plc included within Other support costs.

The key management personnel for the foundation are the Trustees none of whom receive remuneration for their work performed.

## 6. CHARITABLE ACTIVITIES

	Donations and grants paid to institutions £	Support costs £	Total 2021 £	Donations and grants paid to institutions £	Support costs £	Total 2020 £
<b>Charitable activities:</b>						
Grants and matched donations	2,116,586	-	2,116,586	3,311,937	-	3,311,937
<b>Expenditure on charitable activities:</b>						
Grant administration and grant processing costs	-	57,494	57,494	-	30,154	30,154
Other support costs	-	107,488	107,488	-	104,147	104,147
Governance costs	-	27,720	27,720	-	6,180	6,180
<b>Total</b>	<b>2,116,586</b>	<b>192,702</b>	<b>2,309,288</b>	<b>3,311,937</b>	<b>140,481</b>	<b>3,452,418</b>

Grants and matched donations allocation by charitable purpose:

	Unrestricted 2021 £	Number of grants 2021 No.	Unrestricted 2020 £	Number of grants 2020 No.
Covid-19 Grants	-	-	3,000,000	4
Santander Foundation Digital & Financial Empowerment Fund	1,666,368	21	-	-
Health	83,200	129	164,935	241
Social inclusion	366,254	277	144,456	331
Other	764	6	2,546	5
<b>Total</b>	<b>2,116,586</b>	<b>433</b>	<b>3,311,937</b>	<b>581</b>

Santander UK plc allocated £100,000 to support the Foundation with the cost of services. The amount was used as gift in kind to support the FTE and marketing costs (2020: £92,155). This is included in other support costs.

The support costs and governance costs are allocated based on the activities performed and has been allocated to charitable expenditure. No costs are incurred for generating funds. The material grants awarded above £10,000 are included in note 14.

## 7. TAXATION

As a charity, the Company is exempt from taxation on income and gains received within categories covered by Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

No tax charge has arisen in the year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. INVESTMENTS

2021	Main fund Portfolio	Housing Association fund Portfolio	Total
	£	£	£
Market value at 1 January 2021	14,896,762	1,637,101	16,533,863
Purchases during the year	1,192,718	26,579	1,219,297
Sales during the year	(1,188,341)	(26,579)	(1,214,920)
Realised gains on sales during the year	535,415	5,284	540,699
Unrealised gains	436,227	(90,472)	345,755
Movement in cash	(7,680)	(500)	(8,180)
Market value at 31 December 2021	15,865,101	1,551,413	17,416,514
UK quoted investments	15,851,875	1,549,413	17,401,288
Cash held as part of investment portfolio	13,226	2,000	15,226
Total investments	15,865,101	1,551,413	17,416,514
Historic cost at 31 December 2021	10,854,879	1,242,825	12,097,704
Historic cost at 31 December 2020	10,322,766	1,238,041	11,560,807

2020	Main fund Portfolio	Housing Association fund Portfolio	Total
	£	£	£
Market value at 1 January 2020	14,478,775	1,543,973	16,022,748
Purchases during the year	1,058,883	29,689	1,088,572
Sales during the year	(1,075,486)	(29,689)	(1,105,175)
Realised gains on sales during the year	360,773	6,678	367,451
Unrealised gains	58,164	86,410	144,574
Movement in cash	15,653	40	15,693
Market value at 31 December 2020	14,896,762	1,637,101	16,533,863
UK quoted investments	14,875,857	1,634,601	16,510,458
Cash held as part of investment portfolio	20,905	2,500	23,405
Total investments	14,896,762	1,637,101	16,533,863
Historic cost at 31 December 2020	10,322,766	1,238,041	11,560,807
Historic cost at 31 December 2019	9,961,993	1,231,363	11,193,356

The portfolios for both funds are structured so that they invest in passive OEIC stocks. As a result, the majority of the investments exceeded 5% of the relevant portfolio.

At the year end date, the stocks consisted of the following Level 1 investments:

Main fund	Housing Association fund
Royal London UK All Share Tracker Z	BlackRock Col. UK Gilts All Stocks - LA
iShares Pacific Ex Japan Eq Idx-L AC	iShares Corporate Bond Index F
iShares Corporate Bond Index F	
BlackRock Col. UK Gilts All Stocks - LA	
BlackRock Collective Cont. Euro	
BlackRock Collective North Amer	
BlackRock Collective Japan Eq. Tracker	

The custodian of the investments is Bank of New York Mellon.

As a result of holding investments, the Foundation is exposed to a variety of risks, the most significant of which are credit risk, market risk and liquidity risk. The Foundation manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***8. INVESTMENTS (continued)****Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Foundation losing the principal amount invested, the interest accrued and any unrealised gains.

In accordance with Group policy, the Foundation manages its portfolios across the credit risk lifecycle, from drawing up risk strategy, plans, budgets and limits to making sure the actual risk profile of the Foundation's exposures stays in line with plans and the Foundation's appetite to risk.

**Market risk**

Market risk is the risk of losses on financial investments caused by adverse price movements through changes in equity prices or commodity prices, interest rate moves or foreign exchange fluctuations.

The Foundation mitigates market risk by ensuring diversification in the investments it holds by investing in a range of trackers funds, bonds and gilts over a wide geographical market and by monitoring the returns achieved during the financial year.

**Liquidity risk**

Liquidity risk is the potential that, although remaining solvent, the Foundation does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. The Foundation manages liquidity risk with the support of Santander UK plc, ensuring that the Foundation will have sufficient liquid resources in order to meet its obligations as they fall due.

**9. CURRENT ASSETS**

	2021 £	2020 £
Cash at bank and in hand	4,490,391	2,911,828
Other debtors	60,139	110,357
	4,550,530	3,022,185

Cash at bank and in hand includes cash held by third parties of £nil (2020: £nil). The remaining cash is held in bank accounts operated by Cater Allen Limited, a fellow subsidiary of Santander UK plc.

Other debtors wholly consist of cash held by Charitable Giving, as agent for the Foundation, for the purpose of issuing grants and making donations.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

The following table shows the breakdown of accruals recognised at the year end date. All amounts are payable within one year.

	2021 £	2020 £
Grant creditor	150,000	-
Support costs – grant administration and grant processing costs	23,460	9,900
Other accruals	-	6,960
Total accruals	173,460	16,860

**11. ALLOCATION OF NET ASSETS BETWEEN FUNDS**

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2021 £
Investments	15,865,101	1,551,413	17,416,514
Cash	4,490,391	-	4,490,391
Other debtors	60,139	-	60,139
Unpaid grants	(150,000)	-	(150,000)
Accruals	(23,460)	-	(23,460)
Total funds	20,242,171	1,551,413	21,793,584

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2020 £
Investments	14,896,762	1,637,101	16,533,863
Cash	2,911,828	-	2,911,828
Other debtors	110,357	-	110,357
Accruals	(16,860)	-	(16,860)
Total funds	17,902,087	1,637,101	19,539,188

Note 16 shows the allocation of the investment portfolios between restricted, unrestricted and endowment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***12. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) - PRIOR YEAR COMPARATIVE**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £
<b>Income and endowments from:</b>					
Donations	2	4,035,000	-	-	4,035,000
Investments	3	321,921	29,689	-	351,610
<b>Total</b>		<b>4,356,921</b>	<b>29,689</b>	<b>-</b>	<b>4,386,610</b>
<b>Expenditure on:</b>					
Charitable activities	6	(3,452,418)	-	-	(3,452,418)
<b>Total</b>		<b>(3,452,418)</b>	<b>-</b>	<b>-</b>	<b>(3,452,418)</b>
Net gains on investments	8	-	-	426,268	426,268
<b>Net income and net movement in funds for the year</b>		<b>904,503</b>	<b>29,689</b>	<b>426,268</b>	<b>1,360,460</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	12,16	1,984,060	282,830	15,911,838	18,178,728
<b>Total funds carried forward</b>		<b>2,888,563</b>	<b>312,519</b>	<b>16,338,106</b>	<b>19,539,188</b>

**13. LIABILITY OF MEMBERS**

The liability of each Trustee to contribute to the assets of the Foundation on winding up is limited to £100.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***14. DONATIONS AND GRANTS AWARDED TO CHARITIES £10,000 AND ABOVE**

Charity name	2021 £	2020 £
Alzheimer's Society (Charity Partner)	-	1,654,876
Age UK (Charity Partner)	-	1,500,213
Carmarthen Youth Project	100,000	-
Code your future	100,000	-
Create Arts	100,000	-
Leadership Through Sport and Business	100,000	-
Micro Rainbow CIC	100,000	-
Paddock Community Trust	100,000	-
Race Equality First	100,000	-
Social Action for Health	100,000	-
Street League	100,000	-
Arts & Disability Forum	100,000	-
Staffordshire Women's Aid	75,000	-
Journey	75,000	-
Willowacre Trust	75,000	-
QED Foundation	60,000	-
Charitable Giving	100,000	-
Grant Access 2 Business	100,000	-
Saltbox	50,000	-
Headliners UK	49,820	-
CHAS Bristol	41,668	-
Key Unlocking Futures	40,000	-
Great Yarmouth Refugee & Outreach Support Limited	75,000	-
Share Community Limited	75,000	-
<b>Total donations and grants awarded above £10,000</b>	<b>1,816,488</b>	<b>3,155,089</b>
<b>Total donations and grants awarded below £10,000</b>	<b>300,098</b>	<b>156,848</b>
<b>Total donations and grants awarded during the year</b>	<b>2,116,586</b>	<b>3,311,937</b>

**15. RELATED PARTY DISCLOSURES**

The Trustees are elected by the Members of the Foundation at the General Meeting and no trustees are appointed by Santander UK plc. The Foundation has received donations and gifts from Santander UK plc amounting to £3,324,000 (2020: £4,000,000).

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of £56,331 (2020: £92,155). This re-charge is included in other support costs (see note 6) and was paid during the year.

Related party cash balances are held by Cater Allen Limited and were £4,490,391 at 31 December 2021 (2020: £2,911,828). There were no other transactions entered into with related parties during the year (2020: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. RESERVES

	As at 1 January 2021 £	Income £	Expenditure £	Investment gains £	As at 31 December 2021 £
<b>Unrestricted Funds</b>					
General Reserve	2,888,563	3,650,190	(2,309,288)	-	4,229,465
<b>Total unrestricted funds</b>	<b>2,888,563</b>	<b>3,650,190</b>	<b>(2,309,288)</b>	<b>-</b>	<b>4,229,465</b>
<b>Restricted Funds</b>					
General Reserve	312,519	27,040	-	-	339,559
<b>Total restricted funds</b>	<b>312,519</b>	<b>27,040</b>	<b>-</b>	<b>-</b>	<b>339,559</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	9,397,144	-	-	886,454	10,283,598
<b>Total Endowment funds</b>	<b>16,338,106</b>	<b>-</b>	<b>-</b>	<b>886,454</b>	<b>17,224,560</b>
<b>Total funds</b>	<b>19,539,188</b>	<b>3,677,230</b>	<b>(2,309,288)</b>	<b>886,454</b>	<b>21,793,584</b>

	As at 1 January 2020 £	Income £	Expenditure £	Investment gains £	As at 31 December 2020 £
<b>Unrestricted Funds</b>					
General Reserve	1,984,060	4,356,921	(3,452,418)	-	2,888,563
<b>Total unrestricted funds</b>	<b>1,984,060</b>	<b>4,356,921</b>	<b>(3,452,418)</b>	<b>-</b>	<b>2,888,563</b>
<b>Restricted Funds</b>					
General Reserve	282,830	29,689	-	-	312,519
<b>Total restricted funds</b>	<b>282,830</b>	<b>29,689</b>	<b>-</b>	<b>-</b>	<b>312,519</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	8,970,876	-	-	426,268	9,397,144
<b>Total Endowment funds</b>	<b>15,911,838</b>	<b>-</b>	<b>-</b>	<b>426,268</b>	<b>16,338,106</b>
<b>Total funds</b>	<b>18,178,728</b>	<b>4,386,610</b>	<b>(3,452,418)</b>	<b>426,268</b>	<b>19,539,188</b>

Unrestricted funds are available for use at the discretion of the Trustees to further the objectives of the Foundation.

Restricted funds are for grants to charities working on housing related causes.

Endowment Funds represent funds invested by the charity from which it derives investment income. The movement during the year is driven by net unrealised gains from the increase in market values of the underlying investments.

17. CAPITAL COMMITMENTS

The Foundation had no capital commitments at the balance sheet date.

18. GRANT COMMITMENTS

The foundation awarded grants of £1,666,368 to 21 entities during the financial year, A further £1,333,636 was committed and will be paid between 2022 and 2023 subject to condition of the grant agreement being met. This totals £3,000,004 over a three year period.

**SANTANDER UK FOUNDATION LIMITED**

England & Wales - Charity number 803655

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# Accounts

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**SANTANDER UK  
FOUNDATION LIMITED**

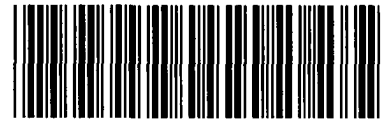
A company limited by guarantee

Company No. 02509711  
Registered Charity No. 803655

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2020**

TUESDAY



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## ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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## REFERENCE AND ADMINISTRATIVE DETAILS

### Trustees

CP Fallis  
S Willis  
JF Collins (appointed 3 February 2020)  
D Jones (appointed 22 April 2020)  
CJ Anderson (appointed 22 April 2020)  
JM Moran (appointed 22 April 2020)

### Foundation Secretaries

Santander Secretariat Services Limited

### Chartered Accountants and Statutory Auditor

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Cater Allen Limited  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

### Investment Managers

Santander Asset Management UK Limited  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

### Registered office

2 Triton Square  
Regent's Place  
London  
NW1 3AN

### Principal address

Santander House  
201 Grafton Gate East  
Milton Keynes  
MK9 1AN

## REPORT OF THE TRUSTEES

(incorporating the Directors' report)

The Trustees present their report together with the audited financial statements for the year ended 31 December 2020. The report and financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements, and comply with the charity's governing documents, Charities SORP (FRS 102) second edition – October 2019, the Companies Act 2006, the Charities Act 2011 and the Financial Reporting Standard 102 Statement of Recommended Practice (FRS 102 SORP).

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions including not preparing a Strategic Report.

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

CP Fallis	
S Willis	
JF Collins	(appointed 3 February 2020)
D Jones	(appointed 22 April 2020)
CJ Anderson	(appointed 22 April 2020)
JM Moran	(appointed 22 April 2020)

### Structure, Governance and Management

Santander UK Foundation Limited (the Foundation) is a registered charity (no. 803655) and a company limited by guarantee (no. 02509711), governed by Memorandum and Articles of Association. The Foundation was incorporated on 8 June 1990.

Trustees are elected by the Members of the Foundation at the General Meeting or by written resolution signed by all Members eligible to vote at the General Meeting. The Trustees are also Directors for the purposes of Company Law.

The Trustees are selected to bring a diverse range of skills, experience and knowledge to the role. They meet regularly, usually on a quarterly basis. The Trustees do not have a maximum length of office. A business plan is prepared and agreed by the Trustees for each financial year. A quarterly report examines performance against the agreed budgets.

All Trustees are provided with an induction pack containing a copy of the Foundation's objectives, priorities and most recent Annual Report and financial statements. The Foundation Secretary will then discuss with the Trustee the background and current business plan of the Foundation.

The Trustees met on 5 occasions during the year ended 31 December 2020 (2019: 5). All grants are ratified at a meeting of the Trustees. A quorum of two Trustees is the minimum requirement. Grants of over £10,000 are approved by one Trustee and grants of over £30,000 are approved by two Trustees.

The Foundation's related parties consist of Santander UK plc, Cater Allen Limited, Santander UK Group Holdings plc and Banco Santander SA, by the virtue of Banco SA's ownership and control of Santander UK Group Holdings plc. The majority of donations into the Foundation are from Santander UK plc. The ring-fencing regulation established in 2019 required the Santander UK Foundation to establish an arms-length relationship with Santander UK plc. Therefore, the Foundation created a Service Level Agreement to pay Santander UK plc for the services provided by the company to support the Foundation activities. The other related party is Santander Asset Management UK Limited, which manages the Foundation's investment portfolio.

The Company's risk management focuses on the major areas of credit, liquidity, marketing and operational risk. Risk management is carried out by the central risk management function of the Santander UK Group. Authority flows from the Santander UK Group Holdings plc Board to the Chief Executive Officer and from them to their direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight. Their authority is derived from the person they are intended to assist.

The major risks the charity is exposed to, as identified by the Trustees, are grant fraud and reputational risk. These are subject to regular review. The nature of those risks and the systems to mitigate them are also subject to regular independent management review.

It is anticipated that there may be instances where applications received may either in part or whole, contain untrue disclosures with the purpose to allow the applicant to obtain funds from the Foundation through deception. This is referred to as grant fraud risk and this is managed by only awarding grants to registered charities, community interest companies and credit unions and this provides a first stage of due diligence. Registered charities that submit regular financial statements and have no flags on the relevant registers are eligible for funding. Each grant is made via a formal grant offer which outlines the terms of the award and each charity is asked to complete a Trustee declaration that confirms the grant was used for the wholly charitable purposes that it was awarded for. We ask each charity to submit a report one year after a grant is made to confirm the details of the spending (an impact report). The relatively small value of the grants made, up to £5,000, means that the Foundation is confident that the risk processes in place are appropriate and adequate to the risk level. Where the Foundation is made aware of a fraud or potential fraud the Foundation will investigate the incident, ask the charity for an explanation and notify The Charity Commission for England and Wales. The Foundation takes grant fraud very seriously as this diverts scarce resources and support away from legitimate charitable causes. The Foundation aims to ensure that all the grants that we make are used for their intended charitable purpose. In those cases where we believe grant fraud has taken place we will request repayment of the grant and will not accept future applications from the charity or individual concerned. These will then be logged as an incident and registered with our Santander UK Risk Manager.

Reputational risk for the Foundation consists of loss resulting from damages to the firm's reputation through non-compliance with regulation, thus leading to increased regulatory costs. The Foundation manages such risk through compliance with existing regulation and by keeping up to date with developments in the regulatory environment.

## REPORT OF THE TRUSTEES *(continued)*

### Objectives and activities for public benefit

The charitable objectives of the Foundation are to provide grants and help disadvantaged people by making donations to appropriate charitable organisations working within the published charitable objectives. Since 2016, the Santander Foundation had supported the Discovery Project strategy awarding over £9 million to more than 2,100 charitable causes via the Discovery Grants programme. In 2019, the Foundation trustees decided to review its strategy to assess whether it would be possible to have an even greater impact throughout the communities. Therefore, in February 2019, the Discovery Grants programme was terminated. Throughout the strategic review, the Foundation trustees concluded that in this modern world, the lack of digital and financial skills could have a substantial negative impact on a person's life and financial wellbeing. Those already at a disadvantage are most likely to be missing out, further widening the social inequality gap. Considering these findings, the Foundation trustees decided to define as a new charitable strategy the development of a new grants programme, the Santander Foundation Digital & Financial Empowerment Fund, focused on supporting projects that will help people to become digitally and financially empowered. The new programme will be launched in Q2 2021 and it considers a greater level of impact assessment and an enhanced relationship with the grantees.

In 2020 the international health crisis heavily impacted all aspects of society. In the UK, the charity sector was under enormous pressure to support the most vulnerable people while their income sources had been massively reduced. Considering this scenario, the Foundation trustees agreed to provide grants to support Age UK and Alzheimer's Society. The Santander Foundation funding assisted both charities who were on the frontline of offering vital support for both older people and those affected by dementia. Age UK and Alzheimer's Society have a long history of helping vulnerable people in the community and the donation supported both existing and new initiatives launched to help those who were at even greater risk of isolation.

The Santander UK Foundation continues to deliver the Santander UK Colleagues Matched Donations scheme. The programme is focused on supporting employees that have undertaken fundraising activities for UK registered charities. The colleagues can submit an application to the Scheme for the UK registered charity to receive an additional sum by way of a matched donation. In 2020, the Foundation awarded 577 matched donation requests to 376 UK registered charities.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives, in planning future activities and in setting the grant making policy for the year. The Trustees' grant making activities have provided benefit to the beneficiaries of the charity and the public.

### Grant making policy

The charitable priorities for 2020 were to help disadvantaged people in the UK by supporting projects which improve skills, knowledge or provide innovative solutions to social challenges and to support staff fundraising through our Matched Donation scheme.

This was achieved mainly through selection of appropriate recipients in response to the published programme and through the staff matched donation scheme of Santander UK plc Group.

### Investments

The Trustees have the power to purchase investments and securities which are considered fit for the purposes of the Foundation, with the exception of derivatives. The Trustees comply with the Charity Commission's guidelines on investments.

The Foundation's investment strategy is a split of 50% equities and 50% UK fixed income to achieve a broadly balanced portfolio seeking moderate growth. Further information concerning the performance and nature of the investment can be found within this section under unrestricted funds and note 1.

### Achievements and performance

The Foundation made grants and matched donations of £3,311,937 (2019: £1,986,291) in total during the year. The number of grants and matched donations awarded were 581 (2019: 1,951) and these were made for the following charitable purposes:

	2020		2019	
	Total value (£)	Number of grants and donations	Total value (£)	Number of grants and donations
Covid-19 Grants	3,000,000	4	-	-
Health	164,935	241	491,841	637
Social Inclusion	144,456	331	1,468,820	1,265
Other	2,546	5	25,630	49
<b>Total</b>	<b>3,311,937</b>	<b>581</b>	<b>1,986,291</b>	<b>1,951</b>

In 2020 the COVID-19 pandemic heavily impacted charitable initiatives. Considering the effect of the health crisis in society and disproportional pressure on vulnerable groups, the Foundation trustees agreed to provide fewer grants but of higher value compared to 2019 including two significant grants to support Age UK and Alzheimer's Society. The charities were selected due to their crucial work in helping older people and those affected by dementia. These two groups were the most affected by the diseases and also heavily impacted by the social isolation measures that created a huge lack of support. Therefore, the Foundation awarded Covid-19 Grants £1.5 million to Alzheimer's Society and £1.5 million to Age UK. This initiative was also supported by a volunteering campaign for Santander UK Plc colleagues. Over 3,500 Santander employees participated. The £3 million awarded to Age UK and Alzheimer's Society enabled both charities to support approx. 370,000 people, and with the Santander UK Plc volunteering programme approx. 5,520 people have been supported. Through the Staff Matched Donation scheme 577 (2019: 1,694) staff donations to charities were matched during the year amounting to £311,937 (2019: £1,464,715).

## REPORT OF THE TRUSTEES *(continued)*

The principal sources of funding were donations of £4,000,000 (2019: £3,060,000 ) from Santander UK plc, 35,000 (2019: £nil) from Santander London Branch and investment income of £351,610 (2019: £415,049).

### Impact assessment and evaluation

Other than staff matched donations all payments are issued with a grant confirmation and feedback (impact report) form asking the charity to outline what qualitative and quantitative impacts the grant has had at the end of the grant period, usually one year. This is returned by the beneficiary along with an official receipt. A table of whole programme indicators is compiled to assess the effectiveness of the grants programme and what intended and unintended impacts have resulted from our support. This is used in assisting the Trustees when considering future grant requests made by the same or similar organisations.

### Financial Review

The objectives of the Foundation are to support disadvantaged people in the United Kingdom. This is achieved through the two core programmes: matched donations and grants. The matched donation scheme supports the fundraising activities of Santander UK employees and in the year £311,937 (2019: £1,464,715) of funding was made to charities through this scheme. Due to the strategic review launched in 2019, the Discovery Grant programme was terminated. The Foundation is currently working on the development of a new grants programme, the Santander Foundation Digital & Financial Empowerment Fund, focused on supporting projects that will help people to become digitally and financially empowered. The new programme will be launched in Q2 2021 and it considers a greater level of impact assessment and an enhanced relationship with the grantees. The Foundation sought to fund local projects to help disadvantaged people improve skills, knowledge or provide innovative solution to social challenges and this is achieved through Discovery Grants which target funding to small, local charities. During 2020, no funding (2019: £346,292) was provided to charities under this programme.

The financial performance for the year is set out on page 11 of the financial statements. The net income for the year after realised and unrealised gains and losses amounted to £1,360,460 (2019: net income £2,976,276).

As an analysis of the Foundation's total reserves, 35.5% constitutes endowment investments. The endowment has seen an increase during 2020 that has been driven by the increase in market values of the underlying investments.

1.6% of total reserves equating to £312,519 (2019: 282,830) relate to restricted funds that can only be used for housing related causes and it is noted that no grants were awarded during the year to restricted causes. The only movement in restricted reserves during the year has been the investment income earned on the Housing Association Fund Portfolio.

Unrestricted funds represent 14.8% of total reserves, equating to £2,888,563 (2019: £1,984,060). The unrestricted reserves constitute an amount greater than the monthly average expenditure on grants during the year. The Foundation is therefore satisfied its reserves are maintained in accordance with the reserves policy as discussed below.

The remaining 48.1% of total reserves equating to £9,397,144 (2019: £8,970,876) relates to revaluation gains arising from the investment portfolio.

### Reserves

The income of the Foundation is exclusively used for grant purposes. Grants are only agreed to the extent of available income. The Foundation has no employees. Due to ring-fencing regulation in 2019, the Foundation was required to establish an arms-length relationship with Santander UK plc to pay for the services (staff and infrastructure) provided by Santander UK plc. The Foundation is also responsible for entering into service contracts to cover the costs of the administration of the charitable activities.

The Trustees continue to hold significant investments to generate an annual income to support the charity. It is the Foundation's policy to ensure funds are available to cover one month of grant awards at any time in reserve. At 31 December 2020, the total funds of the Foundation were £19,539,188 (2019: £18,178,728).

### Endowment funds

These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. There are two endowment funds one is a restricted fund (the AHA portfolio) and the other is an unrestricted endowment fund. The investment income for the funds are included within restricted and unrestricted on the SOFA and Balance Sheet based on the funds from which the income is derived.

### Restricted funds

The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.

### Unrestricted funds

These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

## REPORT OF THE TRUSTEES *(continued)*

### Investments

Santander Asset Management UK Limited has managed the investment fund since September 2005. The Foundation's assets are invested in a combination of passive (index-tracking) collective investment funds. For the 12 months ended 31 December 2020 the return of the Aggregated Fund (as a measure of dividend income versus the value of the UK quoted investments) was 2.3% (2019: 4.7%). The fund continues to provide a stable return for the Foundation and is consistent with the Foundation's expectations to seek moderate growth from its investment portfolio.

### Plans for the Future

In January 2019, the Foundation started a strategic review to explore how we can deliver even more positive impact within our communities. The review enhanced the Foundation Governance structure, defined a new purpose in line with the new environment and challenges which we had been facing and developed new strategic programmes aiming to amplify our contribution to communities and the charities we support. Due to the review in February 2019, the Foundation Trustees decided to pause the Discovery Grants scheme in order to give focus to review and optimize the development of the new strategy. Throughout the strategic review, the Foundation trustees concluded that the lack of digital and financial skills could have a substantial negative impact on a person's life and financial wellbeing. Therefore, Foundation trustees decided to define as a new charitable strategy the development of a new grants programme focused on supporting projects to help people to become digitally and financially empowered. The new programme will be launched in 2021, and it will consider a greater level of impact assessment and an enhanced relationship with the grantees.

As part of the strategic review, the Foundation also identified the need to increase the diversity of the Board of Trustees. Previously, only Santander UK plc employees could become members. Therefore, the Foundation initiated in Q4 2019 the recruitment of external trustees to join the board. In March 2020, two independent trustees were appointed, one of them as the Chair. The Foundation expects to increase the range of valuable skills and experience, especially around the charity sector best practices. The Foundation also implemented in the first quarter of 2019 improved key policies and procedures such as a term of service, risk register, investment policy, conflicts of interest policy, Trustee induction and a safeguarding policy.

### Related parties

The related parties of Santander UK Foundation Limited are considered to be Santander UK Group Holdings plc, Santander UK plc, Cater Allen Limited and Banco Santander SA and their subsidiaries, together with the Trustees and the Trust Secretaries. Refer to note 15 for details.

In addition, during the year, Santander London Branch made a one off cash donation of £35,000 (2019: nil).

### Statement of trustees' responsibilities

The trustees (who are also directors of Santander UK Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent<sup>2</sup>;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements<sup>3</sup>; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business<sup>4</sup>.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## REPORT OF THE TRUSTEES *(continued)*

### Statement of Going Concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Foundation, its liquidity position and borrowing facilities are set out in the financial statements.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

### COVID-19 / BREXIT

2020 was a demanding year in general with Brexit uncertainty and economic turmoil as a result of the COVID-19 pandemic. The Company continues to monitor the impact of COVID-19 and Brexit and intends to take a coordinated approach with its UK parent company, Santander UK plc (the Group) where applicable. The Company does not anticipate any significant change to the carrying value of its assets and liabilities at the reporting date.

### Streamlined Energy and Carbon Reporting (SECR)

SECR is considered and managed at a Santander UK group level. Information on the annual energy use and associated greenhouse gas emissions of the Santander UK group (including the Company) is set out in the Strategic report and Directors' report sections of the Santander UK Group Holdings plc 2020 Annual Report.

### Qualifying Third Party Indemnities

Enhanced indemnities are provided to the Directors of the Foundation by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Foundation. 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.

The financial statements were approved by the Trustees on 26 July 2021, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
26 July 2021

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

# ***Independent auditors' report to the members of Santander UK Foundation Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Santander UK Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 2020; the statement of financial activities (SOFA) – incorporating summary of income and expenditure account for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

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### **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 charitable 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.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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### **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 trustees 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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

# ***Independent auditors' report to the members of Santander UK Foundation Limited (continued)***

## *Report of the Trustees*

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable 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 Trustees. We have nothing to report in this respect.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements, such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results or conceal the misappropriation of assets and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to expenditure accounts;
- obtaining confirmations of cash balances and material investment valuations as at 31 December 2020;
- testing the recognition of grant expenditure in line with terms of the grant awards;
- enquiry of management and the board of trustees, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the board of trustees; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## ***Independent auditors' report to the members of Santander UK Foundation Limited (continued)***

### *Use of this report*

This report, including the opinions, has been prepared for and only for the charitable 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.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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

- we have not obtained 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
- certain disclosures of trustees' 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.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Daniel Chan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 July 2021

## STATEMENT OF FINANCIAL ACTIVITIES (SOFA) – INCORPORATING SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>						
Donations	2	4,035,000	-	-	4,035,000	3,075,547
Investments	3	321,921	29,689	-	351,610	415,049
<b>Total</b>		<b>4,356,921</b>	<b>29,689</b>	<b>-</b>	<b>4,386,610</b>	<b>3,490,596</b>
<b>Expenditure on:</b>						
Charitable activities	6	(3,452,418)	-	-	(3,452,418)	(2,185,236)
<b>Total</b>		<b>(3,452,418)</b>	<b>-</b>	<b>-</b>	<b>(3,452,418)</b>	<b>(2,185,236)</b>
Net gains on investments	8	-	-	426,268	426,268	1,670,916
<b>Net income and net movement in funds for the year</b>		<b>904,503</b>	<b>29,689</b>	<b>426,268</b>	<b>1,360,460</b>	<b>2,976,276</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	12, 16	1,984,060	282,830	15,911,838	18,178,728	15,202,452
<b>Total funds carried forward</b>		<b>2,888,563</b>	<b>312,519</b>	<b>16,338,106</b>	<b>19,539,188</b>	<b>18,178,728</b>

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

A summary of the prior year comparative for each fund is disclosed within note 12.

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**BALANCE SHEET**


As at 31 December 2020

	Note	Total funds 2020 £	Total funds 2019 £
<b>Fixed assets:</b>			
Investments	8	16,533,863	16,022,748
<b>Total fixed assets</b>		<b>16,533,863</b>	<b>16,022,748</b>
<b>Current assets:</b>			
Cash at bank and in hand	9	2,911,828	2,178,579
Other debtors	9	110,357	118,707
<b>Total current assets</b>		<b>3,022,185</b>	<b>2,297,286</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(16,860)	(141,306)
<b>Net current assets</b>		<b>3,005,325</b>	<b>2,155,980</b>
<b>Total net assets</b>		<b>19,539,188</b>	<b>18,178,728</b>
<b>The funds of the charity:</b>			
<b>Endowment funds</b>			
- General Endowment Fund	16	6,940,962	6,940,962
- Revaluation Reserve	16	9,397,144	8,970,876
Restricted income funds	16	312,519	282,830
Unrestricted Funds	16	2,888,563	1,984,060
<b>Total Charity funds</b>		<b>19,539,188</b>	<b>18,178,728</b>

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

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime.

The financial statements were approved by the Trustees on 26 July 2021, authorised for issue and signed on its behalf by:



Judith Moran  
Trustee  
26 July 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The Foundation is a public benefit entity.

The principal accounting policies applied to Santander UK Foundation Limited (the Foundation) are summarised below.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments.

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102) second edition – October 2019 applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), effective 1 January 2015; and the Companies Act 2006.

The Foundation's activities, together with the factors likely to affect its future prospects are discussed in the Report of the Trustees on pages 3 to 7. The administrative details page on page 2 forms part of the Trustees' report.

The financial statements have been prepared on the going concern basis as disclosed in the Trustees' statement of going concern set out in the Report of the Trustees.

The Foundation has adequate funds in place for commitments made. The Foundation has no employees and no grants are committed unless funds are in place. As a consequence, the Trustees believe that the Foundation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

#### Income

All income is included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Donations and gifts are recognised as soon as their amount and receipt are probable, which is usually only when they are received.

Investment income is recognised as it is receivable.

#### Expenditure

Direct charitable expenditure includes grants payable to charities together with support costs related to making these grants. Grants are accounted for when the Trustees have accepted a legal obligation to make the grant. Creditors represent costs which have been incurred but not paid for at the year end.

#### Support and governance costs

Support costs include costs associated with the operations of the Foundation. Support costs are generally allocated against the unrestricted funds. However costs related to or are apportionable towards the restricted funds are allocated against those funds. Governance costs comprise the cost of the strategic direction of the charity including trustees meetings and professional fees. These are included in the financial statements on expenditure on charitable expenditure based on activity.

#### Cash at bank and in hand

The Foundation seeks to maintain sufficient cash resources equivalent to at least one month's worth of grants paid to beneficiaries in order for it to meet its obligations. At 31 December 2020, cash and cash equivalents of £2,911,828 were held (2019: £2,178,579), comprising cash held on demand with related parties and external banks.

#### Cash flow statement

As a small company within the definition of the Companies Act 2006, the Trustees have decided to take advantage of the exemption available under FRS 102 section 7.1B: Statement of Cash Flows, not to produce a cash flow statement.

#### Investments

Fixed assets investments are stated at bid market value at the balance sheet date. All investments are investment assets held in the United Kingdom. Investments include deposit balances, equities and fixed income funds, which are held by fund managers. Realised and unrealised investment gains and losses relating to the Main Fund are included in unrestricted funds and in the restricted funds where they relate to the Housing Association Fund.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*1. ACCOUNTING POLICIES *(continued)*

## Fund accounting

The Charity maintains various types of funds as follows:

- **Endowment funds**  
These are permanent endowment funds which represent funds invested by the Charity from which it derives investment income. The investment income is included within restricted funds for the AHA portfolio and unrestricted funds for the main investment portfolio.
- **Restricted funds**  
The income generated from this fund is from the investment income from the AHA portfolio. The restricted fund can only be used for grants to charities working with housing related causes.
- **Unrestricted funds**  
These represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

## Other debtors

Other debtors represent funds which have been advanced to third party administrators of the Charity to cover the cost of grants awarded but not yet paid due to short term timing differences.

## Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Foundation becomes a party to the contractual terms of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

## Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. The Foundation's financial liabilities comprise grants awarded that are awaiting payment and support costs which are classified as amortised cost.

Financial liabilities are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

## 2. DONATIONS

	2020 £	2019 £
Donations received from Santander UK plc	4,000,000	3,060,000
Donations received from Santander London Branch	35,000	-
Donations received from other than Santander UK plc	-	300
Unutilised grants originally paid out and returned to the Foundation	-	15,247
	<b>4,035,000</b>	<b>3,075,547</b>

During the year, Santander UK plc made a cash donation of £4,000,000 (2019: £3,060,000) and Santander London Branch made a cash donation of £35,000 (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## 3. INVESTMENT INCOME

	2020 £	2019 £
Bank interest income	7,269	9,723
Dividend income	344,341	405,326
Interest and dividends	351,610	415,049

## 4. AUDIT FEES

Fees payable to the Foundation's Auditors for the audit of the Foundation's annual financial statements for the current year are £6,960 (2019: £12,360). For the current year, irrecoverable VAT at 20% is included within the fee. The 2020 audit fee net of VAT is £5,800. For the prior year, the fee is stated net of VAT as Santander UK plc absorbed the cost of the irrecoverable VAT as part of its group audit fee.

Fees payable to the auditors for non-audit services were nil (2019: nil).

## 5. TRUSTEES' AND STAFF EMOLUMENTS

The Trustees received neither remuneration nor expenses for services rendered (2019: £nil).

The Foundation had no directly employed staff during the year (2019: none) and as a result had no staff or related costs (2019: £nil). During the year one of the Foundation's secretaries who is employed and remunerated by Santander UK plc, provided the administrative support for the Foundation. The costs for their services provided to the Charity form part of the re-charge from Santander UK plc included within Other support costs.

The key management personnel for the foundation are the Trustees none of whom receive remuneration for their work performed.

## 6. CHARITABLE ACTIVITIES

	Donations and grants paid to institutions £	Support costs £	Total 2020 £	Donations and grants paid to institutions £	Support costs £	Total 2019 £
<b>Charitable activities:</b>						
Grants and matched donations	3,311,937	-	3,311,937	1,986,291	-	1,986,291
<b>Expenditure on charitable activities:</b>						
Grant administration and grant processing costs	-	30,154	30,154	-	48,095	48,095
Other support costs	-	104,147	104,147	-	138,490	138,490
Governance costs	-	6,180	6,180	-	12,360	12,360
Closing balance	3,311,937	140,481	3,452,418	1,986,291	198,945	2,185,236

Grants and matched donations allocation by charitable purpose:

	Unrestricted 2020 £	Number of grants 2020 No.	Unrestricted 2019 £	Number of grants 2019 No.
Covid-19 Grants	3,000,000	4	-	-
Health	164,935	241	491,841	637
Social inclusion	144,456	331	1,468,820	1,265
Other	2,546	5	25,630	49
<b>Total</b>	<b>3,311,937</b>	<b>581</b>	<b>1,986,291</b>	<b>1,951</b>

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of £92,155 (2019: £92,155). This is included in other support cost.

The support costs and governance costs are allocated based on the activities performed and has been allocated to charitable expenditure. No costs are incurred for generating funds. The material grants awarded above £10,000 are included in note 14.

## 7. TAXATION

As a charity, the Company is exempt from taxation on income and gains received within categories covered by Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects. No tax charge has arisen in the year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. INVESTMENTS

2020	Main fund Portfolio £	Housing Association fund Portfolio £	Total £
Market value at 1 January 2020	14,478,775	1,543,973	16,022,748
Purchases during the year	1,058,883	29,689	1,088,572
Sales during the year	(1,075,486)	(29,689)	(1,105,175)
Realised gains on sales during the year	360,773	6,678	367,451
Unrealised gains	58,164	86,410	144,574
Movement in cash	15,653	40	15,693
Market value at 31 December 2020	14,896,762	1,637,101	16,533,863
UK quoted investments	14,875,857	1,634,601	16,510,458
Cash held as part of investment portfolio	20,905	2,500	23,405
Total investments	14,896,762	1,637,101	16,533,863
Historic cost at 31 December 2020	10,322,766	1,238,041	11,560,807
Historic cost at 31 December 2019	9,961,993	1,231,363	11,193,356

2019	Main fund Portfolio £	Housing Association fund Portfolio £	Total £
Market value at 1 January 2019	12,900,383	1,451,449	14,351,832
Purchases during the year	362,133	31,356	393,489
Sales during the year	(362,133)	(31,356)	(393,489)
Realised gains on sales during the year	101,241	5,965	107,206
Unrealised gains	1,477,151	86,559	1,563,710
Movement in cash	-	-	-
Market value at 31 December 2019	14,478,775	1,543,973	16,022,748
UK quoted investments	14,473,523	1,541,513	16,015,036
Cash held as part of investment portfolio	5,252	2,460	7,712
Total investments	14,478,775	1,543,973	16,022,748
Historic cost at 31 December 2019	9,961,993	1,231,363	11,193,356
Historic cost at 31 December 2018	9,860,752	1,225,397	11,086,149

The portfolios for both funds are structured so that they invest in passive OEIC stocks. As a result, the majority of the investments exceeded 5% of the relevant portfolio.

At the year end date, the stocks consisted of the following Level 1 investments:

Main fund	Housing Association fund
Royal London UK All Share Tracker Z	BlackRock Col. UK Gilts All Stocks - LA
iShares Pacific Ex Japan Eq Idx-L AC	iShares Corporate Bond Index F
iShares Corporate Bond Index F	
BlackRock Col. UK Gilts All Stocks - LA	
BlackRock Collective Cont. Euro	
BlackRock Collective North Amer	
BlackRock Collective Japan Eq. Tracker	

The custodian of the investments is Bank of New York Mellon.

As a result of holding investments, the Foundation is exposed to a variety of risks, the most significant of which are credit risk, market risk and liquidity risk. The Foundation manages its risk in line with the central risk management function of the Group. The Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the 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 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***8. INVESTMENTS (continued)****Credit risk**

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Foundation losing the principal amount invested, the interest accrued and any unrealised gains.

In accordance with Group policy, the Foundation manages its portfolios across the credit risk lifecycle, from drawing up risk strategy, plans, budgets and limits to making sure the actual risk profile of the Foundation's exposures stays in line with plans and the Foundation's appetite to risk.

**Market risk**

Market risk is the risk of losses on financial investments caused by adverse price movements through changes in equity prices or commodity prices, interest rate moves or foreign exchange fluctuations.

The Foundation mitigates market risk by ensuring diversification in the investments it holds by investing in a range of trackers funds, bonds and gilts over a wide geographical market and by monitoring the returns achieved during the financial year.

**Liquidity risk**

Liquidity risk is the potential that, although remaining solvent, the Foundation does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. The Foundation manages liquidity risk with the support of Santander UK plc, ensuring that the Foundation will have sufficient liquid resources in order to meet its obligations as they fall due.

**9. CURRENT ASSETS**

	2020 £	2019 £
Cash at bank and in hand	2,911,828	2,178,579
Other debtors	110,357	118,707
	3,022,185	2,297,286

Cash at bank and in hand includes cash held by third parties of £nil (2019: £7,360). The remaining cash is held in bank accounts operated by Cater Allen Limited, a fellow subsidiary of Santander UK plc.

Other debtors wholly consist of cash held by Charitable Giving, as agent for the Foundation, for the purpose of issuing grants and making donations.

**10. TRADE CREDITORS**

The following table shows the breakdown of accruals recognised at the year end date. All amounts are payable within one year.

	2020 £	2019 £
Grants awarded that are awaiting payment	-	119,046
Support costs – grant administration and grant processing costs	9,900	9,900
Other accruals	6,960	12,360
<b>Total accruals</b>	<b>16,860</b>	<b>141,306</b>

**11. ALLOCATION OF NET ASSETS BETWEEN FUNDS**

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2020 £
Investments	14,896,762	1,637,101	16,533,863
Cash	2,911,828	-	2,911,828
Other debtors	110,357	-	110,357
Accruals	(16,860)	-	(16,860)
<b>Total funds</b>	<b>17,902,087</b>	<b>1,637,101</b>	<b>19,539,188</b>

	Main fund Portfolio £	Housing Association fund Portfolio £	Total funds 2019 £
Investments	14,478,775	1,543,973	16,022,748
Cash	2,178,579	-	2,178,579
Other debtors	118,707	-	118,707
Accruals	(141,306)	-	(141,306)
<b>Total funds</b>	<b>16,634,755</b>	<b>1,543,973</b>	<b>18,178,728</b>

Note 16 shows the allocation of the investment portfolios between restricted, unrestricted and endowment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## 12. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) - PRIOR YEAR COMPARATIVE

	Notes	Unrestricted funds £	Restricted funds £	Endowment Fund £	Total funds 2019 £
Income and endowments from:					
Donations	2	3,075,547	-	-	3,075,547
Investments	3	383,693	31,356	-	415,049
<b>Total</b>		<b>3,459,240</b>	<b>31,356</b>	<b>-</b>	<b>3,490,596</b>
Expenditure on:					
Charitable activities	6	(2,185,236)	-	-	(2,185,236)
<b>Total</b>		<b>(2,185,236)</b>	<b>-</b>	<b>-</b>	<b>(2,185,236)</b>
Net gains on investments	8	-	-	1,670,916	1,670,916
<b>Net income and net movement in funds for the year</b>		<b>1,274,004</b>	<b>31,356</b>	<b>1,670,916</b>	<b>2,976,276</b>
Reconciliation of funds:					
Total funds brought forward	12,16	710,056	251,474	14,240,922	15,202,452
<b>Total funds carried forward</b>		<b>1,984,060</b>	<b>282,830</b>	<b>15,911,838</b>	<b>18,178,728</b>

## 13. LIABILITY OF MEMBERS

The liability of each Trustee to contribute to the assets of the Foundation on winding up is limited to £100.

## 14. DONATIONS AND GRANTS AWARDED TO CHARITIES £10,000 AND ABOVE

Charity name	2020 £	2019 £
Alzheimer's Society (Charity Partner)	1,654,876	193,076
Age UK (Charity Partner)	1,500,213	23,710
Macmillan Cancer Support	-	29,614
Barnardos (Charity Partner)	-	23,780
Cancer Research UK	-	20,383
Marie Curie Cancer Care	-	12,097
Action Cancer	-	10,828
Children In Need	-	10,613
HCPT - Hosanna House and Children's Pilgrimage Trust)	-	10,500
<b>Total donations and grants awarded above £10,000</b>	<b>3,155,089</b>	<b>334,601</b>
<b>Total donations and grants awarded below £10,000</b>	<b>156,848</b>	<b>1,651,690</b>
<b>Total donations and grants awarded during the year</b>	<b>3,311,937</b>	<b>1,986,291</b>

NOTES TO THE FINANCIAL STATEMENTS *(continued)***15. RELATED PARTY DISCLOSURES**

The Trustees are elected by the Members of the Foundation at the General Meeting and no trustees are appointed by Santander UK plc. The Foundation has received donations and gifts from Santander UK plc amounting to £4,000,000 (2019: £3,060,000) and a donation from Santander London Branch of £35,000 (2019: nil).

Santander UK plc charged the Foundation with the cost of services borne on behalf of the Foundation of £92,155 (2019: £92,155). This re-charge is included in other support costs (see note 6) and was paid during the year.

Related party cash balances are held by Cater Allen Limited and were £2,911,828 at 31 December 2020 (2019: £2,171,219). There were no other transactions entered into with related parties during the year (2019: none).

The investment fund is managed by Santander Asset Management UK Limited from September 2005, for which no fee is charged for the current year (2019: nil). Management of the underlying investment vehicles is undertaken by Royal London and Blackrock.

**16. RESERVES**

	As at 1 January 2020 £	Income £	Expenditure £	Investment gains £	As at 31 December 2020 £
<b>Unrestricted Funds</b>					
General Reserve	1,984,060	4,356,921	(3,452,418)	-	2,888,563
<b>Total unrestricted funds</b>	<b>1,984,060</b>	<b>4,356,921</b>	<b>(3,452,418)</b>	<b>-</b>	<b>2,888,563</b>
<b>Restricted Funds</b>					
General Reserve	282,830	29,689	-	-	312,519
<b>Total restricted funds</b>	<b>282,830</b>	<b>29,689</b>	<b>-</b>	<b>-</b>	<b>312,519</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	8,970,876	-	-	426,268	9,397,144
<b>Total Endowment funds</b>	<b>15,911,838</b>	<b>-</b>	<b>-</b>	<b>426,268</b>	<b>16,338,106</b>
<b>Total funds</b>	<b>18,178,728</b>	<b>4,386,610</b>	<b>(3,452,418)</b>	<b>426,268</b>	<b>19,539,188</b>

	As at 1 January 2019 £	Income £	Expenditure £	Investment gains £	As at 31 December 2019 £
<b>Unrestricted Funds</b>					
General Reserve	710,056	3,459,240	(2,185,236)	-	1,984,060
<b>Total unrestricted funds</b>	<b>710,056</b>	<b>3,459,240</b>	<b>(2,185,236)</b>	<b>-</b>	<b>1,984,060</b>
<b>Restricted Funds</b>					
General Reserve	251,474	31,356	-	-	282,830
<b>Total restricted funds</b>	<b>251,474</b>	<b>31,356</b>	<b>-</b>	<b>-</b>	<b>282,830</b>
<b>Endowment Funds</b>					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	7,299,960	-	-	1,670,916	8,970,876
<b>Total Endowment funds</b>	<b>14,240,922</b>	<b>-</b>	<b>-</b>	<b>1,670,916</b>	<b>15,911,838</b>
<b>Total funds</b>	<b>15,202,452</b>	<b>3,490,596</b>	<b>(2,185,236)</b>	<b>1,670,916</b>	<b>18,178,728</b>

Unrestricted funds are available for use at the discretion of the Trustees to further the objectives of the Foundation.

Restricted funds are for grants to charities working on housing related causes.

Endowment Funds represent funds invested by the charity from which it derives investment income. The movement during the year is driven by net unrealised gains from the increase in market values of the underlying investments.

**17. CAPITAL COMMITMENTS**

The Foundation had no capital commitments at the balance sheet date.