Schroders

Annual Report and Accounts 2021

Schroder Pension Trustee Limited

Year Ended 31 December 2021

Registered Number: 00243018

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Officers and professional advisers

Directors

Alan Brown (resigned 3 May 2021)
Sophie Dapin
Vivien Cockerill
Matthew Dobbs
Roger Doig
Kate Leppard
Philippe Lespinard (appointed 3 May 2021)

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

The Directors present their Strategic report on Schroder Pension Trustee Limited (the Company) for the year ended 31 December 2021.

Results and review of the business

The profit for the year, after tax, was £7,955 (2020: £8,244 profit after tax).

The Company is the corporate trustee of the Schroders Retirement Benefits Scheme (SRBS). The Company derives its income primarily from fees received from other Schroders plc Group ('the Group') companies for acting as the corporate trustee of the SRBS. The Company's operating principles are expected to remain unchanged in 2022.

The Directors consider the results and the Company's financial position at 31 December 2021 to be satisfactory.

Economic uncertainty driven by the Covid-19 pandemic remained a risk in 2021. The Covid-19 pandemic continues to have an effect on many aspects of people's lives and continues to impact investor sentiment.

The Company and the Schroders plc Group remained resilient throughout the pandemic and there has been no significant impact on business operations. While the ongoing effects of the pandemic and more recent geopolitical shifts on the world economy and central policy may cause more volatility in financial markets, the Company remains well placed to weather future challenges

Directors' duties – compliance with s172 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.

Strategic report (continued)

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 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 2021 (the Schroders Report). The Schroders Report does not form part of this report.

Principal risks and uncertainties

The Company's the principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Schroders plc Group (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.

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.

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

Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Assistant Company Secretary
22 March 2022

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021. 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 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

There are no changes planned in the business or operation of the Company.

Dividends

No dividends were paid or proposed in respect of the year ended 31 December 2021 (2020: £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" in 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 the above 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, except where listed below, are set out on page 1. Between 1 January 2021 and 22 March 2022 the following changes have taken place:

Director	Appointed	Resigned
Alan Brown		3 May 2021
Philippe Lespinard	3 May 2021	

Directors' report

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 (2020: none).

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.

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 Schroders 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 UK-adopted international accounting standards. 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 UK-adopted international accounting standards 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.

Directors' report (continued)

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.

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

Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Assistant Company Secretary
22 March 2022

Registered Office:
1 London Wall Place
London EC2Y 5AU

Registered in England and Wales Number: 00243018

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

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 2021 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 UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 [as applied to other entities of public interest, 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 approved.

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.

Independent auditor's report to the members of Schroder Pension Trustee Limited (continued)

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 within 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 this gives rise to 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 the 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

Responsibilities of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 5 , 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.

Independent auditor's report to the members of Schroder Pension Trustee Limited (continued)

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.

Auditor's 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 UK-adopted international accounting standards, the Companies Act 2006 and relevant tax compliance regulations.

- We understood how the Company 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.

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.

Independent auditor's report to the members of Schroder Pension Trustee Limited (continued)

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.

Sarah Langston (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 March 2022

Income statement

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	2	215,381	203,409
Operating revenue		**215,381**	203,409
Net gains on financial instruments and other income	3	417	639
Net income		**215,798**	**204,048**
Operating expenses	4	(205,830)	(193,723)
Profit before income tax		9,968	10,325
Income tax expense	5	(2,013)	(2,081)
Profit after tax		**7,955**	**8,244**

Statement of comprehensive income

for the year ended 31 December 2021

	2021 £	2020 £
Profit for the year	7,955	8,244
Total comprehensive income for the year, net of tax	**7,955**	8,244

Statement of financial position

as at 31 December 2021

	Notes	2021 £	2020 £
Assets			
Cash and cash equivalents	6	18,373	1,886
Trade and other receivables	7	473,995	495,490
Total assets		**492,368**	497,376
Liabilities			
Trade and other payables	8	(220,616)	(233,518)
Current tax	5	(2,013)	(2,074)
Total liabilities		**(222,629)**	(235,592)
Net assets		**269,739**	261,784
Equity			
Share capital	10	100,000	100,000
Retained earnings		169,739	161,784
Total Equity		**269,739**	261,784

The notes on pages 15 to 23 form an integral part of the financial statements.

The financial statements on pages 11 to 23 were approved by the Board of Directors on 22 March 2022 and were signed on its behalf by:

Vivien Cockerill
Director

Registered Number **00243018**

Statement of changes in equity

as at 31 December 2021

	Share capital[1] £	**Retained earnings[2] £**	**Total equity £**
At 1 January 2021	100,000	161,784	261,784
Total comprehensive income for the year net of tax	-	7,955	7,955
At 31 December 2021	**100,000**	**169,739**	**269,739**

as at 31 December 2020

	Share capital[1] £	Retained earnings[2] £	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
At 31 December 2020	100,000	161,784	261,784

[1]Share capital represents issued and partly paid ordinary shares at a par value of £1 each.

[2]The retained earnings reserve represent accumulated total comprehensive income for the year and prior periods.

Cash flow statement

for the year ended 31 December 2021

	Note	2021 £	2020 £
Operating activities			
Profit before income tax		**9,968**	10,325
Adjustments for statement of financial position movements:			
Decrease in trade and other receivables		21,495	(196,603)
Decrease in trade and other payables		(12,902)	190,431
Group tax relief paid		(2,074)	(2,267)
Adjustments for which cash effects are investing activities:			
Interest received		(417)	(794)
Net cash from operating activities		**16,070**	1,092
Investing activities			
Interest received		417	794
Net cash investing activities		**417**	794
Net increase / (decrease) in cash and cash equivalents		**16,487**	1,886
Opening cash and cash equivalents		1,886	-
Net increase / (decrease) in cash and cash equivalents		16,487	1,886
Closing cash and cash equivalents	6	**18,373**	1,886

Notes to the financial statements

for the year ended 31 December 2021

1. Presentation of financial statements

Financial information for the year ended 31 December 2021 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 UK-adopted international accounting standards. 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 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 UK-adopted international accounting standards 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.

Future accounting developments

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

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 Schroders Retirement Benefits Scheme (SRBS).

Notes to the financial statements

for the year ended 31 December 2021

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:

	2021	2020
	£	£
Net losses on foreign exchange	-	(155)
Other income	417	794
	417	639

4. Operating expenses

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

	2021	2020
	£	£
Included in operating expenses:		
Fees payable for the audit of the Company	15,207	15,207
Fees payable for other audit related services	-	23,250
Other operating expenses	190,623	155,266
Operating expenses	**205,830**	193,723

Notes to the financial statements

for the year ended 31 December 2021

4. Operating expenses (continued)

Directors' emoluments

The emoluments set out below are in respect of 3 (2020: 2) Directors whose emoluments were charged in full to the Company during the year. The emoluments of 4 (2020: 4) 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.

	2021	2020
	£	£
Aggregate emoluments	89,507	109,757

Retirement benefits have accrued to no (2020: none) Directors under a defined benefit scheme and to no (2020: none) Directors under a defined contribution pension scheme.

During the year, no (2020: no) Directors became entitled to shares under the Group's Equity Compensation Plan or Equity Incentive Plan.

5. Income tax expense

The Company is based in the UK and pays taxes according to the rates applicable in the jurisdictions in which it operates. Most taxes are recorded in the income statement and relate to profits earned in the reporting period (current tax).

The UK corporation tax rate is currently 19%. The UK Chancellor announced in the March 2021 budget that the rate will increase to 25% from April 2023. The rate increase was substantively enacted in May 2021.

(a) Analysis of tax charge reported in the income statement

Major components of the income tax charge for the years ended 31 December 2021 and 31 December 2020:

	2021	2020
	£	£
Current tax:		
Current income tax charge	2,013	2,074
Adjustments in respect of prior years	-	7
Total current income tax charge	**2,013**	2,081

Notes to the financial statements

for the year ended 31 December 2021

5. Income tax expense (continued)

(b) Factors affecting the tax charge for the year

The UK standard rate of corporation tax is 19% (2020: effective rate of 19%).

The tax charge for the year is the same (2020: the same as) as the UK standard rate of corporation tax for the period of 19%.

	2021	2020
	£	£
Profit before tax	**9,968**	10,325
Profit before tax multiplied by corporation tax at the UK standard rate of 19% (2020: 19%)	1,894	1,962
Non deductible expenses	119	112
Adjustments in respect of prior years	-	7
Total income tax expense	**2,013**	2,081

6. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

The book value of cash and cash equivalents approximates their fair value.

	2021	2020
	£	£
Cash at bank	**18,373**	1,886

As part of the Group's process to manage surplus cash and investment returns effectively, surplus cash of £258,956 (2020: £258,956) 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 within amounts owed by related parties.

Notes to the financial statements

for the year ended 31 December 2021

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 £474,375 (2020: £495,887) and expected credit losses are £380 (2020: £397). Expected credit losses as a percentage of gross carrying value is 0.08% (2020: 0.08%)

	2021	2020
	£	£
Financial assets:		
Amounts owed by related parties (see note 11)	473,995	495,490
	473,995	495,490

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.

	2021	2020
	£	£
Financial liabilities:		
Amounts owed to related parties (see note 11)	205,409	218,312
Accruals	15,207	15,206
	220,616	233,518

Notes to the financial statements

for the year ended 31 December 2021

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 Financial Instrument Risk Management note in the Schroders 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 AA-rated UK bank (2020: 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 2021, if Bank of England interest rates had been 100 basis points higher or 75 basis points lower with all other variables held constant, it has been estimated that the post-tax profit for the year would have been £2,773 higher / £2,080 lower, as a result of higher/lower interest received on cash balances.

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.

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

for the year ended 31 December 2021

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

	2021	2020	**2021**	2020
	Number	Number	**£**	£
Issued and partly paid:				
Ordinary shares of £1 each, paid to 40p	**250,000**	250,000	**100,000**	100,000

Notes to the financial statements

for the year ended 31 December 2021

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.

	2021			
	Revenue £	**Expenses £**	**Amounts owed by related parties £**	**Amounts owed to related parties £**
Related parties within the Group	215,381	-	473,995	(205,409)

	2020			
	Revenue £	**Expenses £**	**Amounts owed by related parties £**	**Amounts owed to related parties £**
Related parties within the Group	203,409	-	495,490	(218,312)

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:

	2021 £	2020 £
Short-term individual benefits	**102,072**	125,010

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £3,317,022 (2020: £1,572,211) and net interest and fee income of £83,890 (2020: £52,291) and net interest and fee expense of nil (2020: £2,670).

Notes to the financial statements

for the year ended 31 December 2021

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 Schroders plc (incorporated in England and Wales).

The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained from www.schroders.com.