

**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.

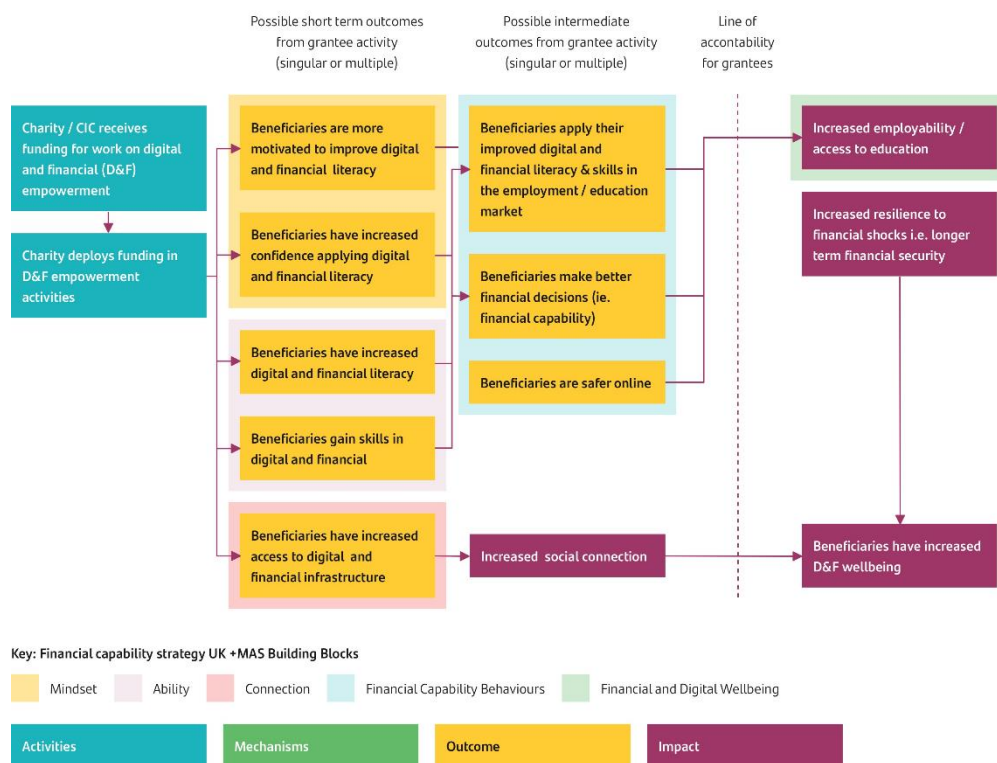
In addition to the Grants programme, the Santander UK Foundation continues to deliver the Santander UK Colleagues matched donations scheme. The programme match funds the fundraising efforts of Santander UK employees that have undertaken fundraising activities for UK registered charities. The matched 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.

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
Total	625,579	465	450,218	362

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 st January	1,483,512	-
Awarded in year	1,850,000	3,000,000
Paid in year	(916,090)	(1,516,488)
Amounts outstanding at 31st December	2,417,422	1,483,512

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 st 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)
Total charged in year	1,335,870	584,427	1,920,297	1,666,488	450,218	2,116,586
Accrued at 1 st January	150,000	(60,139)	89,861	-	(110,357)	(110,357)
Accrued at 31 st December	(569,780)	25,712	(544,068)	(150,000)	60,139	(89,861)
Paid in year	916,090	550,000	1,466,090	1,516,488	400,000	1,916,488

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%
Total	20,746,242	100%	21,793,584	100%

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 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

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.

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.

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.

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.

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. 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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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.

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

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 £
Income and endowments from:						
Donations	2	3,000,000	-	-	3,000,000	3,330,593
Investments	3	330,171	25,882	-	356,053	346,637
Total		3,330,171	25,882	-	3,356,053	3,677,230
Expenditure on:						
Charitable activities	6	(2,135,621)	-	-	(2,135,621)	(2,309,288)
Total		(2,135,621)	-	-	(2,135,621)	(2,309,288)
Net (losses)/ gains on investments	8	-	-	(2,267,774)	(2,267,774)	886,454
Net (expense)/ income and net movement in funds for the year		1,194,550	25,882	(2,267,774)	(1,047,342)	2,254,396
Total funds brought forward	12,16	4,229,465	339,559	17,224,560	21,793,584	19,539,188
Total funds carried forward	12,16	5,424,015	365,441	14,956,786	20,746,242	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 £
Fixed assets:			
Investments	8	15,502,674	17,416,514
Total fixed assets		15,502,674	17,416,514
Current assets:			
Cash at bank and in hand	9	5,830,296	4,490,391
Other debtors	9	25,712	60,139
Total current assets		5,856,008	4,550,530
Liabilities:			
Creditors: Amounts falling due within one year	10	(612,440)	(173,460)
Net current assets		5,243,568	4,377,070
Total net assets		20,746,242	21,793,584
The funds of the charity:			
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
Total Charity funds		20,746,242	21,793,584

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 £
Cash flows from operating activities		
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)
Operating cash flows before movements in working capital	1,220,432	1,367,943
Decrease in other debtors	34,426	50,218
Increase in payables	438,980	156,600
Net cash generated by operating activities	1,693,838	1,574,761
Cash flows from investing activities		
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
Net cash (used in)/ generated by investing activities	(353,933)	3,802
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
Cash and cash equivalents at end of year	5,830,296	4,490,391

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
	3,000,000	3,330,593

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
Interest and dividends	356,053	346,637

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 £
Charitable activities:						
Grants and matched donations	1,920,297	-	1,920,297	2,116,586	-	2,116,586
Expenditure on charitable activities:						
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
Total	1,920,297	215,324	2,135,621	2,116,586	192,702	2,309,288

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
Total	1,920,297	499	2,116,586	433

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
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

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

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
	5,856,008	4,550,530

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
Total accruals and deferred income	612,440	173,460

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)
Total funds	19,486,516	1,259,726	20,746,242

	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

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

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
Total donations and grants awarded during the year	1,920,297	2,116,586

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 £
Unrestricted Funds					
General Reserve	4,229,465	3,330,171	(2,135,621)	-	5,424,015
Total unrestricted funds	4,229,465	3,330,171	(2,135,621)	-	5,424,015
Restricted Funds					
General Reserve	339,559	25,882	-	-	365,441
Total restricted funds	339,559	25,882	-	-	365,441
Endowment Funds					
Endowment	6,940,962	-	-	-	6,940,962
Revaluation Reserve	10,283,598	-	-	(2,267,774)	8,015,824
Total Endowment funds	17,224,560	-	-	(2,267,774)	14,956,786
Total funds	21,793,584	3,356,053	(2,135,621)	(2,267,774)	20,746,242

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

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).