Schroders full-year results

29 February 2024

Execution of our strategy delivers growth despite industry headwinds

Financial highlights

- Grew assets under management (AUM) to £750.6 billion, driven by positive net new business (NNB), market movements and investment performance.
- Strategic growth areas of Wealth Management, Private Markets and Solutions attracted strong NNB of £23.1 billion. Total NNB was £9.7 billion, excluding joint ventures and associates.
- Net operating revenues were £2,334.4 million, as performance-based revenues helped mitigate the headwind from lower average AUM and adverse foreign exchange movements.
- Maintained stable operating expenses of £1,758.0 million, as strong discipline on cost management and one-off benefits enabled us to hold costs flat despite the increased scale and complexity of our business following our acquisitions in 2022 and inflationary pressures.
- Delivered operating profit of £661.0 million.
- Profit before tax and restructuring costs was £573.8 million. Statutory profit before tax was £487.6 million, net of £86.2 million efficiency initiatives to enable further reinvestment in the business.
- Final recommended dividend of 15.0 pence per share, bringing the total dividend to 21.5 pence per share.

Strategic highlights

- Wealth Management delivered standout performance, with strong advised organic growth of 8%.
- Schroders Capital generated £9.3 billion of fundraising across our complete suite of private market capabilities: infrastructure, private equity, private debt and real estate.
- Solutions achieved £12.0 billion of net inflows despite buy-out activity.
- Sustained momentum in our strategic pivot, with high quality growth areas now making up 56% of AUM. The net operating revenue contribution from these areas increased from 31% in 2016 to 48% in 2023.
- Long-term investment performance remained strong with 77% of assets outperforming over five years.[1]
- Further progressed our specific cost efficiency initiatives to enhance our operational leverage. This continued focus on our operating model allows us to balance cost discipline with reinvestment in the future skillset and capabilities needed for long-term growth, creating value for our clients and shareholders.
- Delivered positive NNB in the US and in our thematic product range for the fifth year in a row despite industry headwinds in Public Markets.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Assets under management (£bn)	750.6	737.5
Net operating revenue	2,334.4	2,361.4
Operating expenses	(1,758.0)	(1,752.5)
Operating profit	661.0	723.0
Net new business (excl. JVs and associates) (£bn)	9.7	(1.6)
Profit before tax	487.6	586.9
Basic operating earnings per share (pence)	32.5	37.4
Dividend per share (pence)	21.5	21.5

[1] Please refer to page 8 for more information about client investment performance.

Peter Harrison, Group Chief Executive, said:

"In one of the most challenging years for global active asset managers in recent times, our resilient performance in 2023 demonstrated the consistent execution and benefits of our long-term strategy for clients and shareholders. In 2016, we set out to build a stronger presence across Private Markets, Wealth Management and Solutions. The strong growth rates of these businesses mean they now account for 56% of our AUM and 48% of our net operating revenue.

We saw notable growth in assets under management and positive net new business, winning important new clients. Our Wealth Management advisory business achieved a standout performance, with strong advised organic growth. Schroders Capital saw good fundraising against a tough backdrop, and we saw positive net flows across all four pillars, especially real estate. This performance was underpinned by our differentiated strategy.

Looking forward, the markets remain unsettled because of geo-political uncertainty in a year of electoral change. Whilst our profits last year were impacted by headwinds in the markets and adverse foreign exchange rates, we took steps to pro-actively manage our cost base and delivered efficiency initiatives to enable future reinvestment in the business. We therefore start this year in a strong position to capitalise on some interesting market opportunities, with the prospect of interest rates falling and the rotation of clients' assets back into risk assets."

Management statement

Last year, the asset management industry faced one of its most challenging years in recent times. Despite the turbulent macroeconomic backdrop, volatile markets and heightened geopolitical tension that characterised 2023, our clear strategy enabled us to deliver positive flows and growth in AUM.

The size and shape of our business has changed significantly over the past seven years, reflecting the investments we have made in our strategic growth areas of Wealth Management, Private Markets and Solutions. Their AUM has grown by a compound annual growth rate of 15% over that time, and today, they make up 56% of our AUM (including joint ventures and associates) and 48% of our net operating revenues. Our successful pivot towards these higher growth and higher longevity areas has diversified the sources of revenue we rely on, resulting in more resilient financial performance.

We have made material upgrades to our operating platform over the same period. These factors, combined with our depth and breadth of expertise in Public Markets and our leadership in sustainability, have positioned us with the global capabilities to deliver solutions that address our clients' complex investment needs.

Strategic progress

The merits of our strategic choices and diversification were evidenced by the combined NNB we generated across our strategic growth areas, which totalled £23.1 billion. Our Public Markets business was more impacted by market sentiment. In particular, the rise in risk-free rates made cash an increasingly attractive investment alternative over the near term. This business saw net outflows of £13.4 billion from mutual funds and institutional mandates. Total NNB excluding joint ventures and associates was £9.7 billion and £1.0 billion including joint ventures and associates.

Market dynamics were complex in 2023. In the US, market gains were disproportionately driven by just a few companies – the so-called "magnificent seven". Against this challenging backdrop for active investors, we delivered positive outcomes for our clients over the medium and long term, with 60% and 77% of client assets outperforming their relevant comparator over three and five years respectively.

Through positive NNB and investment returns, we grew total AUM by 2% to £750.6 billion (2022: £737.5 billion) despite an adverse foreign exchange headwind of £25.8 billion.

In Wealth Management, we saw momentum continue, as we again delivered a strong advised organic NNB growth rate of 8% (excluding joint ventures and associates), up from 7% in 2022. All three of our wealth services, advice, platform and managed assets, generated positive net new business. Wealth Management now makes up 23% of our operating profit. Its continued strong performance contributes meaningfully to the overall performance of the Group.

We saw continued success in the high and ultra-high-net-worth bracket via Cazenove Capital which drove the majority of net flows. Our UK regional development initiative made a sustained contribution to NNB, and our successes in the family office space culminated with Schroders being awarded Spears' 2023 Family Office services Provider of the Year. Despite the current cost-of-living crisis, which saw some UK affluent investors prioritise immediate spending, our adviser platform business, Benchmark, also delivered an organic NNB growth rate of 5%. Schroders Personal Wealth (SPW), our joint venture with Lloyds Banking Group, was resilient given the impact of the macro environment on the affluent wealth segment. SPW delivered positive net new business of £0.3 billion, 6% growth in the number of advised clients and a 23% increase in the average value of new client investments.

Schroders Capital, our Private Markets business, achieved fundraising of £9.3 billion in 2023 despite the broader cyclical slowdown in private markets and cautious investment sentiment. We saw positive net flows in all four pillars: private equity, private debt, infrastructure and real estate. While we achieved NNB of £4.5 billion, below our medium-term target of £7-10 billion per annum, we have an additional £4.0 billion in non-fee earning dry powder ready to be deployed. We anticipate an improvement in fundraising and deployment dynamics over the medium term. The strength of the long-term structural trends that underpin the shift to private markets remain strong. This, combined with our well diversified product range and the progress made to further scale our platform gives us confidence in the outlook for this business.

We generated NNB of £12.0 billion in Solutions, as clients looked to us as their trusted investment partner. The strength of our investment and client service proposition helped our clients navigate the "gilt crisis" last year and contributed to an improvement in our brand recognition and overall market position. Subsequently, we saw strong demand for our outsourced chief investment officer (OCIO) and Liability Driven Investment (LDI) services. Our overall Solutions AUM increased to a new high of £228.3 billion, despite industry buy-out activity.

The depth and breadth of our public markets offering remains a key differentiator and we operate in 38 locations globally, servicing a range of client types with solutions across all major asset classes. In 2023, we ranked fourth globally in NMG Consulting's institutional brand rankings for sustainability. We also secured the top rating for action and transparency on climate change, being awarded "A" in the CDP climate change assessment, ranking us in the top 2% of responding companies. We believe this leadership in sustainability supports our flows in the branded intermediary space. Specifically, 2023 demonstrated the continued demand for our thematic product range, which delivered positive NNB for the fifth year in a row.

While we saw outflows of £13.4 billion in Public Markets, performance in Mutual Funds was resilient given the scale of wider industry active outflows, and we gained market share in the UK. Our partnership with Hartford in the US performed particularly strongly, ranking in the top 4% for active and passive mutual fund flows in the US. In total, Hartford funds delivered £1.1 billion NNB. We also saw strong inflows into the Global Sustainable Growth (£1.0 billion) and EURO Corporate Bond strategies (£1.0 billion).

In Institutional, outflows were driven by redemptions from low-margin mandates, leading to an increase in the net operating revenue margin for the business area. Net inflows into Global, Asia Pacific and Australian equities of £1.3 billion combined partly offset these outflows.

Across the Group, we continued to invest and innovate, resulting in several noteworthy achievements:

- In line with our ambition to democratise private assets for clients, we broadened access to illiquid investments for individual investors by launching the UK's first Long Term Asset Fund (LTAF), and a European Long Term Investment Fund (ELTIF) for investors in Europe.
- We are shifting the efficiency and effectiveness of the business through artificial intelligence (AI). We have already identified over 80 distinct use cases across the Group and have widespread employee engagement with our internal AI tool, Genie.
- We see tokenisation of assets as a material change to the future of the industry. We announced our participation in the Monetary Authority of Singapore's "Project Guardian" to test the feasibility and effectiveness of change.

We constantly focus on efficiency initiatives to enhance our performance. Last year these included; reducing our office footprint and rationalising software; relocating roles in Wealth Management; and job losses to drive our growth in the future. As a result, we have recognised restructuring costs of £86.2 million.

This cost control will allow us to continue to moderate inflationary pressures, maintain our compensation cost discipline for the year ahead and invest for future growth, generating value for our clients and shareholders.

Financial performance

While closing AUM for the year was up, we entered 2023 with a headwind from depressed market values following the fall in markets in the second half of 2022. This impacted average AUM for 2023, which was 3% lower than the prior year at £619.7 billion (2022: £636.2 billion), and reduced revenue. The impact of this was mitigated through significant growth in performance-based revenues, which increased by 42%, and increased net banking interest, which contributed £63.3 million (2022: £36.9 million). This resulted in a marginal 1% reduction in our net operating revenue to £2,334.4 million (2022: £2,361.4 million).

Our share of profits from joint ventures and associates was £51.1 million (2022: £77.6 million), which was lower in comparison to previous years, principally due to adverse foreign exchange movements and the unfavourable market sentiment in China. While cyclical headwinds challenged short-term performance, the market fundamentals remain strong, and we see significant growth potential over the medium to long term. We made progress against our strategic ambitions in China and launched the first product in our wholly owned Fund Management Company at the end of 2023. Our strategic partnership with Axis gives us access to the high growth potential in the Indian market. Our associate performed well in 2023, contributing £12.6 million to share of profits, up 17% on prior year (2022: £10.8 million).

Despite inflationary pressures on both fixed compensation and on our non-compensation cost base, total operating expenses remained stable year-on-year at £1,758.0 million (2022: £1,752.5 million). Our operating compensation to net operating income ratio was 46% (2022: 45%), balancing strong cost discipline with the need to support our talent.

As a result of our lower revenues and stable costs, we generated an operating profit of £661.0 million (2022: £723.0 million).

Our approach of driving efficiencies in our business to fund investment for growth resulted in restructuring costs of £86.2 million. Consequently, profit before tax was £487.6 million (2022: £586.9 million) and profit after tax was £402.6 million (2022: £486.2 million).

Given the resilient performance of the business, the Board is recommending a final dividend of 15.0 pence per share, bringing the total dividend to 21.5 pence per share.

Wealth Management segment

Wealth Management

Our Wealth Management AUM reached a record high of £110.2 billion (2022: £98.1 billion), supported by strong NNB of £6.6 billion (2022: £5.4 billion), equating to a NNB rate of 6.7% (2022: 5.3%). Net operating revenue increased 7% to £423.2 million (2022: £394.3 million), driven by growth in management fees, NNB and a full year of higher net interest margin (NIM). Higher NIM led to an increase in the net operating revenue margin before performance fees to 41 basis points (2022: 40 basis points), offsetting the impact on margins from increased allocation to cash in portfolios.

Operating profit increased strongly by 16% to £150.5 million (2022: £129.9 million). On the current trajectory we see promising progress towards our target of growing Wealth Management operating profit at a compound annual growth rate of 10% from 2022 to 2025, excluding the effects of markets, FX and acquisitions.

Wealth Management (inc. joint ventures and associates)

AUM in our Schroders Personal Wealth (SPW) joint venture ended the period at £14.3 billion (2022: £13.3 billion).

Wealth Management AUM including SPW increased 12% over 2023, ending the period at £124.5 billion (2022: £111.4 billion). This comprised £81.1 billion of advised AUM, £18.9 billion of platform AUM and £24.5 billion of managed AUM. We delivered a NNB growth rate of 6.2%, within our 5-7% target.

Combined, our Wealth Management joint ventures and associates contributed £2.4 million (2022: £4.0 million) to share of profits.

Asset Management segment

Our Asset Management business combines the foundation of our core investment engine of Public Markets with the strategic growth areas of Solutions and Private Markets.

The segment delivered AUM growth of 3% to £532.2 billion (excluding joint ventures and associates) (2022: £518.4 billion), reflecting our ability to navigate changing market conditions with our diversified business model to deliver value to our clients.

Private Markets

In total, we generated fundraising of £9.3 billion (2022: £15.2 billion). Non-fee earning dry powder stood at £4.0 billion, which will be ready to deploy into market opportunities. This drove NNB of £4.5 billion (2022: £6.6 billion) with positive flows across all four pillars; private equity, private debt, infrastructure and real estate. Flows in our real estate business were particularly strong, at £1.6 billion (2022: £4.8 billion). The net operating revenue contribution increased to £422.8 million (2022: £369.8 million). Despite this, the net operating revenue margin excluding performance fees and carried interest reduced 3 basis points to 57 basis points (2022: 60 basis points), reflecting the lower contribution from real estate transaction fees.

Solutions

Solutions drew impressive net inflows of £12.0 billion (2022: nil), driven by strong flows into our OCIO and LDI businesses. Following the rise in bond yields at the end of 2022, liability values were reduced and we entered

2023 with a lower opening AUM. This resulted in average AUM of £212.1 billion (2022: £225.0 billion). Net operating revenue therefore declined to £268.5 million (2022: £293.6 million). Solutions net operating revenue margin excluding performance fees and carried interest fell by 1 basis point to 12 basis points (2022: 13 basis points).

Public Markets

The appeal of cash as an attractive investment alternative, combined with wider market volatility, led to outflows across the active asset management industry in 2023. In turn, we saw £4.2 billion and £9.2 billion of outflows in our Mutual Funds and Institutional business areas respectively (2022: outflows of £6.3 billion and £7.3 billion). We continued to perform for clients and generated £20.8 million of Institutional performance fees (2022: £32.1 million). Overall, net operating revenue for Mutual Funds and Institutional reduced to £1,219.9 million (2022: £1,303.7 million).

Mutual Fund net operating revenue margin dropped by 2 basis points to 69 basis points (2022: 71 basis points), due to a change in business mix following outflows from higher margin equity products. Meanwhile, Institutional net operating revenue margin excluding performance fees and carried interest increased for the third year in a row to 35 basis points at the end of 2023 (2022: 34 basis points), helping to partly mitigate the impact of the broader headwinds.

Asset Management joint ventures and associates

Our total share of profits from Asset Management joint ventures and associates for 2023 reduced to £48.7 million (2022: £73.6 million), principally due to adverse foreign exchange movements and the unfavourable market sentiment in China. Asset Management joint ventures and associates AUM ended the period at £93.9 billion (2022: £107.7 billion). With the breadth of our licences in China, and our investment in India we are well positioned to benefit from the long-term potential growth in these markets.

Outlook

2023 was characterised by turbulent macroeconomics, volatile markets and heightened geopolitical tension. We anticipate this uncertain operating environment could persist in the near term. However, our strategic pivot to the higher growth and higher longevity areas of Private Markets, Wealth Management and Solutions has provided protection against these challenging operating conditions.

Our strategic choices have enabled us to grow our AUM, deliver positive NNB and generate resilient financial results despite the industry headwinds. Our continued focus on evolving our operating model has allowed us to balance cost discipline with reinvestment in the future capabilities needed for long-term growth, creating value for our clients and shareholders.

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Copies of this announcement are available on the Schroders website: www.schroders.com. Peter Harrison, Group Chief Executive, and Richard Oldfield, Chief Financial Officer, are hosting a presentation for the investment community to discuss the Group's full-year results at 8.30 a.m. GMT on Thursday, 29 February 2024. Once registered on https://www.schroders.events/Results2023 a link to the call will be shared via email. A replay will be available from midday on Thursday, 29 February 2024 at www.schroders.com/ir. Please visit https://www.schroders.com/en/investor-relations/ to learn how we handle personal data.

Forward-looking statements

This announcement and the Schroders website may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future; you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'estimates', 'foresee' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement or in the Annual Report and Accounts or on the Schroders website should be construed as a forecast, estimate or projection of future financial performance.

Additional information

Assets under management (AUM)

£bn	Asset Management	Wealth Management	Total excl. JVs and Associates	JVs and Associates	Group total
1 January 2023	**518.4**	**98.1**	**616.5**	**121.0**	**737.5**
Transfers[1]	(2.2)	–	(2.2)	2.2	–
Gross inflows	108.3	17.8	126.1	330.8	456.9
Gross outflows	(105.2)	(11.2)	(116.4)	(339.5)	(455.9)
Net flows	**3.1**	**6.6**	**9.7**	**(8.7)**	**1.0**
Acquisitions[2]	–	0.8	0.8	–	0.8
Markets, FX and investment performance[3]	12.9	4.7	17.6	(6.3)	11.3
31 December 2023	**532.2**	**110.2**	**642.4**	**108.2**	**750.6**

[1]BoCom WMC subsidiary deconsolidated and reclassified as an associate.
[2]£0.8 billion Benchmark acquisition.
[3]Includes currency movements, which decreased AUM by £18.6 billion excl. JVs and Associates and £25.8 billion for the Group total.

Client investment performance

Client investment performance is a measure of how investments are performing relative to a benchmark or other comparator. As an active asset manager, we prioritise consistently delivering positive investment outcomes for our clients which is why our three-year investment performance is a key performance indicator for the Group. It is calculated internally by Schroders to give shareholders and financial analysts general guidance on how our invested assets are performing. The data is aggregated and is intended to provide information for comparison to prior reporting periods only. It is not intended for clients or potential clients investing in our products. All calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is a net of fees competitor ranking. When a product's investment performance is disclosed in product or client documentation it is specific to the strategy or product. Performance will either be shown net of fees at the relevant fund share-class level or it will be shown gross of fees with a fee schedule for the strategy supplied.

	Percentage of assets outperforming		
	One year	**Three years**	**Five years**
To 31 December 2023	**56%**	**60%**	**77%**
To 31 December 2022	44%	73%	76%

The calculation includes applicable assets under management that have a complete track record over the one-year, three-year and five-year reporting periods, respectively. Applicable assets under management do not include our joint ventures and associates and excludes £85.5 billion of assets, principally comprising those managed by third parties or held on an execution-only basis, the majority of assets managed by Schroders Capital Real Estate Hotels, non-discretionary assets and assets held on a custody-only basis as well as Wealth Management platform assets on the Benchmark Fusion platform. Performance is calculated relative to the relevant comparator for each investment strategy as summarised below. These fall into one of four categories, the percentages for each of which refer to the three-year calculation:

- For 73% of assets included in the calculation, the comparator is the relevant benchmark.
- If the relevant comparator is to competitor rankings, the relative position of the fund to its peer group on a like-for-like basis is used to calculate performance. This applies to 9% of assets in the calculation.
- Assets for which the relevant comparator is an absolute return target are measured against that absolute target. This applies to 13% of assets in the calculation.
- Assets with no specific outperformance objective, including those with a buy and maintain objective, that are measured against a cash alternative, if applicable. This applies to 5% of assets in the calculation.

Consolidated income statement

for the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
Revenue		2,936.7	2,891.7
Cost of sales		(602.3)	(530.3)
Net operating revenue	2	**2,334.4**	**2,361.4**
Of which: Performance fees		*37.3*	*43.0*
Net carried interest income		*46.9*	*16.5*
Net operating revenue excluding performance-based revenues		***2,250.2***	***2,301.9***
Share of profit of associates and joint ventures	8	51.1	77.6
Other operating income		33.5	36.5
Net operating income		**2,419.0**	**2,475.5**
Operating expenses	3	(1,758.0)	(1,752.5)
Operating profit		**661.0**	**723.0**
Central costs	3	(52.9)	(48.8)
Net gain/(loss) on financial instruments and other income		32.1	(6.7)
Interest income		23.6	5.8
Acquisition costs and related items	3	(90.0)	(86.4)
Restructuring costs	3	(86.2)	–
Profit before tax		**487.6**	**586.9**
Tax	4(a)	(85.0)	(100.7)
Profit after tax[1]		**402.6**	**486.2**
Earnings per share			
Basic	5	**24.6p**	30.4p
Diluted	5	**24.2p**	29.9p
Operating earnings per share			
Basic	5	**32.5p**	37.4p
Diluted	5	**31.9p**	36.7p

[1]Non-controlling interest is presented in the statement of changes in equity.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	**2023 £m**	2022 £m
Profit after tax[1]		**402.6**	**486.2**
Items that may be reclassified to the income statement:			
Net exchange differences on translation of foreign operations after hedging		(52.0)	148.6
Net gain/(loss) on financial assets at fair value through other comprehensive income		0.3	(1.6)
Tax on items taken directly to other comprehensive income	4(b)	–	(0.2)
		(51.7)	**146.8**
Items that have been reclassified to the income statement:		**(4.2)**	**0.1**
Items that will not be reclassified to the income statement:			
Net actuarial loss on defined benefit pension schemes	12	(4.2)	(66.0)
Tax on items taken directly to other comprehensive income	4(b)	1.0	16.5
		(3.2)	**(49.5)**
Other comprehensive income for the year, net of tax[1]		**(59.1)**	**97.4**
Total comprehensive income for the year[1]		**343.5**	**583.6**

[1]Non-controlling interest is presented in the statement of changes in equity.

Consolidated statement of financial position

at 31 December 2023

	Notes	**2023 £m**	2022 £m
Assets			
Cash and cash equivalents		3,649.9	4,440.3
Trade and other receivables	7	920.4	896.5
Financial assets	7	2,827.1	2,670.3
Associates and joint ventures	8	531.7	497.7
Property, plant and equipment	9, 10	464.3	524.1
Goodwill and intangible assets	11	1,885.2	1,929.5
Deferred tax		203.9	185.8
Retirement benefit scheme surplus	12	138.3	136.3
		10,620.8	**11,280.5**
Assets backing unit-linked liabilities			
Cash and cash equivalents		453.1	605.0
Financial assets		9,555.0	9,449.1
	7	**10,008.1**	**10,054.1**
Total assets		**20,628.9**	**21,334.6**
Liabilities			
Trade and other payables	7	1,087.5	1,049.5
Financial liabilities	7	4,578.2	5,140.1
Current tax		12.6	73.1
Lease liabilities	10	318.7	361.0
Provisions		23.0	25.4
Deferred tax		128.3	138.9
Retirement benefit scheme deficits		8.8	12.8
		6,157.1	**6,800.8**
Unit-linked liabilities	7	**10,008.1**	**10,054.1**
Total liabilities		**16,165.2**	**16,854.9**
Net assets		**4,463.7**	**4,479.7**
Total equity[1]		**4,463.7**	**4,479.7**

[1]Non-controlling interest is presented in the statement of changes in equity.

Consolidated statement of changes in equity

for the year ended 31 December 2023

		Attributable to owners of the parent								
	Notes	Share capital £m	Share premium £m	Own shares £m	Net exchange differences reserve £m	Associates and joint ventures reserve £m	Profit and loss reserve £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2023		**322.4**	**84.3**	**(185.1)**	**291.2**	**203.6**	**3,639.5**	**4,355.9**	**123.8**	**4,479.7**
Profit for the year		–	–	–	–	40.5	347.7	388.2	14.4	402.6
Other comprehensive income[1]		–	–	–	(56.3)	–	(2.8)	(59.1)	–	(59.1)
Total comprehensive income for the year		**–**	**–**	**–**	**(56.3)**	**40.5**	**344.9**	**329.1**	**14.4**	**343.5**
Own shares purchased	14	–	–	(66.6)	–	–	–	(66.6)	–	(66.6)
Share-based payments		–	–	–	–	–	62.8	62.8	–	62.8
Tax in respect of share schemes	4(c)	–	–	–	–	–	1.4	1.4	–	1.4
Other movements[2]		–	–	–	–	–	41.0	41.0	(49.6)	(8.6)
Dividends	6	–	–	–	–	–	(333.0)	(333.0)	(15.5)	(348.5)
Transactions with shareholders		**–**	**–**	**(66.6)**	**–**	**–**	**(227.8)**	**(294.4)**	**(65.1)**	**(359.5)**
Transfers		**–**	**–**	**79.6**	**–**	**(28.9)**	**(50.7)**	**–**	**–**	**–**
At 31 December 2023		**322.4**	**84.3**	**(172.1)**	**234.9**	**215.2**	**3,705.9**	**4,390.6**	**73.1**	**4,463.7**

[1]Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange loss on the translation of foreign operations net of hedging and any recycling on realisations. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial loss on the Group's retirement benefit schemes and post-tax fair value movements on financial assets at fair value through other comprehensive income.
[2]Other movements in the profit and loss reserve principally comprise amounts relating to financial liabilities in respect of options to purchase the remaining non-controlling interest in certain subsidiaries (see note 7). Other movements in the non-controlling interest reserve principally comprise the derecognition of BOCOM Wealth Management Company Limited on reclassification from a subsidiary to an associate (see note 8).

Consolidated statement of changes in equity

for the year ended 31 December 2022

		Attributable to owners of the parent								
	Notes	Share capital £m	Share premium £m	Own shares £m	Net exchange differences reserve £m	Associates and joint ventures reserve £m	Profit and loss reserve £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2022		**282.5**	**124.2**	**(150.2)**	**144.6**	**183.4**	**3,701.4**	**4,285.9**	**139.8**	**4,425.7**
Profit for the year		–	–	–	–	71.5	408.2	479.7	6.5	486.2
Other comprehensive income[1]		–	–	–	146.6	–	(51.2)	95.4	2.0	97.4
Total comprehensive income for the year		**–**	**–**	**–**	**146.6**	**71.5**	**357.0**	**575.1**	**8.5**	**583.6**
Own shares purchased	14	–	–	(120.2)	–	–	–	(120.2)	–	(120.2)
Share-based payments		–	–	–	–	–	68.2	68.2	–	68.2
Tax in respect of share schemes	4(c)	–	–	–	–	–	(3.4)	(3.4)	–	(3.4)
Other movements[2]		–	–	–	–	–	(113.3)	(113.3)	(15.2)	(128.5)
Bonus issue	13	39.9	(39.9)	–	–	–	(4.3)	(4.3)	–	(4.3)
Dividends	6	–	–	–	–	–	(332.1)	(332.1)	(9.3)	(341.4)
Transactions with shareholders		**39.9**	**(39.9)**	**(120.2)**	**–**	**–**	**(384.9)**	**(505.1)**	**(24.5)**	**(529.6)**
Transfers		**–**	**–**	**85.3**	**–**	**(51.3)**	**(34.0)**	**–**	**–**	**–**
At 31 December 2022		**322.4**	**84.3**	**(185.1)**	**291.2**	**203.6**	**3,639.5**	**4,355.9**	**123.8**	**4,479.7**

[1]Other comprehensive income reported in the net exchange differences reserve comprises the net foreign exchange gain on the translation of foreign operations net of hedging and any recycling on realisations. Other comprehensive income reported in the profit and loss reserve comprises the post-tax actuarial loss on the Group's retirement benefit schemes and post-tax fair value movements on financial assets at fair value through other comprehensive income.

[2]Other movements principally comprises amounts relating to financial liabilities in respect of options to purchase the remaining non-controlling interest in certain subsidiaries (see note 7).

Consolidated cash flow statement

for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Net cash (used in)/from operating activities[1]	15	**(238.1)**	**972.8**
Cash flows from investing activities			
Net disposal/acquisition of businesses, associates and joint ventures[2]		(125.1)	(607.5)
Net acquisition of property, plant and equipment and software		(79.9)	(104.3)
Acquisition of financial assets		(1,882.1)	(1,734.7)
Disposal of financial assets		1,787.8	1,820.4
Non-banking interest received		24.7	7.3
Distributions received from associates and joint ventures		49.6	15.0
Net cash used in investing activities		**(225.0)**	**(603.8)**
Cash flows from financing activities			
Purchase of subsidiary shares from non-controlling interest holders		(10.5)	(13.6)
Lease payments	10	(52.3)	(51.3)
Acquisition of own shares	14	(66.6)	(120.2)
Dividends paid	6	(348.5)	(341.4)
Other		(1.6)	(6.8)
Net cash used in financing activities		**(479.5)**	**(533.3)**
Net decrease in cash and cash equivalents		**(942.6)**	**(164.3)**
Opening cash and cash equivalents		5,045.3	5,119.0
Net decrease in cash and cash equivalents		(942.6)	(164.3)
Effect of exchange rate changes		0.3	90.6
Closing cash and cash equivalents		**4,103.0**	**5,045.3**
Closing cash and cash equivalents consist of:			
Cash and cash equivalents available for use by the Group		3,644.2	4,409.8
Cash held in consolidated pooled investment vehicles		5.7	30.5
Cash and cash equivalents presented within assets		**3,649.9**	**4,440.3**
Cash and cash equivalents presented within assets backing unit-linked liabilities		453.1	605.0
Closing cash and cash equivalents		**4,103.0**	**5,045.3**

[1]Includes Wealth Management interest income received of £191.6 million (2022: £75.3 million) and interest paid of £151.6 million (2022: £38.4 million).
[2]Includes the derecognition of cash on reclassification of BOCOM Wealth Management Company from a subsidiary to an associate (see note 8).

Explanatory notes to the financial statements

1. Presentation of the financial statements

(a) Basis of preparation

The consolidated financial information included in this statement does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for 2022 have been delivered to the Registrar of Companies and the auditor's opinion on those accounts was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Act. An unqualified auditor's opinion has also been issued on the statutory accounts for the year ended 31 December 2023, which will be delivered to the Registrar of Companies in due course.

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

(b) Future accounting developments

The Group did not implement the requirements of any standards or interpretations that were in issue but were not required to be adopted by the Group at the year end date. No standards or interpretations have been issued that are expected to have a material impact on the consolidated financial statements.

The OECD's Pillar Two model rules, which will establish a global minimum tax regime, will apply from 2024. This is not expected to have a significant impact on the Group's tax expense.

(c) Going concern

In making an assessment on going concern, the Directors have considered a wide range of information relating to present and future conditions, including future capital requirements, prediction of profitability and cash flows. These assessments showed the Group has sufficient capital and liquidity to support future business requirements and adequate resources to continue as a going concern for at least 12 months following approval of the financial statements.

2. Segmental reporting

(a) Operating segments

The Group has two operating segments: Asset Management and Wealth Management. The Asset Management segment principally comprises investment management including advisory services in respect of equity, fixed income, multi-asset and private assets and alternatives products. The Wealth Management segment principally comprises investment management, wealth planning and financial advice, platform services and banking services.

Segmental information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Group Chief Executive.

Operating expenses represent the costs incurred in running the Asset Management and Wealth Management segments and include an allocation of costs between the individual business segments on a basis that aligns the charge with the resources employed by the Group in respect of particular business functions. This allocation provides management with the relevant information as to the business performance to effectively manage and control expenditure. Operating expenses exclude items related to acquisitions, central management activities and certain restructuring costs (see note 3). The reconciliation of operating profit to profit before tax is included on the income statement.

2. Segmental reporting (continued)

(a) Operating segments (continued)

Year ended 31 December 2023	**Asset Management £m**	**Wealth Management £m**	**Total £m**
Revenue	2,349.3	587.4	2,936.7
Cost of sales	(438.1)	(164.2)	(602.3)
Net operating revenue	**1,911.2**	**423.2**	**2,334.4**
Of which: Performance fees	*36.7*	*0.6*	*37.3*
Net carried interest income	*46.9*	*–*	*46.9*
Net operating revenue excluding performance-based revenues	***1,827.6***	***422.6***	***2,250.2***
Share of profit of associates and joint ventures	48.7	2.4	51.1
Other operating income	22.3	11.2	33.5
Net operating income	**1,982.2**	**436.8**	**2,419.0**
Operating expenses	(1,471.7)	(286.3)	(1,758.0)
Operating profit	**510.5**	**150.5**	**661.0**

Year ended 31 December 2022	Asset Management £m	Wealth Management £m	Total £m
Revenue	2,441.9	449.8	2,891.7
Cost of sales	(474.8)	(55.5)	(530.3)
Net operating revenue	**1,967.1**	**394.3**	**2,361.4**
Of which: Performance fees	*42.6*	*0.4*	*43.0*
Net carried interest income	*16.5*	*–*	*16.5*
Net operating revenue excluding performance-based revenues	***1,908.0***	***393.9***	***2,301.9***
Share of profit of associates and joint ventures	73.6	4.0	77.6
Other operating income	28.0	8.5	36.5
Net operating income	**2,068.7**	**406.8**	**2,475.5**
Operating expenses	(1,475.6)	(276.9)	(1,752.5)
Operating profit	**593.1**	**129.9**	**723.0**

2. Segmental reporting (continued)

(b) Net operating revenue by segment

Year ended 31 December 2023	Asset Management £m	Wealth Management £m	Total £m
Management fees	2,230.6	340.6	2,571.2
Performance fees	36.7	0.6	37.3
Carried interest	64.8	–	64.8
Other fees	17.2	31.8	49.0
Wealth Management interest income	–	214.4	214.4
Revenue	**2,349.3**	**587.4**	**2,936.7**
Fee expense	(420.2)	(13.1)	(433.3)
Cost of financial obligations in respect of carried interest	(17.9)	–	(17.9)
Wealth Management interest expense	–	(151.1)	(151.1)
Cost of sales	**(438.1)**	**(164.2)**	**(602.3)**
Net operating revenue	**1,911.2**	**423.2**	**2,334.4**

Year ended 31 December 2022	Asset Management £m	Wealth Management £m	Total £m
Management fees	2,334.5	335.2	2,669.7
Performance fees	42.6	0.4	43.0
Carried interest	32.3	–	32.3
Other fees	32.5	38.9	71.4
Wealth Management interest income	–	75.3	75.3
Revenue	**2,441.9**	**449.8**	**2,891.7**
Fee expense	(459.0)	(17.1)	(476.1)
Cost of financial obligations in respect of carried interest	(15.8)	–	(15.8)
Wealth Management interest expense	–	(38.4)	(38.4)
Cost of sales	**(474.8)**	**(55.5)**	**(530.3)**
Net operating revenue	**1,967.1**	**394.3**	**2,361.4**

2. Segmental reporting (continued)

(c) Net operating revenue by region based on the location of clients

Year ended 31 December 2023	**UK £m**	**Continental Europe & Middle East £m**	**Asia Pacific £m**	**Americas £m**	**Total £m**
Management fees	870.6	785.4	560.9	354.3	2,571.2
Performance fees	6.6	14.0	5.4	11.3	37.3
Carried interest	–	64.8	–	–	64.8
Other fees	29.6	13.4	6.0	–	49.0
Wealth Management interest income	191.2	19.9	3.3	–	214.4
Revenue	**1,098.0**	**897.5**	**575.6**	**365.6**	**2,936.7**
Fee expense	(54.3)	(181.5)	(149.9)	(47.6)	(433.3)
Cost of financial obligations in respect of carried interest	–	(17.9)	–	–	(17.9)
Wealth Management interest expense	(149.1)	(1.2)	(0.8)	–	(151.1)
Cost of sales	**(203.4)**	**(200.6)**	**(150.7)**	**(47.6)**	**(602.3)**
Net operating revenue	**894.6**	**696.9**	**424.9**	**318.0**	**2,334.4**

Year ended 31 December 2022	UK £m	Continental Europe & Middle East £m	Asia Pacific £m	Americas £m	Total £m
Management fees	882.9	814.1	608.9	363.8	2,669.7
Performance fees	6.5	15.4	8.2	12.9	43.0
Carried interest	–	32.3	–	–	32.3
Other fees	37.5	25.9	8.0	–	71.4
Wealth Management interest income	65.7	8.1	1.5	–	75.3
Revenue	**992.6**	**895.8**	**626.6**	**376.7**	**2,891.7**
Fee expense	(58.5)	(196.2)	(169.1)	(52.3)	(476.1)
Cost of financial obligations in respect of carried interest	–	(15.8)	–	–	(15.8)
Wealth Management interest expense	(38.3)	–	(0.1)	–	(38.4)
Cost of sales	**(96.8)**	**(212.0)**	**(169.2)**	**(52.3)**	**(530.3)**
Net operating revenue	**895.8**	**683.8**	**457.4**	**324.4**	**2,361.4**

2. Segmental reporting (continued)

Estimates and judgements – revenue

The principle estimates and judgements for revenue relate to carried interest. Carried interest represents the Group's contractual right to a share of the profits of 133 private asset investment vehicles (2022: 122 vehicles), if certain performance hurdles are met. It is recognised as the services are provided and it is highly probable that a significant reversal will not occur.

The amount of carried interest that will ultimately be received by the Group is dependent on the cash flows realised by the respective investment vehicles when the underlying investments are successfully disposed of. The resultant cash flows are assessed against the applicable performance hurdle, which is dependent on the capital invested and the timing and quantum of distributions. For accounting purposes, the outcome is discounted to determine the present value of the carried interest to be recognised. The actual amount receivable at maturity will depend on the realised value and may differ from the projected value.

The Group estimates the cash flows that will be received by the investment vehicles with reference to the current fair value of the underlying investments. Judgement is applied to determine certain assumptions used in the estimate. Those assumptions principally relate to the future growth and the timing of distributions. No future growth is assumed, reflecting the uncertainty of future investment returns. The timing of distributions to clients is based on individual investment managers' expectations as to the realisation of cash flows from the successful disposal of the underlying securities.

The Group assesses the nature and maturity of the respective investment vehicles. This helps the Group to understand whether a significant risk of reversal exists and to determine whether the revenue should be recognised or further constrained in accordance with the accounting standards.

Estimates and judgements – cost of sales

The principle estimates and judgements for cost of sales relate to carried interest. The crystallisation of associated financial obligations in respect of carried interest (carried interest payable, see note 7) is contingent on the Group receiving the related revenue. The areas of estimates and judgements are the same as those used to determine the present value of the carried interest receivable, adjusted to reflect the portion that is payable to third parties. The actual amount payable at maturity will depend on the realised value of the carried interest receivable and may differ from the projected value. An increase in the growth rate of 3% would increase cost of sales by £3.9 million (2022: £3.1 million), although this would be smaller than the corresponding increase in revenue. An average acceleration/delay in crystallisation dates of one year would increase/reduce cost of sales by £3.3 million/£3.2 million (2022: £2.1 million/£2.0 million) and this amount would be lower than the corresponding increase/reduction in revenue.

3. Total expenses

Expenses comprise operating expenses, central costs, acquisition costs and related items and restructuring costs. Operating expenses are those costs incurred through the operating activities of the Group's operating segments; Asset Management and Wealth Management. Central costs are those arising from capital and treasury management activities, corporate development and strategy activities and the costs associated with the governance and corporate management of the Group. Acquisition costs and related items include deal costs associated with corporate transactions and costs associated with the integration of acquired businesses and amortisation of acquired intangible assets. The restructuring costs are one-off in nature and have been incurred in reorganising parts of the group to drive cost efficiencies and allow reinvestment in building the skills needed to support the future growth of the business. They principally comprise compensation-related costs and project expenditure.

3. Total expenses (continued)

Year ended 31 December	**2023 £m**	2022 £m
Operating expenses	1,758.0	1,752.5
Central costs	52.9	48.8
Acquisition costs and related items	90.0	86.4
Restructuring costs	86.2	–
Total expenses	**1,987.1**	**1,887.7**

Year ended 31 December	**2023 £m**	2022 £m
Salaries, wages and other remuneration	1,058.7	1,001.1
Social security costs	104.9	88.2
Pension costs	72.0	66.1
Employee benefits expense	**1,235.6**	**1,155.4**
Net (gain)/loss on financial instruments held to hedge deferred cash awards	(13.7)	11.7
Employee benefits expense – net of hedging	**1,221.9**	**1,167.1**

The employee benefits expense net of hedging includes £27.9 million (2022: £26.1 million) that is presented within central costs, £19.7 million (2022: £19.7 million) presented within acquisition costs and related items and £61.9 million (2022: nil) presented within restructuring costs.

4. Tax expense

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

Year ended 31 December	**2023 £m**	2022 £m
UK current year charge	59.2	71.6
Rest of the world current year charge	64.5	74.7
Prior year adjustments	(6.2)	1.8
Total current tax	**117.5**	**148.1**
Origination and reversal of temporary differences	(30.9)	(29.8)
Prior year adjustments	2.1	(3.0)
Effect of changes in corporation tax rates	(3.7)	(14.6)
Total deferred tax	**(32.5)**	**(47.4)**
Tax charge reported in the income statement	**85.0**	**100.7**

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

Year ended 31 December	**2023 £m**	2022 £m
Deferred tax credit on actuarial gains and losses on defined benefit pension schemes	(1.0)	(12.6)
Deferred tax charge on other movements through other comprehensive income	–	0.1
Deferred tax – effect of changes in corporation tax rates	–	(3.8)
Tax credit reported in other comprehensive income	**(1.0)**	**(16.3)**

4. Tax expense (continued)

(c) Analysis of tax (credit)/charge reported in equity

Year ended 31 December	2023 £m	2022 £m
Current tax credit on Deferred Award Plan and other share-based remuneration	(2.1)	(1.5)
Deferred tax charge on Deferred Award Plan and other share-based remuneration	0.7	5.7
Deferred tax – effect of changes in corporation tax rates	–	(0.8)
Tax (credit)/charge reported in equity	**(1.4)**	**3.4**

(d) Factors affecting tax charge for the year

The UK rate of corporation tax applicable for 2023 is a blended rate of 23.5% (2022: standard rate of 19%). The tax charge for the year is lower (2022: higher) than a charge based on the UK blended rate. The differences are explained below:

Year ended 31 December	2023 £m	2022 £m
Profit before tax	487.6	586.9
Less share of profit of associates and joint ventures after amortisation	(40.5)	(71.5)
Profit before tax of Group entities	**447.1**	**515.4**
Profit before tax of consolidated Group entities multiplied by corporation tax at the UK blended rate	105.1	97.9
Effects of:		
Different statutory tax rates of overseas jurisdictions	(17.3)	(0.4)
Permanent differences including non-taxable income and non-deductible expenses	3.4	7.7
Net movement in temporary timing differences for which no deferred tax is recognised	1.6	11.3
Deferred tax adjustments in respect of changes in corporation tax rates	(3.7)	(14.6)
Prior year adjustments	(4.1)	(1.2)
Tax charge reported in the income statement	**85.0**	**100.7**

Estimates and judgements

The calculation of the Group's tax charge involves a degree of estimation and judgement. Liabilities relating to open and judgemental matters, including those in relation to deferred taxes, are based on the Group's assessment of the most likely outcome based on the information available. As a result, certain tax amounts are based on estimates using factors that are relevant to the specific judgement. The Group engages constructively and transparently with tax authorities with a view to early resolution of any uncertain tax matters. Where the final tax outcome of these matters is different from the amounts provided, such differences will impact the tax charge in a future period. Such estimates are based on assumptions made on the probability of potential challenge within certain jurisdictions and the possible outcome based on relevant facts and circumstances, including local tax laws. There was no individual judgemental component of the tax expense that was material to the Group results when taking into account the likely range of potential outcomes (2022: none).

5. Earnings per share

Reconciliation of the figures used in calculating basic and diluted earnings per share:

Year ended 31 December	**2023 Number Millions**	2022 Number Millions
Weighted average number of shares used in the calculation of basic earnings per share	1,575.9	1,576.6
Effect of dilutive potential shares – share options	28.0	27.4
Effect of dilutive potential shares – contingently issuable shares	0.3	0.4
Weighted average number of shares used in the calculation of diluted earnings per share	**1,604.2**	**1,604.4**

Earnings per share calculations are based on profit after tax of £402.6 million (2022: £486.2 million) less non-controlling interest earnings of £14.4 million (2022: £6.5 million).

Operating earnings per share calculations are based on operating profit after tax of £533.0 million (2022: £599.4 million) less non-controlling interest operating earnings of £21.3 million (2022: £10.4 million).

6. Dividends

	2024		**2023**		2022	
	£m	**Pence per share**	**£m**	**Pence per share**	£m	Pence per share[1]
Prior year final dividend paid			232.2	15.0	231.5	14.9
Interim dividend paid			100.8	6.5	100.6	6.5
Total dividends paid			**333.0**	**21.5**	**332.1**	**21.4**
Current year final dividend recommended	**233.1**	**15.0**				

[1]Dividends per share have been restated following the simplification of the Company's dual share class structure (see note 13).

Dividends of £13.6 million (2022: £12.6 million) on shares held by employee benefit trusts have been waived. The Board has recommended a 2023 final dividend of 15.0 pence per share (2022: 15.0 pence), amounting to £233.1 million (2022 final dividend: £232.2 million). The dividend will be paid on 2 May 2024 to shareholders on the register at 22 March 2024 and will be accounted for in 2024.

The Group paid £15.5 million of dividends to holders of non-controlling interests in subsidiaries of the Group during 2023 (2022: £9.3 million), resulting in total dividends paid of £348.5 million (2022: £341.4 million).

The Company offers a dividend reinvestment plan (DRIP). The last date for shareholders to elect to participate in the DRIP for the purposes of the 2023 final dividend is 11 April 2024. Further details are available on the Group's website.

7. Fair value measurement disclosures

Estimates and judgements

The Group holds financial instruments that are measured at fair value. The fair value of financial instruments may be derived from readily available sources or may require some estimation. The degree of estimation involved depends on the individual financial instrument and is reflected in the fair value hierarchy below. Judgements may include determining which valuation approach to apply as well as determining appropriate assumptions. For level 2 and 3 financial instruments, the judgement applied by the Group gives rise to an estimate of fair value. The approach to determining the fair value estimate of level 2 and 3 financial instruments is set out below. The fair value levels are based on the degree to which the fair value is observable and are defined as follows:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities and principally comprise investments in pooled investment vehicles, quoted equities, government debt and exchange-traded derivatives.

– Level 2 fair value measurements are those derived from prices that are not traded in an active market but are determined using valuation techniques, which make maximum use of observable market data. The Group's level 2 financial instruments principally comprise foreign exchange contracts, certain debt securities and asset and mortgage backed securities. 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. For funds not priced on a daily basis, the net asset value that is issued monthly or quarterly is used.

– Level 3 fair value measurements are those derived from valuation techniques that include significant inputs that are not based on observable market data. The Group's level 3 financial assets principally comprise holdings in pooled investment vehicles, including private equity funds, and holdings in property investment vehicles that operate hotel businesses. The pooled investment vehicles are measured in accordance with International Private Equity and Venture Capital Valuation Guidelines 2022 using the valuation technique that is most suitable to the applicable investment. The property investment vehicles are valued based on the expected future cash flows that could be generated from the underlying hotel businesses. Given the application of different valuation techniques, and as the investments are not homogenous in nature, there are no significant assumptions or reasonably possible alternatives that would lead to a material change in fair value.

The Group's financial liabilities categorised as level 3 principally consist of third party liabilities related to carried interest arrangements, obligations arising from contingent consideration and other liabilities to purchase the remaining interest in acquired subsidiaries. Information about the estimates and judgements made in determining the fair value of carried interest payable is set out in note 2. Liabilities in respect of options to purchase the remaining interest in certain subsidiaries require judgement in determining the appropriate assumptions to be applied in the estimation of the fair value. The amount that will ultimately be paid in relation to an option is dependent on the future earnings of the subsidiary and may be subject to a cap over the enterprise value. In estimating the liability, the assumptions principally relate to the future earnings of the business, the market multiple applied to the earnings and the rate applied to discount the liability back to present value. The future earnings of the applicable subsidiaries are estimated based on cash flow forecasts specific to the individual business and consequently there is no one assumption that is individually material to the valuation. Market multiples are applied to the forecast earnings to estimate the fair value of the business. Market multiples reflect the nature of the business and take into account observable market transactions where appropriate. Market multiples range from 10 to 15 times earnings. An increase/decrease in market multiples of one would increase/decrease the financial liability by £10 million/£10 million (2022: £12 million/£12 million). Discount rates between 12% and 14% have been used to discount these liabilities. An increase/decrease in the discount rate of 1% would decrease/increase the financial liability by £5 million/£5 million (2022: £9 million/£9 million). The remaining level 3 liabilities are measured using different valuation methodologies and assumptions, and there are no significant assumptions or reasonably possible alternatives that would lead to a material change in fair value.

7. Fair value measurement disclosures (continued)

The Group holds certain assets and liabilities at fair value. Their categorisation within the fair value hierarchy is shown below:

	2023				
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Not at fair value £m**	**Total £m**
Financial assets at amortised cost:					
Loans and advances to banks	–	–	–	397.9	397.9
Loans and advances to clients	–	–	–	446.0	446.0
Debt securities	–	–	–	356.7	356.7
	–	**–**	**–**	**1,200.6**	**1,200.6**
Financial assets at fair value through other comprehensive income:					
Debt securities	697.6	3.2	10.6	–	711.4
	697.6	**3.2**	**10.6**	**–**	**711.4**
Financial assets at fair value through profit or loss:					
Debt securities	13.6	64.7	–	–	78.3
Pooled investment vehicles	420.2	10.3	200.6	–	631.1
Equities	153.3	9.9	27.5	–	190.7
Derivative contracts	–	15.0	–	–	15.0
	587.1	**99.9**	**228.1**	**–**	**915.1**
Total financial assets	**1,284.7**	**103.1**	**238.7**	**1,200.6**	**2,827.1**
Trade and other receivables	**2.2**	**–**	**–**	**918.2**	**920.4**
Assets backing unit-linked liabilities	**7,622.0**	**1,866.3**	**18.3**	**501.5**	**10,008.1**
	8,908.9	**1,969.4**	**257.0**	**2,620.3**	**13,755.6**
Financial liabilities at amortised cost:					
Client accounts	–	–	–	4,135.0	4,135.0
Deposits by banks	–	–	–	64.4	64.4
	–	**–**	**–**	**4,199.4**	**4,199.4**
Financial liabilities at fair value through profit or loss:					
Derivative contracts	1.5	10.7	–	–	12.2
Other financial liabilities	92.1	–	96.9	–	189.0
	93.6	**10.7**	**96.9**	**–**	**201.2**
Liabilities to purchase subsidiary shares	**–**	**–**	**177.6**	**–**	**177.6**
Total financial liabilities	**93.6**	**10.7**	**274.5**	**4,199.4**	**4,578.2**
Trade and other payables	**211.8**	**–**	**–**	**875.7**	**1,087.5**
Unit-linked liabilities	**9,960.4**	**32.8**	**–**	**14.9**	**10,008.1**
	10,265.8	**43.5**	**274.5**	**5,090.0**	**15,673.8**

7. Fair value measurement disclosures (continued)

	2022				
	Level 1 £m	Level 2 £m	Level 3 £m	Not at fair value £m	Total £m
Financial assets at amortised cost:					
Loans and advances to banks	–	–	–	122.8	122.8
Loans and advances to clients	–	–	–	615.6	615.6
Debt securities	–	–	–	263.9	263.9
	–	**–**	**–**	**1,002.3**	**1,002.3**
Financial assets at fair value through other comprehensive income:					
Debt securities	588.4	3.5	–	–	591.9
	588.4	**3.5**	**–**	**–**	**591.9**
Financial assets at fair value through profit or loss:					
Debt securities	21.9	126.2	–	–	148.1
Pooled investment vehicles	462.4	60.2	179.6	–	702.2
Equities	190.8	0.5	11.6	–	202.9
Derivative contracts	5.9	17.0	–	–	22.9
	681.0	**203.9**	**191.2**	**–**	**1,076.1**
Total financial assets	**1,269.4**	**207.4**	**191.2**	**1,002.3**	**2,670.3**
Trade and other receivables	**2.6**	**–**	**–**	**893.9**	**896.5**
Assets backing unit-linked liabilities	**7,515.6**	**1,812.6**	**22.8**	**703.1**	**10,054.1**
	8,787.6	**2,020.0**	**214.0**	**2,599.3**	**13,620.9**
Financial liabilities at amortised cost:					
Client accounts	–	–	–	4,532.8	4,532.8
Deposits by banks	–	–	–	59.4	59.4
Other financial liabilities	–	–	–	3.7	3.7
	–	**–**	**–**	**4,595.9**	**4,595.9**
Financial liabilities at fair value through profit or loss:					
Derivative contracts	3.7	24.6	–	–	28.3
Other financial liabilities	205.8	–	91.4	–	297.2
	209.5	**24.6**	**91.4**	**–**	**325.5**
Liabilities to purchase subsidiary shares	**–**	**–**	**218.7**	**–**	**218.7**
Total financial liabilities	**209.5**	**24.6**	**310.1**	**4,595.9**	**5,140.1**
Trade and other payables	**214.9**	**–**	**–**	**834.6**	**1,049.5**
Unit-linked liabilities	**9,996.1**	**48.7**	**–**	**9.3**	**10,054.1**
	10,420.5	**73.3**	**310.1**	**5,439.8**	**16,243.7**

The Group has recognised a net gain on financial instruments at fair value through profit or loss of £19.9 million (2022: loss of £10.9 million). A net loss on financial instruments at fair value through other comprehensive income of £0.1 million (2022: loss of £0.1 million) has been transferred to the income statement.

7. Fair value measurement disclosures (continued)

The fair value of financial assets and liabilities at amortised cost approximates their carrying value. No financial assets or liabilities were transferred between levels during 2023 (2022: none).

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

	2023			
	Financial assets at FVTPL £m	**Assets backing unit-linked liabilities £m**	**Financial liabilities at FVTPL £m**	**Liabilities to purchase subsidiary shares £m**
At 1 January	191.2	22.8	91.4	218.7
Exchange translation adjustments	(6.2)	(0.4)	(3.5)	(1.1)
Net gain/(loss) recognised in the income statement	21.6	(0.3)	20.5	–
Remeasurements	–	–	–	(37.9)
Additions	34.8	–	2.7	–
Disposals and settlements	(13.3)	(3.8)	(14.2)	(2.1)
At 31 December	**228.1**	**18.3**	**96.9**	**177.6**

	2022			
	Financial assets at FVTPL £m	Assets backing unit-linked liabilities £m	Financial liabilities at FVTPL £m	Liabilities to purchase subsidiary shares £m
At 1 January	147.3	22.9	88.9	60.8
Exchange translation adjustments	13.2	0.6	8.1	7.5
Net gain/(loss) recognised in the income statement	(0.8)	5.6	18.1	–
Remeasurements	–	–	–	(1.2)
Additions	48.2	–	2.2	173.0
Disposals and settlements	(16.7)	(6.3)	(25.9)	(21.4)
At 31 December	**191.2**	**22.8**	**91.4**	**218.7**

8. Associates and joint ventures

	2023			2022		
	Associates £m	**Joint ventures £m**	**Total £m**	Associates £m	Joint ventures £m	Total £m
At 1 January	304.8	192.9	497.7	260.6	206.1	466.7
Exchange translation adjustments	(25.9)	(0.3)	(26.2)	7.4	0.4	7.8
Additions[1]	51.9	2.0	53.9	1.7	1.6	3.3
Disposals	(1.1)	(3.3)	(4.4)	(0.3)	–	(0.3)
Profit/(loss) for the year after tax[2]	47.4	(6.9)	40.5	72.7	(1.2)	71.5
Distributions of profit	(28.9)	(0.9)	(29.8)	(37.3)	(14.0)	(51.3)
At 31 December	**348.2**	**183.5**	**531.7**	**304.8**	**192.9**	**497.7**

[1]The 51% holding in Schroder BOCOM Wealth Management Company Limited has been reclassified from a subsidiary to an associate. Total assets of £118.6 million, including cash and cash equivalents of £99.7 million, have accordingly been derecognised from the statement of financial position. £51.8 million has subsequently been recognised as an addition to investments in associates and joint ventures.
[2]Share of profit of associates and joint ventures as presented on the income statement excludes acquisition costs and related items of £5.9 million (2022: £6.1 million) and restructuring costs of £4.7 million (2022: nil), net of tax.

9. Property, plant and equipment

	2023			
	Leasehold improvements £m	**Land and buildings £m**	**Other assets £m**	**Total £m**
Cost				
At 1 January	207.0	19.7	169.0	395.7
Exchange translation adjustments	(2.1)	–	(2.5)	(4.6)
Additions	7.6	–	4.9	12.5
Disposals	(1.8)	–	(5.0)	(6.8)
At 31 December	**210.7**	**19.7**	**166.4**	**396.8**
Accumulated depreciation				
At 1 January	(75.7)	(2.2)	(112.0)	(189.9)
Exchange translation adjustments	1.3	–	1.8	3.1
Depreciation charge	(15.7)	(0.4)	(10.9)	(27.0)
Disposals	0.8	–	2.4	3.2
At 31 December	**(89.3)**	**(2.6)**	**(118.7)**	**(210.6)**
Net book value at 31 December	**121.4**	**17.1**	**47.7**	**186.2**
Right-of-use assets (note 10)				278.1
Property, plant and equipment net book value at 31 December				**464.3**

9. Property, plant and equipment (continued)

	2022			
	Leasehold improvements £m	Land and buildings £m	Other assets £m	Total £m
Cost				
At 1 January	194.6	19.7	165.8	380.1
Exchange translation adjustments	5.1	–	4.6	9.7
Additions	7.6	–	12.1	19.7
Disposals	(0.3)	–	(13.5)	(13.8)
At 31 December	**207.0**	**19.7**	**169.0**	**395.7**
Accumulated depreciation				
At 1 January	(59.2)	(1.8)	(89.2)	(150.2)
Exchange translation adjustments	(2.5)	–	(3.0)	(5.5)
Depreciation charge	(14.3)	(0.4)	(21.3)	(36.0)
Disposals	0.3	–	1.5	1.8
At 31 December	**(75.7)**	**(2.2)**	**(112.0)**	**(189.9)**
Net book value at 31 December	**131.3**	**17.5**	**57.0**	**205.8**
Right-of-use assets (note 10)				318.3
Property, plant and equipment net book value at 31 December				**524.1**

10. Leases

	2023		2022	
	Right-of-use assets £m	**Lease liabilities £m**	Right-of-use assets £m	Lease liabilities £m
At 1 January	318.3	361.0	330.1	373.8
Exchange translation adjustments	(4.3)	(6.5)	9.8	12.3
Additions and remeasurements of lease obligations	7.7	7.2	18.0	15.6
Lease payments	–	(52.3)	–	(51.3)
Depreciation charge	(43.6)	–	(39.6)	–
Interest expense	–	9.3	–	10.6
At 31 December	**278.1**	**318.7**	**318.3**	**361.0**

The depreciation charge and interest expense relating to leases are recorded within operating expenses (see note 3).

11. Goodwill and intangible assets

	2023			
	Goodwill £m	**Acquired intangible assets £m**	**Software £m**	**Total £m**
Cost				
At 1 January	1,239.7	710.0	573.0	2,522.7
Exchange translation adjustments	2.1	0.6	(0.9)	1.8
Additions	13.2	20.0	67.4	100.6
Disposals	–	–	(6.8)	(6.8)
At 31 December	**1,255.0**	**730.6**	**632.7**	**2,618.3**
Accumulated amortisation				
At 1 January	–	(308.8)	(284.4)	(593.2)
Exchange translation adjustments	–	(0.4)	0.2	(0.2)
Amortisation charge	–	(58.5)	(83.1)	(141.6)
Disposals	–	–	1.9	1.9
At 31 December	**–**	**(367.7)**	**(365.4)**	**(733.1)**
Carrying amount at 31 December	**1,255.0**	**362.9**	**267.3**	**1,885.2**

	2022			
	Goodwill £m	Acquired intangible assets £m	Software £m	Total £m
Cost				
At 1 January	803.4	361.9	470.7	1,636.0
Exchange translation adjustments	36.1	15.7	4.7	56.5
Additions	400.2	332.4	97.6	830.2
At 31 December	**1,239.7**	**710.0**	**573.0**	**2,522.7**
Accumulated amortisation				
At 1 January	–	(252.8)	(214.7)	(467.5)
Exchange translation adjustments	–	(8.9)	(3.5)	(12.4)
Amortisation charge	–	(47.1)	(66.2)	(113.3)
At 31 December	**–**	**(308.8)**	**(284.4)**	**(593.2)**
Carrying amount at 31 December	**1,239.7**	**401.2**	**288.6**	**1,929.5**

The Group completed three business combinations during the year ended 31 December 2023 for a total consideration of £18.5 million, resulting in £10.7 million of identifiable intangible assets and £13.2 million of Wealth Management goodwill. The Group acquired £9.3 million of customer contracts through Benchmark Capital that were not considered to be business combinations. £7.0 million of Wealth Management goodwill relates to the acquisition of Unique Financial Planning Limited. Due to the timing of this acquisition, the determination of the final amounts is ongoing and subject to review.

11. Goodwill and intangible assets (continued)

Estimates and judgements

The Group estimates the fair value of identifiable intangible assets acquired at the acquisition date based on forecast profits, taking account of synergies, derived from existing contractual arrangements. This assessment involves judgement in determining assumptions relating to potential future revenues, profit margins, appropriate discount rates and the expected duration of client relationships. The difference between the fair value of the consideration and the value of the identifiable assets and liabilities acquired, including intangible assets, is accounted for as goodwill.

At each reporting date, the Group applies judgement to determine whether there is any indication that an acquired intangible asset may be impaired. If any indication exists, a full assessment is undertaken. Goodwill is assessed for impairment on an annual basis. If the assessment of goodwill or an acquired intangible asset determines that the carrying value exceeds the estimated recoverable amount at that time, the assets are written down to their recoverable amount.

The recoverable amount of goodwill is determined using a discounted cash flow model. Any impairment is recognised in the income statement and cannot be reversed. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from that business combination. For all relevant acquisitions, the Group has determined that the lowest level CGU for Asset Management acquisitions is the segment. The Benchmark Capital business within Wealth Management is assessed separately from the rest of Wealth Management. Of the total goodwill, £1,012.3 million (2022: £1,009.6 million) is allocated to Asset Management and £242.7 million (2022: £230.1 million) is allocated to Wealth Management, of which £81.4 million (2022: £68.2 million) relates to Benchmark Capital.

The recoverable amounts of the CGUs are determined from value-in-use calculations applying a discounted cash flow model using the Group's five-year strategic business plan cash flows. The key assumptions on which the Group's cash flow projections are based include long-term market growth rates of 2% per annum (2022: 2%), a pre-tax discount rate of 13% (2022: 12%), expected flows and expected changes to revenue margins. The results of the calculations indicate that goodwill is not impaired.

Movements in the growth rate and/or the discount rate of 1% would not lead to any impairment. This is due to the amount of goodwill allocated to the relevant CGU relative to the size of the relevant future profitability estimate. A comparison of actual results to the projected results used to assess goodwill impairment in prior years shows that the Group would have recognised no changes (2022: nil) to its goodwill asset in the year as a result of inaccurate projections.

The recoverable amount of acquired intangible assets is the greater of fair value less costs to sell and the updated discounted valuation of the remaining net residual income stream. Any impairment is recognised in the income statement but may be reversed if relevant conditions improve.

12. Retirement benefit obligations

Movements in respect of the assets and liabilities of the UK defined benefit scheme, Schroders Retirement Benefits Scheme (the Scheme), are:

	2023 £m	2022 £m
At 1 January	706.5	1,070.6
Interest income	33.2	21.0
Remeasurement of assets	2.9	(345.2)
Benefits paid	(27.5)	(38.5)
Administrative expenses[1]	(1.7)	(1.4)
Fair value of plan assets	**713.4**	**706.5**
At 1 January	(570.2)	(872.7)
Interest cost	(26.7)	(17.1)
Actuarial gains due to change in demographic assumptions	11.1	0.2
Actuarial (losses)/gains due to change in financial assumptions	(12.7)	299.4
Actuarial losses due to experience	(4.1)	(18.5)
Benefits paid	27.5	38.5
Present value of funded obligations	**(575.1)**	**(570.2)**
Net assets	**138.3**	**136.3**

[1]Following the last completed triennial valuation it was agreed that certain administrative expenses of the scheme would be paid out of the scheme surplus. The approach will be reviewed as part of the next triennial valuation.

On 16 June 2023, the High Court issued a ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others), which has the potential to affect the Scheme's liabilities. As the assessment of any potential impact is ongoing, no adjustment has been made to the Scheme's liability as at 31 December 2023.

The amount recognised in the statement of comprehensive income includes a loss of £1.4 million (2022: £1.9 million) in respect of other defined benefit schemes.

The principal financial assumptions used for the Scheme are:

	2023 %	2022 %
Discount rate	4.5	4.8
RPI inflation rate	3.0	3.2
CPI inflation rate	2.3	2.5
Future pension increases (for benefits earned before 13 August 2007)	2.9	3.0
Future pension increases (for benefits earned after 13 August 2007)	2.0	2.0

Average number of years a current pensioner is expected to live beyond age 60:	**Years**	Years
Men	27	28
Women	29	30

Average number of years future pensioners currently aged 45 are expected to live beyond age 60:	**Years**	Years
Men	28	29
Women	30	30

12. Retirement benefit obligations (continued)

The last completed triennial valuation of the Scheme was carried out as at 31 December 2020. The funding level at that date was 107% on the technical provisions basis and no contribution to the Scheme was required. The next triennial valuation is due as at 31 December 2023 and will be performed in 2024.

Estimates and judgements

The Group estimates the carrying value of the Scheme by applying judgement to determine the assumptions used to calculate the valuation of the pension obligation using member data and applying the Scheme rules. The Scheme assets are mainly quoted in an active market. The sensitivity to those assumptions is set out below. The most significant judgemental assumption relates to mortality rates, which are inherently uncertain. The Group's mortality assumptions are based on standard mortality tables with Continuous Mortality Investigation core projection factors and a long-term rate of mortality improvement of 1.0% (2022: 1.0%) per annum. An additional adjustment, an "A parameter" set to 0.25% (2022: 0.25%) per annum, allows for the typically higher rate of mortality improvement among members of the Scheme compared with general population statistics. The latest base mortality tables have been adopted with no scaling (2022: nil) following a Scheme specific review of the membership data.

The Group reviews its assumptions annually in conjunction with its independent actuaries and considers this adjustment appropriate given the geographic and demographic profile of Scheme members. Other assumptions for pension obligations are based in part on current market conditions.

13. Share capital and share premium

	2023		
	Number of shares Millions	**Total ordinary shares £m**	**Share premium £m**
At 1 January	1,612.1	322.4	84.3
At 31 December	**1,612.1**	**322.4**	**84.3**

	2022				
	Number of shares Millions	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January	282.5	226.0	56.5	282.5	124.2
Enfranchisement of non-voting shares	–	56.5	(56.5)	–	–
Compensatory Bonus Issue	39.9	39.9	–	39.9	(39.9)
Sub-Division of shares	1,289.7	–	–	–	–
At 31 December	**1,612.1**	**322.4**	**–**	**322.4**	**84.3**

On 20 September 2022, the Company completed the simplification of its dual share class structure. All non-voting ordinary shares were re-designated as ordinary shares with full voting rights (Enfranchisement); holders of existing ordinary shares received a bonus issue of three additional ordinary shares for every seventeen held (Compensatory Bonus Issue). Following the Enfranchisement and Compensatory Bonus Issue, each ordinary share of £1 was sub-divided into five ordinary shares of 20 pence (Sub-Division).

The compensatory bonus issue resulted in the Company's share capital increasing by £39.9 million. All 39.9 million bonus shares were fully paid at their nominal value of £1 from the Company's share premium account.

14. Own shares

Own shares include the Group's shares that are held by employee benefit trusts.

Movements in own shares during the year were as follows:

	2023 £m	2022 £m
At 1 January	(185.1)	(150.2)
Own shares purchased	(66.6)	(120.2)
Awards vested	79.6	85.3
At 31 December	**(172.1)**	**(185.1)**

During the year, 14.4 million own shares (2022: 4.9 million own shares) were purchased and held for hedging share-based awards. 15.9 million shares (2022: 3.7 million shares) awarded to employees vested in the period and were transferred out of own shares.

The total number of shares in the Company held within the Group's employee benefit trusts comprise:

	2023			2022		
	Number of vested shares Millions	**Number of unvested shares Millions**	**Total Millions**	Number of vested shares Millions	Number of unvested shares Millions	Total Millions
Total ordinary shares	**23.0**	**35.8**	**58.8**	23.5	37.2	60.7

15. Reconciliation of net cash from operating activities

	2023 £m	2022 £m
Profit before tax	487.6	586.9
Adjustments for income statement non-cash movements:		
Depreciation of property, plant and equipment and amortisation of intangible assets	212.2	188.9
Net (gain)/loss on financial instruments	(19.1)	11.0
Share-based payments	62.8	68.2
Net release for provisions	(2.0)	(2.6)
Other non-cash movements[1]	(26.8)	43.5
	227.1	**309.0**
Adjustments for which the cash effects are investing activities:		
Interest income	(23.6)	(5.8)
Interest expense on lease liabilities	9.3	10.6
Share of profit of associates and joint ventures after amortisation	(40.5)	(71.5)
	(54.8)	**(66.7)**
Adjustments for statement of financial position movements:		
(Increase)/decrease in loans and advances within Wealth Management	(100.8)	64.5
(Increase)/decrease in trade and other receivables	(40.7)	68.9
(Decrease)/increase in deposits and client accounts within Wealth Management	(413.0)	682.7
Increase/(decrease) in trade and other payables, other financial liabilities and provisions	27.9	(159.6)
	(526.6)	**656.5**
Adjustments for Life Company and consolidated pooled investment vehicles movements:		
Net (increase)/decrease in financial assets backing unit-linked liabilities	(105.9)	3,102.3
Net decrease in unit-linked liabilities	(46.0)	(3,409.0)
Net decrease in cash within consolidated pooled investment vehicles	(24.8)	(101.3)
	(176.7)	**(408.0)**
Tax paid	(194.7)	(104.9)
Net cash (used in)/from operating activities	**(238.1)**	**972.8**

[1]Other non-cash movements primarily consist of discount unwind within the net interest margin and exchange translation adjustments, before hedging activities.

Directors' responsibility statement

To the best of their knowledge and belief, each of the Directors listed below confirms that:

- The consolidated financial statements of Schroders plc, prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of Companies Act, which give a true and fair view of the assets, liabilities, financial position and profit of Schroders plc and the undertakings included in the consolidation taken as a whole;
- The announcement includes a fair summary of the development and performance of the business and the position of Schroders plc and the undertakings included in the consolidation taken as a whole and a description of the principal risks and uncertainties that they face;
- So far as each Director is aware, there is no relevant audit information of which Schroders plc's auditors are unaware; and
- They have each taken all the steps that ought to have been taken by them as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors:

Dame Elizabeth Corley	Chair
Peter Harrison	Group Chief Executive
Richard Oldfield	Chief Financial Officer
Ian King	Senior Independent Director
Rhian Davies	Independent non-executive Director
Claire Fitzalan Howard	Non-executive Director
Rakhi Goss-Custard	Independent non-executive Director
Iain Mackay	Independent non-executive Director
Leonie Schroder	Non-executive Director
Annette Thomas	Independent non-executive Director
Frederic Wakeman	Independent non-executive Director
Deborah Waterhouse	Independent non-executive Director
Matthew Westerman	Independent non-executive Director

28 February 2024

Five year consolidated financial summary

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Operating profit before tax	661.0	723.0	841.0	698.5	709.7
Tax	(128.0)	(123.6)	(147.4)	(134.9)	(144.2)
Operating profit after tax	**533.0**	599.4	693.6	563.6	565.5

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Profit before tax	487.6	586.9	764.1	610.5	624.6
Tax	(85.0)	(100.7)	(140.3)	(124.5)	(128.9)
Profit after tax	**402.6**	486.2	623.8	486.0	495.7

Operating earnings per share:	**2023 Pence**	2022 Pence	2021 Pence	2020 Pence	2019 Pence
Basic earnings per share[1]	32.5	37.4	43.0	34.9	35.6
Diluted earnings per share[1]	31.9	36.7	42.2	34.3	35.0

Earnings per share:	**2023 Pence**	2022 Pence	2021 Pence	2020 Pence	2019 Pence
Basic earnings per share[1]	24.6	30.4	38.7	30.2	31.4
Diluted earnings per share[1]	24.2	29.9	38.1	29.7	30.8

Dividends	**2023**	2022	2021	2020	2019
Cost (£m)	333.0	332.1	318.6	311.7	312.3
Pence per share[2]	21.5	21.4	20.4	20.0	20.0

Total equity (£m)	**4,463.7**	4,479.7	4,425.7	4,085.9	3,847.5
Net assets per share (pence)[3]	**277**	278	275	253	239

[1]See note 5 for the basis of this calculation. Prior year comparatives have been restated following the simplification of the Company's dual share class structure (see note 13).
[2]Dividends per share are those amounts approved by the shareholders to be paid within the year on a per share basis to the shareholders on the register at the specified dates. Prior year comparatives have been restated following the simplification of the Company's dual share class structure (see note 13).
[3]Net assets per share are calculated by using the actual number of shares in issue at the year-end date. Prior year comparatives have been restated following the simplification of the Company's dual share class structure (see note 13).

Exchange rates – closing

31 December	**2023**	2022	2021	2020	2019
Sterling:					
Euro	**1.15**	1.13	1.19	1.12	1.18
US dollar	**1.27**	1.20	1.35	1.37	1.32
Swiss franc	**1.07**	1.11	1.23	1.21	1.28
Australian dollar	**1.87**	1.77	1.86	1.77	1.88
Hong Kong dollar	**9.95**	9.39	10.56	10.60	10.32
Japanese yen	**179.72**	158.72	155.97	141.13	143.97
Singaporean dollar	**1.68**	1.61	1.83	1.81	1.78
Chinese renminbi	**9.04**	8.36	8.63	8.89	9.23

Glossary

Assets under Management (AUM)	AUM represents the aggregate value of client assets managed, advised or otherwise contracted, from which the Group, including joint ventures and associates, earns operating revenue. Asset Management AUM includes investment management, OCIO, fiduciary management and liability management services. For Schroders Capital Private Equity, the aggregate value of assets managed includes client commitments on which we earn fees. This is changed to the lower of committed funds and net asset value, typically after seven years from the initial investment, in line with the fee basis. Wealth Management AUM comprises the aggregate value of assets where Schroders provides advice or discretionary management (Advised AUM), platform services (Platform AUM) and investment management services (Managed AUM). Advised AUM comprises assets where Schroders provides discretionary or advisory management services including assets where the client independently makes investment decisions. Platform AUM represents the value of assets on the Benchmark Fusion platform. The Fusion platform enables financial advisors to administer and manage their clients' accounts by providing dealing and settlement services, valuation statements and custody services through a third party. Managed AUM includes assets where the client invests in Schroders' funds.
Buy-out	The formal transfer of a defined benefit (DB) pension liability (either in full or in part) to a regulated insurance company, with an associated transfer of the pension scheme assets that support the transferred liabilities.
Dry powder and non-fee earning dry powder	Within Schroders Capital, fundraising comprises new funds invested into our products and contractual commitments from clients to invest their capital in the future. These commitments are called upon once relevant investments have been identified and the capital is to be deployed. Uncalled commitments are referred to as dry powder. Depending on the applicable fee arrangements, dry powder may or may not attract management fees. Uncalled commitments that do not attract fees are referred to as non-fee earning dry powder.
Fundraising	This is a term used in our private assets business comprising new funds invested into our products and contractual commitments from clients to invest their capital in the future.
Longevity	The illustrative length of time expressed in years that an average client invests their assets with us. This is calculated as the average AUM divided by gross outflows over a one-year period. We typically present a three-year rolling average, in order to allow for short-term fluctuations.
Net new business (NNB)	New funds from clients less funds withdrawn by clients. This is also described as net inflows (when positive) or net outflows (when negative).
Operating compensation ratio	Operating compensation costs divided by net operating income. By targeting an operating compensation ratio, we align the interests of shareholders and employees.
Operating earnings per share	Operating profit after tax excluding non-controlling operating earnings divided by the relevant weighted average number of shares. The presentation of operating earnings per share provides transparency from our operational activities to aid understanding of the financial performance.

Operating profit	Operating profit represents the profit before tax generated by the Group's Asset Management and Wealth Management operating segments. It excludes central costs, gains and losses from capital management activities as well as acquisition and restructuring related costs.
Other operating income	Other operating income primarily relates to gains and losses on co-investments and foreign exchange.
Payout ratio	The total dividend per share in respect of the year divided by the operating basic earnings per share.