

**SANTANDER UK  
FOUNDATION LIMITED**

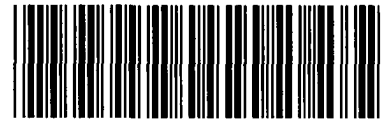
A company limited by guarantee

**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.

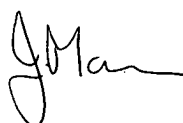
### Streamlined Energy and Carbon Reporting (SECR)

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>			
Endowment funds			
- 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 7.18: 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
	4,035,000	3,075,547

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

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

	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
Total accruals	16,860	141,306

## 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)
Total funds	17,902,087	1,637,101	19,539,188

	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)
Total funds	16,634,755	1,543,973	18,178,728

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.