

Schroders



Annual Report and Accounts 2021

**Schroder International
Holdings Limited**

Year Ended 31 December 2021

Registered Number: 00637347

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Officers and professional advisers

Directors

James Grant
Tim McCann
Graham Staples
Nicholas Taylor

Company Secretary

Schroder Corporate Services Limited

Registered Office

1 London Wall Place
London
EC2Y 5AU

Independent Auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Strategic report

The Directors present their Strategic report on Schroder International Holdings Limited (the 'Company') for the year ended 31 December 2021.

Results and review of the business

The profit for the year, after tax, was £131.6 million (2020: £349.1 million profit after tax).

The Company's business is as a holding company which holds the equity capital of a number of UK and overseas registered companies in the Schroders plc group ('the Group') including associates and joint ventures.

During the year the Company purchased a further 20% shareholding in Schroder AIDA SAS for £5.0 million.

During the year the Company's net assets decreased by £13.4 million to £519.6 million (2020: £533.0 million).

The Company's principal activities are expected to remain unchanged in 2022

The Directors consider the results and the Company's financial position at 31 December 2021 to be satisfactory.

Economic uncertainty driven by the Covid-19 pandemic remained a risk in 2021. The Covid-19 pandemic continues to have an effect on many aspects of people's lives and continues to impact investor sentiment.

The Company and the Group remained resilient throughout the pandemic and there has been no significant impact on business operations. While the ongoing effects of the pandemic and more recent geopolitical shifts on the world economy and central policy may cause more volatility in financial markets, 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.

One of the Board's principal decisions during the year was to approve the payment of an interim dividend of £145 million to its parent, Schroder Administration Limited. The Directors considered the long term consequences of paying up its distributable reserves and considered that it was in the best interests of its stakeholders as a whole.

In October 2021, the Board approved the acquisition of a 100% shareholding in River and Mercantile Investments Limited, the UK Advisory, Fiduciary Management and Derivatives business of River and Mercantile Group PLC. This acquisition was completed in January 2022.

In December 2021, the Board approved the acquisition of a 75% shareholding in Greencoat Capital LLP. This acquisition is expected to complete later in 2022. The Board considered the interests of stakeholders and the long term interests of the Group before deciding to approve the acquisition. It is recognised that tackling climate change will create huge structural shifts across the global economy and the Group has witnessed growing institutional client demand for environmentally-positive products in order to meet their sustainability commitments, therefore this acquisition will enhance capabilities in this area.

Strategic report

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 2021 (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' 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 and on behalf of
Schroder Corporate Services Limited
Company Secretary
25 March 2022

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021. 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 an interim dividend of £145.0 million in respect of the year ended 31 December 2021 (2020: £368.0 million) which was paid to the member of the Company on 13 December 2021.

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' section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 11 to the financial statements. The Schroders Report does not form part of this report.

Going concern

Taking all the above factors into consideration, including the nature of the Company and its business, the Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the Annual Report and Accounts is 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 throughout the year are set out on page one.

Directors' and Officers' liability insurance

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

Employment policy

The Company had no employees during the year.

Directors' report (continued)

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 and 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.

Statement of corporate governance arrangements

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

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Melissa Lea,
Authorised signatory for and on behalf of
Schroder Corporate Services Limited
Company Secretary
25 March 2022

Registered Office:
1 London Wall Place
London EC2Y 5AU

Registered in England and Wales No. 00637347

Independent Auditor's report to the members of Schroder International Holdings Limited

Opinion

We have audited the financial statements of Schroder International Holdings Limited (the 'Company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Cash flow statement and the related notes 1 to 15, including 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- 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 signed.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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 International Holdings Limited (continued)

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 directors' responsibilities statement 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.

- 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.

Independent Auditor's report to the members of Schroder International Holdings Limited (continued)

- We understood how Schroder International Holdings Limited is complying with those frameworks by making enquiries of senior 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, including in a remote-working environment; and how senior 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 senior 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:

Income statement

for the year ended 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|----------------|----------------|
| Dividends from subsidiary, associate and joint venture undertakings | | 140,429 | 333,336 |
| Net gains on financial instruments and other income | 3 | 2,206 | 4,941 |
| Net Income | | 142,635 | 338,277 |
| Operating expenses | 3 | (8,557) | (735) |
| Net (losses) / gains on impairment and disposal of investment in subsidiaries, associates and joint ventures | 3 | (1,373) | 12,387 |
| Profit before tax | | 132,705 | 349,929 |
| Tax charge | 4 | (1,143) | (879) |
| Profit for the year | | 131,562 | 349,050 |

Statement of comprehensive income

for the year ended 31 December 2021

| | 2021 £'000 | 2020 £'000 |
|--|----------------|----------------|
| Profit for the year | 131,562 | 349,050 |
| Total comprehensive income for the year, net of tax | 131,562 | 349,050 |

Statement of financial position

as at 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|----------------|----------------|
| Assets | | | |
| Trade and other receivables | 6 | 54,769 | 62,685 |
| Financial assets | 7 | 1,242 | 1,020 |
| Investments in subsidiaries, associates and joint ventures | 8 | 547,711 | 542,687 |
| Total assets | | 603,722 | 606,392 |
| Liabilities | | | |
| Trade and other payables | 9 | 82,627 | 72,326 |
| Current tax | | 1,504 | 1,037 |
| Total liabilities | | 84,131 | 73,363 |
| Net assets | | 519,591 | 533,029 |
| Total equity | | 519,591 | 533,029 |

The notes on page 13 to 35 form an integral part of the financial statements

The financial statements on pages 9 to 35 were approved by the Board of Directors on 25 March 2022 and were signed on its behalf by:

James Grant
Director
25 March 2022

Registration number: 00637347

Statement of changes in equity

for the year ended 31 December 2021

| | Share ¹ capital £'000 | Profit and ² loss reserve £'000 | Total equity £'000 |
|--|--|--|--------------------------|
| At 1 January 2021 | 425,500 | 107,529 | 533,029 |
| Profit for the year | - | 131,562 | 131,562 |
| Total comprehensive income for the year, net of tax | - | 131,562 | 131,562 |
| Dividends paid | - | (145,000) | (145,000) |
| Transactions with shareholders | - | (145,000) | (145,000) |
| At 31 December 2021 | 425,500 | 94,091 | 519,591 |

| | Share ¹ capital £'000 | Profit and ² loss reserve £'000 | Total equity £'000 |
|--|--|--|--------------------------|
| At 1 January 2020 | 425,500 | 126,479 | 551,979 |
| Profit for the year | - | 349,050 | 349,050 |
| Total comprehensive income for the year, net of tax | - | 349,050 | 349,050 |
| Dividends paid | - | (368,000) | (368,000) |
| Transactions with shareholders | - | (368,000) | (368,000) |
| At 31 December 2020 | 425,500 | 107,529 | 533,029 |

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

² The profit and loss reserve represents the profit or loss for the year together with transactions with shareholders.

Cash flow statement

for the year ended 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|------------------|------------------|
| Operating activities | | | |
| Profit before tax | | 132,705 | 349,929 |
| Decrease / (increase) in trade and other receivables | | 8,521 | (7,710) |
| Increase in trade and other payables | | 10,037 | 14,806 |
| Net adjustment for impairment and gain on disposal of subsidiaries, associates and joint ventures | | 1,373 | (12,387) |
| Net gain on financial assets and financial liabilities held at fair value through profit or loss | | (222) | (503) |
| Net interest adjustment to profit before tax | | (2,579) | (2,496) |
| Cash from operating activities | | 149,835 | 341,639 |
| Tax paid | | (433) | (427) |
| Net cash from operating activities | | 149,402 | 341,212 |
| Investing activities | | | |
| Additions in subsidiaries | | (6,392) | (909) |
| Disposals in subsidiaries, associates and joint ventures | | 2,030 | 31,956 |
| Loans issued | | (3,739) | (17,453) |
| Loans repaid | | 1,679 | 10,671 |
| Interest received | | 2,219 | 2,873 |
| Net cash (used in) / generated investing activities | | (4,203) | 27,138 |
| Financing activities | | | |
| Dividend paid | | (145,000) | (368,000) |
| Interest paid | | (199) | (350) |
| Net cash (used in) financing activities | | (145,199) | (368,350) |
| Opening cash and cash equivalents | | - | - |
| Net movement in cash and cash equivalents | | - | - |
| Closing cash and cash equivalents | | - | - |

Notes to the financial statements

for the year ended 31 December 2021

1. Presentation of financial statements

Basis of preparation

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

The financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention, except for the measurement at fair value of derivative financial instruments at fair value through profit or loss.

The Company is a subsidiary 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 and in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

The Company did not implement the requirements of any Standards 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 standards and in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results. The estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are set out in note 7, 'Financial assets', note 8, 'Investments in subsidiaries, associates and joint ventures' and note 11, 'Financial instrument risk management'.

Notes to the financial statements

for the year ended 31 December 2021

3. Revenues and expenses

Dividends

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

Net gains / (losses) on financial instruments and other income

Net gains/(losses) on investments held at fair value through profit or loss, together with transaction costs, are recognised within 'Net gains/(losses) on financial instruments and other income' in the income statement.

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

Operating expenses

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

| | 2021 £'000 | 2020 £'000 |
|---|----------------|---------------|
| Net gains on financial instruments and other income: | | |
| Net (losses) / gains on financial assets and liabilities held at fair value through profit or loss | (583) | 2,899 |
| Net losses on foreign exchange ¹ | 210 | (454) |
| Finance income | 2,799 | 2,791 |
| Finance charges | (220) | (295) |
| Net gains on financial instruments and other income | 2,206 | 4,941 |
| Included in operating expenses: | | |
| Audit fees payable for the audit of the company | 26 | 25 |
| | 26 | 25 |
| Net (losses) / gains on impairment and disposal of investments in subsidiaries, associates and joint ventures: | | |
| Impairment of investments in subsidiaries | (1,368) | (2,302) |
| Net (losses) / gains on disposal of associates | (5) | 14,689 |
| Net (losses) / gains on impairment and disposal of investments in subsidiaries, associates and joint ventures: | (1,373) | 12,387 |

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

Notes to the financial statements

for the year ended 31 December 2021

3. Revenue and expenses (continued)

Directors' emoluments

The amounts set out below are in respect of one (2020: one) Director whose emoluments were charged either in part or in full to the Company during the year. The 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 (2020: 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 that company. These Directors therefore receive no incremental emoluments for their services to the Company.

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Aggregate emoluments | 2 | 3 |
| Total emoluments | 2 | 3 |

In addition to the emoluments detailed, deferred amounts conditionally receivable by current Directors were £298 (2020: £303).

Retirement benefits have accrued to no (2020: no) Directors under a defined benefit scheme and to no (2020: no) Directors under a defined contribution pension scheme.

During the year, one (2020: one) Director became entitled to shares under the Group's Equity Compensation or Deferred Award Plan and the Director did not become entitled to shares under the Group's Equity Incentive Plan (2020: did become).

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 year was as follows:

| | 2021 £'000 | 2020 £'000 |
|--------------------------------|---------------|---------------|
| Short-term individual benefits | 2 | 3 |
| Share-based payments | - | 1 |
| | 2 | 4 |

Included in the accounts of other subsidiaries of the Group are amounts owed to related parties of £11,000 (2020: £183,000) and net interest and fee income of £4,000 (2020: £7,000).

Notes to the financial statements

for the year ended 31 December 2021

4. Tax charge

The Company pays taxes according to the rates applicable in the countries in which it operates. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax). The UK corporation tax rate is currently 19%. The UK Chancellor announced in the March 2021 budget that the rate will increase to 25% from April 2023. The rate increase was substantively enacted in May 2021.

(a) Analysis of tax charge in year

Major components of the income tax charge for the years ended 31 December 2021 and 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Current tax: | | |
| Current tax | 461 | 431 |
| Withholding tax | 729 | 449 |
| Adjustments in respect of prior years | (47) | (1) |
| Total tax charge for the year | 1,143 | 879 |

(b) Factors affecting the tax charge for the year

The UK standard rate of corporation tax was 19% for the year ended 31 December 2021 (2020: 19%).

The tax charge for the year is lower (2020: lower) than the UK standard rate of corporation tax for the year of 19% (2020: 19%).

The differences are explained below:

| | 2021 £'000 | 2020 £'000 |
|--|----------------|----------------|
| Profit before tax | 132,705 | 349,929 |
| Profit before tax multiplied by corporation tax at the UK effective rate of 19% (2020: 19%). | 25,214 | 66,487 |
| Effects of: | | |
| Non-taxable income net of disallowable expenses | 1,796 | (2,722) |
| Non-taxable dividend income | (26,549) | (63,334) |
| Adjustments in respect of prior years | (47) | (1) |
| Withholding tax on overseas dividends | 729 | 449 |
| Total tax charge for the year | 1,143 | 879 |

5. Dividends

Dividends on ordinary shares payable are recognised when the dividend is paid or approved by the Board of Directors.

| | 2021 | | 2020 | |
|-----------------------|---------|-----------------|---------|-----------------|
| | £'000 | Pence per share | £'000 | Pence per share |
| Interim dividend paid | 145,000 | 34.08 | 368,000 | 86.49 |

Notes to the financial statements

for the year ended 31 December 2021

6. Trade and other receivables

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

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

| Current | 2021 | 2020 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Other debtors | - | 2,040 |
| Amounts owed by related parties (see note 13) | 1,686 | 9,938 |
| Loans owed by related parties (see note 13) | 53,033 | 50,653 |
| | 54,719 | 62,631 |
| Non-Current | | |
| Loans owed by external parties ¹ | 50 | 54 |
| | 50 | 54 |
| Total trade and other receivables | 54,769 | 62,685 |

¹ The loan is expected to be repaid in more than five years time.

Gross carrying value for trade and other receivables is £54,812,000 (31 December 2020: £62,728,000) and expected credit losses determined in accordance with International Financial Reporting Standards (IFRS) 9, are £43,000 (31 December 2020: £43,000). Note 12 sets out the basis of the expected credit loss calculation.

7. Financial assets

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

- Trade and other receivables
- Trade and other payables; and
- Investment in subsidiaries, associates and joint ventures.

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

Notes to the financial statements

for the year ended 31 December 2021

7. Financial assets (continued)

Classification and measurement

The Company initially records all financial assets at fair value. The Company subsequently holds each financial asset at fair value ('fair value through profit or loss' (FVTPL)). Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants.

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

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

| | 2021 | |
|------------------------------------|---|----------------|
| | Fair value through profit or loss £'000 | Total £'000 |
| Current financial assets: | | |
| Derivative contracts (see note 10) | 1,242 | 1,242 |
| Financial assets | 1,242 | 1,242 |

| | 2020 | |
|------------------------------------|---|----------------|
| | Fair value through profit or loss £'000 | Total £'000 |
| Current financial assets: | | |
| Derivative contracts (see note 10) | 1,020 | 1,020 |
| Financial assets | 1,020 | 1,020 |

Notes to the financial statements

for the year ended 31 December 2021

7. Financial assets (continued)

Estimate and judgements - Fair value measurements

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

The fair value of financial instruments may require some estimation or may be derived from readily available sources. The degree of estimation involved is reflected 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.

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. The Company's level 2 financial instruments principally comprise foreign exchange contracts. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising 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.

| | <u>2021</u> |
|--------------------------|--------------|
| | Level 2 |
| | £'000 |
| Financial assets: | |
| Derivative contracts | 1,242 |
| | 1,242 |
| | <u>2020</u> |
| | Level 2 |
| | £'000 |
| Financial assets: | |
| Derivative contracts | 1,020 |
| | 1,020 |

No financial assets were transferred between levels during 2021 or 2020. No financial assets were classified as level 1 or 3 during the year (2020: nil).

Notes to the financial statements

for the year ended 31 December 2021

7. Financial assets (continued)

Estimates and judgements

Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The 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

8. Investments in subsidiaries, associates and joint ventures

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 underlying 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.

Joint ventures

Joint ventures comprise those undertakings where there is contractually agreed sharing of control over the financial and operating policy decisions of the investee requiring unanimous consent. Investments in joint ventures are stated at cost less, where appropriate, provisions for impairment.

Estimates and judgements

At 31 December 2021, 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.

During the year there was a restructure of group companies to better align their operational characteristics within the Schrodgers group structure. The following transactions were carried out during the year:

Acquisitions

- The Company acquire a further 20% shareholding in Schroder AIDA SAS for a cash consideration of £5.0 million.
- The Company made a capital injection to Schroder Management Company (Bermuda) Limited of £1.4 million.

Disposals/Impairments

- Schroder Management Company (Bermuda) Limited was considered to be impaired and written down to its latest net asset value. The entity was subsequently liquidated.
- The Company received the remaining cash proceeds of £2.0 million in relation to the sale of RWC Partners Limited which took place in January 2020.

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Movements in investments in subsidiaries, associates and joint ventures are set out below.

| | Investments in subsidiaries £'000 | Investments in associates and joint ventures £'000 | Total £'000 |
|--|--|---|----------------|
| At 1 January 2021 | 541,992 | 695 | 542,687 |
| Additions | 6,392 | - | 6,392 |
| Impairments of investments in subsidiaries | (1,368) | - | (1,368) |
| At 31 December 2021 | 547,016 | 695 | 547,711 |

| | Investments in subsidiaries £'000 | Investments in associates and joint ventures £'000 | Total £'000 |
|--|--|---|----------------|
| At 1 January 2020 | 543,385 | 20,002 | 563,387 |
| Additions | 909 | - | 909 |
| Disposals | - | (19,307) | (19,307) |
| Impairments of investments in subsidiaries | (2,302) | - | (2,302) |
| At 31 December 2020 | 541,992 | 695 | 542,687 |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

During the year, the Company made the following additions, disposals and impairments to/from the capital of its subsidiary, associate and joint venture undertakings:

| | Additions | | Disposals / Impairments | |
|--|--------------|------------|-------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| RWC Partners Limited | - | - | - | (19,307) |
| Secquaero Re (Guernsey) ICC Limited | - | - | - | (10) |
| Schroder AIDA SAS | 5,024 | - | - | - |
| Schroder Real Estate Investment Management (Luxembourg) S.à.r.l. | - | 909 | - | - |
| Schroder Management Company (Bermuda) Limited | 1,368 | - | (1,368) | - |
| Schroder Investment Management Brasil Ltda | - | - | - | (2,292) |
| Additions / (disposals) in investment in subsidiaries | 6,392 | 909 | (1,368) | (21,609) |
| Additions / (disposals) of investments in subsidiaries, associates and joint ventures | 6,392 | 909 | (1,368) | (21,609) |

Related Undertakings

The Group operates globally which results in the Company having a corporate structure consisting of a number of related undertakings, comprising subsidiaries, joint ventures and associates. A full list of these undertakings, the country of incorporation (which in all cases is the principal place of business), the registered office, classes of shares held and the effective percentage of equity owned at 31 December 2021 is disclosed below.

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Related Undertakings (continued)

Additionally, related undertakings include where the Company has a significant holding of a share class or unit class of a structured entity. These holdings can arise through the Group's investment management activities on behalf of clients or as part of the stated aim of generating a return on investment capital. Additionally, the seeding of structured entities in order to develop new investment strategies can give rise to these holdings.

The Company has utilised the exemption conferred by regulation 7 of the Partnership (Accounts) Regulations 2008 to not append copies of qualifying partnership accounts to the accounts of any UK subsidiary.

(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 profits or net assets of the Company. The principal subsidiary entities 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 |
|---|---|------|---|
| United Kingdom | | | |
| Schroder Investment Management Limited ^a | Ordinary | 100% | 1 London Wall Place, London, EC2Y 5AU, England |
| Schroder Real Estate Investment Management Limited | Ordinary | 100% | |
| Schroder Unit Trusts Limited ^a | Ordinary | 100% | |
| Australia | | | |
| Schroder Investment Management Australia Limited ^a | Ordinary Convertible Preference shares | 100% | Level 20, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia |
| Hong Kong | | | |
| Schroder Investment Management (Hong Kong) Limited ^a | Ordinary | 100% | Level 33, Two Pacific Place, 88 Queensway, Hong Kong |
| Luxembourg | | | |
| Schroder Investment Management (Europe) S.A. | Ordinary | 100% | 5 rue Höhenhof, L-1736 Senningerberg, Luxembourg |
| Singapore | | | |
| Schroder Investment Management (Singapore) Limited ^a | Ordinary | 100% | 138 Market Street, #23-02, CapitaGreen, Singapore, 048946, Singapore |
| South Korea | | | |
| Schroders Korea Limited | Ordinary | 100% | 15th Fl., Centropolis A, 26, Ujeongguk-ro, Jongno-gu, Seoul, Republic of Korea |
| Switzerland | | | |
| Schroder Investment Management (Switzerland) AG ^a | Ordinary | 100% | Central 2, 8001 Zurich, Switzerland |
| United States | | | |
| Schroder Investment Management North America Inc. | Common | 100% | 7 Bryant Park, New York, New York, 10018, USA |
| Schroder US Holdings Inc. ^a | Common | 100% | National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware, 19904, USA |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

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

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), joint ventures and associates. The financial year end of joint ventures is conterminous with the Company. In all cases, the management of joint ventures is based upon joint voting rights under a Shareholder Agreement.

Fully owned subsidiaries

| Name | Share class | % | Address |
|---|-------------|------|---|
| United Kingdom | | | |
| Croydon Gateway Nominee 1 Limited | Ordinary | 100% | 1 London Wall Place, London, EC2Y 5AU, England |
| Croydon Gateway Nominee 2 Limited | Ordinary | 100% | |
| Ruskin Square Management Company Limited | Ordinary | 100% | |
| Schroder Investment Management North America Limited | Ordinary | 100% | |
| Schroder Nominees Limited | Ordinary | 100% | |
| Schroder Pension Management Limited | Ordinary | 100% | |
| Australia | | | |
| Schroder Australia Holdings Pty Limited ^a | Ordinary | 100% | Level 20, Angel Place, 123 Pitt Street, Sydney NSW 2000, Australia |
| Austria | | | |
| Schroder Real Estate Asset Management Österreich GmbH | Ordinary | 100% | Zwerchäckerweg 2-10, 1220 Vienna, Austria |
| Bermuda | | | |
| Schroders (Bermuda) Limited | Ordinary | 100% | Wellesley House, 2nd Floor, 90 Pitts Bay Road, Pembroke |
| SITCO Nominees Limited ^a | Ordinary | 100% | HM 08, Bermuda |
| Brazil | | | |
| Schroder Investment Management Brasil Ltda | Ordinary | 100% | Av Presidente Juscelino Kubitschek, 1327, 12º andar, sala 121, São Paulo, SP, 04543-011, Brazil |
| Canada | | | |
| Schroder Canada Investments Inc. ^a | Common | 100% | Cidel Financial Group, 60 Bloor Street West, 9th Floor, Toronto ON M4W 3B8, Canada |
| Chile | | | |
| Schroders Chile SpA ^a | Ordinary | 100% | Avenida Cerro El Plomo 5420 Oficina 1104, Les Condes, Santiago, Chile |
| China | | | |
| Schroder Investment Management (Shanghai) Co., Ltd. | Ordinary | 100% | Unit 33T52B, 33F, Shanghai World Financial Centre, 100 Century Avenue, FTZ, Shanghai, China |
| Germany | | | |
| Blitz 06-953 GmbH | Ordinary | 100% | Taunustor 1, 60310, Frankfurt, Germany |
| Real Neunzehnte Verwaltungsgesellschaft mbH | Ordinary | 100% | |
| Schroder Eurologistik Fonds Verwaltungs GmbH | Ordinary | 100% | |
| Schroder Holdings (Deutschland) GmbH ^a | Common | 100% | |
| Schroder Italien Fonds Verwaltungs GmbH | Ordinary | 100% | |
| Schroder Real Estate Investment Management GmbH | Ordinary | 100% | |
| Schroder Real Estate Kapitalaltungsgesellschaft mbH | Ordinary | 100% | |
| Schroder Real Estate Asset Management GmbH | Ordinary | 100% | Maximilianstrasse 31, 80539 Munich, Germany |
| Schroder Real Estate Asset Management Austria GmbH | Ordinary | 100% | |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Fully owned subsidiaries (continued)

| Name | Share class | % | Address |
|---|-------------|------|--|
| Guernsey | | | |
| Schroder Investment Management (Guernsey) Limited ^a | Ordinary | 100% | PO Box 334, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3UF, Channel Islands |
| Secquaero Re (Guernsey) ICC Ltd ^a | Ordinary | 100% | PO Box 33, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4AT, Channel Islands |
| India | | | |
| Schroders India Private Limited (In liquidation) | Ordinary | 100% | 1209, Navjivan Society, Bldg. No. 3, Lamington Road, Mumbai Central, Mumbai, Maharashtra-MH, 400008, India |
| Ireland | | | |
| Schroder Investment Management (Ireland) Limited ^a | Ordinary | 100% | George's Court, 54-62 Townsend Street, Dublin 2, Ireland |
| Japan | | | |
| Schroder Investment Management (Japan) Limited ^a | Ordinary | 100% | 8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan |
| Jersey | | | |
| Croydon Gateway GP Limited ^a | Ordinary | 100% | 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands |
| Croydon Gateway Investments Limited | Ordinary | 100% | |
| Income Plus Real Estate Debt GP Limited | Ordinary | 100% | |
| Schroders RECaP SSF (GP) Limited | Ordinary | 100% | |
| UK Retirement Living Fund (ReLF) GP Limited | Ordinary | 100% | |
| Luxembourg | | | |
| Schroder Real Estate Investment Management (Luxembourg) S.à r.l. ^a | Ordinary | 100% | 5 rue Höhenhof, L-1736 Senningerberg, Luxembourg |
| Netherlands | | | |
| Schroder International Finance B.V. ^a | Ordinary | 100% | 1 London Wall Place, London, EC2Y 5AU, England |
| Singapore | | | |
| Schroder Singapore Holdings Private Limited | Ordinary | 100% | 138 Market Street, #23-02, CapitaGreen, Singapore, 048946, Singapore |
| South Korea | | | |
| Schroders Korea Limited | Ordinary | 100% | 15th Fl., Centropolis A, 26, Ujeongguk-ro, Jongno-gu, Seoul, Republic of Korea |
| Switzerland | | | |
| Schroder Real Estate Management Switzerland GmbH | Ordinary | 100% | PFK Consulting AG, Lavaterstrasse 40, 8002, Zurich, Switzerland |
| Taiwan | | | |
| Schroder Investment Management (Taiwan) Limited ^a | Ordinary | 100% | 9/F, 108 Sec.5, Hsin-Yi Road, Hsin-Yi District, Taipei 11047, Taiwan |
| United States | | | |
| Schroder Canada Inc. | Ordinary | 100% | 7 Bryant Park, New York, New York, 10018, USA |
| Schroder Fund Advisors LLC | Common | 100% | |
| Schroders Incorporated | Common | 100% | |
| Schroder Venture Managers Inc. | Common | 100% | |
| Schroder Focus II GP, LLC | Partnership | 100% | 1209 Orange Street, Wilmington, Delaware, 19801, USA |
| Schroder Flexibe Secured Income GP, LLC | Partnership | 100% | |
| Schroder Securitized Credit Flexible Opportunities GP, LLC | Partnership | 100% | |
| Schroder Helix Investment Partner LLC | Ordinary | 100% | |
| Schroder Taft-Hartley Income GP, LLC | Partnership | 100% | |
| Schroders Capital PERLS GP, LLC | Partnership | 100% | |
| Schroders Capital PILLARS GP, LLC | Partnership | 100% | |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Subsidiaries where the effective interest is less than 100%

| Name | Share class | % | Address |
|--|-------------|-------|--|
| United Kingdom | | | |
| Gatwick Hotel Feeder GP LLP | Partnership | 50% | 1 London Wall Place, London, EC2Y 5AU, England |
| Residential Land Development (GP) LLP ^d | Partnership | 33.5% | |
| Schroder Infra Debt GP LLP ^a | Partnership | 50% | |
| The Lexicon Management Company Limited | Ordinary | 50% | |
| TransPennine GP (Scot) LLP | Partnership | 50% | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland |
| Argentina | | | |
| Schroder Investment Management S.A. | Ordinary | 95% | Ing.Enrique Butty 220, Piso 12, Buenos Aires, |
| Schroder S.A. Sociedad Gerente de Fondos Comunes de Inversion ^a | Ordinary | 95% | C1001AFB, Argentina |
| China | | | |
| Schroder BOCOM Wealth Management Company Limited (Preparatory) | Ordinary | 51% | Fl.59, Wheelock Square, 1717 West Nanjing Road, Jingan District, Shanghai, China |
| France | | | |
| Schroder AIDA SAS ^a | Ordinary | 90% | 1 rue Euler, 75008, Paris, France |
| Schroders IDF IV UP | Ordinary | 90% | |
| Schroder Mid Infra UP | Ordinary | 90% | |
| Schroder Mid Core Infra II UP | Ordinary | 90% | |
| Germany | | | |
| CM Komplementar 06-379 GmbH & Co KG | Ordinary | 95% | Taunustor 1, 60310, Frankfurt, Germany |
| Indonesia | | | |
| PT Schroder Investment Management Indonesia | Ordinary | 99% | 30th Floor, Indonesia Stock Exchange Building, Tower 1, Jl.Jendral Sudirman Kav 52-53, Jakarta, 12190, Indonesia |
| Luxembourg | | | |
| Schroder Property Services B.V. | Ordinary | 70% | 5 rue Höhenhof, L-1736 Senningerberg, Luxembourg |
| Mexico | | | |
| Consultora Schroders, S.A. de C.V. ^{b,c} | Ordinary | 99% | Montes Urales 760 Desp. 101, Col. Lomas de Chapultepec, Mexico, DF, 11000, Mexico |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Associates and joint ventures

| Name | Share class | % | Address |
|--|-------------|-------|--|
| United Kingdom | | | |
| Nippon Life Schroders Asset Management Europe Limited ^{a,b} | Ordinary | 33% | 1 London Wall Place, London, EC2Y 5AU, England |
| Ruskin Square Phase One LLP | Partnership | 50% | |
| Social Supported Housing GP LLP | Partnership | 50% | |
| China | | | |
| Bank of Communications Schroder Fund Management Company Limited | Ordinary | 30% | 2nd Floor Bank of Communications Tower, 188 Middle Yincheng Road, Pudong New Area, Shanghai, 200120, China |
| India | | | |
| Axis Asset Management Company Limited ^d | Ordinary | 25% | 1st Floor, Axis House C-2 Wadia International Centre |
| Axis Mutual Fund Trustee Limited ^d | Ordinary | 25% | Pandurang Budhkar Marg Worli-Mumbai 400025 India |
| Jersey | | | |
| Bracknell General Partner Limited ^c | Ordinary | 50% | 47 Esplanade, St Helier, JE1 0BD, Jersey |
| UK Retirement Living (CIP) GP LLP | Ordinary | 50% | |
| Singapore | | | |
| Nippon Life Global Investors Singapore Limited | Ordinary | 33% | 138 Market Street, #34-02, CapitaGreen, Singapore, 048946, Singapore |
| Planar Investments Private Limited | Ordinary | 24% | 1 Phillip Street, #06-00 Royal One Phillip, 048692, Singapore |
| United States | | | |
| A10 Capital Parent Company LLC | Common | 19.3% | 1209 Orange Street, Wilmington, Delaware, 19801, USA |

^a Held directly by the Company

^b The Company holds ordinary B shares

^c The Company holds ordinary A shares

^d Financial year end 31 March

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

(c) Related undertakings arising from the Company's interests in structured entities

The Company's related undertakings also include funds in which it holds investments. These include fully and partially owned funds which are classified as subsidiaries. Additionally, due to the number of share classes or unit classes which can exist in these vehicles, a significant holding in a single share class or unit class is possible, without that undertaking being classified as a subsidiary or associate. Additionally, the registered office for each structured entity is listed on page 30.

Fully owned subsidiaries

| Fund Name | Share/unit class | Holding in undertaking share/unit class | Total Holding in undertaking via share/unit class |
|---|------------------|---|---|
| Luxembourg | | | |
| Schroder ISF Carbon Neutral Credit 2040 | I Accumulation | 100% | 100% |
| Schroder ISF Global Sustainable Value | I Accumulation | 100% | 100% |
| Schroder ISF Social Impact Credit | I Accumulation | 100% | 100% |

Subsidiaries where the ownership is less than 100%

| Fund Name | Share/unit class | Holding in undertaking share/unit class | Total Holding in undertaking via share/unit class |
|--|------------------|---|---|
| United Kingdom | | | |
| Schroder Diversified Growth | I Accumulation | 93% | 93% |
| Schroder Dynamic Multi Asset | Z Accumulation | 63% | 58% |
| Schroder Global Emerging Markets | A Accumulation | 62% | 39% |
| Schroder Global Equity Component Fund | X Accumulation | 89% | 89% |
| Schroder Global Sovereign Bond Tracker Component Fund | I Accumulation | 40% | 25% |
| Schroder Global Sovereign Bond Tracker Component Fund | X Accumulation | 65% | 24% |
| Schroder Multi Asset Total Return | X Accumulation | 99% | 66% |
| Schroder QEP Global Emerging Markets | I Accumulation | 92% | 90% |
| Schroder Sustainable Multi Factor Equity | X Accumulation | 87% | 69% |
| Schroder UK Multi-Cap Income Fund | X Accumulation | 85% | 75% |
| Luxembourg | | | |
| Schroder ISF BlueOrchard Emerging Markets Climate Bond | I Accumulation | 71% | 62% |
| Schroder ISF China A All Cap Fund | I Accumulation | 67% | 66% |
| Schroder ISF Cross Asset Momentum Component Fund | I Accumulation | 80% | 31% |
| Schroder ISF Digital Emerging Markets Local Currency | I Accumulation | 76% | 76% |
| Schroder ISF Digital Infrastructure Fund | I Accumulation | 63% | 62% |
| Schroder ISF Emerging Markets Equity Impact | I Accumulation | 56% | 56% |
| Schroder ISF European Large Cap | I Accumulation | 70% | 63% |
| Schroder ISF European Sustainable Equity | I Accumulation | 42% | 35% |
| Schroder ISF Global Sustainable Convertible Bond | I Accumulation | 56% | 41% |
| Schroder ISF Global Sustainable Food and Water | I Accumulation | 56% | 46% |
| United States | | | |
| Hartford Schroders Commodity Strategy | Unspecified | 47% | 47% |
| Hartford Schroders Diversified Emerging Markets | SD Distribution | 50% | 50% |
| Hartford Schroders ESG US Equity | I Distribution | 49% | 49% |
| Schroder Global Sustainable Growth Fund (Canada) | Unspecified | 90% | 90% |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

Associates

| Fund Name | Share/unit class | Holding in undertaking share/unit class | Total Holding in undertaking via share/unit class |
|--|------------------|---|---|
| United Kingdom | | | |
| Schroder Global Corporate Bond Managed Credit Component Fund | I Accumulation | 18% | 14% |
| Schroder Global Corporate Bond Managed Credit Component Fund | X Accumulation | 43% | 9% |
| Schroder QEP Global Active Value | I Accumulation | 98% | 27% |

Significant holdings in structured entities not classified as subsidiaries or associates

| Fund Name | Share/unit class | Holding in undertaking share/unit class | Total Holding in undertaking via share/unit class |
|---|------------------|---|---|
| Cayman Islands | | | |
| Musashi Smart Premia Fund | B | 100% | 0% |
| Ireland | | | |
| Schroder Private Equity Fund of Funds IV | C | 20% | 12% |
| Luxembourg | | | |
| BlueOrchard Emerging Markets SDG Impact Bond Fund | BO | 21% | 1% |
| Schroder GAIA Two Sigma Diversified | C Accumulation | 58% | 20% |
| Schroder ISF Global Disruption | I Accumulation | 46% | 24% |
| Schroder ISF QEP Global ESG | I Accumulation | 38% | 14% |
| Schroder Property FCP - FIS - Schroder Property Eurologistics Fund No.1 (A) | B | 100% | 1% |
| Schroder Property FCP - FIS - Schroder Property Eurologistics Fund No.1 (A) | B | 100% | 3% |
| United Kingdom | | | |
| Schroder All Maturities Corporate Bond Fund | I Accumulation | 22% | 19% |
| Schroder European Fund | I Income | 34% | 0% |
| Schroder Global Energy Transition Fund | S Accumulation | 47% | 11% |
| Schroder Global Equity Fund | I Accumulation | 36% | 1% |
| Schroder Institutional UK Smaller Companies Fund | X Accumulation | 100% | 14% |
| Schroder Long Dated Corporate Bond Fund | I Accumulation | 46% | 12% |
| Schroder QEP Global Core Fund | I Accumulation | 40% | 3% |
| Schroder Sterling Broad Market Bond Fund | I Accumulation | 38% | 4% |
| SSSF Sterling Liquidity Plus | I Accumulation | 20% | 13% |
| United States | | | |
| Hartford Schroders China A Fund | SD Accumulation | 100% | 20% |
| Hartford Schroders Securitized Income Fund | SD Accumulation | 100% | 4% |

Notes to the financial statements

for the year ended 31 December 2021

8. Investments in subsidiaries, associates and joint ventures (continued)

(d) Registered offices of related undertakings arising from the Company's interests in structured entities listed on pages 27, 28 and 29.

United Kingdom

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

Cayman Islands

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

Luxembourg

The registered office for the Luxembourg related undertakings is 5 rue Höhenhof, L-1736 Senningerberg, Luxembourg, except for the following:

The registered office for the following related undertakings is:

80, route d'Esch, L-1470 Luxembourg:

Schroder Property FCP-FIS – Schroder Property German Residential Fund

Schroder Property FCP-FIS – Schroder Property EuroLogistics Fund No.1 (A)

Schroder Property FCP-FIS – Schroder Property EuroLogistics Fund No.1 (B)

United States

The registered office for United States related undertakings is

7 Bryant Park, New York, New York, 10018-3706, USA, except for the following:

The registered office the following related undertakings is

C/O Corporation Service Company, Wilmington, Delaware, 19808

Hartford Schroders China A Fund

9. 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.

| | 2021 | 2020 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Accruals | 8,050 | 551 |
| Other creditors | - | 107 |
| Amounts owed to related parties (see note 13) | 74,577 | 71,668 |
| | 82,627 | 72,326 |

Notes to the financial statements

for the year ended 31 December 2021

10. Derivative contracts

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

Where derivatives are held for risk management purposes, the Company formally documents the relationship between the derivative and any hedged item, its risk management objectives, its strategy for undertaking the various hedging transactions and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value of hedged items. The Company actively seeks to limit and manage its exposures to risk where that exposure is not desired by the Company. 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 |
| 2021 | | |
| Forward foreign exchange contracts | 1,242 | - |
| | 1,242 | - |
| | | |
| | Assets | Liabilities |
| | £'000 | £'000 |
| 2020 | | |
| Forward foreign exchange contracts | 1,020 | - |
| | 1,020 | - |

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the 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 2021

11. Financial instrument risk management

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the "Risk management" section and in note 20 in the Schrodgers Report. The Company's specific risk exposures are explained below.

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. Except for cash and cash equivalents, the Company's counterparties are predominately its related parties. Intercompany and cash balances are monitored regularly and historically, default levels have been nil. The Company does not have any receivables that are past due or impaired. Forward foreign exchange positions generally have a maturity of three months.

The Company's cash and cash equivalents are invested primarily in current accounts with an A+ rated UK bank.

Expected credit losses are calculated in accordance with IFRS 9 on all 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 as well as market data.

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

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

Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay.

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 capital through intergroup loans to maintain sufficient liquidity.

Notes to the financial statements

for the year ended 31 December 2021

11. Financial instrument risk management (continued)

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 risk arises mainly from the decision to allow a mismatch between the cash flows.

At 31 December 2021, if Bank of England interest rates had been 100 basis points higher or 75 basis points lower with all other variables held constant (2020: 15 basis points higher or 35 basis points lower), it has been estimated that the post-tax profit for the year would be £603,000 lower or £452,000 higher (2020: £87,000 lower or £203,000 higher), mainly as a result of higher / lower interest income on cash balances and interest bearing intercompany loan balances. Other components of equity would have been unaffected.

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

Foreign exchange risk

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

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

At 31 December 2021, if the euro had strengthened by 8% / weakened by 8% (2020: strengthened by 8% / weakened by 8%) against sterling with all other variables held constant, post-tax profit for the year would decrease by £78,464 / increase by £78,464 (2020: increase by £198,711 / decrease by £198,711).

At 31 December 2021, if the US dollar had strengthened by 10% / weakened by 10% (2020: strengthened by 10% / weakened by 10%) against sterling with all other variables held constant, post-tax profit for the year would decrease by £4,178,949 / increase by £4,178,949 (2020: decrease by £3,165,564 / increase by £3,165,564).

At 31 December 2021, if the CAD dollar had strengthened by 10% / weakened by 10% (2020: strengthened by 10% / weakened by 10%) against sterling with all other variables held constant, post-tax profit for the year would decrease by £402,474 / increase by £402,474 (2020: increase £320,830 / decrease by £320,830).

Pricing risk

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

At 31 December 2021, if the market prices for these instruments had been 20% higher / lower with all other variables held constant, it has been estimated that the effect on post-tax profit for the year would have been an increase / decrease of £nil (2020: £nil).

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.

Notes to the financial statements

for the year ended 31 December 2021

12. Called up share capital

| | 2021 Number | 2020 Number | 2021 £'000 | 2020 £'000 |
|-------------------------------|----------------|----------------|---------------|---------------|
| Issued and fully paid: | | | | |
| Ordinary shares of £1 each | 425,500,001 | 425,500,001 | 425,500 | 425,500 |

13. Related party transactions

Loans to and borrowings from related parties

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

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

Transactions between the Company and related parties are disclosed below.

| | 2021 | | | | | | | |
|-----------------------|-----------------------------------|--------------------|----------------------|-----------------------|----------------|---------------------------------------|---------------------------------------|--------------------------------|
| | Dividends received / (paid) £'000 | Other income £'000 | Finance income £'000 | Finance charges £'000 | Expenses £'000 | Amounts owed by related parties £'000 | Amounts owed to related parties £'000 | Loans to related parties £'000 |
| Parent | (145,000) | - | - | - | - | - | - | - |
| Subsidiaries | 139,736 | 1 | 2,489 | - | (17) | 1,685 | (12) | 53,033 |
| Joint ventures | 693 | - | - | - | - | - | - | - |
| Other group companies | - | - | 103 | (220) | (17) | 1 | (74,565) | - |
| Total | (4,571) | 1 | 2,592 | (220) | (34) | 1,686 | (74,577) | 53,033 |

| | 2020 | | | | | | | |
|-----------------------|-----------------------------------|--------------------|----------------------|-----------------------|----------------|---------------------------------------|---------------------------------------|--------------------------------|
| | Dividends received / (paid) £'000 | Other income £'000 | Finance income £'000 | Finance charges £'000 | Expenses £'000 | Amounts owed by related parties £'000 | Amounts owed to related parties £'000 | Loans to related parties £'000 |
| Parent | (368,000) | - | - | - | - | - | - | - |
| Subsidiaries | 332,776 | 1 | 1,758 | - | (16) | 1,103 | (51) | 50,653 |
| Joint ventures | 560 | - | - | - | - | - | - | - |
| Other group companies | - | - | 351 | (295) | (23) | 8,835 | (71,617) | - |
| Total | (34,664) | 1 | 2,109 | (295) | (39) | 9,938 | (71,668) | 50,653 |

Notes to the financial statements

for the year ended 31 December 2021

13. Related party transactions (continued)

Transactions with Directors are described in note 3 and the ultimate and immediate parent company is disclosed in note 15. Information about subsidiaries is provided in note 8.

14. Post balance sheet events

On 31 January 2022, the Group acquired 100% of the issued share capital of River and Mercantile Investments Limited, the Solution's Division of River and Mercantile Group PLC. The acquisition contributed £43.1 billion of Asset Management AUM and strengthens the Group's position in the UK fiduciary management market. The initial consideration was satisfied by means of a £237.2 million cash payment.

In December 2021 the Board reached an agreement to acquire a 75% shareholding in Greencoat Capital Holdings Limited and expects the transaction to complete in 2022.

15. 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 from www.schroders.com.