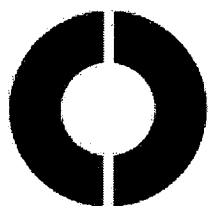


Schroders



Annual Report and Accounts 2019

Schroder Pension Trustee
Limited

Year Ended 31 December 2019

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Registered Number: 00243018

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Officers and professional advisers

Directors

Alan Brown
Sophie Dapin
Vivien Cockerill
Matthew Dobbs
Roger Doig
Kate Leppard (appointed 1 May 2019)

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 2019.

Results and Review of the business

The profit after tax for the year was £7,924 (2018: £7,999).

The Company is the corporate trustee of the Schroders 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 operating principles are expected to remain unchanged in 2019.

The Directors consider these results and the Company's financial position at 31 December 2019 to be satisfactory.

The United Kingdom left the European Union on 31 January 2020 under the terms of the European Union (Withdrawal Agreement) Act 2020 beginning a period of transition to 31 December 2020. During the transition period EU law and the rulings of the European Court of Justice will continue to apply within and to the UK. Negotiations on the future relationship between the UK and EU will continue but uncertainty remains as to what will be agreed before the end of the year. The Schroders plc Group (the 'Group') remains well positioned to manage the challenges that may arise as a result of Brexit, regardless of the outcome of the negotiations. Whilst all the legal and regulatory challenges of Brexit are not yet clear, our structure provides us with flexibility in deciding how best to respond and continue to service our clients. We believe that the Company is well placed to weather these challenges and to adapt to ongoing changes in the political, economic and regulatory environment.

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.

Strategic report (continued)

Directors' duties – compliance with s172 of the Companies Act 2006 (continued)

- 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 director meetings at the Schroders office in London. 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 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 2019 ('the Schroders Report').

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 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 Business review section and 'Risk management and internal controls' within the Governance section of the Schroders plc annual report and accounts for the year ended 31 December 2019 (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 on 22 May 2020 and signed on its behalf by:



Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Assistant Company Secretary
27 May 2020

Directors' report

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2019. 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.

Dividends

During the year no dividends were paid or proposed (2018: £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 Business review section and 'Risk management 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 the foreseeable future. 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 listed on page 1. Between 1 January 2019 and 22 May 2020 the following changes have taken place:

Name	Appointed	Resigned
Edward Chamberlayne		29 March 2019
Kate Leppard	1 May 2019	

Directors' 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 (2018: none).

Directors' report (continued)

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, EY will be 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Approved by the Board of Directors on 22 May 2020 and signed on its behalf by:



Melissa Lea, Authorised signatory for
Schroder Corporate Services Limited
Assistant Company Secretary
27 May 2020

Registered Office:
1 London Wall Place
London EC2Y 5AU

Registered in England and Wales Number: 00243018

Independent auditors' report to the member of Schroder Pension Trustee Limited

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Schroder Pension Trustee Limited for the year ended 31 December 2019 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 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. 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 FRC'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.

Emphasis of matter – subsequent events

We draw attention to Note 1 and Note 13 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting financial markets, personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report to the member 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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 Directors' Responsibilities Statement 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.

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

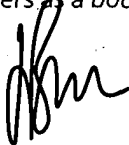
Auditors' responsibilities for the audit of the financial statements

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.

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
1 JUNE 2020

Income statement

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	2	182,434	181,864
Operating revenue		182,434	181,864
Net gains on financial instruments and other income	3	1,578	1,205
Net income		184,012	183,069
Operating expenses	4	(173,748)	(173,203)
Profit before income tax		10,264	9,866
Income tax expense	5	(2,340)	(1,867)
Profit after tax		7,924	7,999

Statement of Comprehensive Income

for the year ended 31 December 2019

	2019 £	2018 £
Profit after tax for the year	7,924	7,999
Total comprehensive income for the year net of tax	7,924	7,999

Statement of financial position

as at 31 December 2019

	Notes	2019 £	2018 £
Assets			
Cash and cash equivalents	6	-	26,465
Trade and other receivables	7	298,887	249,250
Total assets		298,887	275,715
Liabilities			
Trade and other payables	8	43,087	28,232
Current tax	5	2,260	1,867
Total liabilities		45,347	30,099
Net assets		253,540	245,616
Equity			
Share capital	10	100,000	100,000
Retained earnings		153,540	145,616
Total Equity		253,540	245,616

The notes on pages 13 to 21 form an integral part of the financial statements.

The financial statements on pages 9 to 21 were approved by the Board of Directors on 22 May 2020 and were signed on its behalf by:

Vivien Cockerill
Director

Vivien Cockerill

Registered Number 00243018

Statement of changes in equity

as at 31 December 2019

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

as at 31 December 2018

	Share capital ¹ £	Retained earnings ² £	Total equity £
At 1 January 2018	100,000	137,855	237,855
Restatement on adoption of IFRS 9	-	(238)	(238)
At 1 January 2018 (restated)		137,617	237,617
Profit and total comprehensive income for the year net of tax	-	7,999	7,999
At 31 December 2018	100,000	145,616	245,616

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

²The retained earnings reserve represent profits brought forward and the profit for the year.

Cash flow statement

for the year ended 31 December 2019

	Note	2019 £	2018 £
Operating activities			
Profit before income tax		10,264	9,866
Adjustments for statement of financial position movements:			
(Increase) / decrease in trade and other receivables		(49,637)	49,117
Increase / (decrease) in trade and other payables		14,855	(32,579)
Group tax relief (paid) / received		(1,947)	19
Adjustments for which cash effects are investing activities:			
Interest received		(1,620)	(1,166)
Net cash from operating activities		(28,085)	25,257
Investing activities			
Interest received		1,620	1,116
Net cash from investing activities		1,620	1,166
Net (decrease) / increase in cash and cash equivalents		(26,465)	26,423
Opening cash and cash equivalents		26,465	42
Net (decrease) / increase in cash and cash equivalents		(26,465)	26,423
Closing cash and cash equivalents	6	-	26,465

Notes to the financial statements

for the year ended 31 December 2019

1. Presentation of financial statements

Financial information for the year ended 31 December 2019 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 IFRS, which comprise Standards and Interpretations approved by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors, as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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 conformity with IFRS 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.

The Company did not implement the requirements of any Standards and Interpretations which were in issue and which were not required to be implemented at the year-end date. No Standards endorsed by the EU that had an impact on this Company became effective during the year.

No other Standards or Interpretations issued and not yet effective are expected to have an impact on the Company's financial statements.

New accounting standards and interpretations

The Company has applied IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23) from 1 January 2019.

(i) IFRIC 23 Uncertainty over Income Tax Treatments

On 7 June 2017, the IASB issued IFRIC 23 which became effective on 1 January 2019. The interpretation provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. IFRIC 23 does not have a material impact on the Company's financial statements.

Notes to the financial statements

for the year ended 31 December 2019

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).

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

	2019	2018
	£	£
Net gains on foreign exchange	(42)	39
Other income	1,620	1,166
	1,578	1,205

4. Operating expenses

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

	2019	2018
	£	£
Included in operating expenses:		
Fees payable for the audit of the Company	14,779	15,084
Other operating expenses	158,969	158,119
Operating expenses	173,748	173,203

Notes to the financial statements

for the year ended 31 December 2019

4. Operating expenses (continued)

Directors' emoluments

The emoluments set out below are in respect of 2 (2018: 2) Directors whose emoluments were charged in full to the Company during the year. The emoluments of 5 (2018: 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.

	2019 £	2018 £
Aggregate emoluments	111,906	112,241

Retirement benefits have accrued to no (2018: no) Directors under a defined benefit scheme and to no (2018: no) Directors under a defined contribution pension scheme.

During the year, no (2018: no) Directors became entitled to shares under the Group's Equity Compensation Plan and no Directors (2018: no) became entitled to shares under the Group's Long Term Incentive Plan.

5. Income tax expense

(a) Analysis of tax charge reported in the income statement	2019 £	2018 £
Current tax:		
Current income tax charge	2,260	1,867
Adjustments in respect of prior years	80	-
Total current income tax charge	2,340	1,867

Notes to the financial statements

for the year ended 31 December 2019

5. Income tax expense (continued)

(b) Factors affecting the tax charge for the year

The UK standard rate of corporation tax is 19% (2018: effective rate of 19%).

The tax charge for the year is higher (2018: the same as) the UK standard rate of corporation tax for the period of 19%. (2018: 19%).

The differences are explained below:

	2019	2018
	£	£
Profit before tax	10,264	9,866
Profit before tax multiplied by corporation tax at the UK standard rate of 19% (2018: 19%)	1,950	1,867
Non deductible expenses	310	-
Adjustments in respect of prior years	80	-
Total income tax expense	2,340	1,867

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.

	2019	2018
	£	£
Cash at bank	-	26,465

As part of the Group's process to manage surplus cash and investment returns effectively, surplus cash of £262,631 (2018: £229,958) 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 2019

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 £299,128 (31 December 2018: £249,449) and expected credit losses are £241 (31 December 2018: £199). Expected credit losses as a percentage of gross carrying value is 0.08% (31 December 2018: 0.08%).

	2019	2018
	£	£
Financial assets:		
Amounts owed by related parties (see note 11)	299,387	249,070
Other debtors	(500)	180
	298,887	249,250

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.

	2019	2018
	£	£
Financial liabilities:		
Amounts owed to related parties (see note 11)	28,307	13,856
Accruals	14,780	14,376
	43,087	28,232

Notes to the financial statements

for the year ended 31 December 2019

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 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 (2018: 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. 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 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.

At 31 December 2018, if Bank of England interest rates had been 100 basis points higher or lower with all other variables held constant, it has been estimated that the post-tax profit for the year would have been £2,077 higher / £1,039 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 2019

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

	2019 Number	2018 Number	2019 £	2018 £
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 2019

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.

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

	2018			
	Revenue	Expenses	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£
Immediate parent	181,864	-	249,070	(13,856)

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:

	2019	2018
	£	£
Short-term individual benefits	127,769	127,125

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £20,161,728 (2018: £25,452,965), net interest and fee income of £30,357 (2018: £48,733) and net interest expense of £103,588 (2018: £33,204).

Notes to the financial statements

for the year ended 31 December 2019

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.

13. Subsequent events

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that they are able to take to protect profitability and solvency, should they be required.