

Schroders



**Annual Report and Accounts
2021**

J. Henry Schroder Wagg & Co. Limited

Year Ended 31 December 2021

Registered Number: 02873948

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Officers and professional advisors

Directors

Gregory Crump (appointed 5 July 2021)
Charlotte Frost (appointed 10 September 2021)
Ryan Price (appointed 5 July 2021)

Company Secretary

Schroder Corporate Services Limited

Registered office

1 London Wall Place
London
EC2Y 5AU

Independent auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Strategic report

The Directors present their Strategic report on J. Henry Schroder Wagg & Co. Limited ('the Company') for the year ended 31 December 2021.

Results and review of the business

The profit for the year after tax was £nil (2020: £nil).

The Company is the trustee of the Schroders Medical Healthcare Scheme.

The Company's investment and 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 ('the 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 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 principal decision of the Board was to approve the terms of the Medical Healthcare Scheme ('the Scheme') for the benefit of those employed by the Group. When considering the Scheme terms, the directors took into account the interests of the Group's employees and concluded that approving the Scheme terms was in the best interest of its stakeholders as a whole.

Due to the structure of the Schroders 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').

Strategic report (continued)

Principal risks and uncertainties

The Company's 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 "Key risks and mitigations" in the Strategic report and "Risk and internal controls" within the Governance section of 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.

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

Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Company Secretary

11 May 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 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 operations of the Company.

Dividends

No dividends were paid or proposed in respect to 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 the "Key risk and mitigations" section and "Risk and internal controls" within the Governance section of the Schroders Report. 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 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 one. Between 1 January 2021 and 11 May 2022 the following changes have taken place:

| Director | Appointed | Resigned |
|--------------------|-------------------|-------------------|
| Christopher Austin | | 5 July 2021 |
| Gregory Crump | 5 July 2021 | |
| Helen Fitzgerald | | 5 July 2021 |
| Ryan Price | 5 July 2021 | |
| Charlotte Frost | 10 September 2021 | |
| John Nolan | | 10 September 2021 |

Directors' report (continued)

Directors' liability insurance

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

Employment policy

The Company had no employees during the year (2020: none).

Independent auditor and disclosure of information to the independent auditor

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, the 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 Directors and signed on its behalf by:

Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Company Secretary
11 May 2022

Registered Office:
1 London Wall Place
London. EC2Y 5AU
Registered in England and Wales No: 02873948

Independent auditor's report to the member of J. Henry Schroder Wagg & Co. Limited

Opinion

We have audited the financial statements of J. Henry Schroder Wagg & Co. 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 10 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 result 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 of 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 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 member of J. Henry Schroder Wagg & Co. 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.

Independent auditor's report to the member of J. Henry Schroder Wagg & Co. Limited (continued)

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

Responsibilities of 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.

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.

Independent auditor's report to the member of J. Henry Schroder Wagg & Co. Limited (continued)

- 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.

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

Income statement

for the year ended 31 December 2021

| | Notes | 2021 £ | 2020 £ |
|-------------------------|-------|-------------|-------------|
| Revenue | 2 | 4,382,253 | 3,635,003 |
| Cost of sales | 3 | (4,382,253) | (3,635,003) |
| Operating profit | | - | - |

Statement of comprehensive income

for the year ended 31 December 2021

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Profit for the year | - | - |
| Total comprehensive income for the year, net of tax | - | - |

Statement of financial position

as at 31 December 2021

| | Notes | 2021 £ | 2020 £ |
|-----------------------------|-------|------------------|-----------|
| Assets | | | |
| Trade and other receivables | 7 | 367,994 | 314,367 |
| Total assets | | 367,994 | 314,367 |
| Liabilities | | | |
| Trade and other payables | 8 | (367,894) | (314,267) |
| Total liabilities | | (367,894) | (314,267) |
| Net assets | | 100 | 100 |
| Total equity | | 100 | 100 |

The notes on pages 15 to 19 form an integral part of the financial statements.

The financial statements on pages 11 to 19 were approved by the Directors' on 11 May 2022 and were signed on its behalf by:

Ryan Price
Director

Statement of changes in equity

for the year ended 31 December 2021

| | Share capital ¹ £ | Total Equity £ |
|---|---------------------------------|-------------------|
| At 1 January 2021 | 100 | 100 |
| Total comprehensive income for the year, net of tax | - | - |
| At 31 December 2021 | 100 | 100 |

for the year ended 31 December 2020

| | Share capital ¹ £ | Total Equity £ |
|---|---------------------------------|-------------------|
| At 1 January 2020 | 100 | 100 |
| Total comprehensive income for the year, net of tax | - | - |
| At 31 December 2020 | 100 | 100 |

¹ Share capital represents issued and called-up ordinary shares at a par value of £1 each. See note 5 to the accounts.

Cash flow statement

for the year ended 31 December 2021

| | 2021 | 2020 |
|---|----------|----------|
| | £ | £ |
| Operating activities | | |
| Operating profit | - | - |
| Adjustments for statement of financial position movements: | | |
| (Increase) /decrease in trade and other receivables | (53,627) | 51,041 |
| Increase/(decrease) in trade and other payables | 53,627 | (51,041) |
| Net cash from operating activities | | |
| Net change in cash and cash equivalents | - | - |
| Opening cash and cash equivalents | - | - |
| Net change in cash and cash equivalents | - | - |
| Closing cash and cash equivalents | - | - |

Notes to the financial statements

for the year ended 31 December 2021

1. Presentation of financial statements

Basis of preparation

The individual financial statements are prepared in accordance with UK-adopted international accounting standards.

The financial information presented within these financial statements has been prepared on the going concern basis. 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 the foreseeable future, which is 12 months from the date the Annual Report and Accounts are signed.

The Company's principal accounting policies have been consistently applied.

Future accounting developments

The Company did not implement the requirements of any standards or interpretations which were in issue and which were not required to be adopted at the year end date. No other standards or interpretations have been issued that are expected to have an impact on the Company's financial statements.

Notes to the financial statements

for the year ended 31 December 2021

2. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. The Company receives premium reimbursements relating to health insurance cover.

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| Premiums received for health insurance cover | 4,382,253 | 3,635,003 |
| Revenue | 4,382,253 | 3,635,003 |

3. Cost of sales

Cost of sales comprises the premiums paid to the health insurance provider over the period they are incurred.

| | 2021 £ | 2020 £ |
|--|--------------------|-------------|
| Premiums paid to health insurance provider | (4,382,253) | (3,635,003) |
| Cost of sales | (4,382,253) | (3,635,003) |

4. Tax on profit on ordinary activities

There is no tax charge or credit in the financial statements as there have been no taxable profits or losses recorded in the current or prior year.

Notes to the financial statements

for the year ended 31 December 2021

5. Share capital

Share capital represents the number of issued ordinary shares multiplied by their par value of £1 each.

| Issued | 2021 | 2020 | 2021 | 2020 |
|-----------------------|------------|--------|------------|------|
| | Number | Number | £ | £ |
| At 1 January | 100 | 100 | 100 | 100 |
| At 31 December | 100 | 100 | 100 | 100 |

6. Operating expenses

The fee relating to the 2021 audit is £12,000 (2020: £14,000). This will be borne by the Company's parent company, Schroder Investment Company Limited.

Directors' emoluments

The emoluments of 6 (2020:3) Directors employed by and paid for by other subsidiaries of the Group are included in the financial statements of those Group companies. These Directors have contracts of service with and receive their emoluments from other Group companies and receive no incremental emoluments for their services to the Company.

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

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. The fair value of trade and other receivables held at amortised cost approximates their carrying value.

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Amounts owed by related parties (see note 9) | 367,994 | 314,367 |
| | 367,994 | 314,367 |

8. Trade and other payables

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

| | 2021 | 2020 |
|-----------------|------------------|------------------|
| | £ | £ |
| Trade creditors | (367,894) | (314,267) |
| | (367,894) | (314,267) |

Trade and other payables are all current. The carrying amount of the liabilities is equal to their fair value.

9. Related party transactions

Transactions between the Company and related parties are disclosed below.

| | 2021 | | | |
|--|------------------|----------|---------------------------------|---------------------------------|
| | Revenues | Expenses | Amounts owed by related parties | Amounts owed to related parties |
| | £ | £ | £ | £ |
| Ultimate parent | - | - | 100 | - |
| Other related companies within Schroders Group | 4,382,253 | - | 367,894 | - |
| Total | 4,382,253 | - | 367,994 | - |

Notes to the financial statements

for the year ended 31 December 2021

9. Related party transactions (continued)

| | 2020 | | | Amounts owed to related parties £ |
|--|------------|------------|-----------------------------------|-----------------------------------|
| | Revenues £ | Expenses £ | Amounts owed by related parties £ | Amounts owed to related parties £ |
| Ultimate parent | - | - | 100 | - |
| Other related companies within Schroders Group | 3,635,003 | - | 314,267 | - |
| Total | 3,635,003 | - | 314,367 | - |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expected credit loss (2020: none) has been recognised in respect of the amounts owed by related parties.

10. Ultimate and immediate parent company

The Company's immediate parent company is Schroder Investment Company 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 at www.schroders.com.