# NOW: Pension Trustee Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021



Company Registration No. 07768841

# NOW: Pension Trustee Limited

Annual report and financial statements 31 December 2021

Contents | Page

# NOW: Pension Trustee Limited
## DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Joanne Segars (Chair)
Edward Jones
Theodore Sotir
Tracy Weller
Capital Cranfield Pension Trustees Limited (represented by Kevin Wesbroom)
Dalriada Trustees Limited (represented by Adrian Kennett)

SECRETARY

NOW: Pensions Limited

COMPANY NUMBER

07768841

REGISTERED OFFICE

6 Bevis Marks
London
EC3A 7BA

INDEPENDENT AUDITOR

Deloitte LLP
Statutory auditor
Abbots House
Abbey Street
Reading
RG1 3BD

BANKERS

HSBC Bank
8 Canada Square
London
E14 5HQ

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

## REVIEW OF THE BUSINESS

NOW: Pension Trustee Limited ("NPTL", "the Company") is a private company limited by shares and registered in England and Wales. The Company manages the operations of NOW: Pensions Trust ("NPT", "the Scheme"), whose pension scheme membership and funds under management continued to grow satisfactorily during the year under review.

The result for the financial year after taxation was break even (period ended 31 December 2020: break even), with turnover growth during the year driven by increases in Scheme membership and assets under management.

The Board considers the results for the year to be satisfactory and that the business is performing well in terms of the growth in membership and assets under management held by NPT, coupled with building even greater resilience within the operational capability of NOW: Pensions Limited ("NPL", "the Founder").

During the year, the Company has continued to make good progress in addressing legacy operational challenges in the timely processing of contributions and continues to work with NPL in this regard. The Founder has made, and continues to make, improvements to its enrolment platform, Gateway, onto which all members of NPT have been migrated. In conjunction with its administration partner Mercer, there have been separate projects undertaken tasked at resolving member charges and unit correction issues, with all such work targeted to be concluded by the end of 2023.

## KEY PERFORMANCE INDICTORS

The Company has key financial performance indicators (KPIs) that assist in assessing the performance of the business. Considered together, these KPIs provide a view of the underlying performance of the Company and the alignment with the overall strategy.

| | Year ended 31 December 2021 £000 | 9 month period ended 31 December 2020 £000 |
|---|---|---|
| Member administration charges | 31,203 | 22,594 |
| Investment management charges | 7,916 | 4,207 |
| **Total turnover** | **39,119** | **26,801** |
| **Management fees remitted to NPL** | **28,682** | **19,095** |

Management fees remitted to NPL represent the profit of the business, which increased during the year as a result of the growth in revenue, reflecting an increase in chargeable member numbers and higher scheme assets under management.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Company is primarily exposed to operational and reputational risks due to the sector that it operates in and the growth of the business. With regards to risk appetite and approach, the Company is proactive and focused on understanding and managing the risks it is naturally exposed to and actively seeks to mitigate these wherever possible.

To embed risk management throughout, the Company has a comprehensive governance structure, maintains a detailed risk register, policies and procedures, and has effective management reporting and controls in place to identify, mitigate and control risks. Furthermore, oversight of the ongoing investment in business infrastructure within NPL, has also improved operational risk management and mitigation.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to several financial risks including credit risk, market risk and liquidity risk, along with other emerging risks driven by the Coronavirus outbreak. The Company does not use derivative financial instruments for speculative purposes.

*Credit risk*
Credit risk is the potential for loss caused by a counterparty failing to meet their obligations as they become due. The main counterparty risk for NOW: Pension Trustee Limited is with Mercer, the administrator of the scheme and Bank of New York Mellon, the custodian of the scheme, who respectively collect the member administration charges and investment management charges from members and remit them to NPTL. The Company is not exposed to high levels of credit risk from financial institutions as it only places cash on deposit and investments with a selected list of highly rated counterparties.

*Market risk*
Market risk arises from adverse changes to the value of assets arising from fluctuations in exchange rates, interest rates and market prices.
The Company's cash assets are all denominated in sterling and thus is not exposed to any significant market risk.

*Liquidity risk*
The Company monitors its net cash flow on an ongoing basis to ensure that it has sufficient cash resources to meet the funding demands of the business. Quarterly forecasting is also undertaken to identify any future cash deficiency to allow time for corrective actions to be taken if required.

*Coronavirus risk*
The outbreak of COVID-19 in 2020 created a new and highly unpredictable challenge. During 2020, the management team successfully invoked the business continuity plans. The investment in technology over recent years resulted in the business being well placed to continue delivering services to our clients without disruption and with no increase in operational risk.
When permissible during 2021, staff returned to the offices under a hybrid model of working, which is a location-flexible arrangement that allows employees to combine onsite and offsite working patterns.
We continue to assess the financial impact of COVID-19 and the Company is well positioned to withstand a global economic downturn. The group taskforce set-up during 2020 continues to closely monitor all ongoing developments.

## REGULATORY CHANGES

A charge cap was introduced by the Department for Work and Pensions ("DWP") in 2015 in order to protect members from high and unfair charges from their pension scheme. NPTL's charging structure is comfortably within the current charge cap guidance issued by the DWP. During 2020 the DWP undertook a review of the level and scope of the charge cap and permitted charging structures. Whilst the level of the cap will not be directly lowered at this stage, the DWP does recognise the increasing importance of addressing the issue of small pots and the need to take action prior to tackling the longer-term proliferation of such pots. In response to this, the Occupational Pension Schemes (Charges and Governance) (Amendment) Regulations 2022 came into force on 6 April 2022, which introduced a de minimis on the aggregate of an individual member's pots, initially set at £100, below which flat fees cannot be charged. If a member has multiple pots in the same scheme, the de minimis will apply to all pots that are being charged, although it is expected that schemes will consider consolidating these pots in the long term. Any future change to the level of the de minimis will be considered alongside any potential solutions to tackle the proliferation of small pots and any future reform of the permitted charging structures.

In the publication by DWP entitled "Permitted Charges within Defined Contribution Pension Schemes" (24 May 2021), is a proposal for a universal charging structure within the default fund arrangement in order to facilitate improved comparability of cost and charges between different pension fund providers. While the directors disagree with the proposal to move to a universal charging structure over the coming years because of its potential impact on the financial sustainability of key auto enrolment master trusts, the directors believe that the ongoing consultation will balance protecting members interests and the financial viability of industry schemes. No indication has been given regarding the timing of any decision on this matter although the DWP have indicated that they will need time to carefully consider responses given it may significantly impact some sectors of the auto enrolment community. The directors will continue to engage with DWP and closely monitor this process.

Whilst material future changes to the charge cap and/or permitted charging structures could have a material impact on NPTL's turnover, the Company's future financial forecasts (including the impact from the above introduction of a de minimis on individual members pots, which is offset by raising member administration charges to £1.75 per month as of 1 April 2022), indicates that the Company is able to continue to meet its liabilities as they fall due over the foreseeable future.

**FUTURE DEVELOPMENTS**

The directors believe that the ongoing investment in the systems and controls within NPL, will provide future benefit to both members and employers, and provide a firm platform for future growth of the Scheme. Considerable effort is currently ongoing in this regard and significant strategic investment is planned during 2022 .

On behalf of the Board

DocuSigned by:
6EE9EB890CE84E3...
Joanne Segars
Director
22 June 2022

The directors submit their report and the audited financial statements of NOW: Pension Trustee Limited ("NPTL", "the Company") for the year ended 31 December 2021. In 2020 the accounting period end date was changed to 31 December 2021, to align with NOW: Pensions Limited ("NPL", "the Founder"), therefore the comparative figures are for the 9 month period ended 31 December 2020.

Review of the business, principal risks and uncertainties, financial risk management objectives and policies and future developments can be found in the strategic report and form part of this report by cross-reference.

## PRINCIPAL ACTIVITY

The Company's principal activity is to provide Master Trust services for employers required to comply under the Auto Enrolment provisions of The Pensions Act 2008 and 2011.

The Company operates under a delegation agreement which requires it to pay NOW: Pensions Limited ("NPL", "the Founder") a management fee on a monthly basis, when in profit both in the month and cumulatively to date. This management fee ordinarily results in NPTL reporting a break even result for that period. In any month where NPTL is loss-making, no management fee will be payable and NPL agrees to fund any shortfall accordingly and will only recommence charging a management fee once the cumulative losses within NPTL have been extinguished.

In accordance with the Master Trust Authorisation requirements, NPL has established a ring-fenced reserve to cover the anticipated costs of a potential wind-up of the Scheme, which was £15,014,348 as at 31 December 2021 (31 December 2020: £14,650,000). NPTL maintains control of this reserve in accordance with the Account Security Agreement.

## GOING CONCERN

These financial statements have been prepared on a going concern basis. In making this assessment the directors have prepared cash flow projections for the Company which show that based upon agreed levels of 'funding' the Company will continue to meet its liabilities as they fall due. These projections reflect the directors' belief that the introduction of the £100 de minimis floor in April 2022, below which flat fees cannot be charged (following the DWP review in 2020 of the charge cap and charging structures), will not prevent the Company from continuing to meet its liabilities as they fall due over the foreseeable future. The directors therefore maintain a reasonable expectation that the Company will continue in operational existence for the foreseeable future.

In addition, the Company has obtained a letter of support from NPL, confirming that it will continue to support the business under the terms of the Master Trust Deed for at least 12 months from the date of signing the financial statements.

## DIVIDENDS

The directors do not recommend the payment of a dividend (2020: £nil).

## DIRECTORS

The following directors have held office during the period and to the date of approval of the financial statements:

Joanne Segars (Chair)
Edward Jones
Theodore Sotir
Tracy Weller (appointed 24 March 2021)
Capital Cranfield Pension Trustees Limited*
Dalriada Trustees Limited**

* Capital Cranfield Pension Trustees Limited is represented by Kevin Wesbroom
** Dalriada Trustees Limited is represented by Adrian Kennett

## DIRECTORS' INDEMNITIES

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

AUDITOR
The directors undertook a tender review process which concluded in August 2021 and confirmed that Deloitte LLP will be retained as the Company auditor. Deloitte LLP has indicated its willingness to continue in office as auditor of the Company.

STATEMENT OF DISCLOSURE TO THE AUDITOR
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board

DocuSigned by:
6EE9EB890CE84E3...
Joanne Segars
Director
22 June 2022

# DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and loss of the company for that period.

In preparing those 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; 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.

**Report on the audit of the financial statements**

**Opinion**
In our opinion the financial statements of NOW: Pension Trustee Limited (the 'Company'):

- give a true and fair view of the state 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 United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**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 (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.

**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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement, 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.

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

**Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This includes the General Data Protection regulations (GDPR).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the area of the accuracy of revenue, and our specific procedures performed to address this risk are described below:

- reviewing the relevant controls in place;
- vouched member charges in the year to independently obtained third party report and bank statements; and
- used data analytics tools to identify any unusual member charges and tested a sample to underlying supports to assess the reasonableness thereof.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements**

**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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.

Helen Perkins

Helen Perkins ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom

23 June 2022

# NOW: Pension Trustee Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

| | Notes | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|---|
| **Turnover** | 1 | 39,118,892 | 26,800,785 |
| Direct administration and funds under management charges | | (6,771,670) | (4,551,621) |
| **Gross profit** | | 32,347,222 | 22,249,164 |
| Administrative expenses | | (32,347,222) | (22,249,164) |
| **Operating profit and profit before taxation** | 2 | - | - |
| Taxation | 4 | - | - |
| **Result and total comprehensive income for the financial year** | | - | - |

The accompanying notes form an integral part of the financial statements.

All gains and losses have been recognised in the Profit and Loss Account for both the year ended 31 December 2021 and the 9 month period ended 31 December 2020, and accordingly represent the Total Comprehensive Income of the Company for both periods.

The result for the year arises from the Company's continuing operations.

# NOW: Pension Trustee Limited

BALANCE SHEET
31 December 2021 — Company number: 07768841

| | Notes | 31 December 2021 £ | 31 December 2020 £ |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Debtors | 5 | 3,866,538 | 5,015,259 |
| Cash at bank and in hand | 9 | 3,713,847 | 3,988,557 |
| | | 7,580,385 | 9,003,816 |
| CREDITORS: Amounts falling due within one year | 6 | (6,030,366) | (7,745,596) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES AND NET CURRENT ASSETS** | | **1,550,019** | **1,258,220** |
| Provisions for liabilities | 7 | (1,548,818) | (1,257,019) |
| **NET ASSETS** | | **1,201** | **1,201** |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 1,201 | 1,201 |
| Profit and loss account | | - | - |
| **SHAREHOLDERS' FUNDS** | | **1,201** | **1,201** |

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 11 to 22 were approved by the board of directors and authorised for issue on 22 June 2022 and are signed on its behalf by:

DocuSigned by:
6EE9EB890CE64E3...
Joanne Segars
Director

| | Equity attributable to the equity shareholders of the Company | | |
|---|---|---|---|
| | Called-up share capital £ | Profit and loss account £ | Total £ |
| **At 1 April 2020** | 1,201 | - | 1,201 |
| Result for the financial period | - | - | - |
| **Total comprehensive income** | - | - | - |
| **At 31 December 2020** | 1,201 | - | 1,201 |
| Result for the financial year | - | - | - |
| **Total comprehensive income** | - | - | - |
| **At 31 December 2021** | 1,201 | - | 1,201 |

The accompanying notes form an integral part of the financial statements.

The profit and loss reserve represents the cumulative profits or losses, net of dividends and other adjustments.

# NOW: Pension Trustee Limited
## STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

| | Notes | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|---|
| **Net cash flows from operating activities** | 9 | **(274,710)** | **(371,480)** |
| Net decrease in cash and cash equivalents | | (274,710) | (371,480) |
| Cash and cash equivalents at the beginning of the period | | 3,988,557 | 4,360,037 |
| **Cash and cash equivalents at the end of the period** | 9 | **3,713,847** | **3,988,557** |

There were no cash equivalents as at 31 December 2021 (2020: none).

The accompanying notes form an integral part of the financial statements.

## ACCOUNTING POLICIES

### GENERAL INFORMATION AND BASIS OF ACCOUNTING

NPTL is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of the Company's registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 5.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The financial statements have been prepared in the pound sterling and rounded to the nearest £1. The functional currency of NPTL is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates.

In 2020 the accounting period end date was changed to 31 December, to align with NPL. As a result the comparative period in these financial statements cover the 9 month period ended 31 December 2020, meaning comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

### GOING CONCERN

These financial statements have been prepared on a going concern basis. In making this assessment the directors have prepared cash flow projections for the Company which show that based upon agreed levels of 'funding' the Company will continue to meet its liabilities as they fall due. These projections reflect the directors' belief that the introduction of the £100 de minimis floor in April 2022, below which flat fees cannot be charged (following the DWP review in 2020 of the charge cap and charging structures), will not prevent the Company from continuing to meet its liabilities as they fall due over the foreseeable future. The directors therefore maintain a reasonable expectation that the Company will continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In addition, the Company has obtained a letter of support from NPL, confirming that it will continue to support the business under the terms of the Master Trust Deed for at least 12 months from the date of signing the financial statements.

### REVENUE RECOGNITION

Revenue from member administration charges and investment management charges are recognised in accordance with the FRS 102 Section 23. All charges are recognised as the pension service accrues. All revenues earned are treated as revenue when the certainty of the income can be reliably measured.

### TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

ACCOUNTING POLICIES (continued)

TAXATION (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

*Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial assets and liabilities are initially measured at transaction price (including transaction costs), and are measured subsequently at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*Impairment*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

DISCLOSURE CHANGES FROM PRIOR YEAR

For the year ended 31 March 2020 and period ended 31 December 2020, the financial statements were erroneously prepared in accordance with the small companies' regime and advantage of the small companies' exemptions was taken. The annual report and accounts for these periods therefore did not include a Strategic Report or a Statement of Cash Flows and related notes. For the year ended 31 December 2021, the Company has prepared a Strategic Report, Statement of Cash Flows and other related notes, and where necessary included comparative financial information.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key source of estimation uncertainty in preparation of these financial statements relates to the provision for the member charges errors and the unit correction provision. The estimates as included within the closing provision number relate to those members not yet fully assessed, where the expected charge has been approximated based on the longer term averages for those member records already amended. The provision value in the accounts represents management's best estimate of the future costs to be incurred as a result of the member detriment and unit correction programme, based on most recent evidence at the date of approval of the financial statements, but further revisions may be made to this estimate as the programme completes.

The directors have assessed that there are no critical judgements made in the preparation of these financial statements.

## 1 TURNOVER

The Company's turnover and profit before taxation relating to member charges were all derived from its principal activity, incurred wholly within the United Kingdom. Turnover of the Company is summarised as below:

| | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|
| Member administration charges | 31,202,701 | 22,593,612 |
| Investment management charges | 7,916,191 | 4,207,173 |
| | **39,118,892** | **26,800,785** |

## 2 PROFIT BEFORE TAXATION

| | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|
| Profit before taxation is stated after charging: | | |
| Auditor's remuneration for the audit of the statutory financial statements of the Company | 42,400 | 39,500 |

The Company bears the cost of the audit fees for NPT, amounting to £142,663 for the year ended 31 December 2021 (9 month period ended 31 December 2020: £103,088).

There are no employees in the Company, except for the directors noted below.

## 3 DIRECTORS' REMUNERATION

| | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|
| Emoluments paid to directors | 292,880 | 285,410 |

Emoluments paid to directors includes those paid to corporate directors Capital Cranfield Pension Trustees Limited and Dalriada Trustees Limited for services provided during the year.

Directors' remuneration is paid by NPL and recharged to the Company in accordance with the administration agreement with NPL. Directors' remuneration is recognised within Administrative expenses in the Statement of Comprehensive Income.

No directors were accruing retirement benefits under defined contributions or defined benefit schemes during the period. Emoluments paid to the highest paid director were £62,000 in the year ended 31 December 2021 (9 month period ended 31 December 2020: £96,000).

## 4 TAXATION

| | Year ended 31 December 2021 £ | 9 month period ended 31 December 2020 £ |
|---|---|---|
| **Current tax:** | | |
| UK corporation tax on profit for the period | - | - |
| Origination and reversal of timing differences | - | - |
| Adjustments in respect of prior periods | - | - |
| Total deferred tax charge | - | - |
| Tax charge for the period | - | - |
| Factors affecting the tax charge for the period: | | |
| Profit before tax | - | - |
| Profit multiplied by the standard rate of corporation tax 19.00% (9 month period ended 31 December 2020: 19.00%) | - | - |
| Tax charge for the period | - | - |

**Factors that may affect future tax charges**
In his budget of 2021, the Chancellor of the Exchequer proposed to increase the standard rate of corporation tax from the current rate of 19% to 25%, effective 1 April 2023. The current rate of 19% will continue to apply for companies with profits not exceeding £50,000, with marginal relief for companies with profits of up to £250,000. The change was substantively enacted on 24 May 2021. The effect of this change is not expected to be material to the Company.

## 5 DEBTORS

| | 31 December 2021 £ | 31 December 2020 £ |
|---|---|---|
| Trade debtors | 3,440,356 | 4,620,360 |
| Other debtors | 426,182 | 394,899 |
| | 3,866,538 | 5,015,259 |

Amounts receivable from related parties as disclosed in note 10 are unsecured, interest free and repayable on demand.

6 CREDITORS: Amounts falling due within one year

| | 31 December 2021 £ | 31 December 2020 £ |
|---|---|---|
| Trade creditors | 3,787,888 | 2,663,542 |
| Other creditors | 17,742 | - |
| Accruals | 2,224,736 | 5,082,054 |
| | 6,030,366 | 7,745,596 |

Amounts payable to related parties as disclosed in note 10 are unsecured, interest free and repayable on demand.

7 PROVISIONS FOR LIABILITIES

| | Member record rectification programme £ |
|---|---|
| At 1 January 2021 | 1,257,019 |
| Utilisation of provision | (458,615) |
| Charged to the profit and loss account | 750,414 |
| At 31 December 2021 | 1,548,818 |

The provision is for the repayment of member administration charges and unit corrections identified as part of the historical member charge rectification programme and the unit correction programme. The amount provided is based on the expected amounts repayable to those affected members and is targeted to complete by the end of 2023. The provision represents management's best estimate of the liabilities due as at the period end, based on most recent evidence at the date of approval of the financial statements, but further revisions may be made to this estimate as the programme completes.

8 CALLED UP SHARE CAPITAL

| | 31 December 2021 £ | 31 December 2020 £ |
|---|---|---|
| Allotted, called up and fully paid | | |
| 1,200 (31 December 2020: 1,200) Ordinary shares of £1 each | 1,200 | 1,200 |
| 1 (31 December 2020: 1) Class B Share of £1 each | 1 | 1 |
| | 1,201 | 1,201 |

Each Ordinary share carries one vote on a written resolution; on a resolution on a show of hands; and on a resolution taken by poll. Each share ranks equally for any dividends; on distribution of capital (including on winding up) and is not redeemable.

The Class B share has attached to it full capital distribution (including on winding up) rights, as prescribed in the articles of association of the company. The Class B share does not carry any dividend rights. The holder of the Class B share is entitled to receive notice of, but not attend or vote at, any general meetings of the Company except where a resolution is proposed to amend or replace the articles of association.

## 9 CASH FLOW STATEMENT

*Reconciliation of operating profit to net cash flows from operations*

| | Year ended 31 December 2021 | 9 month period ended 31 December 2020 |
|---|---|---|
| | £ | £ |
| Result for the financial period and profit before interest and taxation | - | - |
| Decrease/(increase) in debtors and prepayments | 1,148,721 | (404,396) |
| Decrease in creditors and accruals | (1,715,230) | (303,477) |
| Increase in provisions | 291,799 | 336,393 |
| Net cash used in operating activities | (274,710) | (371,480) |

*Analysis of changes in net debt*

| | At 1 January 2021 | Cash flows | At 31 December 2021 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 3,988,557 | (274,710) | 3,713,847 |
| Total | 3,988,557 | (274,710) | 3,713,847 |

## 10 RELATED PARTY TRANSACTIONS

There are no key management personnel other than the directors.

Included within other debtors is an amount due from NPT as at 31 December 2021 of £373,864 (31 December 2020: £373,864). Included within accruals is an amount due to NPT at 31 December 2021 of £nil (31 December 2020: £113,267).

During the normal course of business the Company charged NPT £39,118,892 in the year ended 31 December 2021 (9 month period ended 31 December 2020: £26,800,785) on behalf of the members for pension administration services and at 31 December 2021 NPT owed the Company £3,430,191 (31 December 2020: £4,620,360). Additionally, the Company has paid the cost of the statutory audit of NPT as disclosed in note 2.

NPL, a related party of the Company by virtue of shared management, provide key management services to the Company. The cost of these services is charged to NPTL in the form of a management fee and is recognised within Administrative expenses in the Statement of Comprehensive Income. The total charged in the year ended 31 December 2021 was £28,682,385 (9 month period ended 31 December 2020: £19,094,562). At 31 December 2021 NPL was owed £3,787,888 (31 December 2020: £2,330,934) by the Company. Included within other creditors is an amount due to NPL at 31 December 2021 of £17,742 (31 December 2020: £nil).

Cardano Risk Management Limited (CRML) provide investment management services to NPT. Cardano Holdings Limited acquired NPL on 30 September 2019, and from that date CRML became a related party of NPTL. CRML charged the Company investment management fees of £2,345,270 during the year ended 31 December 2021 (9 month period ended 31 December 2020: £1,312,500). Investment management fees are recognised within Direct administration and funds under management charges in the Statement of Comprehensive Income. At 31 December 2021 CRML was owed £477,072 (31 December 2020: £nil) by the Company.

10 RELATED PARTY TRANSACTIONS (continued)

Included within creditors is an amount owed to Dalriada Trustees Limited of £11,792 as at 31 December 2021 (31 December 2020: £22,000) in respect of director fees. Dalriada Trustees Limited provide independent Trustee director services to the Company. Total director fees charged by Dalriada Trustees Limited during the period are included within total directors' remuneration disclosed in note 3.

Included within creditors is an amount owed to Capital Cranfield Pension Trustees Limited of £14,247 as at 31 December 2021 (31 December 2020: £3,562) in respect of director fees. Capital Cranfield Pension Trustees Limited provide independent Trustee director services to the Company. Total director fees charged by Capital Cranfield Pension Trustees Limited during the period are included within total directors' remuneration disclosed in note 3.

11 CONTINGENT LIABILITIES

The company continues to undertake a detailed assessment of past member detriment and while the period end provision disclosed in note 7 represents management's best estimate of the liabilities of the Company as at the period end, based on most recent evidence at the date of approval of the financial statements, further revisions may be made to this estimate as the programme completes.
This is targeted to complete by the end of 2023.

12 POST BALANCE SHEET EVENTS

The directors have considered the impact of the conflict in Ukraine following invasion by Russia on 24 February 2022 and believe that no further adjustment is required to the financial statements in this regard.

13 ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party during the period.