

# Schroders



## **Annual Report and Accounts 2020**

Schroder Pension Trustee  
Limited

Year Ended 31 December 2020

**Registered Number: 00243018**

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# Officers and professional advisers

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## Directors

Alan Brown  
Sophie Dapin  
Vivien Davie  
Matthew Dobbs  
Roger Doig  
Kate Leppard

## Company Secretary

Schroder Corporate Services Limited

## Registered office

1 London Wall Place  
London  
EC2Y 5AU

## Independent auditors

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

## Strategic report

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The Directors present their Strategic report on Schroder Pension Trustee Limited (the Company) for the year ended 31 December 2020.

### Results and review of the business

The profit for the year, after tax, was £8,244 (2019: £7,924 profit after tax).

The Company is the corporate trustee of the Schrodgers Retirement Benefits Scheme (SRBS). The Company derives its income primarily from fees received from other Group companies for acting as the corporate trustee of the SRBS. The Company's investment and operating principles are expected to remain unchanged in 2021 and were unchanged throughout 2020.

The Directors consider the results and the Company's financial position as at 31 December 2020 to be satisfactory.

The Covid-19 pandemic had an effect on nearly every aspect of our lives impacting investor sentiment and leading to market volatility. The response of the Schrodgers plc Group ('the Group') demonstrated the resilience of its employees, the strength of the infrastructure supporting its business processes and its business model. There was no significant impact on business operations despite 99% of staff working remotely. The effects of the pandemic are likely to be felt for a number of years and the Company as part of the Group, is well placed to weather those challenges.

The UK left the European Union (EU) on 31 January 2020 and entered a 'transition period' while the UK Government negotiated its future relationship with the EU. On 24 December 2020, both parties announced that they had reached agreement on a free trade agreement, the UK-EU Trade and Cooperation Agreement, with its terms taking effect immediately after the transition period concluded on 31 December 2020. As widely anticipated, the trade agreement does not make provision for financial services firms in the UK to continue to access the EU single market and, as a result, those firms lost their passporting rights.

The Group was well positioned for such a no-deal scenario for financial services. Its diversified business model and significant presence in the EU means that it is well placed to respond to any challenges arising without making significant changes to its operating models. The Group continues to closely monitor future negotiations and regulatory developments with respect to financial services including any frameworks for regulatory cooperation between the UK and the EU that might affect its business or clients. The Company is well placed to manage these challenges and adapt to ongoing changes in the political, economic and regulatory environment.

## Strategic report (continued)

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### Directors' duties – compliance with section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company

To discharge their section 172 duties the directors had regard to the factors set out above in making the principal decisions taken by the Company.

The Company is the corporate trustee of the Schroders Retirement Benefit Scheme and its activities are solely related to this role. The Company exists to provide this corporate trustee service to the UK pension scheme on behalf of the Schroders Group. Any profit made by the Company derives from fees received from other group companies in this role.

As corporate trustee of the Scheme, the company's day-to-day business is primarily driven by its governance responsibilities to the members of the Scheme and providing a well-managed corporate trustee service to the Group.

The Directors focus on long-term Company decisions to ensure that it can continue to provide the corporate trustee service to the Scheme while appointed, which is expected to be for the full duration of the Scheme's existence.

The Company does not have any employees and has limited business relationships with suppliers. Its business relationships are all undertaken in its role as trustee of the Scheme.

The Company Directors are mindful of the Company's impact on the community and the environment. In a narrow corporate sense, the physical operations of the Company are limited to regular board meetings at the Schroders office in London. However, in 2020, video technology was used for meetings given legislation and government guidance relating to the Covid-19 response. In its role as corporate trustee of the Scheme, the Directors must separately comply with pensions legislative requirements, including recent changes relating to greater disclosure of environment, social and governance consideration in investment. Reporting of this is through the Scheme's annual report and as required by UK pensions legislation.

The Directors of the Company note and understand their duties to the wider Schroders Group to provide corporate trustee services. However, as corporate trustee of the Scheme, this corporate relationship is balanced against decision-making on behalf of the Scheme members. This is managed by following the UK Pensions Regulator guidance on issues such as conflicts of interest and treatment of confidential information.

In its corporate role, the Company's only key decision is to ensure it continues as a going concern so that it can continue to provide trustee services to the Scheme. Any trading activity and profit is related to this.

Due to the structure of the Group, stakeholder engagement also took place using Group resources, in line with agreed delegations. For details of the engagement that takes place with the Company's stakeholders at Group level, please refer to the Schroders plc annual report and accounts for the year ended 31 December 2020 (the Schroders Report). The Schroders Report does not form part of this report.

## Strategic report (continued)

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### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the "Key risks and mitigations" in the Strategic report and "Risk and internal controls" within the Governance section of the Schroders Report for the year ended 31 December 2020 (the Schroders Report). The Schroders Report does not form part of this report.

### Key performance indicators

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, is discussed in the Strategic report in the Schroders Report. The Schroders Report does not form part of this report.

Approved by the Board of Directors and signed on its behalf by:

Melissa Lea, Authorised signatory for  
Schroder Corporate Services Limited  
Assistant Company Secretary  
18 March 2021

# Directors' report

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The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020. The information contained in the Strategic report and the Statement of Directors' responsibilities forms part of this Directors' report.

## General information

The Company is a private limited company, limited by shares and incorporated and domiciled in England and Wales. The Company's ultimate parent undertaking and controlling entity is Schroders plc, which together with the Company and Schroders plc's other subsidiary undertakings, form the Group.

## Future Developments

The future developments of the Company are disclosed within the Strategic report.

## Dividends

During the year no dividends were paid or proposed (2019: £nil).

## Risk management and use of financial instruments

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in "Key risks and mitigations" within the Strategic report and "Risk and internal controls" within the Governance section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 9 to the financial statements. The Schroders Report does not form part of this report.

## Going concern

Taking all factors into consideration, including the nature of the Company and its business, the Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date that the Annual Report and Accounts is signed. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

## Directors

The Directors of the Company who have served throughout the year, are set out on page 1. Between 1 January 2020 and 18 March 2021, no changes have taken place.

## Directors' and Officers' liability insurance

Directors' and Officers' liability insurance is taken out by Schroders plc, the Company's ultimate parent undertaking, for the benefit of the Directors of the Company.

## Employment policy

The Company had no employees during the year (2019: none).

## Directors' report (continued)

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### Independent auditors and disclosure of information to independent auditors

In accordance with section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, Ernst & Young LLP ("EY"), are deemed to be reappointed for the next financial year.

To the best of the Directors' knowledge there is no relevant audit information of which EY is unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him or her as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

### Streamlined Energy and Carbon Reporting (SECR)

The Schrodgers report includes the energy and carbon information for the Group, including the Company as a subsidiary undertaking, under the SECR framework.

### Statement of corporate governance arrangements

As a subsidiary undertaking, the Company applies the UK Corporate Governance Code where applicable to support the overall compliance of Schrodgers plc with that code.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Directors' report (continued)

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Approved by the Board of Directors and signed on its behalf by:

Melissa Lea, Authorised signatory for  
Schroder Corporate Services Limited  
Assistant Company Secretary  
18 March 2021

Registered Office:  
1 London Wall Place  
London EC2Y 5AU

Registered in England and Wales Number: 00243018

# Independent auditor's report to the member of Schroder Pension Trustee Limited

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## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Schroder Pension Trustee Limited (the 'Company') for the year ended 31 December 2020 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Cash flow statement and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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 Company's ability to continue as a going concern for twelve months from the date the Annual Report and Accounts is signed.

## Independent auditors' report to the member of Schroder Pension Trustee Limited (continued)

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Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained with the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

# Independent auditors' report to the member of Schroder Pension Trustee Limited (continued)

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## Responsibilities of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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 auditor's 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.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the International Accounting Standards adopted in conformity with the requirements of the Companies Act 2006 and relevant tax compliance regulations.
- We understood how Schroder Pension Trustee Limited is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board meeting minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how management monitors these controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and enquiries of management.

## Independent auditors' report to the member of Schroder Pension Trustee Limited (continued)

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
18 March 2021

## Income statement

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Revenue	2	203,409	182,434
<b>Operating revenue</b>		<b>203,409</b>	182,434
Net gains on financial instruments and other income	3	639	1,578
<b>Net income</b>		<b>204,048</b>	184,012
Operating expenses	4	(193,723)	(173,748)
<b>Profit before income tax</b>		<b>10,325</b>	10,264
Income tax expense	5	(2,081)	(2,340)
<b>Profit after tax</b>		<b>8,244</b>	7,924

## Statement of comprehensive income

for the year ended 31 December 2020

	2020 £	2019 £
Profit for the year	8,244	7,924
<b>Total comprehensive income for the year, net of tax</b>	<b>8,244</b>	7,924

## Statement of financial position

as at 31 December 2020

	Notes	2020 £	2019 £
<b>Assets</b>			
Cash and cash equivalents	6	1,886	-
Trade and other receivables	7	495,490	298,887
<b>Total assets</b>		<b>497,376</b>	<b>298,887</b>
<b>Liabilities</b>			
Trade and other payables	8	233,518	43,087
Current tax		2,074	2,260
<b>Total liabilities</b>		<b>235,592</b>	<b>45,347</b>
<b>Net assets</b>		<b>261,784</b>	<b>253,540</b>
<b>Equity</b>			
Share capital	10	100,000	100,000
Retained earnings		161,784	153,540
<b>Total Equity</b>		<b>261,784</b>	<b>253,540</b>

The financial statements on pages 12 to 24 were approved by the Board of Directors on 18 March 2021 and were signed on its behalf by:

**Vivien Cockerill**  
Director

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## Statement of changes in equity

### as at 31 December 2020

	Share capital <sup>1</sup> £	Retained earnings <sup>2</sup> £	Total equity £
At 1 January 2020	100,000	153,540	253,540
Total comprehensive income for the year, net of tax	-	8,244	8,244
<b>At 31 December 2020</b>	<b>100,000</b>	<b>161,784</b>	<b>261,784</b>

### as at 31 December 2019

	Share capital <sup>1</sup> £	Retained earnings <sup>2</sup> £	Total equity £
At 1 January 2019	100,000	145,616	245,616
Total comprehensive income for the year, net of tax	-	7,924	7,924
At 31 December 2019	100,000	153,540	253,540

<sup>1</sup>Share capital represents issued and partly paid ordinary shares at a par value of £1 each.

<sup>2</sup>The retained earnings reserve represent accumulated total comprehensive income for the year and prior periods.

## Cash flow statement

for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Operating activities</b>			
Profit before income tax		10,325	10,264
<b>Adjustments for statement of financial position movements:</b>			
Increase in trade and other receivables		(196,603)	(49,637)
Increase in trade and other payables		190,431	14,855
Group tax relief paid		(2,267)	(1,947)
<b>Adjustments for which cash effects are investing activities:</b>			
Interest received		(794)	(1,620)
<b>Net cash from operating activities</b>		<b>1,092</b>	<b>(28,085)</b>
<b>Investing activities</b>			
Interest received		794	1,620
<b>Net cash from investing activities</b>		<b>794</b>	<b>1,620</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,886</b>	<b>(26,465)</b>
Opening cash and cash equivalents		-	26,465
Net increase / (decrease) in cash and cash equivalents		1,886	(26,465)
<b>Closing cash and cash equivalents</b>	6	<b>1,886</b>	-

# Notes to the financial statements

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for the year ended 31 December 2020

## 1. Presentation of financial statements

Financial information for the year ended 31 December 2020 is presented in accordance with International Accounting Standard (IAS) 1 Presentation of Financial Statements.

### Basis of preparation

The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of Companies Act 2006. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling which is the Company's presentation currency.

Having assessed the risks to the Company's capital and liquidity, the Directors have a reasonable expectation, based on the information available to them at the date of signing, that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least 12 months. Accordingly, the financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention.

The Company's principal accounting policies have been consistently applied. The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

### New accounting standards and interpretations

The Company did not implement the requirements of any other Standards or Interpretations that were in issue but were not required to be adopted by the Group at the year-end date.

### Future accounting developments

No Standards or Interpretations have been issued that are expected to have a material impact on the Company's financial statements.

## 2. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and accrued over the period for which the service is provided. As Schroder Investment Management Limited is the main employing entity in the Group, it pays an administrative fee to the Company for its services as corporate trustee of the Schrodgers Retirement Benefits Scheme (SRBS).

## Notes to the financial statements

for the year ended 31 December 2020

### 3. Net gains on financial instruments and other income

Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the year-end date and transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction.

Other income comprises interest receivable on the Company's cash and intercompany loans. Interest is recognised using the effective interest method and is recorded in the income statement within 'Net gains on financial instruments and other income'.

Net gains taken to the income statement in respect of financial assets and liabilities are:

	2020	2019
	£	£
Net losses on foreign exchange	(155)	(42)
Interest income	794	1,620
	<b>639</b>	<b>1,578</b>

### 4. Operating expenses

Operating expenses represent the Company's administrative expenses. Operating expenses are recognised on an accruals basis as services are provided.

	2020	2019
	£	£
<b>Included in operating expenses:</b>		
Fees payable for the audit of the Company	15,207	14,779
Fees payable for other audit related services	23,250	-
Other operating expenses	155,266	158,969
<b>Operating expenses</b>	<b>193,723</b>	<b>173,748</b>

# Notes to the financial statements

for the year ended 31 December 2020

## 4. Operating expenses (continued)

### Directors' emoluments

The emoluments set out below are in respect of 2 (2019: 2) Directors whose emoluments were charged in full to the Company during the year. The emoluments of 4 (2019: 5) Directors employed by and paid for by another Group company are included in the financial statements of that entity. Their emoluments are deemed to be wholly attributable to their services to those companies. These Directors therefore receive no incremental emoluments for their services to the Company.

	2020 £	2019 £
Aggregate emoluments	109,757	111,906

Retirement benefits have accrued to no (2019: no) Directors under a defined benefit scheme and to no (2019: no) Directors under a defined contribution pension scheme.

During the year, no (2019: no) Directors became entitled to shares under the Group's Equity Compensation Plan or Equity Incentive Plan.

## 5. Income tax expense

(a) Analysis of tax charge reported in the income statement	2020 £	2019 £
<b>Current tax:</b>		
Current income tax charge	2,074	2,260
Adjustments in respect of prior years	7	80
<b>Total current income tax charge</b>	<b>2,081</b>	<b>2,340</b>

## Notes to the financial statements

for the year ended 31 December 2020

### 5. Income tax expense (continued)

#### (b) Factors affecting the tax charge for the year

The UK standard rate of corporation tax is 19% (2019: 19%).

The tax charge for the year is higher (2019: higher) than the UK standard rate of corporation tax for the period of 19%.

The differences are explained below:

	2020 £	2019 £
<b>Profit before tax</b>	<b>10,325</b>	10,264
Profit before tax multiplied by corporation tax at the UK standard rate of 19% (2019: 19%)	1,962	1,950
Non deductible expenses	112	310
Adjustments in respect of prior years	7	80
<b>Total income tax expense</b>	<b>2,081</b>	2,340

### 6. Cash and cash equivalents

	2020 £	2019 £
<b>Cash at bank</b>	<b>1,886</b>	-

As part of the Group's process to manage surplus cash and investment returns effectively, surplus cash of £258,956 (2019: £262,631) was swept to a central bank account held by Schroder Financial Services Limited, a related party. These balances are shown in trade and other receivables and within amounts owed by related parties.

## Notes to the financial statements

for the year ended 31 December 2020

### 7. Trade and other receivables

Trade receivables are recorded initially at fair value and subsequently at amortised cost.

Apart from prepayments, this represents amounts the Company is due to receive from third parties and other Group companies in the normal course of business.

Trade and other receivables are all current. The carrying amount of interest and non-interest bearing trade and other receivables approximate their fair value. Gross carrying value for trade and other receivables is £495,887 (31 December 2019: £299,128) and expected credit losses are £397 (31 December 2019: £241).

	2020	2019
	£	£
<b>Financial assets:</b>		
Amounts owed by related parties (see note 11)	495,490	299,387
Other debtors	-	(500)
	<b>495,490</b>	<b>298,887</b>

### 8. Trade and other payables

Trade payables are recorded initially at fair value and subsequently at amortised cost.

Trade and other payables are all current.

	2020	2019
	£	£
<b>Financial liabilities:</b>		
Amounts owed to related parties (see note 11)	218,312	28,307
Accruals	15,206	14,780
	<b>233,518</b>	<b>43,087</b>

# Notes to the financial statements

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for the year ended 31 December 2020

## 9. Financial risk management

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the Business review section and in the Schrodgers Report. Sensitivities are measured against market risk movements which the Group believes could reasonably occur within the next calendar year.

The Company's specific risk exposures are explained below.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause the Company financial loss by failing to discharge an obligation. The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are predominately its related parties and therefore there is no credit risk exposure outside the Group on these balances. The balances are monitored regularly and historically, default levels have been nil.

The Company's cash and cash equivalents are invested primarily in current accounts and on deposit with an A+ rated UK bank (2019: A+ rated).

### Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Group's liquidity policy is to maintain sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain solvency. The Company holds sufficient liquid funds to cover normal operating requirements. Outside the normal course of business the Company can request to borrow through intra-Group loans to maintain sufficient liquidity. Liquidity in the Group's capital overall (and for each entity) is monitored on a regular basis.

### Interest rate risk

Interest rate risk is the market risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company has interest bearing assets and liabilities which comprises of cash and Group loan balances. The Company's cash and Group loan balances are monitored by the Group Treasury function.

At 31 December 2020, if Bank of England interest rates had been 15 basis points higher or 35 basis points lower with all other variables held constant, it has been estimated that the post-tax profit for the year would have been £317 higher / £739 lower, as a result of higher/lower interest received on cash balances.

At 31 December 2019, if Bank of England interest rates had been 75 basis points higher or 50 basis points lower with all other variables held constant, it has been estimated that the post-tax profit for the year would have been £1,595 higher / £1,064 lower, as a result of higher/lower interest received on cash balances.

The underlying assumption made in the model used to calculate the effect on post-tax profits is that, the fair values of assets and liabilities will not be affected by a change in interest rates.

# Notes to the financial statements

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for the year ended 31 December 2020

## 9. Financial risk management (continued)

### Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company does not have assets and liabilities denominated in currencies other than sterling and as a result will not be affected by a change in foreign exchange rates.

### Capital management

The Company's policy is to have adequate capital for all activities undertaken in the normal course of business. In particular, it should have sufficient capital to maintain sufficient liquid funds to meet peak working capital requirements.

## 10. Share capital

	2020	2019	2020	2019
	Number	Number	£	£
<b>Issued and partly paid:</b>				
Ordinary shares of £1 each, paid to 40p	<b>250,000</b>	250,000	<b>100,000</b>	100,000

## Notes to the financial statements

for the year ended 31 December 2020

### 11. Related party transactions

#### (a) Transactions between related parties

Transactions between the Company and other Group subsidiaries, which are related parties of the Company, together with details of transactions between the Company and other related parties are disclosed below.

	2020			
	Revenue	Expenses	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£
Other related parties	203,409	-	495,490	(218,312)

  

	2019			
	Revenue	Expenses	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£
Other related parties	182,434	-	299,387	(28,307)

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad or doubtful debts has been recognised in the year in respect of the amounts owed by related parties.

#### (b) Key management personnel remuneration

The Company has determined that the Board of Directors of the Company are the key management personnel of the Company.

The remuneration of key management personnel during the year was as follows:

	2020	2019
	£	£
Short-term individual benefits	125,010	127,769

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £1,572,211 (2019: £20,161,728), net interest and fee income of £52,291 (2019: £30,357) and net interest expense of £2,670 (2019: £103,588).

# Notes to the financial statements

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for the year ended 31 December 2020

## 12. Ultimate parent company

The Company's immediate parent Company is Schroder Financial Holdings Limited (incorporated in England and Wales), whose ultimate parent company and ultimate controlling party is Schrodgers plc (incorporated in England and Wales).

The results of the Company are consolidated in the Annual Report and Accounts of Schrodgers plc, copies of which can be obtained from [www.schrodgers.com](http://www.schrodgers.com).

## **Ernst & Young LLP**

25 Churchill Place  
Canary Wharf  
London  
E14 5EY

18 March 2021

Dear Sirs,

This letter of representations is provided in connection with your audit of the financial statements of Schroder Pension Trustee Limited (“the Company”) for the year ended 31 December 2020. We recognise that obtaining representations from us concerning the information contained in this letter is one of the procedures you have determined necessary in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Schroder Pension Trustee Limited as of 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 (“the relevant accounting standards”).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 22 May 2019, for the preparation of the financial statements in accordance with the relevant accounting standards.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with IFRSs as adopted by the EU, and are free of material misstatements, including omissions. We have approved the financial statements.

3. In accordance with The Companies (Miscellaneous Reporting Regulations) 2018, we consider there is appropriate disclosure in the section 172(1) statement in respect of the requirements that apply to the Company.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. We believe that the Schroders Group and the Company have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the relevant accounting standards that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. We believe that the effects of the unadjusted audit difference, summarised in the accompanying schedule, pertaining to the year ended 31 December 2020, are immaterial to the financial statements taken as a whole and we have therefore not corrected this difference.

## **B. Non-compliance with laws and regulations, including fraud**

1. We acknowledge that we are responsible for determining that the Company's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our ongoing assessments, which are primarily addressed within our risk and control assessment ('RCA'), of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you all instances of identified or suspected non-compliance with laws and regulations, including fraud and allegations by whistle-blowers, known to us that we consider would impact upon the financial statements of the Company. This includes matters:
  - Involving financial improprieties
  - Related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements
  - Related to laws and regulations that may have a material effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Company's business, its ability to continue in business, or to avoid material penalties

- Involving management, other employees who have significant roles in internal control, or other employees where the fraud could have a material effect on the financial statements
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others that could have a material effect on the financial statements.

## **C. Information Provided and Completeness of Information and Transactions**

1. To the best of our knowledge and belief, we have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of recent meetings for which minutes have not yet been prepared) of the Company held through the year to the most recent meeting.
4. To the best of our knowledge, we confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that is in accordance with the relevant accounting standards.
6. We have disclosed to you all material contractual agreements that could have a material effect on the financial statements in the event of non-compliance, and the Company has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.
7. From 27 May 2020 through to the date of this letter, we have disclosed to you any unauthorised access to the Schroders information technology systems that (a) occurred, or to the best of our knowledge is reasonably likely to have occurred based on our investigation, within the Company during the period ended 2020 and up to the date of this representation, or (b) third parties (including regulatory agencies, law enforcement

agencies and security consultants) brought to our attention during the period ended 2020 and up to the date of this representation, in each case (a) and (b) where the unauthorised access to the Schroders information technology systems is reasonably likely to have a material impact on the financial statements of the Company.

## **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including guarantees, whether written or oral, have been appropriately reflected or disclosed in the financial statements of the Company.
2. We have disclosed to you all known outstanding and possible litigation and claims whose effects should be considered when preparing the financial statements of the Company.

## **E. Going Concern**

1. The 'Presentation of the financial statements: (a) Basis of preparation' note to the Company financial statements, and the 'Principal risks and uncertainties' section of the Annual Report together disclose all the material risks that are relevant to the Company's ability to continue as a going concern. This includes key risks, the options available to mitigate these key risks, stress scenarios which consider the impact of key risks, an assessment of capital and liquid resources, and any required business model changes.

## **F. Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements of the Company or notes thereto, that haven't been disclosed to you.

## **G. Other Information**

1. We acknowledge our responsibility for the preparation of the Other Information in the Annual Report and Accounts, as defined in ISA 720 'The auditor's responsibilities relating to Other Information'.
2. We confirm that the content contained within the Other Information is consistent with the financial statements.

## **H. Income and Indirect Taxes**

1. We acknowledge our responsibility for the tax accounting methods adopted by the Company, which have been consistently applied in the current period, and for the current year income tax provision.
2. We also acknowledge our responsibility for the plans with respect to future taxable income and for the significant assumptions used in our analysis. The plans represent our estimates as to the outcome of those plans, based on available evidence. We would implement such strategies as necessary to prevent a tax operating loss or credit carryforward from expiring.

3. We have made available to you all tax opinions, correspondence with tax authorities, or other appropriate information requested that served as support for the accounting for potentially material matters.

Yours faithfully,

.....  
**Vivien Cockerill**  
Director

## Schedule A

<b>Incorrect classification of allowable tax expenses</b>		
	Dr £	Cr £
Current Year Corporation Tax Payable (B/S)	83	
Tax Charge (I/S)		83