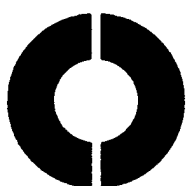


**Schroders**



# **Annual Report and Accounts 2023**

**Leadenhall Securities  
Corporation Limited**

**Year Ended 31 December 2023**



**Registered Number: 00302840**

## Contents

<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Independent auditor's report to the member of Leadenhall Securities Corporation Limited</b>	<b>6</b>
<b>Income statement</b>	<b>9</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Statement of financial position</b>	<b>11</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Cash flow statement</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14</b>

## Officers and professional advisers

---

### Directors

James Grant  
Tim McCann  
Graham Staples  
Nicholas Taylor

### Company Secretary

Schroder Corporate Services Limited

### Registered Office

1 London Wall Place  
London  
EC2Y 5AU

### Independent Auditor

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

**Schroders**

## Strategic report

---

The Directors present their Strategic report on Leadenhall Securities Corporation Limited (the 'Company') for the year ended 31 December 2023.

### Results and Review of the business

The profit for the year, after tax, was £5,579,000 (2022: £24,113,000 loss after tax).

The Company's investment business continued during the year. The financial assets of the Company decreased by £67,213,000 (2022: increase of £3,402,000) to £400,942,000 (2022: £468,155,000).

The Company's investment and operating principles are expected to remain unchanged in 2024.

The Directors consider the results and the Company's financial position at 31 December 2023 to be satisfactory.

### Directors' duties – compliance with s172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

To discharge their section 172 duties the directors had regard to the factors set out above in making the principal decisions taken by the Company.

The impact on the Company's stakeholders continues to be considered throughout the Board's decision making process. The Board elected for the Company not to pay an interim dividend to its parent during the year. The Board confirms that there were no other relevant key decisions during the year.

Due to the structure of the Schroders Group, stakeholder engagement also took place using Group resources, in line with agreed delegations. For details of the engagement that takes place with the Company's stakeholders at Group level, please refer to the Schroders plc annual report and accounts for the year ended 31 December 2023 ('the Schroders Report').

## Strategic report (continued)

---

### Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in 'Risk Management' in the Strategic report and 'Risk and internal controls' within the Governance section of the Schroders Report. The Schroders Report does not form part of this report.

### Key performance indicators

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, is discussed in the Strategic report in the Schroders Report. The Schroders Report does not form part of this report.

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



Matthew Buckland, Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
5 March 2024

## Directors' report

---

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2023. The information contained in the Strategic report and the Statement of Directors' responsibilities forms part of this Directors' report.

### General information

The Company is a private company, limited by shares incorporated and domiciled in England and Wales. The Company's ultimate parent undertaking and controlling entity is Schroders plc, which together with the Company and Schroder plc's other subsidiary undertakings, form the Group.

### Future developments

There are no changes planned in the business or operations of the Company.

### Dividends

During the year no dividends were paid or proposed.

### Risk management and use of financial instruments

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in 'Risk Management' in the Strategic report and 'Risk and internal controls' within the Governance section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 11 to the financial statements. The Schroders Report does not form part of this report.

### Going Concern

Taking all the above factors into consideration, including the nature of the Company and its business, the Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the Annual Report and Accounts is signed. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

### Directors

The Directors of the Company who have served throughout the year are set out on page one.

### Directors' and Officers' liability insurance

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

### Employment policy

The Company had no employees during the year.

### Independent Auditors and disclosure of information to independent Auditors

In accordance with section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, Ernst & Young LLP ('EY'), are deemed to be reappointed for the next financial year.

To the best of the Directors' knowledge there is no relevant audit information of which EY is unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him or her as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

## Schroders

## Directors' report (continued)

---

### Statement of corporate governance arrangements

As a subsidiary undertaking, the Company applies the UK Corporate Governance Code where applicable to support Schroders plc's overall compliance with that code.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK-adopted international accounting standards is insufficient to enable users to understand the impact of a particular transaction, other events and conditions on the Company's financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Matthew Buckland, Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
5 March 2024

Registered Office:  
1 London Wall Place  
London EC2Y 5AU

Registered in England and Wales No 00302840

## Independent auditor's report to the member of Leadenhall Securities Corporation Limited

---

### Opinion

We have audited the financial statements of Leadenhall Securities Corporation Limited (the 'Company') for the year ended 31 December 2023 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Cash flow statement and the related notes 1 to 15, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis 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 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 12 months from the date the Annual Report and Accounts 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained with the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent auditor's report to the member of Leadenhall Securities Corporation Limited (contd.)

---

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## Independent auditor's report to the member of Leadenhall Securities Corporation Limited (contd.)

---

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the UK-adopted international accounting standards and relevant tax compliance regulations.

- We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board meeting minutes.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors these controls.

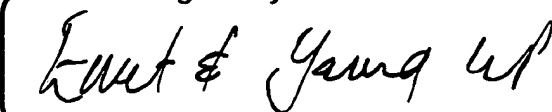
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

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

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



CAE5EEFBA07D6409  
James Beszant (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 7 March 2024

Schroders

## Income statement

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Net gains / (losses) on financial instruments	3	19,413	(26,610)
Operating expenses	3	(96)	(425)
<b>Operating profit / (loss)</b>		<b>19,317</b>	<b>(27,035)</b>
Finance income	3	434	2
Finance charges	3	(12,456)	(5,144)
Net finance charge		(12,022)	(5,142)
<b>Profit / (loss) before tax</b>		<b>7,295</b>	<b>(32,177)</b>
Tax (charge) / credit	4	(1,716)	8,064
<b>Profit / (loss) after tax</b>		<b>5,579</b>	<b>(24,113)</b>

## Statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Profit / (loss) for the year</b>		<b>5,579</b>	<b>(24,113)</b>
<b>Items to be reclassified to the income statement on fulfilment of specific conditions:</b>			
Current income tax credit on assets held at fair value through other comprehensive income	4(b)	10	8
		10	8
<b>Reclassifications to the income statement:</b>			
Deferred tax charge on assets held at fair value through other comprehensive income	4(b)	(10)	(8)
		(10)	(8)
<b>Total comprehensive income / (loss) for the year net of tax</b>		<b>5,579</b>	<b>(24,113)</b>

## Statement of financial position

as at 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Assets</b>			
Cash and cash equivalents	5	14,998	18,408
Trade and other receivables	6	1,713	4,425
Financial assets	7	400,942	468,155
Deferred tax	4(d)	8,098	8,108
<b>Total assets</b>		<b>425,751</b>	<b>499,096</b>
Corporation tax		1,557	-
Trade and other payables	8	200,343	276,775
Financial liabilities	9	2,661	6,710
<b>Total liabilities</b>		<b>204,561</b>	<b>283,485</b>
<b>Net assets</b>		<b>221,190</b>	<b>215,611</b>
<b>Total Equity</b>		<b>221,190</b>	<b>215,611</b>

The notes on pages 14 to 32 form an integral part of the financial statements.

The financial statements on pages 9 to 32 were approved by the Board of Directors on 5 March 2024 and signed on its behalf by:



James Grant  
Director

Registered Number: 00302840

Schroders

## Statement of changes in equity

for the year ended 31 December 2023

	Share <sup>1</sup> capital £'000	Profit and <sup>2</sup> loss reserve £'000	Total equity £'000
At 1 January 2023	5,000	210,611	215,611
Profit for the year	-	5,579	5,579
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>5,579</b>	<b>5,579</b>
<b>At 31 December 2023</b>	<b>5,000</b>	<b>216,190</b>	<b>221,190</b>
	Share <sup>1</sup> capital £'000	Profit and <sup>2</sup> loss reserve £'000	Total equity £'000
At 1 January 2022	5,000	234,724	239,724
Loss for the year	-	(24,113)	(24,113)
<b>Total comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>(24,113)</b>	<b>(24,113)</b>
<b>At 31 December 2022</b>	<b>5,000</b>	<b>210,611</b>	<b>215,611</b>

<sup>1</sup> Share capital represents issued and fully paid ordinary shares at a par value of £1 each. See note 12 to the financial statements.

<sup>2</sup> The profit and loss reserve represents the profit or loss for the year together with certain other amounts recognised directly in other comprehensive income and transactions with shareholders.

## Cash flow statement

for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Operating activities</b>			
Profit / (loss) before tax		7,295	(32,177)
Net finance charge		12,022	5,142
Decrease / (increase) in trade and other receivables		2,721	(1,008)
(Decrease) / increase in trade and other payables		(76,537)	31,827
Purchase of financial instruments		(107,678)	(159,477)
Proceeds from sale of financial instruments		194,690	128,041
Net (gains) / losses on financial assets and financial liabilities		(23,848)	33,067
<b>Cash generated from operating activities</b>		<b>8,665</b>	<b>5,415</b>
Amounts paid in respect of group tax relief		-	(5,425)
Overseas tax (paid) / received		(148)	17
Interest received		425	44
<b>Net cash from operating activities</b>		<b>8,942</b>	<b>51</b>
<b>Financing activities</b>			
Interest paid		(12,352)	(5,874)
<b>Net cash used in financing activities</b>		<b>(12,352)</b>	<b>(5,874)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,410)</b>	<b>(5,823)</b>
Opening cash and cash equivalents		18,408	24,231
Net decrease in cash and cash equivalents		(3,410)	(5,823)
<b>Closing cash and cash equivalents</b>	5	<b>14,998</b>	<b>18,408</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 1. Presentation of financial statements

#### Basis of preparation

The financial statements are prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

The financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention, except for the measurement at fair value of derivative financial instruments and financial assets and financial liabilities that are held at 'fair value through profit or loss' ('FVTPL').

The Company is a wholly-owned subsidiary of Schroder Investment Company Limited (incorporated in England and Wales) and is included in the consolidated financial statement of Schroders plc (incorporated in England and Wales) which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company's principal accounting policies have been consistently applied. The preparation of financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

The Company did not implement the requirements of any Standards or Interpretations that were in issue but were not required to be adopted by the Company at the year-end date.

No other Standards or Interpretations have been issued that are expected to have a material impact on the Company's financial statements.

### 2. Estimates and judgements

The preparation of the financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results. The estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are set out in note 7, 'Financial assets', and note 11, 'Financial instrument risk management'.

## Notes to the financial statements

for the year ended 31 December 2023

---

### 3. Income and expenses

#### Net gains / (losses) on financial instruments

A portion of the Company's financial assets that are measured at fair value are classified as financial assets at fair value through profit or loss. Net gains and losses on financial instruments at fair value through profit or loss principally comprise market returns on investments in debt securities, pooled investment vehicles and gains and losses on derivatives (which mainly arise from hedging activities). Gains or losses on investments held at fair value through profit or loss, together with transaction costs, are recognised within 'net gains / (losses) on financial instruments' in the income statement.

Impairment of financial assets is included in the income statement.

#### Foreign currency translation

Foreign currency financial assets and liabilities are translated at the rates of exchange ruling at the year end date and any exchange differences arising are taken to the income statement. Exchange differences are taken as they arise on the translation of assets and liabilities whose changes in value are taken directly through other comprehensive income.

#### Operating expenses

Operating expenses are recognised on an accruals basis as services are provided.

#### Net finance charge

Net finance charge comprises coupon receipts and amounts due on the temporary surpluses or deficits on the Company's cash accounts held with banks or loans to or from related parties. Interest receivable and payable is recognised using the effective interest method and is recorded in the income statement within 'Net finance charge'.

#### Dividends

Dividends are recognised when the Company's right to receive payment is established.

## Notes to the financial statements

for the year ended 31 December 2023

### 3. Income and expenses (continued)

	2023 £'000	2022 £'000
<b>Included in net gains / (losses) on financial instruments:</b>		
Net losses on foreign exchange <sup>1</sup>	(1,081)	(750)
Net gains / (losses) on financial assets and liabilities held at fair value through profit or loss	20,494	(25,860)
	<b>19,413</b>	<b>(26,610)</b>

<sup>1</sup> Excludes foreign exchange on forward foreign exchange contracts. Such gains and losses are included in net gains / (losses) on financial assets and liabilities held at fair value through profit or loss.

	2023 £'000	2022 £'000
<b>Included in operating expenses:</b>		
Audit fees payable for the audit of the Company	57	56
	<b>57</b>	<b>56</b>

	2023 £'000	2022 £'000
<b>Included in finance income:</b>		
Bank interest receivable	387	-
Interest receivable on financial assets held at fair value through profit or loss	43	-
Interest receivable on balances due from Group Companies (see note 14)	4	2
<b>Finance income</b>	<b>434</b>	<b>2</b>

	2023 £'000	2022 £'000
<b>Included in finance charges:</b>		
Interest payable on balances due to Group Companies (see note 14)	(12,456)	(5,144)
<b>Finance charges</b>	<b>(12,456)</b>	<b>(5,144)</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 3. Income and expenses (continued)

#### Directors' emoluments

The emoluments of 4 (2022: 4) Directors employed by and paid for by another Group company are included in the financial statements of that entity. Their emoluments are deemed to be wholly attributable to their services to these companies. These Directors therefore receive no incremental emoluments for their services to the Company.

#### Key management personnel compensation

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

There was no remuneration expense for key management personnel during 2022 or 2023.

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £5,000 (2022: £4,000), net interest and fee income of £4,000 (2022: £5,000) and net interest expense of £500 (2022: £50).

### 4. Tax charge / (credit)

The Company is based in the UK and pays taxes according to the rates applicable in the jurisdictions in which it operates. Most taxes are recorded in the income statement and relate to profits earned in the reporting period (current tax) but there are also amounts relating to timing differences between the accounting recognition of profits and the tax recognition (deferred tax).

#### (a) Analysis of tax charge / (credit) reported in the income statement

	2023 £'000	2022 £'000
<b>Current tax:</b>		
UK Current tax charge	1,568	8
Withholding tax	148	(17)
<b>Total current tax</b>	<b>1,716</b>	<b>(9)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	(6,122)
Effect of changes in UK corporation tax rate	-	(1,933)
<b>Total deferred tax</b>	<b>-</b>	<b>(8,055)</b>
<b>Total tax charge / (credit) for the year</b>	<b>1,716</b>	<b>(8,064)</b>

#### (b) Analysis of tax credit reported in other comprehensive income

	2023 £'000	2022 £'000
Current tax credit on assets held at fair value through other comprehensive income	(10)	(8)
Deferred tax charge on assets held at fair value through other comprehensive income	10	8
<b>Tax credit in statement of other comprehensive income</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 4. Tax charge / (credit) (continued)

#### (c) Factors affecting the tax charge / (credit) for the year

The UK standard rate of corporation tax increased from 19% to 25% on 1 April 2023, resulting in a UK effective rate for the year of 23.52% (2022: 19%).

The tax charge / (credit) for the year is the same as (2022: higher) the UK effective rate of corporation tax for the period of 23.52%.

The differences are explained below:

	2023	2022
	£'000	£'000
<b>Profit / (loss) before tax</b>	<b>7,295</b>	<b>(32,177)</b>
Profit / (loss) before tax multiplied by corporation tax at the UK effective rate of 23.52% (2022: 19%)	1,716	(6,114)
<b>Effects of:</b>		
Foreign tax	-	(17)
Effect of changes in UK corporation tax rate	-	(1,933)
<b>Total tax charge / (credit) for the year</b>	<b>1,716</b>	<b>(8,064)</b>

#### (d) Deferred tax

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and payable in future accounting periods. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the year end date.

The UK corporation tax rate increased from 19% to 25% on 1 April 2023.

#### Deferred tax assets

	2023	2022
	£'000	£'000
<b>At 1 January</b>	<b>8,108</b>	<b>61</b>
Credited to income statement	-	6,122
Effect of changes in UK corporation tax rate - income statement	-	1,933
Charged to other comprehensive income	(10)	(8)
<b>At 31 December</b>	<b>8,098</b>	<b>8,108</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 5. Cash and cash equivalents

Cash and cash equivalents comprise of margin accounts and bank accounts with an original maturity of three months or less. Where the Company considers that such items are not to be used for settling its liabilities, for example, securities with short maturity dates that will be rolled over as part of an investment portfolio, they are classified as financial assets rather than cash and cash equivalents.

	2023	2022
	£'000	£'000
Cash at bank	14,998	18,408

### 6. Trade and other receivables

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

Trade and other receivables are all current. The carrying amount of interest and non-interest bearing trade and other receivables at amortised cost which approximates their fair value.

	2023	2022
	£'000	£'000
Amounts due from related parties (see note 14)	64	107
Settlement assets	1,634	4,313
Amounts due from external parties	6	5
Accrued income	9	-
	1,713	4,425

Amounts due from related parties include £64,000 (2022: £91,000) of interest bearing deposits.

Gross carrying value for trade and other receivables is £1,713,000 (2022: £4,425,000) and expected credit losses determined in accordance with International Financial Reporting Standard (IFRS) 9 are £nil (2022: £nil). Note 11 sets out the basis of the expected credit loss calculation.

### 7. Financial assets

Items included within this caption on the face of the statement of financial position principally comprise investments in equities, derivatives and debt securities. It excludes financial assets and liabilities that are recorded under the following headings:

- Trade and other receivables;
- Cash and cash equivalents; and
- Trade and other payables.

Separate accounting policies are presented in respect of these excluded items.

## Notes to the financial statements

for the year ended 31 December 2023

### 7. Financial assets (continued)

#### Classification and measurement

The Company initially records all financial assets at fair value. The Company holds each financial asset at FVTPL. Fair value is the price that would be received to sell an asset or paid to transfer a liability between willing market participants. The Company's financial assets at FVTPL principally comprise of investments in pooled investment vehicles, derivatives and debt securities.

All purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Derivative contracts are included at fair value at the year-end date within 'Financial assets' or 'Financial liabilities'. Fair value represents the amount at which a derivative could be exchanged in a transaction at the year-end date between willing parties.

	<b>Fair value through profit or loss</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Derivative contracts (see note 10)	1,435	1,411
Debt securities - listed	1,000	-
Pooled investment vehicles	398,507	466,744
	<b>400,942</b>	<b>468,155</b>

#### Estimates and Judgements - Fair Value Measurements

The Company holds financial instruments that are measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of financial instruments may require some estimation or may be derived from readily available sources. The degree of judgement involved is reflected in the fair value measurements section below, although this does not necessarily indicate that the fair value is more or less likely to be realised.

Each instrument has been categorised using a fair value hierarchy that reflects the extent of judgements used in the valuation. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and comprises investments in pooled investment vehicles and exchange-traded derivatives.
- Level 2 fair value measurements are those derived from prices that are not traded in an active market but are determined using valuation techniques, which make maximum use of observable market data included within Level 1 for the asset or liability and principally comprise debt securities and foreign exchange contracts. Valuation techniques may include using a broker quote in an inactive market, an evaluated price based on a compilation of primarily observable market information or industry standard calculations, utilising vendor fed data and information readily available via external sources; and

## Notes to the financial statements

for the year ended 31 December 2023

### 7. Financial assets (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and principally comprise investments in hedge funds. These funds are managed by third parties and are measured at the values provided by the relevant fund managers.

	2023			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets:</b>				
Pooled investment vehicles	377,566	-	20,941	398,507
Debt securities	1,000	-	-	1,000
Derivative contracts	31	1,404	-	1,435
	<b>378,597</b>	<b>1,404</b>	<b>20,941</b>	<b>400,942</b>

	2022			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets:</b>				
Pooled investment vehicles	457,854	-	8,890	466,744
Derivative contracts	581	830	-	1,411
	<b>458,435</b>	<b>830</b>	<b>8,890</b>	<b>468,155</b>

No financial assets were transferred between levels during 2023 or 2022.

Movements in financial assets and liabilities categorised as level 3 during the year are:

	2023 £'000	2022 £'000
At 1 January	8,890	11
Additions	12,846	8,877
Net (losses) / gains recognised in the income statement	(795)	2
<b>At 31 December</b>	<b>20,941</b>	<b>8,890</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 7. Financial assets (continued) Estimates and judgements

Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of financial assets are discussed below.

#### *Valuation of financial assets where there is no quoted price*

Such assets principally consist of investments in private equity and promissory notes. The determination of fair value requires significant judgement, particularly in determining whether changes in fair value have occurred since the last formal valuation by the fund manager or advisor where this is performed before year end. In making this judgement the Company evaluates amongst other factors the effect of cash distributions and changes in the business outlook.

#### **Interests in unconsolidated structured entities**

The Company holds interests in structured entities through its ownership of units in investment funds managed and operated by third parties. These investments entitle the Company to investment returns.

The main risk the Company faces from its interests in unconsolidated structured entities is capital losses arising from a decrease in the value of its investments. The following table summarises the carrying values recognised in the statement of financial position, which also represent the maximum exposure to loss, in respect of the Company's interests in unconsolidated structured entities:

	2023	2022
	£'000	£'000
Financial assets	398,507	466,744
Cash equivalents	-	3,110
<b>Total</b>	<b>398,507</b>	<b>469,854</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 7. Financial assets (continued)

#### Information on investments in related undertakings

The Group operates globally which results in the Company having a corporate structure consisting of a number of related undertakings. Related undertakings include where the Company has a significant holding of share class or unit class of a structured entity. These holdings can arise through the Group's investment management activities on behalf of clients or as part of the stated aim of generating a return on investment capital. Additionally, the seeding of structured entities in order to develop new investment strategies can give rise to these holdings. Due to the number of share classes or unit classes which can exist in these vehicles a significant holding in a single share or unit class is possible without that undertaking being classified as a subsidiary or associate.

At 31 December 2023 the Company had significant holding in the following investments funds:

Fund Name	Share / unit class	Holding in undertaking share / unit class	Holding in undertaking via share / unit class
<b>UK</b>			
Schroder India Equity Fund	X Accumulation	100%	79%
Schroder UK-Listed Equity Income Maximiser Fund	L Accumulation	22%	0%
Schroder US Equity Income Maximiser Fund	L Accumulation GBP Hedged	87%	0%
<b>Australia</b>			
Schroder Equity Opportunities Fund	I Accumulation	100%	1%
<b>Cayman Islands</b>			
Musashi Smart Premia Fund	C	100%	1%
<b>Hong Kong</b>			
Schroder Asian Asset Income Fund	I Accumulation USD	100%	0%
Schroder Global Multi-Asset Thematic Fund	I Accumulation	99%	21%
<b>Japan</b>			
Schroder YEN Target (Annual)	-	36%	36%
Schroder YEN Target (Semi-Annual)	-	82%	82%
<b>Luxembourg</b>			
BlueOrchard Impact Credit Fund	BO Accumulation	100%	26%
Schroder Alternative Solutions Commodity Fund	I Accumulation GBP Hedged	98%	0%
Schroder Alternative Solutions Commodity Total Return Fund	I Accumulation GBP Hedged	98%	1%
Schroder Alternative Solutions Commodity Total Return Fund	I Accumulation EUR Hedged	96%	0%
Schroder GAIA BlueTrend	C Accumulation CHF Hedged	62%	0%
Schroder GAIA Helix	I Accumulation	39%	2%
Schroder GAIA Helix	C Accumulation GBP Hedged	25%	1%
Schroder GAIA Oaktree Credit	I Accumulation	50%	15%
Schroder ISF Alternative Securitised Income	IZ Accumulation	100%	0%
Schroder ISF Asian Equity Impact	I Accumulation	50%	49%
Schroder ISF Carbon Neutral Credit	I Accumulation	32%	14%
Schroder ISF Carbon Neutral Credit 2040	I Accumulation	100%	100%
Schroder ISF Changing Lifestyles	I Accumulation	100%	65%
Schroder ISF Circular Economy	I Accumulation	100%	100%
Schroder ISF Emerging Europe	X9 Accumulation	51%	0%
Schroder ISF Emerging Markets Debt Total Return	I Accumulation	100%	0%
Schroder ISF EURO Credit Conviction	I Accumulation	100%	0%
Schroder ISF European Innovators	I Accumulation	100%	37%
Schroder ISF Global Bond	I Accumulation	32%	0%
Schroder ISF Global Climate Leaders	I Accumulation	54%	53%
Schroder ISF Global Corporate Bond	I Accumulation GBP Hedged	96%	0%

**Schroders**

## Notes to the financial statements

for the year ended 31 December 2023

### 7. Financial assets (continued)

Fund Name	Share / unit class	Holding in undertaking share / unit class	Holding in undertaking via share / unit class
<b>Luxembourg (continued)</b>			
Schroder ISF Global Credit High Income	I Accumulation	100%	1%
Schroder ISF Global Credit Income	I Accumulation	100%	0%
Schroder ISF Global Equity Yield	I Accumulation EUR	99%	0%
Schroder ISF Global Gold	I Accumulation EUR Hedged	98%	0%
Schroder ISF Global High Yield	I Accumulation GBP Hedged	100%	0%
Schroder ISF Global Inflation Linked Bond	I Accumulation	100%	0%
Schroder ISF Global Managed Growth	I Accumulation	100%	87%
Schroder ISF Global Multi-Asset Balanced	I Accumulation CHF Hedged	93%	0%
Schroder ISF Global Multi-Asset Income	I Accumulation	100%	0%
Schroder ISF Global Recovery	I Accumulation	90%	1%
Schroder ISF Inflation Plus	I Accumulation	36%	5%
Schroder ISF Japanese Equity	I Accumulation EUR Hedged	87%	0%
Schroder ISF Japanese Opportunities	I Accumulation	21%	1%
Schroder ISF Nordic Micro Cap	I Accumulation	100%	0%
Schroder ISF Nordic Smaller Companies	I Accumulation	99%	0%
Schroder ISF Smart Manufacturing	I Accumulation	57%	7%
Schroder ISF Social Impact Credit	I Accumulation	100%	96%
Schroder ISF Strategic Bond	I Accumulation EUR Hedged	100%	0%
Schroder ISF Sust Emerging Mark ex China Synergy	I Accumulation	100%	100%
Schroder ISF Sustainable Future Trends	I Accumulation	100%	28%
Schroder ISF Sustainable Global Credit Income Short Duration	I Accumulation GBP Hedged	99%	1%
Schroder ISF Sustainable Global Multi Credit	I Accumulation EUR Hedged	99%	0%
Schroder ISF Sustainable Infrastructure	I Accumulation	100%	100%
Schroder ISF Sustainable Multi-Asset Income	C Accumulation	99%	8%
Schroder ISF Sustainable Swiss Equity	I Accumulation	100%	2%
Schroder ISF Sustainable US Dollar Corporate Bond	I Accumulation	100%	99%
Schroder ISF US Dollar Bond	I Accumulation EUR Hedged	92%	0%
Schroders Capital Semi-Liquid Circular Economy Private Plus	C Accumulation	95%	1%
Schroders Capital Semi-Liquid Global Innovation Private Plus	C Accumulation	89%	3%
SSSF Diversified Alternative Assets	S Accumulation	25%	0%
SSSF Structured Income	I Accumulation	100%	72%
SSSF Wealth Management USD Growth	S Accumulation	70%	55%

The registered office for each of the entities listed corresponds to the relevant country.

#### UK

1 London Wall Place, London, EC2Y 5AU, United Kingdom

#### Australia

Level 20, Angel Place, 123 Pitt Street, Sydney, NSW; 2000, Australia

#### Cayman Islands

Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman, KY11-1104, Cayman Islands

#### Hong Kong

HBSC Institutional Trust Services (Asia) Limited, 1 Queen's Road Central, Hong Kong

#### Japan

1-1 Chuo-ku, Saitama City, Saitama Shintoshin Godo Choushya 1st Building, Saitama Prefecture, 330-9716, Japan

#### Luxembourg

5 rue Höhenhof, L-1736 Senningerberg, Luxembourg

**Schroders**

## Notes to the financial statements

for the year ended 31 December 2023

### 8. Trade and other payables

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

Trade and other payables are all current. Trade and other payables include interest bearing loans from other Group companies. Interest applied to the loan is in line with current market rates. All other trade and other payables are non-interest bearing. The carrying amount of interest and non-interest bearing trade and other payables is at amortised cost which approximates their fair value.

	2023 £'000	2022 £'000
Amounts owed to related parties (see note 14)	199,181	276,623
Settlement liabilities	1,105	-
Accruals	57	152
	<b>200,343</b>	<b>276,775</b>

Amounts due to related parties include £198,252,000 (2022: £275,799,000) of interest bearing amounts.

### 9. Financial liabilities

Financial liabilities are held at fair value through profit or loss and held for trading. Gains and losses on derivative contracts are recognised within net gains on financial instruments in the income statement.

	2023 £'000	2022 £'000
Derivative contracts (see note 10)	<b>2,661</b>	<b>6,710</b>

#### Fair value measurements

The Company holds financial liabilities that are measured at fair value subsequent to initial recognition. Each instrument has been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are based on the degree to which the fair value is observable and are defined in note 7.

	2023		
	Level 1 £'000	Level 2 £'000	Total £'000
<b>Financial liabilities:</b>			
Derivative contracts	731	1,930	2,661
	<b>731</b>	<b>1,930</b>	<b>2,661</b>

	2022		
	Level 1 £'000	Level 2 £'000	Total £'000
<b>Financial liabilities:</b>			
Derivative contracts	114	6,596	6,710
	<b>114</b>	<b>6,596</b>	<b>6,710</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 10. Derivative contracts

Derivative contracts are included at fair value at the year end date within 'Financial assets' or 'Financial liabilities'. Fair value represents the amount at which a derivative could be exchanged in a transaction at the statement of financial position date between willing parties. All contracts held at year end are current.

Where derivatives are held for risk management purposes, the Company monitors the relationship between the derivative and any hedged item, its risk management objectives, its strategy for undertaking the various hedging transactions and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value of hedged items. In addition, within certain segregated portfolios, the Company may use derivative investments for investment return.

In relation to fair value hedges such as forward foreign exchange contracts which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Forward foreign exchange contracts represent commitments to sell or purchase foreign and domestic currency. Forward foreign exchange contracts are contractual obligations to buy or sell currency on a future date at a specified exchange rate. For forward foreign exchange contracts, the maximum exposure to credit risk is represented by the fair value of the contracts.

Futures contracts are standardised contracts to buy or sell specified items for an agreed price at a specified future date. Contracts are negotiated at a futures exchange which acts as an intermediary between the two parties. For futures contracts, the maximum exposure to credit risk is represented by the fair value of the contracts.

Total return swap contracts result in an economic exchange of total returns (for example, fixed rate payments for the return of an equity index). No exchange of principal takes place. The Company's credit risk represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligations. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts, and the liquidity of the market. To control the level of credit risk taken, the Company assesses counterparties in accordance with its internal policies and procedures.

	Assets £'000	Liabilities £'000
<b>2023</b>		
Equity contracts	35	2,139
Forward foreign exchange contracts	1,400	522
	<b>1,435</b>	<b>2,661</b>
	Assets £'000	Liabilities £'000
<b>2022</b>		
Equity contracts	1,206	546
Forward foreign exchange contracts	205	6,164
	<b>1,411</b>	<b>6,710</b>

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market indices or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

## Notes to the financial statements

for the year ended 31 December 2023

### 11. Financial instrument risk management

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the 'Risk management and internal control' section within the Governance report and in note 18 in the Schroders Report. The Company's specific risk exposures are explained below.

#### Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. Except for the derivatives and cash and cash equivalents the Company's counterparties are predominately its related parties. Some derivative positions are taken in exchange-traded securities where there is minimal credit risk. Forward foreign exchange positions generally have a maturity of up to three months and therefore normally have a low level of credit risk. Intercompany and cash balances are monitored regularly and historically default levels have been nil. The Company does not have any receivables that are neither past due nor impaired.

Externally published credit ratings are indicators of the level of credit risk associated with a counterparty. A breakdown of the Company's relevant financial assets by credit rating as provided by credit agencies are set out below.

	Cash and cash equivalents	
	2023	2022
	%	%
<b>Credit rating</b>		
AAA	-	16.9%
AA	69.6%	-
AA-	-	0.2%
A+	30.1%	82.9%
A	0.3%	-
<b>At 31 December</b>	<b>100.0%</b>	<b>100.0%</b>

## Notes to the financial statements

for the year ended 31 December 2023

### 11. Financial instrument risk management (continued)

Expected credit losses are calculated in accordance with IFRS 9 on all of the Company's financial assets that are measured at amortised cost. The gross carrying values are adjusted to reflect these credit losses.

A three stage model is used for calculating expected credit losses which requires financial assets to be assessed as:

- Performing (stage 1) - Financial assets where there has been no significant increase in credit risk since original recognition; or
- Under-performing (stage 2) - Financial assets where there has been a significant increase in credit risk since initial recognition, but no default; or
- Non-performing (stage 3) - Financial assets that have defaulted.

For financial assets in stage 1, twelve month expected credit losses are calculated based on the credit losses that are expected to be incurred over the following twelve-month period. For financial assets in stage 2 and 3, expected credit losses are calculated based on the expected credit losses over the life of the instrument. The Company applies the simplified approach to calculate expected credit losses for trade and other receivables based on lifetime expected credit losses and no assessment is done of the different stages.

The expected credit loss on cash and cash equivalents is immaterial.

#### Estimates and judgements – impairment of financial assets

The Company has internal processes designed to assess the credit risk profile of its financial instruments, and to determine the relevant stage for calculating the expected credit losses. These processes include consideration of internal, external, historic and forward-looking information about specific loans and securities as well as market data.

For financial assets held with rated counterparties (such as cash and cash equivalents, loans and advances to banks and debt securities), the Company calculates expected credit losses based on default information published by rating agencies and considers any known factors not yet reflected in this information.

For trade and other receivables, the Company has established a provision matrix that incorporates the Company's historical credit loss experience, counterparty groupings and whether a receivable is overdue or not.

Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay. For debt securities, a default usually arises when contractual payments are 1 day overdue. A default also occurs when any contractual payments (principal or interest) are 90 days or more overdue.

#### Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Company's liquidity policy is to maintain sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain solvency. The Company holds sufficient liquid funds to cover its normal course of business. Outside the normal course of business the Company can request additional funding through intergroup loans to maintain sufficient liquidity.

## Notes to the financial statements

for the year ended 31 December 2023

### 11. Financial instrument risk management (continued)

#### Market risk

##### (a) Interest rate risk:

Interest rate risk is the market risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Interest rate risk is limited. Assets and liabilities attracting interest rates are cash balances and intercompany loans, both of which are at floating rate, therefore outright interest rate risks arise mainly from the decision to allow a mismatch between the cash flows. Corporate bonds have fixed rates, however changes in interest rates will affect the fair value of the bonds, the effect of which has been calculated below.

At 31 December 2023, if the Bank of England Bank Rate had been 150 basis points lower or 50 basis points lower with all other variables held constant, post-tax profits for the year would have been £2,102,000 or £701,000 higher respectively, mainly as a result of lower interest charges on interest bearing intercompany loan balances. Other components of equity would have been unaffected.

At 31 December 2022, if the Bank of England Bank Rate had been 150 basis points higher or 50 basis points lower with all other variables held constant, post-tax losses for the year would have been £3,174,000 higher or £1,058,000 lower, mainly as a result of higher/lower interest income on interest bearing intercompany loan balances. Other components of equity would have been unaffected.

The underlying assumption made in the model used to calculate the effect on post-tax profits was that the fair values of assets and liabilities will not be affected by a change in interest rates.

##### (b) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises when transactions are denominated in a currency that is not the entity's functional currency.

The Company is predominantly exposed to foreign exchange risk arising from currency exposures mainly to US Dollars, Euros, Australian Dollars, Japanese Yen and Swiss Francs.

The Company's foreign currency financial assets are hedged effectively.

As at 31 December 2023, if the US Dollar had weakened / strengthened by 10% against the sterling, with all other variables held constant, the Company's profit for the year would decrease / increase by £10,500,000.

As at 31 December 2022, if the US Dollar had weakened by 15% / strengthened by 20% against the sterling, with all other variables held constant, the Company's loss for the year would increase by £19,996,000 / decrease by £26,661,000.

As at 31 December 2023, if the Euro had weakened / strengthened by 7.5% against the sterling, with all other variables held constant, the Company's profit for the year would decrease / increase by £1,709,000.

As at 31 December 2022, if the Euro had weakened by 10% / strengthened by 15% against the sterling, with all other variables held constant, the Company's loss for the year would increase by £3,938,000 / decrease by £5,907,000.

## Notes to the financial statements

for the year ended 31 December 2023

### 11. Financial instrument risk management (continued)

As at 31 December 2023, if the Australian Dollar had weakened / strengthened by 10% against the sterling, with all other variables held constant, the Company's profit for the year would decrease / increase by £285,000.

As at 31 December 2022, if the Australian Dollar had weakened by 15% / strengthened by 20% against the sterling, with all other variables held constant, the Company's loss for the year would increase by £1,120,000 / decrease by £1,494,000.

As at 31 December 2023, if the Swiss Franc had weakened / strengthened by 10% against the sterling, with all other variables held constant, the Company's profit for the year would decrease / increase by £283,000.

As at 31 December 2022, if the Swiss Franc had weakened by 10% / strengthened by 15% against the sterling, with all other variables held constant, the Company's loss for the year would increase by £253,000 / decrease by £379,000.

As at 31 December 2023, if the Japanese Yen had weakened / strengthened by 15% against the sterling, with all other variables held constant, the Company's profit for the year would decrease / increase by £573,000.

As at 31 December 2022, if the Japanese Yen had weakened / strengthened by 20% against the sterling, with all other variables held constant, the Company's loss for the year would increase / decrease by £441,000.

#### (c) Pricing risk:

Pricing risk is the equity market risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

At 31 December 2023, if market prices had been 20% higher / lower with all other variables held constant (2022: same), the effect of post-tax profit would increase / decrease by £45,828,000 (2022: post-tax loss would decrease / increase by £57,072,000), principally as a result of fair value gains on the Company's fair value investments.

The following are underlying assumptions made in the model used to calculate the effect on post-tax profits and other components of equity:

- Changes in the FTSE All Share Index correlate to changes in the Company's pooled investment vehicles without market hedges; and
- The market risk on the Company's seed capital which is hedged, is assumed to have no correlation to the FTSE All Share Index.

#### Capital management

The Company's capital is invested in seed capital, debt securities and a fund awards hedging portfolio.

The investments are primarily to support the business.

## Notes to the financial statements

for the year ended 31 December 2023

### 12. Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
<b>Issued and fully paid:</b>				
Ordinary shares of £1 each	5,000,000	5,000,000	5,000	5,000

### 13. Commitments

At 31 December 2023 the Company has committed to purchase an investment of up to the following value.

	Original maximum commitment €'000	Purchased €'000	Outstanding commitment €'000
<b>EUR</b>			
Stichting Administratiekantoor Real Estate Gateway Fund II	25,000	24,995	5

	Original maximum commitment £'000	Purchased £'000	Outstanding commitment £'000
<b>Converted to GBP</b>			
Stichting Administratiekantoor Real Estate Gateway Fund II	21,663	21,659	4

### 14. Related party transactions

#### Loans to and borrowings from related parties

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised.

## Notes to the financial statements

for the year ended 31 December 2023

### 14. Related party transactions (continued)

Transactions between the Company and related parties are disclosed below.

2023						
	Dividends paid £'000	Expenses £'000	Finance income £'000	Finance charges £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Parent	-	(11)	-	-	-	(1)
Other related companies within the Schroders Group	-	(7)	4	(12,456)	64	(199,180)
<b>Total</b>	<b>-</b>	<b>(18)</b>	<b>4</b>	<b>(12,456)</b>	<b>64</b>	<b>(199,181)</b>

2022						
	Dividends paid £'000	Expenses £'000	Finance income £'000	Finance charges £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Parent	-	(11)	-	-	-	(1)
Other related companies within the Schroders Group	-	(28)	2	(5,144)	107	(276,622)
<b>Total</b>	<b>-</b>	<b>(39)</b>	<b>2</b>	<b>(5,144)</b>	<b>107</b>	<b>(276,623)</b>

Transactions with Directors are described in note 3. The ultimate and immediate parent company is disclosed in note 15.

At 31 December 2023 the Company held financial assets with a fair value of £45,633,000 (2022: £75,246,000) that are deemed to be subsidiaries of Schroders plc.

The Company recognised realised losses on the disposal of related parties of £75,000 (2022: £nil) within 'Net gains / (losses) on financial instruments'.

Transactions with subsidiaries and associates of the Schroder Group were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

### 15. Ultimate and immediate parent company

The Company's immediate parent company is Schroder Investment Company Limited (incorporated in England and Wales), whose ultimate parent company and ultimate controlling party is Schroders plc (incorporated in England and Wales).

The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained at [www.schroders.com](http://www.schroders.com).