

Company registration number : **11923964**

EdenTree Asset Management Limited

2022 Annual Report and Financial Statements



EdenTree Asset Management Limited

2022 Annual Report

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EdenTree Asset Management Limited

Officers and Company Information

Directors	M. C. J. Hews A. S. Clark D. P. Cockrem R. S. Hughes (Resigned 3 February 2023) C. L. W. Thomas S. J. Round (Resigned 14 September 2022) F. Burkitt (Appointed 3 February 2023) R. Bajaj (Appointed 3 February 2023)
Company Secretary	Mrs R. J. Hall
Independent Auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR
Registered Office	Benefact House 2000 Pioneer Avenue Gloucester Business Park Brockworth Gloucester GL3 4AW
Company Registration Number	11923964

EdenTree Asset Management Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2022.

Objective and strategy

Where "EdenTree" is named, this includes EdenTree Investment Management Limited (EIM) and EdenTree Asset Management Limited (EAM) in deployment of an overarching strategy.

EdenTree is a specialist investment manager, providing solutions for our customers and clients. We only manage investments that are responsible, sustainable or impact aligned.

EdenTree is proudly part of Benefact Group, a charity owned international group of businesses, which gives all of its available profits to charity and good causes.

We have a shared objective with the Group: "To be a beacon of responsible & sustainable practice".

Our vision: "Make all investment responsible".

Our Mission: "Deliver our clients performance with principles".

Our Business

We are a UK based investment manager and all we do is on behalf of customers and clients. Our business strategy is to be the investment manager of choice for our customers and clients. Our focus is the long-term.

Our culture, values and behaviours: Strongly focused on delivering great service for customers and clients; an engaging, rewarding workplace for our people; and to be seen as a force for good in the wider business community and society as a dedicated manager of responsible, sustainable and impact aligned solutions.

Business review

The Company's 2022 closing Assets Under Management (AUM) were £3,670m (2021: £51m). The year on year increase is due to the transfer of investment management business from EIM as it transitions to ACD (Authorised Corporate Director) and AIFM (Alternative Investment Fund Manager) for the EdenTree collective funds. Prior to the transfer of business the share capital of the company was increased by £5.8m to ensure that capital requirements were met.

The results of the Company for the year are shown on page 14. The Company generated a loss in 2022 of £708k (2021: £66k). The results reflect EdenTree's planned investment in operational infrastructure and distribution capability as it positions itself as a mainstream ESG asset manager.

84% of AUM are now external to the group (2021: 80%), demonstrating EdenTree's increasing independence from Group Assets.

EdenTree has had particular success in fixed income strategies in the year. The Short Dated Bond fund attracting £215m in net inflows in the year (2021: £158m).

The Firm is licenced as a Markets in Financial Instruments Directive (MiFID) Investment Firm and under the Investment Firms Prudential Regime (IFPR) (from 1 January 2022) is categorised as a non SNI MIFIDPRU Investment Firm (a new IFPR categorisation for non interconnected firms). The Company provided investment management services to a number of companies in the Group, related pension schemes and a number of third party funds. These services commenced 1 April 2022 when investment management was transferred from EIM.

EdenTree Asset Management Limited

Strategic Report

Events after the balance sheet date

On 3 January 2023, all of EAM's share capital was transferred from Benefact Group plc (BG) to EdenTree Holdings Limited (EHL), forming "EdenTree Group"; an investment management group. EHL is owned by BG and the ultimate parent remains Benefact Trust Limited (BTL).

Future prospects

EdenTree's strategy is to continue to expand across territories and strategies as ESG investment grows in popularity across asset classes and client types. EdenTree is supported in this journey by its parent, Benefact Trust Limited (BTL).

Section 172 Statement

The directors confirm that during 2022 and to the date of this Report, they have acted to promote the success of the Company for the benefit of its members as a whole and considered the matters as set out in section 172(1)(a) to (f) of the Companies Act 2006. This section provides an overview of how the directors have had regard to those matters when performing their duties.

As the Company is part of the Benefact Group of companies, where matters impact across the family, the approach to stakeholder engagement is led by Ecclesiastical Insurance Office plc (EIO), and therefore further details have been disclosed within EIO's Annual Report and Accounts.

Our Approach to the Long Term Success of the Company

The Board of directors recognise that the long-term success of the Company, and therefore our ability to continue to help people, charities and good causes is dependent on having regard to the interests of its stakeholders at its heart. In order to achieve our strategic ambitions, the Board understands how important it is to listen and respond to the needs of our stakeholders.

As part of a global financial services Group driven by the ambition of transforming lives and communities, we are continually striving to do the right thing at all times. However there are occasions where the needs of different stakeholder groups may not always be aligned. On these occasions, the Board attempts to balance the conflicting interests and impacts of our stakeholders in their decision-making.

Stakeholder Engagement in Decision Making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational or Group level.

Certain stakeholder matters are led at Group level, especially where the matters are of Group-wide significance or have the potential to affect the reputation of the Group. The Board considers a variety of information to understand the impact of the Company's operations and the interests and views of our key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on the right issues at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to directors in papers in advance of each meeting. In addition, people from the business are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. Because of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the directors to comply with their legal duties section 172 of the Companies Act 2006.

EdenTree Asset Management Limited

Strategic Report

Following a Group level externally facilitated review of board meeting papers and associated procedures, a refreshed meeting paper template and written procedures were introduced during the year. Training was provided to all key paper authors including a number of the directors. For matters requiring approval by the Board, the updated meeting paper template requires authors to more explicitly consider the actual or potential impact of each decision on stakeholders. This information assists the directors in fulfilling their legal responsibilities in relation to stakeholders. It supports the responsible culture and ensures appropriate consideration of the long term implications for stakeholders whilst providing assurance to the Board.

Below is an example of a principle decision taken by the Board during the year in and how it has had regard to the interests of, and impact on a selection of its stakeholders.

Principle Decision of the Board

Consumer Duty Plan and Champion

Following publication of the new Consumer Duty (the Duty) in May 2021, which provided a new consumer principle requiring firms to act to deliver good outcomes for customers, the Board monitored regulatory expectations and likely impact on customers via regular updates from the Audit, Risk and Compliance Committee

The Board approved the Consumer Duty Plan and the appointment of an independent non-executive director as the Consumer Duty Champion on 14 September 2022. The Board challenged the Plan to ensure that it was deliverable and robust in the context of the cost to the Company. The directors continue to receive regular updates on the progress of the Plan to ensure that they are meeting their regulatory obligations whilst ensuring the best possible outcomes for customers. The non-executive director will also be supported by the Company's Compliance Team to fulfil his role as Consumer Duty Champion.

EdenTree Asset Management Limited

Strategic Report

Our Strategy in action:

Our key stakeholders	Methods of engagement and outcomes
<p data-bbox="459 443 635 470">The Shareholder</p> <p data-bbox="323 481 767 853">The Company was a wholly owned subsidiary of BG until 3 January 2023 when the entire ordinary issued share capital of the Company was transferred to EHL as part of the Group wide re-structure. EHL is owned by BG which in turn is owned by Benefact Trust Limited (BTL), the ultimate parent company. Protocols for the exchange of information between BTL and BG and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.</p> <p data-bbox="323 884 767 996"><i>The Board understands the need to maintain a close and open relationship with its Shareholder characterised by transparency and mutual understanding.</i></p>	<p data-bbox="767 481 1343 705">As a group Company, the directors are aware of the importance of demonstrating its value to the Group, which includes ensuring financial performance, long term return on capital and a culture of transparency and propensity to "do the right thing" is set from the top. At each routine board meeting, the directors consider whether there are any matters to be escalated to the Group level.</p> <p data-bbox="767 739 1343 1512">The Board has an honest and constructive relationship with its shareholder. There is at least one "Common Director" (i.e. a Director who was a member of the Boards of the Company and the Shareholder) who are expected to attend every Board Meeting. Mark Hews (Group Chief Executive Officer) and Denise Cockrem (Group Chief Financial Officer) are "Common Directors" of the Company, EHL and BG. The Common Directors presented a summary of relevant highlights from the Shareholder's Board and Committee meetings to the Directors. There is also engagement between respective Board Chairs and regular dialogue took place on Group's expectations of the Company and strategy for the development of business. This ensures that the views of the Shareholder were communicated to the Board as a whole which enabled the Group to effectively communicate its views and expectations to the Board. In turn, the Common Directors are able to support the directors of the Shareholder to understand the performance and strategic issues faced by the Company. Consequently, there was a two-way channel of communication between the Board and the Shareholder. More information on associated Group governance structure is provided in EIO's Annual Report and Accounts.</p> <p data-bbox="767 1545 1343 1780">The Shareholder is also a client. Group funds are managed on a commercial basis and a discretionary Investment Management Agreement is in place, as is the case for all external clients. Dealing is conducted at arm's length and on the same terms as external clients. Allocations of stocks and any associated costs of trading for both Group and external clients are strictly pro-rated according to AUM.</p>

EdenTree Asset Management Limited

Strategic Report

EdenTree Investment Management Limited	
<p>During 2022, day to day services were provided by EdenTree Investment Management Limited ("EIM") (Company No. 02519319) with whom the Board has an open and positive relationship.</p> <p>EIM is the Authorised Corporate Director (ACD) of two open-ended investment companies (EdenTree Investment Funds Series 1, EdenTree Investment Funds Series 2). On 1 April 2022, all Markets in Financial Instruments Directive related business was transferred to the Company and the Company was appointed as investment adviser to both EdenTree Investment Funds Series 1 and EdenTree Investment Funds Series 2.</p>	<p>There was at least one "Common Director" (i.e. a Director who was a member of the Boards of the Company and EIM) who was expected to attend every Board Meeting during the year. On 3 February 2023, the Board composition of the Company and EIM were altered to ensure that the structure and composition of the EIM Board (in its capacity as ACD) remained independent. Consequently, there are no longer any common directors on the two boards. Notwithstanding this, common management representatives will attend the meetings of both boards.</p>
Employees	
<p>The Company does not have any employees. Individuals who undertake work on the Company's behalf are employed by EIO.</p> <p><i>Nevertheless, the Board understands that individuals who work on behalf of the Company are its most valuable assets, given their specialised knowledge and propensity to go above and beyond.</i></p>	<p>The Chief Executive Officer provided a quarterly resource update to the Board and members of the management team and subject matter experts (such as fund managers and the Head of Compliance and HR) were invited to Board and Committee meetings to present on items and input into discussion.</p> <p>Information on the approach to considering matters relating to individuals undertaking work on behalf of the Company are set out in the Section 172 Statement for EIM.</p>

EdenTree Asset Management Limited

Strategic Report

Clients & Customers	
<i>The Board considers that clients are at the heart of the Company, ensuring any actions or decisions demonstrate passion for clients and make the Company's first choice for clients both today and in the future.</i>	<p>During the year, the Board and the Audit, Risk and Compliance Committee received regular updates on client issues via the Operations Report.</p> <p>Information on the Company's approach to clients and customers is provided in the Section 172 Statement for EIM.</p>
Suppliers	
<i>The directors recognise the importance of the role that suppliers play in ensuring that a reliable service is delivered to customers.</i>	<p>The Audit, Risk and Compliance Committee oversees the Company's material outsourcing contracts. Regular updates are received and discussed in respect of the performance and relationship with Northern Trust (Fund Administration and Transfer Agency), Bank of New York Mellon (Depositary and Custodian) and the Group, who provide a variety of resources including HR Payroll, Business procurement, IT Infrastructure and generic systems. In addition, the Executive Directors have regular meetings with key suppliers.</p>
Community and Environment	
<i>The Board is committed to doing business differently and supporting the Group's building a movement for good across society, transforming lives and communities.</i>	<p>Decisions and policies affecting the community and environment are set at Group level. An explanation of the Group's policy and strategy in relation to the community and environment is set out in EIO's Annual Report and Accounts. Given the Company's desire to maintain its leading position in responsible investment, ESG matters have been a key focus for the Board during the year and throughout the life of the Company.</p> <p>Information on the Company's approach to community and environment is provided in the Section 172 Statement for EIM.</p>

EdenTree Asset Management Limited

Strategic Report

Regulators	
<i>The Board recognises the importance of open and honest dialogue with its Regulators (including the FCA) and is committed to complying with applicable legislation and regulation in order to maintain standards of business conduct.</i>	The Board receives regular reports detailing the Company's regulatory interactions (via its Audit, Risk and Compliance Committee). The Board understands the need to keep up to date with any communications received from the FCA and that this duty transcends the board room. Consequently, the directors receive regular and timely targeted communications from the Company's Head of Compliance on any pertinent regulatory matters.

Principal risks and uncertainties

The principal risks and uncertainties, together with details of the financial risk management objectives and policies of the Company are disclosed in note 3 to the financial statements.

The Company is exposed to financial risk through fluctuations in market movements, causing changes to asset values, impacting the associated revenues and in turn profits. The main components of financial risk to which the company is exposed are market risk, credit risk and liquidity risk.

The Company is also exposed to regulatory risk since it operates in a highly regulated industry. Any regulatory censure, and the related negative publicity attached to it, could damage clients' confidence in the Company and affect its ability to generate new business. There is an Enterprise Wide Risk Management Framework embedded across the Group, deploying a strong Three Lines of Defence Model, that incorporates regulatory risk. The level of risk remained largely unchanged during the year.

Russia's invasion into Ukraine in early 2022 has shaken financial markets, and the increased geopolitical tensions.

The Company's approach to screening funds has ensured that the Company has not been exposed to the large fluctuations experienced in the Energy sector, however, Europe's dependency on gas from Russia is causing further market impacts, affecting a wider range of sectors. US and European equities are falling and this is likely to significantly impact profitability (due to falls in asset values impacting revenue) in 2022.

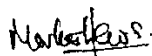
The Company's primary objectives when managing capital are to:

- comply with the regulators' capital requirements; and
- safeguard the Company's ability to continue to meet stakeholders' expectations in accordance with its corporate objective and strategy.

The Company is required to comply with rules issued by the FCA and to maintain capital resources in accordance with the outcome of its Internal Capital Adequacy and Risk Assessment Processes (ICARA), these are documented at least annually and the Company maintains capital in excess of the resulting requirements at all times.

The way in which the Company monitors and manages its financial risks is further disclosed in note 3.

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



M.C.J. Hews
Director
26 April 2023

EdenTree Asset Management Limited

Directors' Report

The directors present their report for the year ended 31 December 2022.

Future prospects

EdenTree's strategy is to continue to expand across territories and strategies as ESG investment grows in popularity across asset classes and client types. EdenTree is supported in this journey by its parent, Benefact Group plc.

Dividend

The directors have not recommended a dividend in respect of the year ended 31 December 2022 (2021: £nil).

Board of directors

The directors of the Company during the year and up to the date of this report are stated on page 3.

The Company has qualifying third party indemnity provisions for the benefit of its directors, which were in place throughout the year and remain in force at the date of this report.

The Company is a Level 3 firm in relation to the FCA Remuneration Code, which governs remuneration of employees of regulated firms.

The Investment Firms Prudential Regime (IFPR) disclosures are available on our website, www.edentreeim.com.

Ownership

The Company was a wholly owned subsidiary of Benefact Group plc until 3 January 2023 when the entire ordinary issued share capital of the Company was transferred to EHL, forming "EdenTree Group"; an investment group. This formed part of the Group wide re-structure. EHL is owned by BG which in turn is owned by BTL, the ultimate parent.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors 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.

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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EdenTree Asset Management Limited

Directors' Report

Going concern

The Business Review section on page 4 and Principal Risks and Uncertainties section of the Strategic Report starting on page 7 provide a review of the Group's business activities and disclose the Company's principal risks and uncertainties, including exposures to financial risk, operational and strategic risk.

The Company has considered its capital position, liquidity and the impact on performance. Following the year end a capital and cash injection was agreed with the parent, to invest in the deployment of the Company strategy over the next five years. As a result the Company will have strong levels of cash and has no concerns over the ability to meet its cash commitments over the three year planning horizon. The Company will also continue to meet its capital requirements.

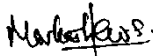
Given the Company's operations, robust capital strength, liquidity and in conjunction with forecast projections and stress testing, the directors have a reasonable expectation that the Company has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Auditor and the disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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



M.C.J. Hews
Director
26 April 2023

Independent auditors' report to the members of EdenTree Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, EdenTree Asset Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows 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.

We have audited the financial statements, included within the 2022 Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure. Audit procedures performed by the engagement team included:

- enquiry of management and those charged with governance around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations in revenue or expenditure.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jamie Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

26 April 2023

EdenTree Asset Management Limited

Statement of Profit or Loss

for the year ended 31 December

	Notes	2022 £000's	2021 £000's
Revenue			
Fee income	4	9,108	191
Total revenue		9,108	191
Expenses			
Operating expenses	5	(9,969)	(272)
Loss for the year before taxation		(861)	(81)
Taxation	9	153	15
Loss for the year after taxation attributable to equity holders		(708)	(66)

The Company had no recognised income and expense during the current financial year (2021: no recognised). Accordingly no separate statement of comprehensive income has been presented.

All items of profit or loss are from continuing operations.

EdenTree Asset Management Limited

Statement of Changes in Equity

for the year ended 31 December

	note	Called Up Share Capital £000's	Retained Earnings £000's	Total Shareholder's Equity £000's
Balance as at 1 January 2021		500	(130)	370
Loss for the year after taxation		-	(66)	(66)
Dividends paid		-	-	-
Balance at 31 December 2021		<u>500</u>	<u>(196)</u>	<u>304</u>
Balance as at 1 January 2022		500	(196)	304
Loss for the year after taxation attributable to equity holders		-	(708)	(708)
Shares issued	12	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Balance at 31 December 2022		<u>6,300</u>	<u>(904)</u>	<u>5,396</u>

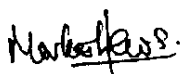
EdenTree Asset Management Limited

Statement of Financial Position

As at 31 December

	Notes	2022 £000's	2021 £000's
Assets			
Trade and other receivables	10	5,481	54
Cash and cash equivalents	11	3,355	435
Current tax		38	0
Total assets		8,874	489
Equity			
Share capital	12	6,300	500
Retained earnings	13	(904)	(196)
Total shareholders' equity		5,396	304
Liabilities			
Trade and other payables	14	3,478	185
Total liabilities		3,478	185
Total shareholders' equity and liabilities		8,874	489

The financial statements of EdenTree Asset Management Limited, registered number 11923964, on pages 14 to 24 were approved and authorised for issue by the board of directors on 26 April 2023 and signed on its behalf by:



M.C.J. Hews

Director

EdenTree Asset Management Limited

Statement of Cash Flows

for the year ended 31 December

	2022 £000's	2021 £000's
Loss before tax	(861)	(81)
<i>Changes in operating assets and liabilities</i>		
(Increase) / Decrease in trade and other receivables	(5,427)	(20)
Increase / (Decrease) in trade and other payables	3,293	101
Cash used in operations	(2,996)	(0)
Tax	115	30
Net cash generated from / (used in) operating activities	(2,880)	30
Cash flows from investing activities		
Purchase of intangible assets	-	-
Cash flows from financing activities		
Shares issued	5,800	200
Net increase in cash and cash equivalents	2,920	230
Cash and cash equivalents at beginning of year	435	206
Cash and cash equivalents at end of year	3,355	435

Notes to the Financial Statements

1) Accounting policies

EdenTree Asset Management Limited (the Company), a limited company incorporated and domiciled in England, operates principally as a provider of investment management services. The principal accounting policies adopted in preparing the company's UK-adopted international accounting standards financial statements and the Companies Act 2006 are set out below.

Items included in the financial statements are measured in the currency of the primary economic environment in which it operates (the 'functional currency'). The financial statements are stated in sterling which is the Company's functional and presentation currency.

Basis of preparation

The Company's financial statements have been prepared on the historical cost basis, in accordance with UK-adopted international accounting standards financial statements and in conformity with the Companies Act 2006.

Going concern

The Company has adequate financial resources and no recourse to external borrowing. When appropriate, additional financial support is also provided by the Benefact Group plc. The Group has considerable financial resources and, as a consequence, the directors believe the Group is well placed to continue to support the Company for at least twelve months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements of the Company.

New and revised Standards

Other standards in issue but not yet effective are not expected to materially impact the financial statements.

Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised through profit or loss.

Revenue

Revenue is wholly generated in the United Kingdom in respect of the Company's principal activity and comprises custody fees, and investment management fees.

Fees for investment management services are received for portfolio management to third parties. The fees, which are variable based on funds under management, are recognised over time as services are provided, and once it is reasonably certain that no significant reversal of the amount recognised would occur.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability and of allocating interest income or expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Financial Statements

1) Accounting policies (continued)

Trade and other receivables

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Appropriate loss allowances are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Loss allowances are deducted from the gross carrying amount of trade and other receivables and are recognised in the statement of profit or loss.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Taxation

Current tax is the expected tax payable/(receivable) on the taxable profit/(loss) for the period, after any adjustment in respect of prior periods.

Deferred tax is provided in full, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and laws which have been enacted or substantively enacted at the year end date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted.

Amounts received and paid in respect of group tax relief in excess of the standard rate are taken directly to equity as a capital contribution.

2) Critical accounting estimates and judgements in applying accounting policies

There have been no critical judgements made by management in applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements, including IFRS 9 and IFRS 15. There are no key sources of estimation uncertainty at the year end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3) Financial risk and capital management

The Company is exposed to financial risk through fluctuations in market movements, causing changes to asset value which therefore impacts P&L revenue. The main components of financial risk are market risk, credit risk, liquidity risk and interest rate risk. The Company does not have any hedging arrangements in place.

Notes to the Financial Statements

Market risk

The Company is not subject to material market risk on its balance sheet and almost all assets and liabilities are denominated in sterling. However, the firm is subject to business risk in the form of indirect market risk as income is dependent on AUM. The risk is managed by close monitoring and reporting of AUM (reported both daily and monthly in finance and operations reports), associated income and managing operating costs.

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amount of these financial assets represents the Company's maximum exposure to credit risk. The Company has no significant concentration of credit risk, except with related parties, with exposure spread over a large number of counterparties and customers; for further details on the credit risk, please see note 10.

Liquidity risk

The Company holds cash and cash equivalent balances. The Company has systems in place to monitor trading and settlement functions to ensure short-term liquidity requirements are managed. Further, the Company is considered to be an integral part of the Benefact Group's business, and cash balances are monitored and managed as such. For further details on the maturity of liabilities, please see note 14.

Interest rate risk

The Company does not have a significant exposure to interest rate risk. Whilst the Company holds cash and cash equivalent balances, the income derived from these deposits do not represent a significant income stream.

4) Fee income

	2022 £000's	2021 £000's
Management fees received	9,108	191

During the period the Company recognised revenue totalling £9,108k (2021: £191k) from its contracts with customers.

The above total includes revenue totalling £4,410k (2021: £NIL) in respect of the EIF Series 1 and 2 under the delegated investment management agreement.

5) Operating expenses

	2022 £000's	2021 £000's
Rebates paid	66	-
Other operating expenses	9,903	272
	9,969	272

6) Employee information

The Company has no employees. All staff of the Company are employed by EIO and the expense is recharged via EIM.

Notes to the Financial Statements

7) Directors' emoluments

All the directors were employed by EIO, and received emoluments from that Company for the period they were directors. It is not practicable to allocate their remuneration between the companies of which they were a director during the year.

3 directors (2021: 4 directors) were members of a long-term incentive scheme.

3 directors (2021: 2 directors) were members of the group's defined benefit pension scheme.

Please refer to the EIM 2022 Annual Report and Financial Statements for the full remuneration disclosure.

8) Auditors' remuneration

	2022 £000's	2021 £000's
Fees payable to the Company's auditor for the audit of the Company's financial statements	23	16
Fees payable to the Company's auditor for audit related assurance services.	76	45
Total	<u>100</u>	<u>61</u>

Amounts disclosed are net of service taxes, as applicable.

9) Taxation

	2022 £000's	2021 £000's
Charge for the year		
- current year	(161)	(15)
- prior years	-	-
Tax expense of continuing operations	<u>(161)</u>	<u>(15)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19.00%.

	2022 £000's	2021 £000's
Loss on ordinary activities before tax	<u>(861)</u>	<u>(81)</u>
Tax calculated at the standard rate of 19% (2021: 19.0%)	<u>(164)</u>	<u>(15)</u>

Factors affecting charge for the year:

Capital allowances for the year in excess of depreciation	-	-
Other items / expenses not deductible for tax purposes	2	-
(Utilisation)/generation of tax losses for which no deferred tax asset has been recognised	-	-
Adjustments to tax charge in respect of prior periods	-	-
Total amount of current tax charge	<u>(161)</u>	<u>(15)</u>

The charge for taxation in the Company's income statement is in respect of income tax for 2021.

Where appropriate, current tax has been provided at a rate of 19% for the current year.

Notes to the Financial Statements

10) Trade and other receivables

	2022 £000's	2021 £000's
Other creditors	681	54
Amounts owed by related parties	4,800	-
Trade and other receivables	<u>5,481</u>	<u>54</u>

The directors consider that the carrying values of trade and other receivables are a reasonable approximation of fair value.

There are no debts which are past due at the reporting date in either the current or prior year. No amounts have been impaired.

11) Cash and cash equivalents

The effective interest rate on cash and cash equivalents was 0% (2021: 0%)

12) Share capital

The authorised share capital of the Company for the current year is 6,300,000 allotted, issued and fully paid ordinary voting shares.

	2022 £000's	2021 £000's
At 1 January	500	300
Issued during year	5,800	200
At 31 December	<u>6,300</u>	<u>500</u>

During the year 5,800,000 shares were allotted, issued and fully paid at £1 each.

13) Retained earnings

	2022 £000's	2021 £000's
At 1 January	(196)	(130)
Loss for the year	(708)	(66)
At 31 December	<u>(904)</u>	<u>(196)</u>

14) Trade and other payables

	2022 £000's	2021 £000's
Other creditors	-	-
Amounts owed to related parties	517	112
Accruals	2,961	73
Trade and other payables	<u>3,478</u>	<u>185</u>
Current	<u>3,478</u>	<u>185</u>

The directors consider that the carrying values of trade and other payables are a reasonable approximation of fair value.

Notes to the Financial Statements

15) Ultimate parent Company and controlling party

The Company is a private limited company incorporated and domiciled in England and is a wholly owned subsidiary of Benefact Group plc. Its ultimate parent company and controlling party is Benefact Trust Limited.

The parent companies of the smallest and largest groups for which group financial statements are drawn up are Benefact Group plc and Benefact Trust Limited respectively. Copies of the group financial statements for both companies are available from the registered office of the Company as shown on page 3. Both these companies are incorporated, registered and operate in England.

16) Related party transactions

The related party transactions below relate to EdenTree Investment Management Limited.

	Parent	Other related parties
	£000's	£000's
For the year ended 31 December 2022		
Trading, investment and other income, including recharges	-	-
Trading, investment and other charges, including recharges	-	9
Amounts owed to related parties	-	517
Amounts owed by related parties	4,800	-
For the period ended 31 December 2021	£000's	£000's
Trading, investment and other income, including recharges	-	-
Trading, investment and other charges, including recharges	-	176
Amounts owed to related parties	-	112
Amounts owed by related parties	-	-

Amounts outstanding are unsecured, are not subject to guarantees and will be settled in cash. No provisions have been made in respect of these balances.

The transactions below relate to recharges made between EdenTree Investment Management Limited & EdenTree Asset Management Limited.

	2022 £000's
For the year ended 31 December 2022	
Intercompany recharges of expenses between EIM and EAM	4,820
Group allocated expenses (GF) being recharged to EIM and then a proportion of these being recharged to EAM	532
Investment Management Fee paid to EAM	(4,410)

17) Post Balance Sheet Events

On 3 January 2023, a the Company's share capital was transferred to EdenTree Holdings Limited, forming "EdenTree Group"; an investment management group. The ultimate parent remains Benefact Trust Limited.