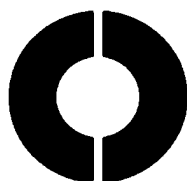


**Schroders**



# **Annual Report and Accounts 2022**

**Schroder Private Assets  
Holdings Limited**

**Year ended 31 December 2022**

**Registered Number: 10708573**

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## Officers and professional advisers

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### 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

## Strategic report

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The Directors present their Strategic report on Schroder Private Assets Holdings Limited (the 'Company') for the year ended 31 December 2022.

### Results and review of the business

The profit for the year after tax was £21.1 million (2021: 18.3 million profit after tax).

During the year the Company's net assets have increased by £70.6 million to £456.7 million in 2022 (2021: £386.1 million).

The Company's investment and operating principles are expected to remain unchanged in 2023.

The Directors consider the results and the Company's financial position at 31 December 2022 to be satisfactory.

Uncertainty driven by geopolitical shifts on the world economy has caused volatility in financial markets and continues to impact investor sentiment. The Company and the Schroders plc Group (the "Group") have remained resilient and there has been no significant impact on business operations. The Company remains well placed to weather future challenges.

### Directors' duties – compliance with section 172 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.

During 2022, the Board agreed to invest in Akaria Natural Capital ('Akaria') in partnership with Conservation International. Akaria is an independent fund management company based in Singapore. Akaria focuses on deploying capital at scale into natural climate solutions. The Board considered the ambition of the wider Schroders Group to scale up the deployment of capital into natural capital solutions for the long-term benefit of its stakeholders. The partnership aims to contribute new ideas and learning for how to allocate capital towards nature and projects that aim to deliver both long term returns and positive environmental benefits.

A key decision made by the Board was the approval of the increase in the Company's stake in BlueOrchard Finance Limited ('BlueOrchard') from 81.5% to 90%. The Board engaged with and considered the interests of a number of stakeholders before approving the acquisition, including FINMA and the BlueOrchard management team. The Board approved this proposal in light of the ongoing integration of BlueOrchard with the Group's wider Schroders Capital business.

The Board also approved the injection of equity capital into Schroders Capital Real Estate Netherlands B.V. (SCREN) formerly known as Cairn Real Estate B.V. . The Board considered the interests of a number of its stakeholders including the clients of SCREN who gain comfort from that entity being supported by its parent and the wider Schroders Group which is seeking to expand its private assets and alternatives business.

One of the Board's principal decisions during the year was to approve the payment of an interim dividend of £15.5 million by the Company to its parent, Schroder Administration Limited. The Directors considered the long term consequences of paying up its distributable reserves and considered it was in the best interest of its stakeholders as a whole.

## Schroders

## Strategic report (continued)

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### Directors' duties – compliance with section 172 of the Companies Act 2006 (continued)

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 2022 ('the Schroders Report').

### 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 the "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:



Melissa Lea,  
Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
5 April 2023

## Directors' report

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The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022. The information contained in the Strategic report and the Statement of Directors' responsibilities forms part of this Directors' report.

### General information

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

### Future developments

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

### Dividends

During the year the Directors declared interim dividends totalling £15.5 million in respect of the year ended 31 December 2022 (2021: £68.5million), which was paid to the member of the Company on 12 December 2022.

### 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 the "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 13 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 approved. 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 during the year and up to the date of signing are listed 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.

## Directors' report (continued)

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### 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 elected to prepare the financial statements in accordance with UK-adopted international accounting standards 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 particular transactions, 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 a 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:



Melissa Lea,  
Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
5 April 2023

Registered Office:  
1 London Wall Place  
London EC2Y 5AU

Registered in England and Wales No: 10708573

# Independent auditor's report to the members of Schroder Financial Holdings Limited

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## Opinion

We have audited the financial statements of Schroder Private Assets Holdings Limited (the 'Company') for the year ended 31 December 2022 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 16, including a summary of significant accounting policies. 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 2022 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 Financial Reporting Council'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 twelve months from the date the Annual Report and Accounts is approved.

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 within 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 a 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 members of Schroder Private Assets Holdings Limited

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### 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.

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

## Independent Auditor's report to the members of Schroder Private Assets Holdings Limited

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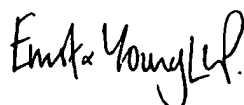
### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- 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, the Companies Act 2006 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 identified in the paragraphs above. 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.



Julian Young (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date: 5 April 2023

## Income statement

for the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Notes	£'000	£'000
Dividends from subsidiary undertakings		30,281	23,271
Net (losses) on financial instruments and other income	3	(6,498)	(3,643)
Finance income	3	642	106
Finance charges	3	(1,324)	(952)
<b>Net income</b>		<b>23,101</b>	<b>18,782</b>
Operating expenses	3	(2,457)	(647)
<b>Profit before tax</b>		<b>20,644</b>	<b>18,135</b>
Tax credit	4 (a)	450	126
<b>Profit for the year</b>		<b>21,094</b>	<b>18,261</b>

## Statement of comprehensive income

for the year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
<b>Profit for the year</b>	<b>21,094</b>	<b>18,261</b>
<b>Total comprehensive profit for the year, net of tax</b>	<b>21,094</b>	<b>18,261</b>

## Statement of financial position

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Assets</b>			
Cash at bank	5	21	-
Trade and other receivables	6	69,433	8,911
Financial assets	7	-	904
Investments in subsidiaries and associates	8	435,061	391,543
Deferred tax	9	1,409	943
<b>Total assets</b>		<b>505,924</b>	<b>402,301</b>
<b>Liabilities</b>			
Trade and other payables	10	32,657	1,180
Current tax		-	90
Financial liabilities	11	16,614	14,970
<b>Total liabilities</b>		<b>49,271</b>	<b>16,240</b>
<b>Net assets</b>		<b>456,653</b>	<b>386,061</b>
Share Capital		433,996	368,996
Retained profits		22,657	17,065
<b>Total equity</b>		<b>456,653</b>	<b>386,061</b>

The notes on pages 13 to 33 form an integrated part of the financial statements.

The financial statements on pages 9 to 33 were approved by the Board of Directors on 5 April 2023 and were signed on its behalf by:



James Grant  
Director

Registration number: 10708573

**Schroders**

## Statement of changes in equity

for the year ended 31 December 2022

	Share <sup>1</sup> capital £'000	Profit and <sup>2</sup> loss reserve £'000	Total equity £'000
At 1 January 2022	368,996	17,065	386,061
Profit for the year	-	21,094	21,094
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>21,094</b>	<b>21,094</b>
Share capital issued	65,000	-	65,000
Dividends paid		(15,502)	(15,502)
<b>Transactions with shareholders</b>	<b>65,000</b>	<b>(15,502)</b>	<b>(49,498)</b>
<b>At 31 December 2022</b>	<b>433,996</b>	<b>22,657</b>	<b>456,653</b>

for the year ended 31 December 2021

	Share <sup>1</sup> capital £'000	Profit and <sup>2</sup> loss reserve £'000	Total equity £'000
At 1 January 2021	368,996	67,304	436,300
Profit for the year	-	18,261	18,261
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>18,261</b>	<b>18,261</b>
Dividends paid		(68,500)	(68,500)
<b>Transactions with shareholders</b>	<b>-</b>	<b>(68,500)</b>	<b>(68,500)</b>
<b>At 31 December 2021</b>	<b>368,996</b>	<b>17,065</b>	<b>386,061</b>

<sup>1</sup> Share capital represents issued and fully paid ordinary shares at a par value of £1 each. See note 14 to the financial statements.

<sup>2</sup> The profit and loss reserve represents the profit or loss for the period.

## Cash flow statement

for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Operating activities</b>		
Profit before tax	20,644	18,135
Increase in trade and other payables	31,418	457
Increase in trade and other receivables	(60,403)	62,998
Net interest adjustment to profit before tax	682	846
Net losses on financial assets and financial liabilities held at fair value through profit or loss	6,831	6,273
<b>Net cash (used in) / generated from operating activities</b>	<b>(828)</b>	<b>88,709</b>
United Kingdom corporation tax (paid)	(109)	(753)
<b>Net cash (used in) / generated from operating activities</b>	<b>(937)</b>	<b>87,956</b>
<b>Investing activities</b>		
Interest received	525	103
Payment of contingent consideration	(5,933)	(10,535)
Additions in subsidiaries and associates	(41,868)	(8,072)
<b>Net cash used in investing activities</b>	<b>(47,276)</b>	<b>(18,504)</b>
<b>Financing activities</b>		
Dividend Paid	(15,502)	(68,500)
Share capital issued	65,000	-
Interest paid	(1,264)	(952)
<b>Net cash generated from / (used) in financing activities</b>	<b>48,234</b>	<b>(69,452)</b>
<b>Net increase in cash and cash equivalents</b>	<b>21</b>	<b>-</b>
Opening cash and cash equivalents	-	-
Net increase in cash and cash equivalents	21	-
<b>Closing cash and cash equivalents</b>	<b>21</b>	<b>-</b>

# Notes to the financial statements

for the year ended 31 December 2022

## 1. Presentation of financial statements

### Basis of preparation

The financial statements are prepared in accordance with UK-adopted international accounting standards.

The financial statements are presented in sterling (£) rounded to the nearest thousand except where otherwise stated. The Company's functional currency is the same as its presentation currency.

Having assessed the risks to the Company's capital and liquidity, the Directors have a reasonable expectation, based on the information available to them at the date of signing, that the Company will be able to continue in operation and meet its liabilities for a period of twelve months from the date the Annual Report and Accounts is approved. Accordingly, the financial information presented within these financial statements has been prepared on the going concern basis, except for the measurement at fair value of derivative financial instruments and financial assets and liabilities that are held at fair value through profit or loss.

The Company is a wholly-owned subsidiary undertaking of Schroder Administration Limited (incorporated in England and Wales) and is included in the consolidated financial statements 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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

The Company did not implement the requirements of any Standards and Interpretations which were in issue and which were not required to be implemented at the year-end date.

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

## 2. Estimates and judgements

The preparation of the financial statements in accordance with UK-adopted international accounting 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 in determining whether certain assets and liabilities should be recorded or an impairment recognised. 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 may differ from the related actual results. The estimates and judgements that could have a significant effect on the carrying amounts of the assets and liabilities are set out in note 7 'Financial assets', note 8, 'Investments in subsidiaries and associates', note 11, 'Financial liabilities' and note 13, 'Financial instrument risk management'.

## Notes to the financial statements

for the year ended 31 December 2022

### 3. Income and expenses

#### Net (losses) on financial instruments and other income

Gains or losses on financial assets and financial liabilities held at fair value through profit or loss, together with transaction costs, are recognised within 'net (losses) on financial instruments and other income' 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.

#### Finance income / charges

Finance income / charges comprises interest on amounts due on the temporary surpluses or deficits on the Company's cash accounts held with banks or loans to or from related parties and discount unwind on the contingent consideration on the purchase of subsidiaries. Interest receivable and payable are recognised using the effective interest method and are recorded in the income statement within 'Finance income' and 'Finance charges' as appropriate.

#### Operating expenses

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

#### Dividends

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

	2022 £'000	2021 £'000
<b>Included in net (losses) on financial instruments and other income:</b>		
Other income	-	1
Net (losses) / gains on foreign exchange	(1,264)	740
Net (losses) on financial liabilities and financial assets held at fair value through profit or loss	(5,234)	(4,384)
	<b>(6,498)</b>	<b>(3,643)</b>
<b>Included in finance income:</b>		
Interest receivable on balances due from Group Companies (see note 15)	642	106
	<b>642</b>	<b>106</b>



## Notes to the financial statements

for the year ended 31 December 2022

### 3. Income and expenses (continued)

	2022 £'000	2021 £'000
<b>Included in finance charges:</b>		
Discount unwind on financial liabilities	(920)	(952)
Interest payable on balances due to Group Companies (see note 15)	(404)	-
	<b>(1,324)</b>	<b>(952)</b>
	2022 £'000	2021 £'000
<b>Included in operating expenses:</b>		
Fees payable for the audit of the company	17	16
	<b>17</b>	<b>16</b>

### Directors' emoluments

The amounts set out below are in respect of one (2021: one) Director whose emoluments were charged either in part or in full to the Company during the year. This Director has a contract of service with and receive their emoluments from another Group company. A charge is made by that Group Company in respect of the services it provides to the Company. The emoluments of three (2021: three) 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.

	2022 £'000	2021 £'000
Aggregate emoluments	2	2
<b>Total emoluments</b>	<b>2</b>	<b>2</b>

In addition to the emoluments detailed, deferred amounts conditionally receivable by current Directors was £175 (2021: £298).

Retirement benefits have accrued to no (2021: none) Directors under a defined benefit scheme and to no (2021: none) Directors under a defined contribution pension scheme.

During the year, one (2021: none) Director became entitled to shares under the Group's Equity Compensation Plan or the Group's Deferred Award Plan and no (2021: none) Directors became entitled to shares under the Group's Equity Incentive Plan.

# Notes to the financial statements

for the year ended 31 December 2022

## 3. Income and expenses (continued)

### Key management personnel compensation

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

The remuneration of key management personnel during the period was as follows:

	2022 £'000	2021 £'000
Short-term individual benefits	2	2
	2	2

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £4,000 (2021:£11,000), net interest and fee income of £5,000 (2021: £4,000) and net interest expense of £50 (2021 : £nil).

## 4. Tax expense

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 credit in year

Major components of the income tax credit for the years ended 31 December 2022 and 31 December 2021:

	2022 £'000	2021 £'000
<b>Current tax:</b>		
Current income tax charge	-	73
Adjustments in respect of prior years	16	744
<b>Total current tax</b>	<b>16</b>	<b>817</b>
<b>Deferred tax:</b>		
Adjustments in respect of prior years	-	(717)
Effects of changes in corporation tax	(112)	(226)
Origination and reversal of temporary differences	(354)	-
<b>Total deferred tax</b>	<b>(466)</b>	<b>(943)</b>
<b>Total tax credit for the year</b>	<b>(450)</b>	<b>(126)</b>

## Notes to the financial statements

for the year ended 31 December 2022

### 4. Tax expense (continued)

#### (b) Factors affecting tax expense for the year

The UK standard rate of corporation tax was 19% for the year ended 31 December 2022 (2021: 19%). The tax charge for the year is lower (2021: lower) than the UK standard rate of corporation tax for the year of 19% (2021: 19%).

The differences are explained below:

	2022	2021
	£'000	£'000
<b>Profit before tax</b>	<b>20,644</b>	<b>18,135</b>
Profit before tax multiplied by corporation tax at the UK rate of 19% (2021: 19%)	3,922	3,446
Dividend income	(5,753)	(4,421)
Non-taxable income net of disallowable expenses	1,477	1,011
UK tax on profits of overseas companies	-	38
Effect of changes in UK corporation tax rate	(112)	(226)
Adjustments in respect of prior years	16	26
<b>Total tax (credit) for the year</b>	<b>(450)</b>	<b>(126)</b>

### 5. Cash at bank

Cash is comprised of cash at bank.

	2022	2021
	£'000	£'000
<b>Cash at bank</b>	<b>21</b>	<b>-</b>

The book value of cash approximates their fair value.

### 6. Trade and other receivables

Trade receivables are recorded initially at fair value and subsequently measured at amortised cost after the provision for bad and doubtful debts, and the deduction of provision for any impairment.

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

	2022	2021
	£'000	£'000
Other debtors	2	-
Amounts owed by related parties (see note 15)	69,431	8,911
	<b>69,433</b>	<b>8,911</b>

## Notes to the financial statements

for the year ended 31 December 2022

### 6. Trade and other receivables (continued)

Gross carrying value for trade and other receivables is £69,464,000 (2021: £8,918,000) and expected credit losses are £31,000 (2021: £7,000). Note 13 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 comprise derivatives. It excludes financial assets that are recorded under the following headings:

- Trade and other receivables;
- Trade and other payables; and
- Investments in subsidiaries.

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

Financial assets are classified at fair value through profit or loss. Financial assets are all current.

#### Classification and measurement

The Company initially records all financial assets at fair value. Under International Financial Reporting Standards ('IFRS') 9 the Company holds each financial asset either at fair value ('fair value through profit or loss' or 'fair value through other comprehensive income') or at amortised cost.

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. All financial assets held at fair value through profit or loss, are classified as held for trading.

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.

	2022	2021
	Fair value through profit or loss £'000	Fair value through profit or loss £'000
Derivative contracts (see note 12)	-	904
<b>Financial assets</b>	<b>-</b>	<b>904</b>

#### 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 judgement 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.

For investments that are actively traded in financial markets, fair value is determined by reference to official quoted market prices. For investments that are not actively traded, fair value is determined by using quoted prices from third parties such as brokers, market makers and pricing agencies.

**Schroders**

## Notes to the financial statements

for the year ended 31 December 2022

### 7. Financial assets (continued)

Financial assets that have no quoted price principally consist of investments in derivatives. The determination of fair value for these instruments requires significant estimation, particularly in determining whether changes in fair value have occurred since the last formal valuation.

The Company's financial instruments have 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;
- 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 foreign exchange contracts. Valuation techniques may include using a broker quote in an inactive market, an evaluated price based on compilation of primarily observable market information or industry standard calculations, utilising vendor fed data and information readily available via external sources; and
- 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.

The Company's financial instruments held at fair value at the year end are analysed as follows:

	2022	2021
	Level 2	Level 2
	£'000	£'000
<b>Financial assets:</b>		
Derivative contracts	-	904
	-	904

No financial assets were transferred between levels during 2022 or 2021.

### 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 estimates and assumptions that have a significant effect on the carrying amounts of financial assets are discussed below.

### Valuation of financial assets in an active market where there is no quoted price

From time to time quoted investments held by the Company may not be actively traded in financial markets. 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 changes in the business outlook.

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates

#### Subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Directors have determined that the carrying values of the investments are supported by their recoverable value.

#### Associates

Associates are entities in which the Company has an investment and over which it has significant influence, but not control, through participating in the financial and operating policy decisions. Investments in associates are stated at cost less, where appropriate, provisions for impairment.

#### Estimates and Judgements

At 31 December 2022, the Company applies judgement to determine whether there is any indication that investments in subsidiaries and associates may be impaired. If any indication exists and a full assessment determines that the carrying value exceeds the recoverable amount, the investment is written down to the net asset value.

The fair value of the contingent consideration payable on the acquisition of Schroders Capital Holding (Switzerland) AG and Algonquin Management Partners S.A requires some estimation. This estimation requires assumptions regarding the level of management fees that will be earned over the relevant period and carried interest revenue that will be generated. The most judgemental estimation was in respect of carried interest revenue, which required assumptions on growth rates and crystallisation dates for each fund on which carried interest is earned and an appropriate discount rate.

Any future changes to this fair value estimate will be recorded in the Company's income statement with a corresponding increase or decrease to the contingent consideration recognised (see note 11).

The following transactions were carried out during the year:

#### Acquisitions and Investments

- The Company acquired a 100% shareholding in Schroders Capital Real Estate Netherlands B.V. for £28.94m cash and £1.65m liability.
- The Company injected £0.01m in GAIA II Global Private Equity Holding Management S.à r.l. by means of a cash transfer.
- The Company injected £0.02m in Schroders Capital Junior Infrastructure Debt Europe III GP and Schroders Capital Senior Crossover Infrastructure Debt Europe GP S.à r.l. by means of a cash transfer.
- The Company injected £0.01m in Schroders Capital junior infrastructure Debt United Kingdom II GP S.à r.l. by means of a cash transfer.
- The Company injected £0.01m in Schroders Greencoat European Renewables GP S.à r.l. by means of a cash transfer.
- The Company invested £1.6m in Akaria Natural Capital Pte. Ltd by means of cash transfer.
- The Company additionally purchased BlueOrchard Finance AG for £10.9m by means of cash transfer.
- The Company injected £0.03m in Schroders Capital SA SICAV fund by means of cash transfer.
- The Company injected £0.3m in Graceful Lane Limited by means of cash transfer.
- The Company injected £0.02m in Schroder Real Estate (CIP) GP S.à r.l. by means of cash transfer.

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates (continued)

	Investments in subsidiaries £'000	Investments in associates £'000	Total £'000
At 1 January 2022	390,817	726	391,543
Additions	41,623	1,895	43,518
<b>At 31 December 2022</b>	<b>432,440</b>	<b>2,621</b>	<b>435,061</b>

	Investments in subsidiaries £'000	Investments in associates £'000	Total £'000
At 1 January 2021	383,283	188	383,471
Additions	7,534	538	8,072
<b>At 31 December 2021</b>	<b>390,817</b>	<b>726</b>	<b>391,543</b>

Movements in investments in subsidiaries and associates are set out above.

During the year, the Company made the following additions to the capital of its subsidiary and associate undertakings:

	Additions	
	2022	2021
	£'000	£'000
Schroders RF Limited <sup>a</sup>	-	5,947
Schroder Capital Real Estate Debt Fund I GP S.à.r.l. <sup>a</sup>	-	10
Schroders Capital Insurance-linked Opportunities GP S.à.r.l. <sup>a</sup>	-	12
BlueOrchard Finance AG <sup>a</sup>	10,925	-
Pamfleet Holdings (Hong Kong) Limited <sup>a</sup>	-	1,565
Graceful Lane Limited <sup>a</sup>	346	538
Schroders Capital Real Estate Netherlands B.V. <sup>a</sup>	30,592	-
GAIA II Global Private Equity Holding Management S.à.r.l. <sup>a</sup>	12	-
Schroders Capital Junior Infrastructure Debt Europe III GP and Schroders Capital Senior Crossover Infrastructure Debt Europe GP S.à.r.l. <sup>a</sup>	20	-
Greencoat European Renewables GP S.à.r.l. <sup>a</sup>	10	-
AkariaNatural Capital Pte.Ltd <sup>a</sup>	1,550	-
Schroder Real Estate (CIP) GP S.à.r.l. <sup>a</sup>	26	-
Schroders Capital SA SICAV Fund <sup>a</sup>	27	-
Schroders Capital junior infrastructure Debt United Kingdom II GP S.à.r.l. <sup>a</sup>	10	-
<b>Additions in investments in subsidiaries and associates</b>	<b>43,518</b>	<b>8,072</b>

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates (continued)

#### (a) Related undertakings arising from the Company's corporate structure

##### Principal subsidiaries

The principal subsidiaries listed below are those which, in the opinion of the Directors, principally affect the losses or net assets of the Company. The principal subsidiary entities set out below are wholly-owned subsidiary undertakings of the Company, unless otherwise stated. All undertakings operate in the countries where they are registered or incorporated and are stated at cost less, where appropriate, provisions for impairment.

Name	Share class	%	Address
<b>Switzerland</b>			
Schroders Capital Holding (Switzerland) AG <sup>a</sup>	Ordinary	100	Affolternstrasse 56, 8050, Zurich, Switzerland

##### Other corporate related undertakings

The remaining related undertakings arising from the Company's corporate structure are listed below. These include subsidiaries (other than those listed above) and associates.

##### Fully owned subsidiaries

Name	Share class	%	Address
<b>United Kingdom</b>			
Schroders Capital Private Equity Founder Partner Limited <sup>a</sup>	Ordinary	100	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
Schroders Capital Private Equity Founder Partner (GP) Limited <sup>a</sup>	Ordinary	100	
Schroders Capital Private Equity GP LLP <sup>a</sup>	PI	100	
UK PEM Partners Limited <sup>a</sup>	Ordinary	100	1 London Wall Place, London, EC2Y 5AU, England
<b>Belgium</b>			
Algonquin Management Partners S.A. <sup>a</sup>	Ordinary	100	Avenue Louise, 523-1050 Bruxelles, Belgium
<b>Cayman Islands</b>			
AEROW SMA Management I L.P.	PI	100	Maples & Calder, PO Box 309 GT, Ugland House, South Church
AEROW SMA Management II L.P.	PI	100	Street, George Town, Grand Cayman, Cayman Islands
PEM Partners Ltd	Ordinary	100	
Schroder Capital cPI Global Management III L.P.	PI	100	
<b>China</b>			
Schroders Capital Investment Management (Beijing) Co., Ltd.	Ordinary	100	Room 1929-1932, Winland International Finance Centre, 7 Finance Street, Xicheng District, Beijing, China
Schroders Capital Private Fund Management (Shanghai) Co., Ltd.	Ordinary	100	Unit 33T52B, 33F, Shanghai World Financial Centre, 100 Century Avenue, FTZ, Shanghai, China
<b>Curacao</b>			
cPI Schroders Capital Investments Management B.V.	Ordinary	100	Johan van, Walbeekplein 11, Willemstad, Curacao
Schroder Adveq Investors B.V.	Ordinary	100	
Schroders Capital Management (Curacao) N.V.	Ordinary	100	
<b>France</b>			
Holdco LC Paris Blomet SAS	Ordinary	100	1 rue Euler, 75008, Paris, France
Schroder Real Estate (France)	Ordinary	100	
Schroder Adveq France UP SAS	Ordinary	100	37 avenue Pierre 1er de Serbie, 75008, Paris, France
<b>Germany</b>			
Schroders Capital Management Deutschland (GmbH)	Ordinary	100	Taunustor 1, 60310, Frankfurt, Germany
SIMA 5 Verwaltungsgesellschaft mbH	Ordinary	100	
<b>Jersey</b>			
Schroders Capital Management Jersey Ltd	Ordinary	100	40 Esplanade, St Helier, Jersey, JE2 9WB, Channel Islands
Schroders Capital Private Equity Wollstonecraft Management Ltd	Ordinary	100	
AAF Management II L.P.	PI	100	26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands
AAF Management III L.P.	PI	100	



## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates (continued)

#### Fully owned subsidiaries (continued)

Name	Share class	%	Address
<b>Jersey</b>			
BKMS Management L.P.	PI	100	26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands
BKMS Management II L.P.	PI	100	
Confluentes Partners I L.P.	PI	100	
Cresta Management L.P.	PI	100	
Cresta Management II L.P.	PI	100	
Cresta Partners III L.P.	PI	100	
EEM Management L.P.	PI	100	
EEM Management II L.P.	PI	100	
EEM Opportunities Management L.P.	PI	100	
Gemini Management L.P.	PI	100	
GPEP Management I L.P.	PI	100	
GPEP Management IV L.P.	PI	100	
GPEP Partners V L.P.	PI	100	
IST3 Manesse PE Management L.P.	PI	100	
IST3 Manesse PE2 Management L.P.	PI	100	
Malatrex Partners L.P.	PI	100	
Marmolata Partners L.P.	PI	100	
Marmolata PE Impact Partners L.P.	PI	100	
Milele Partners L.P.	PI	100	
PSY Private Equity Partners L.P.	PI	100	
SA Co-Investment Management 1 L.P.	PI	100	
SA RP CO Management 1 L.P.	PI	100	
SA TG Management L.P.	PI	100	
SA VS Management L.P.	PI	100	
SA-EL Asia Partners I L.P.	PI	100	
SA-EL Partners II L.P.	PI	100	
SC-SA Co-Invest Opportunities 2018 Management L.P.	PI	100	
Salève 2017 Management L.P.	PI	100	
Salève 2020 Management L.P.	PI	100	
SC Global Opportunities Management L.P.	PI	100	
Salève 2022 Partners L.P.	PI	100	
Schroder Adveq Santé Direct Partners L.P.	PI	100	
Schroder Adveq Shanghai Private Equity Investment Management L.P.	PI	100	
Schroders Capital cPI Global Management S.à.r.l.	OS	100	
Schroders Capital cPI Global Partners IV L.P.	PI	100	
Schroders Capital cPI Global Partners V L.P.	PI	100	
Schroders Capital Multi Private Credit Management L.P.	PI	100	
Schroders Capital Private Equity Asia Partners V L.P.	PI	100	
Schroders Capital Private Equity Asia Partners VI L.P.	PI	100	
Schroders Capital Private Equity China Partners IV L.P.	PI	100	
Schroders Capital Private Equity Europe Direct Partners II L.P.	PI	100	
Schroders Capital Private Equity Europe Direct Partners III L.P.	PI	100	
Schroders Capital Private Equity Europe Partners VII L.P.	PI	100	
Schroders Capital Private Equity Europe Partners VIII L.P.	PI	100	
Schroders Capital Private Equity Global Direct Partners III L.P.	PI	100	
Schroders Capital Private Equity Global Innovation Partners IX L.P.	PI	100	
Schroders Capital Private Equity Global Innovation Partners X L.P.	PI	100	
Schroders Capital Private Equity Global Partners II L.P.	PI	100	
Schroders Capital Private Equity Global Partners III L.P.	PI	100	
Schroders Capital Private Equity Healthcare Partners L.P.	PI	100	
Schroders Capital Private Equity Mature Secondaries (Orthros)	PI	100	
Schroders Capital Private Equity Mature Secondaries (Orthros)	PI	100	
Schroders Capital Private Equity Mature Secondaries (Orthros)	PI	100	
Schroders Capital Private Equity Mature Secondaries (Orthros)	PI	100	
Schroders Capital Private Equity Secondaries Management III L.P.	PI	100	
Schroders Capital Private Equity Secondaries Partners IV L.P.	PI	100	
Schroders Capital Private Equity US Partners V L.P.	PI	100	
Schroders Capital Private Equity US Partners VI L.P.	PI	100	
Schroders Capital Taft-Hartley Ventures Partners L.P.	PI	100	
TMC Management III L.P.	PI	100	
TMC Management IV L.P.	PI	100	
TMCO Management I L.P.	PI	100	

**Schroders**

# Notes to the financial statements

for the year ended 31 December 2022

## 8. Investments in subsidiaries and associates (continued)

### Fully owned subsidiaries (continued)

Name	Share class	%	Address
<b>Jersey</b>			
Wilmsdorf Secondary Management II L.P	PI	100	26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands
<b>Luxembourg</b>			
Confluentes Management S.à r.l.	Ordinary	100	6C, rue Gabriel Lippmann, Munsbach, L-5365, Luxembourg
GPEP Management S.à r.l.	Ordinary	100	
Marmolata Management S.à r.l.	Ordinary	100	
PSY Private Equity Management S.à r.l.	Ordinary	100	
Schroders Capital Management (Luxembourg) S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Asia Management V S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Europe Management VIII S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Global Direct Management III S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Global Innovation Management X S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Global Management III S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Healthcare Management S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Secondaries Management IV S.à r.l.	Ordinary	100	
Schroders Capital Private Equity US Management V S.à r.l.	Ordinary	100	
Cresta Management S.à r.l.	Ordinary	100	7, rue Robert Stümper, L - 2557 Luxembourg
KVT PE Management S.à r.l.	Ordinary	100	
Schroders Capital Insurance-linked Opportunities GP S.à r.l. *	Ordinary	100	
Schroders Capital Private Equity Europe Direct Management III S.à r.l.	Ordinary	100	
Schroder IFL S.à r.l. *	Ordinary	100	5 rue Höhenhof, L-1736 Senningerberg, Luxembourg
Schroder Real Estate (CIP) GP S.à r.l. *	Ordinary	100	
Schroders Capital *	Ordinary	100	
IED UK GP S.à r.l. *	Ordinary	100	15 boulevard F.W. Raiffeisen, L-2411 Luxembourg, Luxembourg
Schroders Capital European Operating Hotels GP S.à r.l. *	Ordinary	100	
Schroders Greencoat European Renewables GP S.à r.l. *	Ordinary	100	
Schroders Capital Real Estate Debt GP S.à r.l. *	Ordinary	100	
SNI Management S.à r.l. *	Ordinary	100	
Schroders Capital Junior Infrastructure Debt Europe II GP S.à r.l. *	Ordinary	100	46A Avenue J.F.Kennedy, L-1855, G.D. Luxembourg
Schroders Capital Senior Infrastructure Debt Europe V GP S.à r.l. *	Ordinary	100	
Schroders Capital Junior Infrastructure Debt Europe III GP S.à r.l. *	Ordinary	100	
Schroders Capital Junior Infrastructure Debt United Kingdom II GP S.à r.l. *	Ordinary	100	
Schroders Capital Senior Crossover Infrastructure Debt Europe GP S.à r.l. *	Ordinary	100	
Manesse PE Management S.à r.l.	Ordinary	100	17 boulevard F.W. Raiffeisen, L- 2411, Luxembourg
PE III Management S.à r.l.	Ordinary	100	
Salève Management S.à r.l.	Ordinary	100	
Schroder GAIA II Global Private Equity Holding Management S.à r.l. *	Ordinary	100	
Schroders Capital Private Equity Asia Management VI S.à r.l. *	Ordinary	100	
Schroders Capital Private Equity China Management S.à r.l.	Ordinary	100	
Schroders Capital Private Equity Global Innovation Management XI S.à r.l.	Ordinary	100	
Schroders Capital Private Equity US Management VI S.à r.l.	Ordinary	100	
<b>Netherlands</b>			
Cairn KS Management Services B.V.	Ordinary	100	Strawinskylaan 1547, WTC, Level 15, 1077XX,
Dutch REAM B.V.	Ordinary	100	Amsterdam Netherlands
HCRE Beheerder B.V.	Ordinary	100	
Real Estate Fund Management B.V.	Ordinary	100	
Real Estate Management B.V.	Ordinary	100	
RES Participations B.V.	Ordinary	100	
Schroders Capital Real Estate Netherlands B.V. *	Ordinary	100	Strawinskylaan, 1547, WTC, Level 14, 1077 XX, Amsterdam Netherlands
<b>Switzerland</b>			
Schroders Capital Holding (Switzerland) AG *	Ordinary	100	Affolternstrasse 56, 8050, Zurich, Switzerland
<b>United States</b>			
Schroders Capital Management (US) Inc.	Ordinary	100	Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates (continued)

#### Subsidiaries where the effective interest is less than 100%

Name	Share class	%	Address
<b>United Kingdom</b>			
Gatwick Hotel Feeder GP LLP <sup>a</sup>	PI	50	1 London Wall Place, London, EC2Y 5AU, England
Residential Land Development (GP) LLP <sup>a,c</sup>	PI	33	
TransPennine GP (Scot) LLP <sup>a</sup>	PI	50	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
<b>British Virgin Islands</b>			
Alpha Park Limited	Ordinary	51	Vistra Corporate Services Centre, Wickhams Cay II, Road Town,
Flete Holdings Limited	Ordinary	51	Tortola, VG1110, British Virgin Islands
Pamfleet China Limited	Ordinary	51	
<b>Cayman Islands</b>			
Pamfleet China Investment Management Limited	Ordinary	51	Maples Corporate Services Limited, PO Box 309, Ugland House,
Pamfleet China Investment Management II Limited	Ordinary	36	Cayman, KY1-1104, Grand Cayman Islands
Pamfleet International Limited	Ordinary	51	
Schroder Adveq Europe Management II L.P.	PI	20	Maples & Calder, PO Box 309 GT, Ugland House, South Church
Schroder Adveq Technology Management V L.P.	PI	89	Street, George Town, Grand Cayman, Cayman Islands
Schroder Adveq Technology Management VI L.P.	PI	65	
Schroder Adveq US Management I L.P.	PI	76	
Schroders Capital cPI Global Management L.P.	PI	63	
Schroders Capital cPI Global Management II L.P.	PI	88	
Schroders Capital Private Equity Asia Management L.P.	PI	75	
Schroders Capital Private Equity Asia Management II L.P.	PI	65	
Schroders Capital Private Equity Europe Management IV A L.P.	PI	59	
Schroders Capital Private Equity Europe Management IV B L.P.	PI	70	
Schroders Capital Private Equity US Management II L.P.	PI	87	
<b>China</b>			
鹏里(上海)企业管理有限公司 (Pamfleet (Shanghai) Enterprise Management Limited)	Ordinary	51	302 Block 9 No 697 Weihai Road, Jing'An, Shanghai, China
<b>France</b>			
Terre et Mer Holding SAS	Ordinary	80	1 rue Euler, 75008, Paris, France
<b>Hong Kong</b>			
Pamfleet Asset Management (China) Limited	Ordinary	51	Level 33, 88 Queensway, Hong Kong, Hong Kong
Pamfleet Asset Management (HK) Limited	Ordinary	51	
Pamfleet (HK) Limited	Ordinary	51	
Pamfleet Holdings (Hong Kong) Limited <sup>a</sup>	Ordinary	51	
<b>Luxembourg</b>			
BlueOrchard Asset Management (Luxembourg) S.A.	Ordinary	90	1 rue Goethe, L-1637, Luxembourg City, Luxembourg
BlueOrchard Invest S.à r.l.	Ordinary	90	
BlueOrchard Financial Inclusion Fund SCA SICAV-RAIF	Ordinary,PI	90	2, rue d'Alsace, L-1122 Luxembourg, Grand Duchy of Luxembourg
BlueOrchard Latin America and Caribbean Gender, Diversity and Inclusion Fund SCA SICAV-RAIF	Ordinary,PI	90	
Schroders Capital Real Estate Asia IV GP S.à r.l.	Ordinary	51	4 rue du Fort Wallis, 2714 Luxembourg, Grand Duchy of Luxembourg
SEOHF (CIP) SCSp	PI	50	5 rue Höhenhof, L-1736 Senningerberg, Luxembourg
<b>Netherlands</b>			
Data Invest B.V.	Ordinary	22	Strawinskylaan 1547, WTC Level 15, 1077 XX
Frame Offices B.V.	Ordinary	40	Amsterdam, Netherlands
ITC Invest B.V.	Ordinary	35	
RES Retail B.V.	Ordinary	51	
RES Transit II B.V.	Ordinary	59	
<b>Peru</b>			
BlueOrchard America Latina S.A.C	Ordinary	90	Calle Dean, Valdivia 227, Office 501, San Isidro, Lima, Peru
<b>Singapore</b>			
BlueOrchard Investments Singapore PTE Ltd	Ordinary	90	3 Church Street, #25-01 Samsung Hub, Singapore 049483, Singapore
Pamfleet Asset Management (Singapore) Pte. Limited	Ordinary	51	61 Club Street, Singapore 069436, Singapore
<b>Switzerland</b>			
BlueOrchard Finance AG <sup>a</sup>	Ordinary		Seefeldstrasse 233, 8008, Zurich, Switzerland

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Investments in subsidiaries and associates (continued)

#### Subsidiaries where the effective interest is less than 100% (continued)

Name	Share class	%	Address
<b>Jersey</b>			
AAF Management I L.P.	PI	48	26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands
GPEP Management II L.P.	PI	70	
GPEP Management III L.P.	PI	70	
Schroder Adveq Europe Management III L.P.	PI	88	
Schroders Capital Private Equity Asia Management III L.P.	PI	53	
Schroders Capital Private Equity Asia Management IV L.P.	PI	70	
Schroders Capital Private Equity Europe Direct Management L.P.	PI	73	
Schroders Capital Private Equity Europe Management V L.P.	PI	73	
Schroders Capital Private Equity Europe Management VI L.P.	PI	74	
Schroders Capital Private Equity Global Innovation Management VII L.P.	PI	46	
Schroders Capital Private Equity Global Innovation Management VIII L.P.	PI	78	
Schroders Capital Private Equity Global Management L.P.	PI	71	
Schroders Capital Private Equity Secondaries Management II L.P.	PI	53	
Schroders Capital Private Equity US Management III L.P.	PI	51	
Schroders Capital Private Equity US Management IV L.P.	PI	73	
TMC Management I L.P.	PI	54	
TMC Management II L.P.	PI	49	
Wilmersdorf Secondary Management L.P.	PI	71	

#### Associates

Name	Share class	%	Address
<b>United Kingdom</b>			
Social Supported Housing CIP LLP	Partnership	50	1 London Wall Place, London, EC2Y 5AU, England
<b>Australia</b>			
Schroders RF Limited <sup>a</sup>	Ordinary	50	Level 9, 60 Castlereagh St., Sydney NSW 2000 Australia
<b>Belgium</b>			
Algonquin Astrid	Promote	33	Avenue Louise, 523 – 1050 Bruxelles, Belgium
<b>British Virgin Islands</b>			
Graceful Lane Limited <sup>a</sup>	Ordinary	30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
<b>France</b>			
Algonquin France Hotels Services	Ordinary	36	1 rue Euler, 75008, Paris, France
JV Hotel La Villette SAS	Ordinary	50	
<b>Singapore</b>			
AkariaNatural Capital Pte.Ltd <sup>a</sup>	Ordinary	40	1 Robinson Road, #18-00, AIA Tower, Singapore 048542, Singapore

#### Share class abbreviations

PI: Partnership Interest

#### Footnotes

<sup>a</sup> Held directly by the Company.

<sup>c</sup> Financial year end 31 March.

### 9. 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.

# Schroders

## Notes to the financial statements

for the year ended 31 December 2022

### 9. Deferred tax asset (continued)

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 is currently 19% and will increase to 25% from April 2023.

Deferred tax asset:	Temporary timing differences	
	2022 £'000	2021 £'000
At 1 January 2022	943	-
Credited to income statement	354	717
Effect of changes in UK corporation tax rate	112	226
At 31 December 2022	1,409	943

### 10. 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.

	2022 £'000	2021 £'000
<b>Financial liabilities:</b>		
Amount owed to related parties (see note 15)	32,589	636
Accruals	68	544
<b>Total</b>	<b>32,657</b>	<b>1,180</b>

### 11. Financial liabilities

The Company's financial liabilities comprise of the contingent consideration arising from the acquisition of Schroders Capital Holding (Switzerland) AG and Algonquin Management Partners S.A and derivatives. Gains and losses on derivative contracts and contingent consideration are recognised within 'net gains on financial instruments in the income statement'.

## Notes to the financial statements

for the year ended 31 December 2022

### 11. Financial liabilities (continued)

Financial liabilities are split between current and non-current.

	2022 £'000	2021 £'000
<b>Current</b>		
Contingent consideration	3,390	1,612
Derivative contracts (see note 12)	2,058	-
	<b>5,448</b>	<b>1,612</b>
<b>Non-current</b>		
Contingent consideration	11,166	13,358
	<b>11,166</b>	<b>13,358</b>
<b>Total financial liabilities</b>	<b>16,614</b>	<b>14,970</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.

	2022		
	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities:</b>			
Derivative contracts	2,058	-	2,058
Contingent consideration	-	14,556	14,556
	<b>2,058</b>	<b>14,556</b>	<b>16,614</b>
	2021		
	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities:</b>			
Derivative contracts	-	-	-
Contingent consideration	-	14,970	14,970
	<b>-</b>	<b>14,970</b>	<b>14,970</b>

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

	2022 £'000	2021 £'000
<b>At 1 January</b>	14,970	18,727
Additions	1,650	-
Disposals	(5,933)	(10,535)
Discount unwind	920	952
Revaluations	2,949	5,826
<b>At 31 December</b>	<b>14,556</b>	<b>14,970</b>

**Schroders**

## Notes to the financial statements

for the year ended 31 December 2022

### 12. 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 the 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 fair value of hedged items. The Company actively seeks to limit and manage its exposures to risk where that exposure is not desired by the Company or the Group. This may take the form of unwanted exposures to a particular currency, type of interest rate or other price risk. By purchasing or selling derivative contracts, the Company is able to mitigate or eliminate such exposures. The principal risk the Company faces through such use of derivative contracts is one of credit risk only.

Currency forwards represent commitments to sell or purchase foreign and domestic currency. Currency forwards are contractual obligations to buy or sell foreign currency on a future date at a specified exchange rate. For currency forward contracts, the maximum exposure to credit risk is represented by the fair value of the contracts.

	Assets	Liabilities
	£'000	£'000
<b>2022</b>		
Forward foreign exchange contracts	-	2,058
	Assets	Liabilities
	£'000	£'000
<b>2021</b>		
Forward foreign exchange contracts	904	-

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments and, therefore, do not indicate the Company's exposure to credit or price risks. 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 2022

### 13. 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 'Key risks and mitigation' section and the 'Risk management and internal control' section within the Governance report and in note 18 in the Schroder Report. The Company's specific risk exposures are explained below.

#### 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.

At 31 December 2022, if Bank of England Bank Rate had been 150 basis points higher or 50 basis points lower with all other variables held constant, post-tax profit for the year would have been £448,000 higher or £149,000 lower, mainly as a result of higher/lower interest charges on interest bearing intercompany loan balances. Other components of equity would have been unaffected.

At 31 December 2021, if Bank of England Bank Rate had been 100 basis points higher or 75 basis points lower with all other variables held constant, post-tax profit for the year would have been £67,000 higher or £50,000 lower, mainly as a result of higher/lower interest charges 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 losses 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 of 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 exposed to foreign exchange risk arising from currency exposures to US Dollars, Euros and Swiss Francs.

As at 31 December 2022, if the US Dollar had weakened 15% / strengthen by 20% against the sterling, with all other variables held constant, the Company's post-tax profit for the year would increase by £2,806,000 / decrease by £3,741,000.

As at 31 December 2021, if the US Dollar had weakened 10% / strengthen by 10% against the sterling, with all other variables held constant, the Company's post-tax profit for the year would increase by £1,431,000 / decrease by £1,431,000.

As at 31 December 2022, if the Euro had weakened 10% / strengthen by 15% against the sterling with all other variables held constant, the Company's post-tax profit for the year would increase by £4,342,000 / decrease by £6,513,000.

As at 31 December 2021, if the Euro had weakened 8% / strengthen by 8% against the sterling with all other variables held constant, the Company's post-tax profit for the year would increase by £3,055,000 / decrease by £3,055,000.



## Notes to the financial statements

for the year ended 31 December 2022

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

As at 31 December 2022, the exposure to Swiss Francs was immaterial.

As at 31 December 2021, the exposure to Swiss Francs was immaterial.

#### (c) 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. The Company's counterparties are predominately its related parties and therefore there is no credit risk exposure outside the Group on these balances. Intercompany balances are monitored regularly and historically, default levels have been nil. The Company does not have any receivables that are either past due or impaired. Forward foreign exchange positions generally have a maturity of up to three months.

Expected credit losses are calculated in accordance with IFRS 9 on all of the Company's financial assets that are measured at amortised cost and all debt instruments that are measured at fair value through other comprehensive income. 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.

#### 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 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.

## Notes to the financial statements

for the year ended 31 December 2022

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

#### (d) 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 has access to sufficient liquid funds to cover its normal course of business. Outside the normal course of business the Company can request additional liquid resources through intergroup loans or capital injections.

#### (e) Capital management

The Company's policy is to have adequate capital for all activities undertaken in the normal course of business. In particular, it should have sufficient capital to maintain sufficient liquid funds to meet peak working capital requirements, or be able to borrow from group companies to meet peak working capital requirements.

### 14. Called up share capital

	2022 Number	2022 £'000
<b>Issued and fully paid:</b>		
Ordinary shares of £1 each	433,996,040	433,996
	2021 Number	2021 £'000
<b>Issued and fully paid:</b>		
Ordinary shares of £1 each	368,996,040	368,996

There was an allotment in ordinary shares of 65,000,000 from Schroder Administration Limited during the year.

## Notes to the financial statements

for the year ended 31 December 2022

### 15. Related party transactions

Transactions between the Company, its own subsidiaries and its fellow subsidiaries, which are related parties of the Company, together with details of transactions between the Company and other related parties are disclosed below.

2022						Amounts	Amounts
	Dividends received/ (paid) £'000	Other income £'000	Expenses £'000	Finance income £'000	Finance charges £'000	owed by related parties £'000	owed to related parties £'000
Parent	(15,500)	-	-	-	-	-	-
Other Group companies	-	-	(2,106)	642	(404)	69,360	(32,589)
Subsidiaries	30,281	-	11	-	-	71	-
	<b>14,781</b>	<b>-</b>	<b>(2,095)</b>	<b>642</b>	<b>(404)</b>	<b>69,431</b>	<b>(32,589)</b>

2021						Amounts	Amounts
	Dividends received £'000	Other income £'000	Expenses £'000	Finance income £'000	Finance charges £'000	owed by related parties £'000	owed to related parties £'000
Parent	(68,500)	-	-	-	-	-	-
Other Group companies	-	1	(12)	106	-	8,894	(636)
Subsidiaries	23,271	1	10	-	-	17	-
	<b>(45,229)</b>	<b>2</b>	<b>(2)</b>	<b>106</b>	<b>-</b>	<b>8,911</b>	<b>(636)</b>

Transactions with Directors are described in note 3 and the ultimate and immediate parent company is disclosed in note 16. Information about subsidiaries is provided in note 8.

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

### 16. Ultimate parent company

The Company's immediate parent company is Schroder Administration 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).