

# HSBC Master Trust Trustee Limited

Registration No: 11762788

Annual Report and Financial Statements for the year ended 31  
December 2021



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## **Annual Report and Financial Statements for the year ended 31 December 2021**

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## HSBC Master Trust Trustee Limited

### Strategic Report

HSBC Master Trust Trustee Limited ('the Entity') is a private entity incorporated by shares in London, United Kingdom. Its registered address is 8 Canada Square, London E14 5HQ.

#### Principal activities

The principal activity of the Entity is to act as a trustee to pension funds. The Entity is not yet trading.

#### Review of the Entity's business and Performance

The Entity is not trading and does not have any profit or loss for the period.

The period-end Balance Sheet was mainly composed of cash totaling £1.7 million. At 31 December 2021 the net assets were £1.75 million (same as 2020).

#### Key performance indicators

The Directors use Key Performance Indicators (KPIs) to monitor the business. As well as the Income Statement and the Balance Sheet, these indicators include measures to identify the returns on different categories of assets and the risks to which the Entity is exposed.

#### Financial KPIs

	2021	2020
Result before tax (£'000)	-	-
Net assets (£'000)	1,750	1,750
Return on equity (%)	0%	0%

#### Principal risks and uncertainties

The Board is responsible for setting the risk appetite for the Entity within the context of the HSBC Group's direction. The Board has considered the principal risks facing the Entity and the exposure in relation to each of those risks. The Entity also has its own established governance framework, with clear terms of reference for the Board and a clear organisational structure, with documented delegated authorities and responsibilities. Note 10 of the financial statements includes further information on risk management.

#### Response to Covid-19

The Covid-19 outbreak has created a great deal of uncertainty and disruption for the people, businesses and communities around the world. It is affecting everyone in different ways, with markets at different stages of the crisis. The majority of HSBC's total workforce are now enabled to work from their homes. HSBC provided new and enhanced well-being support to employees during this challenging time. HSBC's dedicated Covid-19 resources are accessible to everyone and include expert medical guidance, education on mental health awareness, training on how to lead remote teams, and advice on managing stress and working remotely. The employee assistance programmes, which provide confidential counselling to employees, continue to provide clinical support. HSBC has encouraged a culture of looking out for each other, and the employee networks have held regular support calls for those experiencing mental health challenges, and for those with caring responsibilities.

## **Strategic report (continued)**

### **EU Withdrawal**

The UK has left the EU, but EU law continues to apply until the end of the implementation period under the Withdrawal Agreement between the UK and the EU. During this time, we will continue to work with regulators, governments and our customers and employees to manage the risks of the UK's exit from the EU as they arise. Uncertainty regarding the details on the post transitional arrangements and the UK's future relationship (including trading) with both the EU and the rest of the world is expected to continue for the next few years at least. Market volatility will therefore persist as the UK continues to finalise post transitional arrangements. Throughout this period, we will continually update our assessment of potential consequences for our customers and products and re-evaluate our mitigating actions accordingly. The scale and nature of the impact on us will depend on the precise terms on which we and our customers will be able to conduct cross-border business following the UK's departure from the EU.

HSBC's priority is to ensure we continue to support our clients and people through this period of uncertainty, and help minimise any disruption. Changes to the UK's current trade relationships could require changes to our business model to ensure we continue to comply with law and regulation in meeting the needs of our customers and conducting our business.

The Entity operates within the risk management framework of HSBC Group. The framework defines the principal risk categories and sets out the methodology for the identification, assessment, mitigation and reporting of risks. A risk management structure is in place which embeds risk management into the business.

The Board reviews the key risks facing the Entity by receiving regular reports as to the current status of each risk. The financial services industry remains closely regulated and the UK regulators may take actions that could result in changes to industry practices, sales and pricing. The Entity maintains a strong compliance culture and monitors the regulatory environment closely to proactively adapt to changes and reduce risks to the Entity.

The Directors consider it appropriate to differentiate between those financial risks which directly impact the Entity and those which indirectly impact the Entity due to risks borne by the Entity in relation to its asset holdings and their valuations.

### **Section 172 (1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to: (i) the likely consequences of any decision in the long term; (ii) the interests of the company's employees; (iii) the need to foster the company's business relationships with suppliers, customers and others; (iv) the impact of the company's operations on the community and the environment; (v) the desirability of the company maintaining a reputation for high standards of business conduct; and (vi) the need to act fairly as between members of the company. The directors of HSBC Master Trust Trustee Limited (the "Directors") give careful consideration to the factors set out above in discharging their duties under section 172.

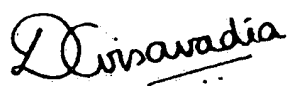
As a Group, HSBC considers its stakeholders to be the people who work for us, bank with us, own us, regulate us and live in the societies we serve. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate the business in a sustainable way.

As a non-trading company with no employees, the principal stakeholder of the Entity is the Entity's parent entity and HSBC Master Trust's (the "Scheme") Settlor, Funder and Scheme Strategist, HSBC Retirement Services Limited ("HRSL"). The Scheme was authorised by the Pensions Regulator on 11 December 2019 but did not have any participating members during the reporting period.

## Strategic report (continued)

The principal decisions taken by the Entity during the reporting period were made in relation to the Scheme, for which the Entity is the Trustee. The Scheme's Default Glide path was approved after careful consideration of the long term interests of the Scheme's future members. Other decisions taken included: the appointment of PwC as its auditors; approval of the Business Plan; and agreement to the Investment Consultant Objectives. In making these decisions, the Directors considered the Scheme's capital position; the Trustee's access to funds; regulatory guidance, including guidance received from direct engagement with the Pensions Regulator; the importance of Trustee independence and the long-term interests of the Entity and the Scheme. The Directors also considered the views and the roles of HRSL, obtained by building relationships and establishing information flows between the Board and the Board of HRSL.

Signed on behalf of the Board



D Visavadia  
For and on behalf of Independent Trustee Services Limited  
*Director*  
14 July 2022  
Registered Office  
HSBC, 8 Canada Square, London, E14 5HQ

## Directors' Report

### Directors

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

<b>Name</b>	<b>Appointed</b>
T J Palmer	11/01/2019
J Parker-Welch	11/01/2019
Capital Cranfield Pension Trustees Limited	18/01/2019
Independent Trustee Services Limited	11/01/2019
Pension Lawyer Trustees Limited (formerly Pension Legacy Trustees Limited)	16/01/2019

The Articles of Association of the Entity provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Entity against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial period but have not been utilised by the Directors. All Directors have the benefit of directors' and officers' liability insurance.

### Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021.

### Significant events since the end of the financial period

There are no significant events affecting the Entity which have occurred since the end of the financial period.

### Future developments

The Entity's business plan is to be the trustee of a Pension Scheme which would be managed by a corporate trustee board and supported by the HSBC Group. The Pension Scheme is not yet operational, however, the Pension Scheme plans to be operational in the coming year.

### Going concern basis

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Entity has no employees. All of the Entity's costs are borne by the parent company and are not recoverable from the Entity. The Entity's costs for the next 12 months will also be borne by the parent company and will not be recoverable from the Entity.

### Disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Entity's auditors are unaware; and the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Entity's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

### Independent Auditors

Pursuant to section 487 of the Companies Act 2006, the Auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP ("PwC") will therefore continue in office.

## Directors report (continued)

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the 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 UK-adopted international accounting standards.

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 Entity and of the profit or loss of the Entity 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 UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Entity will continue in business.

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

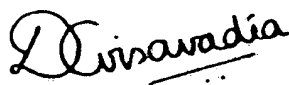
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Entity's transactions and disclose with reasonable accuracy at any time the financial position of the Entity and enable them to ensure that the financial statements comply with the Companies Act 2006.

### 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 Entity's auditors 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 Entity's auditors are aware of that information.

Signed on behalf of the Board



D Visavadia

For and on behalf of Independent Trustee Services Limited

Director

14 July 2022

Registered Office

HSBC, 8 Canada Square, London, E14 5HQ

## **Independent Auditors' Report to the members of HSBC Master Trust Trustee Limited**

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

#### **Opinion**

In our opinion, HSBC Master Trust Trustee Limited's financial statements:

- give a true and fair view of the state of the Entity's affairs as at 31 December 2021 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2021; the Income statement, the Statement of Cash Flows 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 Entity 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 Entity'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 Entity'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 HSBC Master Trust Trustee Limited (continued)**

### **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 Strategic Report and 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.

### **Strategic Report and Directors' Report**

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 year ended 31 December 2021 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 Entity and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and 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 Statement of directors' responsibilities in respect of the financial statements, 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 Entity'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 Entity 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 HSBC Master Trust Trustee Limited (continued)

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

Based on our understanding of the Entity and industry, we considered the principal risks of non-compliance with laws and regulations, including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and 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 inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the directors;
- Understanding of management's internal controls designed to prevent and detect irregularities; and
- Reviewing the general ledger for any indication of inappropriate journal entries.

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](http://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 Entity'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.

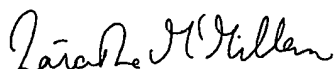
### Other required reporting

#### 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 Entity, 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.



Natasha McMillan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 July 2022

HSBC Master Trust Trustee Limited

## Financial Statements

### Income statement for the year ended 31 December 2021

	2021 £'000	2020 £'000
Income	-	-
Net operating income	-	-
General and administrative expenses	-	-
Total operating expenses	-	-
Operating result	-	-
Result before tax	-	-
Tax expense/credit	-	-
Result for the period	-	-

The notes on pages 15 to 20 form an integral part of these Financial Statements.

**HSBC Master Trust Trustee Limited**

Registered No: 11762788

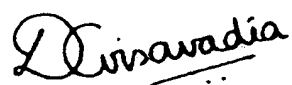
**Financial Statements (continued)**

**Balance Sheet as at 31 December 2021**

	<i>Note</i>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Assets</b>			
Cash and cash equivalents	4	1,700	1,700
Trade and other receivables	5	50	50
<b>Total assets</b>		<b>1,750</b>	<b>1,750</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Trade and other payables		-	-
<b>Total liabilities</b>		-	-
<b>Equity</b>			
Called up share capital	6	50	50
Capital contribution		1,700	1,700
<b>Total equity</b>		<b>1,750</b>	<b>1,750</b>
<b>Total equity and liabilities</b>		<b>1,750</b>	<b>1,750</b>

The notes on pages 15 to 20 form an integral part of these Financial Statements.

These Financial Statements on pages 11 to 20 were approved by the Board of Directors on 14 July 2022 and were signed on its behalf by:



D Visavadia  
For and on behalf of Independent Trustee Services Limited  
Director

## Financial Statements (continued)

### Statement of Cash Flows for the year ended 31 December 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Result before tax	-	-
Net cash used in operating activities	-	-
<b>Cash flows from financing activities</b>		
Proceeds from capital contribution	-	-
Net cash generated from financing activities	-	-
<b>Net increase in Cash and cash equivalents</b>	-	-
Cash and cash equivalents brought forward	1,700	1,700
<b>Cash and cash equivalents carried forward</b>	<u>1,700</u>	<u>1,700</u>

The notes on pages 15 to 20 form an integral part of these Financial Statements.

**HSBC Master Trust Trustee Limited**

**Financial Statements (continued)**

**Statement of Changes in Equity for the year ended 31 December 2021**

	<b>Called up share capital £'000</b>	<b>Capital Contribution £'000</b>	<b>Total £'000</b>
At 1 January 2021	50	1,700	1,750
Capital injection	-	-	-
New shares issued	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions by owners for the period	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>50</u>	<u>1,700</u>	<u>1,750</u>

**Statement of Changes in Equity for the year ended 31 December 2020**

	<b>Called up share capital £'000</b>	<b>Capital Contribution £'000</b>	<b>Total £'000</b>
At 1 January 2020	50	1,700	1,750
Capital injection	-	-	-
New shares issued	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions by owners for the period	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020	<u>50</u>	<u>1,700</u>	<u>1,750</u>

The notes on pages 15 to 20 form an integral part of these Financial Statements.

Equity is wholly attributable to equity shareholders of HSBC Master Trust Trustee Limited.

## Notes to the Financial Statements

### 1 Basis of preparation and significant accounting policies

The Financial Statements of the Entity have been prepared in accordance with international accounting standards, in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. The principal accounting policies applied in the preparation of these Financial Statements have been consistently applied to all of the periods presented, unless otherwise stated. Further information is highlighted in the notes to the financial statements.

#### 1.1 Basis of preparation

##### (a) Compliance with International Financial Reporting Standards

The financial statements of the Entity have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006 under the historical cost convention.

##### (b) Future accounting developments

There are no amendments to IFRS which are effective from 1 January 2022 which could have a material impact on the Entity's financial statements.

##### (c) Presentation of information

The functional currency of the Entity is Sterling, which is also the presentation currency of the Financial Statements of the Entity.

The Financial Statements present information about the Entity as an individual undertaking.

##### (d) Critical accounting estimates and judgments

There is no use of estimates and judgments in the preparation of financial information of the Entity.

##### (e) Trade and other receivables

*Trade and other receivables represent amounts due to the Entity from group Entities prior to the end of the financial period. The amounts are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.*

##### (f) Called up share capital

Financial instruments issued are generally classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

##### (g) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

##### (h) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

There is no tax payable or receivable by the Entity for the year ended 31 December 2021 (2020: Nil).

## HSBC Master Trust Trustee Limited

### Notes to the Financial Statements (continued)

#### 2 Directors' emoluments

The Entity has no employees. The Director's emoluments are allocated based on their services to the Entity and the costs are borne by the parent company. The aggregate emoluments of the Directors of the Entity, computed in accordance with the Companies Act 2006 as amended by statutory instrument 2008 No.410, were:

	2021	2020
	£'000	£'000
Fees <sup>1</sup>	105	121
Salaries and other emoluments	16	16
Annual incentives <sup>2</sup>	7	5
<b>Total Directors' emoluments</b>	<b>128</b>	<b>142</b>

<sup>1</sup> Fees included fees paid to non-executive Directors.

<sup>2</sup> Awards made to executive Directors in respect of 2021 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £3,947 and £2,631 in cash and deferred cash respectively (£4,873 in cash, £0 in deferred cash, in 2020), £0 in Restricted Shares and £0 in deferred Restricted Shares (vesting annually over a three-year period) issued under the HSBC Share Plan. (£541 in deferred Restricted Shares 2020).

No Director exercised share options over HSBC Holdings plc ordinary shares during the period (Nil in 2020). Awards were made to 0 Directors under long-term incentive plans in respect of qualifying services rendered in 2021. During 2021, 0 Directors received shares in respect of awards under long-term incentive plans that vested during the period.

Retirement benefits are accruing to 0 Directors under a defined benefit scheme and are accruing to 0 Directors under money purchase schemes in respect of Directors' qualifying service. Contributions of £0 were made during the period to money purchase arrangements and £0 to defined benefit schemes in respect of Directors' qualifying service.

Discretionary bonuses for Directors are based on a combination of individual and corporate performance and are determined by the Remuneration Committee of the Entity's ultimate parent company, HSBC Holdings plc. The cost of any conditional awards under the HSBC Share Plan and the HSBC Plan 2011 ('the Plans') is recognised through an annual charge based on the fair value of the awards, apportioned over the period of service to which the award relates. Details of the Plans are contained within the Directors' Remuneration Report of HSBC Holdings plc.

Of these aggregate figures, the following amounts are attributable to the highest paid Director:

	2021	2020
	£'000	£'000
Salaries and other emoluments	16	16
Annual incentives <sup>1</sup>	7	5
<b>Total highest paid Director emoluments</b>	<b>23</b>	<b>21</b>

<sup>1</sup> Awards made to the highest paid Director in respect of 2021 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £3,947 and £2,631 in cash and deferred cash respectively (£4,873 in cash, £0 in deferred cash for 2020 vesting annually over a three-year period), £0 in Restricted Shares and £0 in deferred Restricted Share in 2021 (vesting annually over a three-year period) issued under the HSBC Share Plan (£541 in 2020 for Restricted Shares & £0 in deferred Restricted Shares).



## HSBC Master Trust Trustee Limited

### Notes to the Financial Statements (continued)

The highest paid Director received 0 shares, in respect of qualifying services, as the result of awards under long-term incentive plans that vested during the period (69 in 2020). The highest paid Director exercised 0 share options over HSBC Holdings plc ordinary shares during the period (0 in 2020). Pension contributions of £0 were made by the Entity in respect of services by the highest paid Director during the period (£0 in 2020).

#### 3 Auditors' remuneration

	2021 £'000	2020 £'000
Auditors' remuneration for:		
- Audit fees for statutory audit	9	9
<b>Total auditors' remunerations</b>	<b>9</b>	<b>9</b>

The Entity has no employees. All of the Entity's costs are borne by the parent company and are not recoverable from the Entity. The Entity's costs for the next 12 months will also be borne by the parent company and will not be recoverable from the Entity.

#### 4 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents held with other Group undertakings	1,700	1,700
	<b>1,700</b>	<b>1,700</b>

#### 5 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from other group undertakings	50	50
	<b>50</b>	<b>50</b>

Amounts due from other group undertakings are unsecured, interest free and have no fixed date of repayment.

## HSBC Master Trust Trustee Limited

### Notes to the Financial Statements (continued)

#### 6 Called up share capital

	2021 £'000	2020 £'000
Issued, allotted and calls in arrears	50	50
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>
As at 31 December	<u>50</u>	<u>50</u>

The holders are entitled to one vote per share at meetings of the Entity. All shares rank equally with regard to repayment of capital. The Entity's articles of association do not permit any dividends to be paid.

#### 7 Contingent liabilities and contractual commitments and guarantees

There were no contingent liabilities or financial guarantee contracts as at 31 December 2021 (none in 2020).

#### 8 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis at net realisable value. Fair value is considered equivalent to net realisable value.

The following table analyses the carrying amount of financial assets and liability by category as defined in IAS 39 and by Balance Sheet heading:

At 31 December 2021	Financial assets and liabilities at net realisable value £'000	Total £'000
<b>Assets</b>		
Cash and cash equivalents	1,700	1,700
Trade and other receivables	50	50
	<u>1,750</u>	<u>1,750</u>
Total financial assets	1,750	1,750
Total non-financial assets	-	-
	<u>1,750</u>	<u>1,750</u>
<b>Total Assets</b>	<u>1,750</u>	<u>1,750</u>

At 31 December 2020	Financial assets and liabilities at net realisable value £'000	Total £'000
<b>Assets</b>		
Cash and cash equivalents	1,700	1,700
Trade and other receivables	50	50
	<u>1,750</u>	<u>1,750</u>
Total financial assets	1,750	1,750
Total non-financial assets	-	-
	<u>1,750</u>	<u>1,750</u>
<b>Total Assets</b>	<u>1,750</u>	<u>1,750</u>

## HSBC Master Trust Trustee Limited

### Notes to the Financial Statements (continued)

#### 9 Fair value of financial instruments not carried at fair value

There are no material differences between the carrying value and the net realisable value of financial assets and liabilities at 31 December 2021. Fair value is considered equivalent to net realisable value.

#### 10 Management of financial risk

All of the Entity's activities involve to varying degrees, the analysis, evaluation, acceptance and management of risks or combination of risks. The most important types of risk include financial risk, which comprise credit risk, liquidity risk and market risk. The management of financial risk and consideration of profitability, cash flows and capital resources form a key element in the Directors' assessment of HSBC group entities, including the Entity.

##### a) Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty of the Entity fails to meet a payment obligation under a contract.

Within the overall framework of the HSBC Group policy, the Entity has an established risk management process encompassing credit approvals, the control of exposures, credit policy direction to the Entity, and the monitoring and reporting of exposures.

The Entity's exposure to credit risk arises from cash and intercompany receivables. An important measure of credit risk is the ageing as reported below:

As at 31 Dec 2021	Due within 90 days £'000	Due between 90 days – 1 year £'000	Due over 1 year £'000	Total £'000
Cash and cash equivalents	1,700	-	-	1,700
Trade and other receivables	50	-	-	50
Net exposure	1,750	-	-	1,750

As at 31 Dec 2020	Due within 90 days £'000	Due between 90 days – 1 year £'000	Due over 1 year £'000	Total £'000
Cash and cash equivalents	1,700	-	-	1,700
Trade and other receivables	50	-	-	50
Net exposure	1,750	-	-	1,750

##### b) Liquidity and funding risk management

Liquidity risk is the risk that the Entity does not have sufficient financial resources to meet obligations as they fall due or will have access to such resources only at an excessive cost.

The entity monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Entity will borrow funds as and when required from parent undertakings.

## HSBC Master Trust Trustee Limited

### Notes to the Financial Statements (continued)

#### c) Market risk management

The Entity's objective is to manage and control market rate exposures while maintaining a market profile consistent with its risk appetite.

The Entity manages market risk through risk limits approved by the HSBC Group Risk Management Meeting of the HSBC Group Management board and adopted by the Entity's Board. An independent risk unit develops risk management policies and measurement techniques, and reviews limit utilisation on a daily basis.

#### d) Interest rate risk

The entity has no exposure to interest rate risk.

### 11 Related party transactions

The Entity's related parties include the parent and fellow subsidiaries post-employment benefits plans for the Entity's employees, Key Management Personnel, close family members of Key Management Personnel and entities which are controlled or significantly influenced by Key Management Personnel or their close family members.

#### a) Transactions with Directors and other Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Entity and includes members of the Board of Directors. No loans were made to Key Management Personnel for the period ended 31 December 2021. Other than as described in Note 2, there are no transactions between the Entity and Key Management Personnel, which fall to be disclosed under IAS24 'Related Party Disclosures' between the Entity and the Key Management Personnel.

No loans were made to Key Management Personnel for the period ended 31 December 2020.

#### b) Transactions with other related parties

Transactions detailed below include amounts due to/from group Entities.

2021	Highest balance during the period <sup>1</sup> £'000	Balance as at 31 December 2021 <sup>1</sup> £'000
<b>Assets</b>		
Cash and cash equivalents	1,700	1,700
Trade and other receivables	50	50
2020	Highest balance during the period <sup>1</sup> £'000	Balance as at 31 December 2020 <sup>1</sup> £'000
<b>Assets</b>		
Cash and cash equivalents	1,700	1,700
Trade and other receivables	50	50

<sup>1</sup> The disclosure of the period-end balance and the highest balance during the period is considered the most meaningful information to represent transactions during the period.

## **HSBC Master Trust Trustee Limited**

### **Notes to the Financial Statements (continued)**

#### **12 Parent undertakings**

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The immediate parent undertaking is HSBC Retirement Services Limited. All companies are registered in England and Wales.

Copies of HSBC Holdings plc consolidated financial statements can be obtained from:

HSBC Holdings plc  
8 Canada square  
London E14 5HQ  
United Kingdom

[www.hsbc.com](http://www.hsbc.com)

#### **13 Events after the balance sheet date**

There are no adjusting post balance sheet events as per IAS 10.