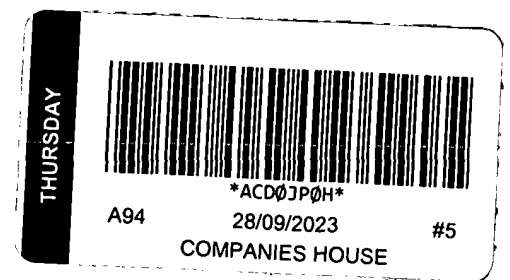


Registered number: 01863305

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Annual Report and Financial Statements

For the Year Ended 31 December 2022



M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Company Information

Directors	JRH Krefting W Nicoll (resigned on 31 March 2023) C M Waight (resigned on 19 December 2022) R M O'Dwyer A Fumarola (appointed 05 May 2023) M A Towns (appointed 05 May 2023)
Company secretary	M&G Management Services Limited
Registered number	01863305
Registered office	10 Fenchurch Avenue London EC3M 5AG
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

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M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Directors' Report
For the Year Ended 31 December 2022**

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Business review

M&G Trustee Company Limited (formerly known as Prudential Trustee Company Limited) (the "Company") is a member of the M&G plc group (the "Group"), the UK and international savings and investments business. The Company is a member of the sub-group headed by M&G Group Ltd ("M&G" or the "M&G Group") and an indirect subsidiary of M&G plc.

The principal activity of the Company is the conduct of corporate trustee business.

The profit before tax for the Company for the year was £5,063,422 (2021: £5,938,362). Further details of the results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 8.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and estimates that are reasonable and prudent;
- prepare the financials statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Small companies exemption

The Company has taken advantage of the exemption provided under section 414(B) of the Companies Act 2006 and has not provided a Strategic Report.

Results and Dividends

The profit for the year, before taxation, amounted to £5,063,422 (2021: £5,938,362).

Dividends paid in the year amounted to £6,000,000 (2021: £nil).

Subsequent to the year end, a dividend of £6,300,000 was recommended by the Directors. This dividend has been paid and will be reflected in subsequent annual financial statements.

**Directors' Report (continued)
For the Year Ended 31 December 2022**

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

JRH Krefting
W Nicoll (resigned on 31 March 2023)
C M Waight (resigned on 19 December 2022)
R M O'Dwyer
A Fumarola (appointed 05 May 2023)
M A Towns (appointed 05 May 2023)

Political contributions

The Company made no political contributions during the year (2021: £nil).

Employee Involvement

All staff were employed during the year by other members of the M&G Group. Employment policies are described in the annual report and financial statements of those companies. .

Qualifying third party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. In making this assessment the Directors have considered the solvency, liquidity and operational resilience of the Company, taking into account current performance and financial position, factors likely to affect the Company's future development, and key risks in the current economic climate. Additionally, the Directors reviewed the liquidity projections of the Company and the ability of the M&G Group, of which the Company is a member, to access external funding sources and the management actions that could be used to manage liquidity.

The results of the assessment demonstrated the ability of the Company to meet all obligations and future business requirements for at least 12 months from the date of signing these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware, and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Directors' Report (continued)
For the Year Ended 31 December 2022**

Independent Auditors

KPMG LLP resigned as the Group's and Company's auditors at the conclusion of the 2021 audit and PricewaterhouseCoopers LLP (PwC) were appointed as the Company's auditors with effect from the financial year ending 31 December 2022. Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually and PwC will assume office.

This report was approved by the board and signed on its behalf.

JRH Krefting

JRH Krefting
Director

Date: 14 September 2023

Independent Auditors' Report to the members of M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Report on the audit of the financial statements

Opinion

In our opinion, M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' Report to the members of M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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.

Independent Auditors' Report to the members of M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journals. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes including those of the Board;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Enquiring with those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 September 2023

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 £	2021 £
Revenue	2	8,433,131	7,573,035
Administrative expenses	3	(3,369,709)	(1,634,673)
Operating profit		5,063,422	5,938,362
Profit before tax		5,063,422	5,938,362
Tax on profit	6	(962,050)	(1,128,289)
Total comprehensive income for the year		4,101,372	4,810,073

The notes on pages 11 to 18 form part of these financial statements.

The statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)
Registered number:1863305

Balance Sheet
As at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due within one year	8	2,158,049	2,374,994
Cash at bank and in hand	9	<u>16,626,058</u>	<u>17,494,243</u>
		18,784,107	19,869,237
Creditors: amounts falling due within one year	10	<u>(7,652,228)</u>	<u>(6,838,730)</u>
Net current assets		<u>11,131,879</u>	<u>13,030,507</u>
Total assets less current liabilities		11,131,879	13,030,507
Net assets		<u>11,131,879</u>	<u>13,030,507</u>
Capital and reserves			
Called up share capital	11	250,000	250,000
Profit and loss account		<u>10,881,879</u>	<u>12,780,507</u>
Total equity		<u>11,131,879</u>	<u>13,030,507</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 JRH Krefting
 Director

Date: 14 September 2023

The notes on pages 11 to 18 form part of these financial statements

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2022	250,000	12,780,507	13,030,507
Comprehensive income for the year			
Profit for the year	—	4,101,372	4,101,372
Total comprehensive income for the year	250,000	16,881,879	17,131,879
Dividends	—	(6,000,000)	(6,000,000)
At 31 December 2022	250,000	10,881,879	11,131,879

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	250,000	7,970,435	8,220,435
Comprehensive income for the year			
Profit for the year	—	4,810,073	4,810,073
Total comprehensive income for the year	—	4,810,073	4,810,073
At 31 December 2021	250,000	12,780,507	13,030,507

The notes on pages 11 to 18 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. Accounting policies

1.1 Basis of preparation of financial statements

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited) (the "Company") is a private limited company incorporated and domiciled in England and Wales, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework*' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 can require the use of certain critical accounting estimates, however, the Directors do not consider there to be any critical accounting estimates or judgements in the preparation of the Company's financial statements.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements in IAS 24 to disclose compensation of Key Management Personnel; and
- the requirements in IAS 24 to disclose transactions with a management entity that provides key management personnel services to the company.

The Company's is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.

As the consolidated financial statements of M&G plc include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. Accounting policies (continued)

1.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. In making this assessment the Directors have considered the solvency, liquidity and operational resilience of the Company, taking into account current performance and financial position, factors likely to affect the Company's future development, and key risks in the current economic climate. Additionally, the Directors reviewed the liquidity projections of the Company and the ability of the M&G Group, of which the Company is a member, to access external funding sources and the management actions that could be used to manage liquidity.

The results of the assessment demonstrated the ability of the Company to meet all obligations and future business requirements for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

1.4 Foreign currency

Functional and presentational currency

The Company's functional and presentational currency is Pounds Sterling (GBP).

1.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit and loss.

Investments in subsidiaries are accounted for at cost less impairment.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. Accounting policies (continued)

1.5 Financial instruments (continued)

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(b) Subsequent measurement and gains and losses

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets at fair value through profit and loss these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances are measured at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. Accounting policies (continued)

1.5 Financial instruments (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.6 Revenue

Fee income is recognised in the accounting year in which the services are rendered upon the crystallisation event occurring and when it is highly probable that a significant reversal will not occur. Fee income is included in profit or loss on an accruals basis.

1.7 Expenses

Administrative expenses includes a recharge from the immediate parent and are recognised on an accruals basis. These expenses include the costs of staff, who are employed by the immediate parent. The M&G Group operates both defined benefit and defined contributions pension schemes, the expense of which is included in the recharges.

1.8 Interest receivable and similar income

Interest receivable is recognised in profit or loss on an accruals basis.

1.9 Dividends

Equity dividends are recognised when they become legally payable.

Notes to the Financial Statements
For the Year Ended 31 December 2022

1. Accounting policies (continued)

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge in the financial statements if the Company considers that it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition, the provision is measured based on management's judgement and estimate of the likely amount of the liability or recovery.

This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgement as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgements and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgements.

1.11 Adopted IFRS not yet applied

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated :

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date deferred to no earlier than 1 January 2024).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Asset and Liabilities arising from a Single Transaction.

2. Revenue

An analysis of revenue by class of business is as follows:

	2022	2021
	£	£
Fee income	<u>8,433,131</u>	<u>7,573,035</u>

All revenue arose within United Kingdom. Fee income represents trustee services and is recognised over the period the trustee service is provided.

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Administrative expenses

All staff were employed during the year by the immediate parent company. Analysis of staff costs, pension commitments and share-based payments are shown in the annual report and financial statements of that company.

4. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2022	2021
	£	£
Audit of these financial statements	<u>16,380</u>	<u>10,400</u>

Amounts receivable by the Company's auditors PwC (2021: KPMG) in respect of the audit of the Company's financial statements are payable by M&G FA Limited, the immediate parent company.

Amounts receivable by the Company's auditors and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, M&G plc.

5. Directors remuneration

The aggregate emoluments for the Directors of the Company are borne by related Group undertakings.

The value of Directors' emoluments is based upon the apportionment of time spent providing qualifying services as Directors for the Company. No apportionment is made to companies where Directors are deemed to spend an inconsequential amount of time providing qualifying services.

Retirement benefits are accruing to the following number of directors under:

	2022 No.	2021 No.
Defined contribution schemes	<u>3</u>	<u>2</u>
 The number of directors who exercised share options was	<u>—</u>	<u>—</u>
 The number of directors for whom shares were received or receivable under long term incentive schemes was	<u>1</u>	<u>1</u>

M&G Trustee Company Limited (Formerly known as Prudential Trustee Company Limited)

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

6. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	962,050	1,128,289
Total tax charge for the year	<u>962,050</u>	<u>1,128,289</u>

Factors affecting tax charge for the year

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	5,063,422	5,938,362
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 : 19%)	<u>962,050</u>	<u>1,128,289</u>
Total tax charge for the year	<u>962,050</u>	<u>1,128,289</u>

Factors affecting the future tax charges

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the company accordingly.

7. Dividends

	2022	2021
	£	£
250,000 ordinary shares of £1 each	<u>6,000,000</u>	<u>—</u>

8. Debtors: amounts falling due within one year

	2022	2021
	£	£
Trade Debtors	2,126,453	2,297,018
Tax recoverable	—	53,927
Other debtors	<u>31,596</u>	<u>24,049</u>
	<u>2,158,049</u>	<u>2,374,994</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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**Notes to the Financial Statements
For the Year Ended 31 December 2022**

9. Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	16,626,058	17,494,243

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	3,035,656	3,097,008
Corporation tax	45,885	—
Other taxation and social security	700,152	385,205
Other creditors	282,157	34,334
Accruals and deferred income	3,588,378	3,322,183
	7,652,228	6,838,730

11. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
250,000 (2021 - 250,000) ordinary shares of £1.00 each	250,000	250,000

12. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned group companies and the exemption under paragraph 8(j) of FRS 101 not to disclose key management personnel compensation and amounts incurred for the provision of key management personnel services by a separate entity.

13. Post Balance Sheet events

Subsequent to the year end, a dividend of £6,300,000 was recommended by the Directors. This dividend has been paid and will be reflected in subsequent annual financial statements

14. Immediate and ultimate parent company

The Company's immediate parent company is M&G FA Limited.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is M&G plc. Copies of the M&G plc consolidated financial statements can be obtained from the Company Secretary at 10 Fenchurch Avenue, London, EC3M 5AG.