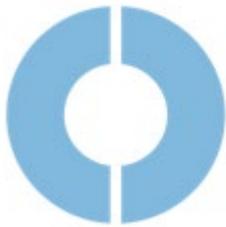


# Schroders



## **Annual Report and Accounts 2021**

Schroder Investment  
Management North  
America Limited

Year ended 31 December 2021

Registered Number: 02334190

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# Officers and professional advisers

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## **Directors**

Paul Chislett  
Lance DeLuca  
Andrew Moscow  
Christopher 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

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The Directors present their Strategic report on Schroder Investment Management North America Limited (the Company) for the year ended 31 December 2021.

## **Results and review of the business**

The profit for the year, after income tax, was £9.9 million (2020: £7.5 million profit after income tax).

The principal activities of the Company are investment management services. The Company's investment management services business continued during the year. The Company's investment principles are expected to remain unchanged.

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

The Company is authorised and regulated by the Financial Conduct Authority and is registered with the Securities and Exchange Commission in the United States of America. It is also registered with the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Nova Scotia Securities Commission, Ontario Securities Commission, Quebec Securities Commission, and Saskatchewan Financial Services Commission in Canada and the Monetary Authority of Singapore.

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 Schroders plc 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 s172 of the Companies Act 2006**

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

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

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

During the year, the Board decided not to pay a dividend in light of the changing regulatory environment and continues to monitor the Company's capital and liquidity positions.

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').

## Strategic report (continued)

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### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Schroders plc Group (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 "Key risks and mitigations" in the Strategic Report and "Risk and internal controls" within the Governance section of the Schroders report for the year ended 31 December 2021. The Schroders Report does not form part of this report.

### **Key performance indicators**

The Directors of the Group manage the Group's operations 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 by its order by:

Ria Vavakis, Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
17 March 2022

## Directors' report

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The Directors present their report and the audited financial statements of the Company for the year ended 31 December 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.

The Company continues to operate a branch office in Singapore.

### **Dividends**

In respect of the years ended 31 December 2021 and 31 December 2020, no dividends were paid or proposed.

### **Risk management and use of financial instruments**

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the "Key risk and mitigations" section and "Risk and internal controls" within the Governance section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 12 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 are signed. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

### **Directors**

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

### **Directors' liability insurance**

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

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 Schroders 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 elected to prepare the financial statements in accordance with UK-adopted international accounting

## Directors' report (continued)

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standards. 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 these 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

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

Ria Vavakis,  
Authorised signatory for  
Schroder Corporate Services Limited  
Company Secretary  
17 March 2022

Registered Office:  
1 London Wall Place  
London EC2Y 5AU  
Registered in England and Wales No 02334190

# Independent auditors' report to the member of Schroder Investment Management North America Limited

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## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Schroder Investment Management North America 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for twelve months from the date the Annual Report and Accounts is approved.

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

### Other information

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

# Independent auditors' report to the member of Schroder Investment Management North America Limited (continued)

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

## **Responsibilities of directors**

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

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

# Independent auditors' report to the member of Schroder Investment Management North America Limited (continued)

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## **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. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Financial Conduct Authority ('FCA') rules and regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board meeting minutes and correspondence received from the FCA.
- 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 management monitors these controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

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

# Independent auditors' report to the member of Schroder Investment Management North America Limited (continued)

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## **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.

Sarah Langston (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
17 March 2022

## Income statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	2	128,742	98,111
Cost of sales	3	(115,942)	(88,421)
<b>Net operating revenue</b>		<b>12,800</b>	<b>9,690</b>
Net gains/(losses) on foreign exchange and finance income	4	28	(29)
<b>Net income</b>		<b>12,828</b>	<b>9,661</b>
Operating expenses	5	(575)	(417)
<b>Profit before income tax</b>		<b>12,253</b>	<b>9,244</b>
Income tax expense	6	(2,328)	(1,762)
<b>Profit after tax</b>		<b>9,925</b>	<b>7,482</b>

## Statement of comprehensive income

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the year	9,925	7,482
<b>Total comprehensive income for the year, net of tax</b>	<b>9,925</b>	<b>7,482</b>

## Statement of financial position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
Cash and cash equivalents	8	767	779
Trade and other receivables	9	34,291	25,222
Deferred tax	10	3	1
<b>Total assets</b>		<b>35,061</b>	<b>26,002</b>
<b>Liabilities</b>			
Trade and other payables	11	11,594	13,033
Current tax		2,330	1,757
<b>Total liabilities</b>		<b>13,924</b>	<b>14,790</b>
<b>Net assets</b>		<b>21,137</b>	<b>11,212</b>
<b>Total equity</b>		<b>21,137</b>	<b>11,212</b>

The notes on pages 14 to 23 form an integral part of the financial statements.

The financial statements on pages 10 to 23 were approved by the Board of Directors on 17 March 2022 and were signed on its behalf by:

**Paul Chislett**  
Director

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Registered Number: 02334190

# Statement of changes in equity

for the year ended 31 December 2021

	2021		
	Share capital <sup>1</sup>	Retained earnings <sup>2</sup>	Total equity
	£'000	£'000	£'000
At 1 January 2021	600	10,612	11,212
Total comprehensive income for the year, net of tax	-	9,925	9,925
<b>31 December 2021</b>	<b>600</b>	<b>20,537</b>	<b>21,137</b>

	2020		
	Share capital <sup>1</sup>	Retained earnings <sup>2</sup>	Total equity
	£'000	£'000	£'000
At 1 January 2020	600	9,130	9,730
Total comprehensive income for the year, net of tax	-	7,482	7,482
Transactions with shareholder:			
Dividends	-	(6,000)	(6,000)
<b>31 December 2020</b>	<b>600</b>	<b>10,612</b>	<b>11,212</b>

<sup>1</sup>Share capital represents issued and fully paid ordinary shares at a par value of £1 each.

<sup>2</sup>Retained earnings represent accumulated comprehensive income for the year and prior periods together with transactions with shareholders.

# Cash flow statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Operating activities</b>			
Profit before income tax		12,253	9,244
<b>Adjustments for statement of financial position movements:</b>			
(Increase) in trade and other receivables		(9,069)	(5,030)
(Decrease)/Increase in trade and other payables		(1,439)	3,201
<b>Adjustments for which cash effects are investing activities:</b>			
Interest received		(28)	(29)
<b>Cash from operating activities</b>		<b>1,717</b>	<b>7,386</b>
Tax paid		(1,757)	(1,424)
<b>Net cash (used)/received from operating activities</b>		<b>(40)</b>	<b>5,962</b>
<b>Investing activities</b>			
Interest received		28	29
<b>Net cash from investing activities</b>		<b>28</b>	<b>29</b>
<b>Financing activities</b>			
Dividend paid		-	(6,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(6,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(12)</b>	<b>(9)</b>
Opening cash and cash equivalents		779	788
Net decrease in cash and cash equivalents		(12)	(9)
<b>Closing cash and cash equivalents</b>	8	<b>767</b>	<b>779</b>

# Notes to the financial statements

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## for the year ended 31 December 2021

### 1. Presentation of the financial statements

Financial information for the year ended 31 December 2021 is presented in accordance with International Accounting Standard ('IAS') 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 Companies Act 2006.

The financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention.

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

The Company has complied with regulation 2 of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 by publishing the information in relation to the year ended 31 December 2020 on the Schroders Group Website before 31 December 2021. This is available at [www.schroders.com/en/about-us/corporate-responsibility/our-economic-contribution](http://www.schroders.com/en/about-us/corporate-responsibility/our-economic-contribution). The Company will publish the information in relation to the year ended 31 December 2021 on the Schroders Group Website before 31 December 2022.

#### Future accounting developments

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

#### Estimates and judgements

The preparation of the financial statements in conformity with UK-adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. 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. There are no estimates or judgements that have a significant effect on the carrying amounts of assets and liabilities.

# Notes to the financial statements

## for the year ended 31 December 2021

### 2. Revenue

The Company's primary source of revenue is fee income from investment management activities and includes fees that are paid away (see note 3). The fees are generally based on an agreed percentage of the valuation of the assets under management and are recognised as the service is provided and it is probable that the fee will be received.

Performance fees are earned from certain arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognised where it is highly probable that a significant reversal will not occur in future periods. Performance fees are typically earned over one year and are recognised at the end of the performance period.

Revenue comprises:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Management fees	104,998	84,280
Performance fees	23,744	13,831
<b>Revenue</b>	<b>128,742</b>	98,111

### 3. Cost of sales

Cost of sales principally comprises investment management fees payable to other Group companies, recognised over the period for which the service is provided.

### 4. Net gains/(losses) on foreign exchange and finance income

Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the year-end date and transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction.

Net gains/(losses) taken to the income statement in respect of financial assets and liabilities are:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Net (losses) on foreign exchange	-	(58)
Net finance income	28	29
<b>Net gains/(losses) on foreign exchange and finance income</b>	<b>28</b>	(29)

# Notes to the financial statements

## for the year ended 31 December 2021

### 5. Operating expenses

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

Operating expenses include:

	2021			2020		
	UK	Singapore	Total	UK	Singapore	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees payable for the audit of the Company	24	8	32	24	8	32
Fees payable for audit related assurance services	7	10	17	6	10	16
<b>Audit and non-audit fees</b>	<b>31</b>	<b>18</b>	<b>49</b>	30	18	48
Other operating expenses	444	82	526	275	94	369
<b>Operating expenses</b>	<b>475</b>	<b>100</b>	<b>575</b>	305	112	417

### Directors' emoluments

The amounts set out in this note are in respect of 1 (2020: 1) Director whose emoluments were charged either in part or in full to the Company during the year. This Director has a contract of service with and receives 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 3 (2020: 3) Directors employed by and paid for by another Group company are included in the financial statements of that entity.

Their emoluments are deemed to be wholly attributable to their services to these companies. These Directors therefore receive no incremental emoluments for their services to the Company.

	2021 £'000	2020 £'000
Aggregate emoluments	395	214
Company pension contributions to the defined contribution scheme	6	7
	<b>401</b>	221

Retirement benefits have accrued to no (2020: none) Directors under a defined benefit scheme and to 1 (2020: 1) Directors under a defined contribution pension scheme.

During the year, 1 (2020: 1) Director became entitled to shares under the Group's Equity Compensation Plan, 1 (2020: 1) Director became entitled to shares under the Group's Deferred Award Plan and no (2020: none) Directors became entitled to shares under the Group's Equity Incentive Plan.

## Notes to the financial statements

### for the year ended 31 December 2021

#### 6. Income tax expense

The Company is based in the UK but pays taxes according to the rates applicable in the jurisdictions in which it operates. Most taxes are recorded in the income statement (see part (a) of this note below) and relate to profits earned in the reporting year (current tax) but also adjustments due to timing differences between the accounting recognition of profits and the tax recognition (deferred tax).

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

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Current tax:</b>		
Current year charge	2,330	1,757
Adjustments in respect of prior years	-	5
<b>Total current tax charge for the year</b>	<b>2,330</b>	1,762
<b>Deferred tax charge:</b>		
Adjustments in respect of prior years	(1)	-
Effect of changes in UK corporation tax rate	(1)	-
<b>Tax charge reported in the income statement</b>	<b>2,328</b>	1,762

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

The UK standard rate of corporation tax for 2021 is 19% (2020:19%).

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

The differences are explained below:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Profit before income tax	12,253	9,244
Profit before tax multiplied by corporation tax at the UK standard rate of 19% (2020: 19%)	2,328	1,756
Non-taxable income net of non-deductible expenses	2	1
Effect of changes in UK corporation tax rate	(1)	-
Adjustments in respect of prior years	(1)	5
<b>Total charge for the year</b>	<b>2,328</b>	1,762

## Notes to the financial statements

### for the year ended 31 December 2021

#### 7. Dividends payable

Final dividends payable are recognised when the dividend is approved by the shareholders. Interim dividends payable are recognised when the dividend is paid.

	2021		2020	
	£'000	Pence per share	£'000	Pence per share
<b>Dividend paid</b>	-	-	6,000	1,000.0

#### 8. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

The book value of cash and cash equivalents approximates their fair value.

	2021	2020
	£'000	£'000
<b>Cash at bank</b>	<b>767</b>	<b>779</b>

The Company has committed to maintain a separate account with at least 1,000,000 Singapore dollars within it to meet the regulatory capital requirements of its Singapore Branch, throughout the year this has been met. The Singapore Branch is licensed as a Capital Markets Services Fund Manager by the Monetary Authority of Singapore.

As part of the Group's process to manage surplus cash and investment returns effectively, surplus cash of £21,679,661 (2020: £11,274,170) was swept to a central bank account held by Schroder Financial Services Limited, a related party. These balances are shown in trade and other receivables within amounts owed by related parties.

#### 9. Trade and other receivables

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

Impairments for specific bad and doubtful debts are made against receivables to reflect an assessment of irrecoverability and are deducted from the relevant assets. Such impairments are recorded within 'Operating expenses' in the income statement.

	2021	2020
	£'000	£'000
<b>Financial assets:</b>		
Amounts owed by related parties (see note 14)	33,817	25,029
Other debtors	411	169
<b>Non-financial assets:</b>		
Prepayments	63	24
<b>Trade and other receivables</b>	<b>34,291</b>	<b>25,222</b>

# Notes to the financial statements

## for the year ended 31 December 2021

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

All trade and other receivables are current.

Trade and other receivables include interest bearing loans to other companies within the Group. The carrying amount of interest and non-interest bearing trade and other receivables approximate their fair value.

Gross carrying value for trade and other receivables is £34,322k (2020: £25,245k) and expected credit losses are £31k (2020: £23k). Expected credit losses as a percentage of gross carrying value is 0.09% (2020: 0.09%).

### 10. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method, using a tax rate of 19% (2020: 19%) reflecting the rate expected to be applicable at the time the net deferred tax asset is realised.

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 and the UK deferred tax balances have been revalued accordingly.

The movement on the deferred tax account is as shown below:

	2021 £'000	2020 £'000
At 1 January	1	2
Income statement expense - accelerated capital allowances	1	(1)
Effect of changes in UK corporate tax rate	1	-
<b>At 31 December</b>	<b>3</b>	<b>1</b>

### 11. Trade and other payables

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

	2021 £'000	2020 £'000
<b>Financial liabilities:</b>		
Amounts owed to related parties (see note 14)	11,539	12,981
Accruals and deferred income	55	52
<b>Trade and other payables</b>	<b>11,594</b>	<b>13,033</b>

All trade and other payables are current.

### 12. Financial 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 Governance section in the Schroders Report. Sensitivities are measured against market risk movements which the Group believes could reasonably occur within the next calendar year.

# Notes to the financial statements

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## for the year ended 31 December 2021

### 12. Financial risk management (continued)

The Company's specific risk exposures are explained below.

#### Capital management

The Company holds capital required to meet the Company's regulatory and working capital requirements. The Financial Conduct Authority (FCA) oversees the activities of the Company and imposes minimum capital requirements. The Singapore branch has a Total Risk Requirement required by Singapore's Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations. The policy of the Company is to hold sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements.

Where this is surplus to immediate working capital requirements it is managed by the Group Treasury function and may be distributed to the shareholder.

The Company is authorised and regulated by the FCA. Its last submitted capital resources were £3.6 million (December 2020: £3.7 million) and the minimum capital requirement was £1.6 million (December 2020: £2.0 million). The Company has complied at all times with all of the externally imposed regulatory capital requirements.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause the Company financial loss by failing to discharge an obligation. The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are predominantly its related parties and therefore there is no credit risk exposure outside the Group on these balances. The balances are monitored regularly and historically, default levels have been nil. The Company does not have any receivables that are past due (2020: nil).

#### 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 Group's liquidity policy is to maintain sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain solvency. The Company holds sufficient liquid funds to cover normal operating requirements. Outside the normal course of business the Company can request to borrow through intra-Group loans to maintain sufficient liquidity. Liquidity in the Group's capital overall (and for each entity) is monitored on a regular basis.

#### Interest rate risk

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

The Company has interest bearing assets and liabilities which comprises of cash. The Company's cash balances are monitored by the Group's Treasury function.

# Notes to the financial statements

## for the year ended 31 December 2021

### 12. Financial risk management (continued)

At 31 December 2021, if Bank of England interest rates had been 100 basis points higher or 35 basis points lower (2020: 35 basis points higher or 15 basis points lower) with all other variables held constant, it is estimated that the post-tax profit for the year would have been £182,000 higher / £136,000 lower (2020: £34,000 higher / £15,000 lower), mainly as a result of higher / lower interest received on intercompany and cash balances.

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 of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's policy in relation to revenue and expenditure currency exposure is not to hedge as this is considered part of the business.

The Company has assets and liabilities denominated in US dollars. At 31 December 2021, if the US dollar had strengthened by 10% / weakened by 10% against sterling with all other variables held constant, it is estimated that the post-tax profit for the year would decrease by £49,000 / increase by £49,000. At 31 December 2020, if the US dollar had strengthened by 10% / weakened by 10% against sterling with all other variables held constant, it is estimated that the post-tax profit for the year would increase by £5,000 / decrease by £5,000.

### 13. Share capital

Share capital represents the number of issued ordinary shares multiplied by their par value of £1 each.

	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Number</b>	Number	<b>£'000</b>	£'000
<b>Issued and fully paid:</b>				
Ordinary shares of £1 each	<b>600,000</b>	600,000	<b>600</b>	600

## Notes to the financial statements

### for the year ended 31 December 2021

#### 14. Related party transactions

##### (a) Transactions between related parties

Transactions between the Company and related parties are disclosed below:

	Revenues £'000	Expenses £'000	Dividends paid £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
<b>2021</b>					
Parent		(113,362)	-		(11,180)
Other related companies within the Schroders Group	128,156	(3,169)	-	33,817	(359)
<b>2020</b>					
Parent		(85,810)	(6,000)		(12,521)
Other related companies within the Schroders Group	97,901	(3,185)	-	25,029	(460)

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad or doubtful debts has been recognised in the year in respect of the amounts owed by related parties.

##### (b) 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	440	239
Share-based payments	55	28
Other long-term benefits	87	45
Post-employment benefits	6	7
	<b>588</b>	<b>319</b>

# Notes to the financial statements

## for the year ended 31 December 2021

### 15. Related undertakings

#### (a) Ultimate and immediate parent company

The Company's immediate parent company is Schroder Investment Management 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](http://www.schroders.com).

#### (b) Related undertakings arising from the Company's interest in a structured entity

The Company's related undertakings also include funds in which it holds investments as a result of its principal activity. Due to the number of share classes or unit classes that can exist in these vehicles, a significant holding in a single share class of unit class is possible without that undertaking being classified as a subsidiary or associate.

At 31 December 2021 the Company had a significant holding in the following fund:

Fund Name	Share / unit class	Holding in undertaking share / unit class	Total holding in undertaking via share / unit class
<b>Cayman Islands<sup>1</sup></b>			
Schroder Advanced ILS Fund (Cayman) Limited	Management shares	100%	0%

**Registered offices:**

<sup>1</sup> Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman, KY11-1104, Cayman Islands