Registration number: 949417

Invesco Asset Management Limited

Strategic Report, Directors' Report and Audited Financial Statements

for the Year Ended 31 December 2022

Invesco Asset Management Limited

Contents

Invesco Asset Management Limited

Company Information

Directors	A. J. Trotter M. Grosclaude S. Butcher J. Eden (Non-Executive) N. Chintu (Non-Executive) R. Court (Non-Executive)
Company secretary	Invesco UK Holdings Limited
Registered office	Perpetual Park Perpetual Park Drive Henley-on-Thames Oxfordshire RG9 1HH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Invesco Asset Management Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report on the affairs of Invesco Asset Management Limited ("the company") for the year ended 31 December 2022. The company is a direct subsidiary of Invesco UK Limited ("IUK") and forms part of the Invesco Ltd. group ("the group") and the UK Supervisory Group ("the IUK group") for regulatory purposes. The board of the company is referred to as "the board".

Principal activities

The principal activity of the company is the provision of investment management services. The company is also an investment holding company and has a branch in Dubai. The company is regulated by the Financial Conduct Authority ("FCA") and is authorised in the conduct of its investment business by that organisation. The company does not hold derivative instruments or enter into any hedging arrangements.

Purpose and key stakeholders

The company shares a clear purpose with the group; to help people get more out of life by delivering a superior investment experience. The strategy for the group is set globally, and this is then tailored within each region (EMEA, Americas and Asia Pacific) in order to meet the region-specific needs of clients and regulators.

The group positions itself as a global, independent asset manager with a breadth of investment capabilities. The group aims to position itself ahead of client demand trends and deliver against these needs across channels, asset classes and geographies. This begins with a focus to understand each client's unique set of investment objectives and then utilize the group's comprehensive range of active, passive and alternative investment capabilities to provide solutions and outcomes aligned to its clients' needs.

To effectively deliver their strategy, the board has due regard for the key stakeholders of the company and group, in line with the requirements of S172 of the Companies Act 2006. We engage with each of these stakeholders as follows and include their comments and feedback when making decisions which affect the strategy of the company.

Our stakeholders	Why they are important to us	How we are engaging
Clients	Clients are the focal point of our vision. The success of the company is driven by its ability to deliver successful outcomes for our clients; by generating investment returns in line with their desired outcomes, providing stewardship for assets, and delivering the highest quality, targeted investment experience.	Gaining a deep understanding of our clients' needs and working collaboratively with them is essential in delivering a superior investment experience. We place significant emphasis on client engagement and listen closely to our clients to gain a deep understanding of their needs. The additional challenges presented by the global pandemic have re-emphasised the importance of staying connected, and of maintaining smooth and uninterrupted operations. Our collaborative approach to working with clients allows us to provide advisory services with real value-add, as well as to introduce investment products that better reflect the appropriate balance of ESG (discussed further below), investment returns, and security that our clients demand.

Our stakeholders	Why they are important to us	How we are engaging
Members of our communities	The decisions made by our company have a significant, wider-reaching impact on our communities. The protection of the environment, including climate change risks, is of paramount importance; but it is only one component of the ESG challenge that we face. We believe that ESG aspects can have an impact on sustainable value creation as well as risk management, and we see an increasing demand for focus on ESG from our clients and our investors. Our greatest opportunity to make an impact is to integrate environmental, social and governance across our products, investment stewardship and distribution while aligning with our clients' long-term interests.	From an investment perspective, our global team of ESG experts work closely with our investment professionals to develop industry-leading ESG practices to better serve our clients as well as engage with the wider community. Our approach focuses on integrating ESG risk and opportunity factors into investment decisions, differentiated by asset classes and decentralized by local investment centres. At Invesco, active ownership is an integral part of our investment process. We view engagement as an opportunity to encourage continuous improvement, especially for ESG issues. To make the most of limited time with management teams, we prioritise ESG risk factors and key issue relevance per internal and external resources. Our work at a corporate level is summarised in the 'Environmental, social and governance philosophy' section of this report. The Invesco culture encourages employees to go beyond their work responsibilities to make an impact in the communities we serve. Through Invesco Cares, Invesco's philanthropy and volunteering organization, our employees raise funds and volunteer with charities, start-ups and other corporations around the world to improve the local communities where we work.
The Invesco Group ("the group")	The company's strategy is directly aligned with that of the group to ensure a common approach to serving clients. Our ability to deliver on these strategic objectives is therefore dependent on the support and direction of the Invesco Group. As the shareholder of the company, the group provides the capital and expects a return on the same. In addition, certain revenues and costs are shared with other group entities and the company benefits from support, such as access to centralised group functions, employee expertise and shared costs.	As the company shares its strategy with the group, engagement is inherently regular, at board level with frequent reporting, and continuous, at an operational level, where activities are monitored by group employees through the centralised group functions. The group employs various formal and informal communication channels and forums to engage with employees, such as briefings, topical business presentations, news on the intranet and a programme of town hall meetings.

Our stakeholders	Why they are important to us	How we are engaging
The Industry	We operate in a highly regulated industry, with the aim of protecting the interests of our clients. The industry is undergoing continual change and it is crucial that the company continues to remain focused on strategic interactions with regulators, non-governmental organisations policymakers and other industry organisations to ensure that we understand, are ready for and can react to change as it occurs.	The company ensures that external engagement, internal assessment, and change management are embedded in our strategy to effectively enable Invesco to be at the forefront of regulatory expectations and industry best practice, and that client and intermediary due diligence is aligned with regulatory expectation. Throughout the year we have maintained our engagement with our surrounding industry, to ensure that our internal framework remains robust and relevant in times of change.
Business Partners	Suppliers are key partners in enabling the company, and the wider group, to provide services to clients. We rely on the use of external service providers to supplement our own infrastructure. This enables us to benefit from their expertise or specialist skills, as well as accessing lower costs for service delivery.	The company engages pro-actively with external service providers and applies appropriate oversight and monitoring, including a due diligence and vendor management process, which sets out the high standards and behaviours that we expect from them. This requires that the prohibition of forced labour and human trafficking, together with the ethical and responsible sourcing of goods or services, are incorporated into their processes. The company is committed to the fair treatment of suppliers and applies a supplier payment policy and tracks creditor payment days as a metric.

Business review

The company's key financial and other performance indicators during the year were as follows:

Assets under management

	2022 £'m	2021 £'m
As at 1 January	30,497	29,380
As at 31 December	27,677	30,497

The company's revenues are directly influenced by the level and composition of the company's Assets under Management ("AUM") which is seen as a key performance indicator. The AUM is defined as the total market value of the product ranges contracted to the company.

Based on year end values, AUM has decreased by 9.2% on last year's figures (2021: 3.8% increase), primarily due to the impact of net outflows from existing investors, as well as the impact of adverse market movements.

Financials

	2022 £ 000	2021 £ 000	% change
Revenue	247,996	281,393	(11.9)%
Operating loss	(18,672)	(31,134)	40%
Total comprehensive income/(expense) for the year	43,404	(829)	5335.7%

Revenue has decreased by £33.4m (11.9% decrease) year on year. This was principally driven by a decrease in sub-advisory fee income from other entities in the group to whom the company provides investment management services, driven by net outflows and market movements in those entities.

Administrative expenses decreased from £312.5m to £266.7m (14.7% decrease) driven by a decrease in inter-group recharges.

Employees

The company does not have any UK based employees. The salary costs of the Dubai branch for the full year are disclosed in Note 8. Invesco UK Limited, the company's parent, employs all staff in the UK and employee numbers, costs and welfare are all managed through this entity and relevant costs are then recharged to the company.

Environmental, social and governance policies

Due to our global footprint and role in financing companies and economies around the world, we hold a deep understanding and appreciation for the complex interconnections between the financial markets, business, industry, society and the environment. Environmental, social and governance ("ESG") investing is a fundamental commitment at Invesco, aligned with our fiduciary responsibilities to clients.

Our ESG philosophy is based on our belief that ESG aspects can have an impact on sustainable value creation as well as risk management. Our greatest opportunity to make an impact is to integrate environmental, social and governance across our products, investment stewardship and distribution while aligning with our clients' long-term interests. Our actions underscore our dedication to understanding the unique investment philosophies of our clients and confirming our investments support their objectives.

Additionally, the company's corporate stewardship programs focus on human capital development and our responsibility to help sustain a healthy, clean environment for future generations. We are committed to fostering greater transparency and continuous improvement regarding responsible investment and corporate stewardship within our business.

We measure and provide appropriate oversight by having a robust governance process to hold ourselves accountable for meeting our corporate responsibility ("CR") commitments.

Operating responsibly and investing sustainably is fundamental to our corporate responsibility mission. We maintain environmental management processes which meet international standards such as ISO 14001 and comply with other relevant compliance obligations as part of our commitment to continuous improvement in environmental management. Our ESG and CR efforts include:

- Signing UN sponsored Principles for Responsible Investment ("PRI") in 2013 thereby formalising our commitment to responsible investment globally. Under PRI's new 2021 scoring methodology, we received four stars for the Investment & Stewardship Policy module and scored above the group median in every other module. Under PRI's prior methodology, we achieved an A+ rating for our overall approach to responsible investment (Strategy and Governance module) for four consecutive years as well as achieving an A or A+ across all categories. These ratings demonstrate our extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The UN sponsored Principles for Responsible Investment is a set of six international principles which is recognized as the global standard for responsible investment. The PRI secretariat provides several services and also reviews and rates the annual submission of our responsible investment activities at Invesco global level.
- Carbon Disclosure Project (CDP) is a not-for-profit organisation that runs the global disclosure of climate change related data of corporates, cities, states, and regions. Invesco has been disclosing to CDP since 2016 and has also supported CDP's corporate environmental information requests as an investor signatory since 2019. In 2022 Invesco scored a B rating.
- In 2019, the IUK group became a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") and published our inaugural Climate Change Report in 2020. The TCFD develops voluntary, consistent climate-related financial risk disclosures to provide information to key stakeholders.

Environmental, social and governance policies (continued)

- The Group is a member of the Institutional Investor Group on Climate Change ("IIGCC") which helps champion and shape the public policies, investment practices and corporate action required to address the long-term financial risks associated with climate change. Through our membership we are part of the Net Zero Asset Managers Initiative, and we have committed to net zero by 2050 or sooner.
- Our own approach to net zero is aligned with the Paris Aligned Investment Initiative's Net Zero Investment Framework and includes a top-down portfolio carbon footprint reduction of at least 50% by 2030.
- In the UK, the Invesco Henley Investment Centre is a signatory to the 2020 UK Stewardship Code, overseen by the Financial Reporting Council ("FRC"). As long term, valuation led, active investors, our investment process is aligned with ESG integration and active ownership.
- The group is part of Climate Action 100+ ("CA100+") an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Invesco plays a leading role - by engaging with companies to improve governance on climate change, cut emissions and strengthen climate-related financial disclosures.
- By end of Q4 2022, the group had 85 Article-8 and 3 Article 9 funds in the market.
- The IUK group is a constituent of the FTSE4Good Index Series. The Series communicates the performance of companies which meet global corporate responsibility standards to help potential clients make investments in organizations with good records of corporate social responsibility.
- All of the IUK groups' air and rail emissions in the UK are offset through Invesco's partnership with Climate Impact Partners. Climate Impact Partners oversee carbon finance projects that focus on nature-based solutions, sustainable infrastructure and health and livelihoods. Projects Invesco currently support are the

  - Bangladesh Bondhu Foundation which focuses on increasing access to clean cooking solutions; clean cooking reduces deforestation, cuts carbon emissions and reduces or removes exposure to toxic fumes; renewable, clean fuel for cooking and heating and improving sanitation for them and their livestock.

  - Rimba Raya Biodiversity Reserve in Indonesia which works to preserve carbon-dense peat swamps and wetlands from being converted into palm oil plantations and;

  - Yuging Household Biogas project which supports farmers in the building and maintenance of household biogas digesters, providing long-term access to renewable, clean fuel for cooking and heating and improving sanitation for them and their livestock.

Environmental, social and governance policies (continued)

Greenhouse gas emissions

Wherever possible we seek to enhance and expand the monitoring, measuring and reporting of our greenhouse gas emissions. For 2022 there has been significant changes in the methodology for scope 3 calculations from our third party vendors. This has resulted in the reduction of the 2021 disclosures for electricity and gas kWh usage. The 2021water usage has increased reflecting alignment to current DEFRA methodology.

We have restated our 2021 disclosure for these enhancements in order to provide comparability. In 2022 the total carbon dioxide equivalent (CO_2E) emissions for the IUK group in the UK were 2,967 tonnes (2021(restated): 2,288 tonnes).

Due to the interlinked nature of the company's business within the UK Group it is not possible to separately disclose the company's emissions.

	2022	2021 (restated)
In kWh:		
Electricity (Grid) - Source: Green Tariff (General)	2,847,173	2,681,881
Fuel - Source: Natural Gas	1,780,972	2,044,522
Electricity - (Working From Home)	199,164	272,448
Gas - (Working From Home)	2,212,928	2,997,664
In Litres		
Fuel - Source: Diesel	1,646	3,112
In Kg		
Refrigerants	-	543
In miles:		
Consump Transport - Air	4,216,692	1,916,766
Consump Transport - Rail	82,570	91,540
Consump Transport - Road	226,558	68,261
Consump Transport - Commuting	7,721	3,808
In tonnes:		
Waste - Source: Food and Garden (Mixed)	13	9
Waste - Source: Glass (Mixed)	4	-
Waste - Source: Paper & Card	-	11
Waste - Source: Municipal (Mixed)	21	54
Waste - Source: Paper (Confidential)	3	8
Waste - Source: WEEE (Mixed)	5	6
In litres:		

Environmental, social and governance policies (continued)

	2022	2021 (restated)
Water - Source: Discharge	22,358,632	23,052,632
Water - Source: Recycled	2,400	2,400
Water - Source: Withdrawal	22,358,632	23,116,781

	2022 (tCO_2)	2021 (restated) (tCO_2)
Electricity (Grid) - Source: Green Tariff (General)	551.00	569.00
Fuel - Source: Natural Gas	326.00	374.00
Fuel - Source Diesel	6.00	8.00
Refrigerants	-	3.00
Emission Transport - Air	1,309.00	525.00
Emission Transport - Rail	3.00	4.00
Emission Transport - Road	58.00	17.00
Waste - Source: Food and Garden (Mixed)	-	-
Waste - Paper & Card	-	1.00
Waste - Source: Municipal (Mixed)	1.00	2.00
Water - Source: Discharge	6.00	6.00
Water - Source: Recycled	-	-
Water - Source: Withdrawal	3.00	3.00
Employee Commuting	258.00	165.00
Employee Working From Home	446.00	611.00
Total emissions	2,967.00	2,288.00
Carbon offsetting	(1,312.00)	(529.00)
Net emissions	1,655.00	1,759.00
Headcount	948	920
CO2 usage Tonnes per employee	3.13	2.48
CO2 usage Net Tonnes per employee	1.75	1.91
Gas & electric % of CO2 usage	45.00	68.00
Air Transport % of CO2 usage	44.00	23.00

Environmental, social and governance policies (continued)

These figures have been calculated according to the Greenhouse Gas (GHG) Protocol, which provides a framework to measure and report greenhouse gas emissions. This net CO_2 usage is equivalent to 3.13 tonnes per full time employee (2021 (restated): 2.48 tonnes). The decline in the intensity ratio is as a result of the lower usage of electricity and gas through the year and the ratio remains lower than pre-pandemic in 2019.

The increase in the gross CO2 emissions was due to higher international air travel due to the relaxation of mobility restrictions relating to the COVID-19 pandemic.

The IUK group currently supports three carbon offsetting projects in order to address and fully offset their air and rail emissions, details of which are included above along with our ESG efforts. Gas and electricity usage significantly contributes to our total CO2 emissions. Where we have direct control - such as our Henley office - 100% of our energy is procured from renewable sources and supplemented by site-based PV electricity generation. Where we do not have direct control, we actively engage with landlords to seek energy from cleaner sources." The company, as part of the wider Invesco Group, is committed to reducing our energy use and emissions output in line with Science Based Targets by 4.2% year on year compared to 2019 usage, and by 46% by 2030, to mitigate the effects of climate change. We will consider new targets relating to corporate air and rail travel once the new normal state is fully established.

Our activities to address the risk of climate change, and to influence the wider climate change issue, have been set out below within the management of principal risks and uncertainties.

Governance, principal risks and uncertainties

The IUK group, which includes the company, has a robust risk governance structure and risk management framework which is considered by the board to be appropriate to the size, nature and complexity of the business. These arrangements are characterised by a matrix management model across functions and regions. The risk management framework is supported by an established risk and control self-assessment programme, which informs functional and regional senior management and the board on the risks managed by the business. These are reviewed by the appropriate Risk Management Committee that has been established to monitor the risks within the business and report to the board.

Governance and risk management operate within the company structure as follows:

Governance

Board and Committee structure

The board oversees the company's performance in the context of its strategic objectives, sets its risk appetite and assesses the adequacy of its capital resources to respond to the risk which it is exposed taking account of the company's business plans and financial forecasts. Membership of the board includes three executive directors and three independent non-executive directors.

The Risk Committee is a board level committee with responsibility to oversee and advise the board on the enterprise risk management of the company's activities. Additionally, the EMEA Risk Management Committee has oversight of risk management related activities across the EMEA region, which reports directly to the company's Risk Committee and/or board on risk matters.

Risk Management Framework

The company is committed to sound practices of risk management embedded in all aspects of the company, seen through the strategic, financial, investment and operational frameworks. These principles and the company's undertaking of enterprise risk management is set out within the EMEA Enterprise Risk Management Policy and the EMEA Enterprise Risk Management Framework, which are both approved and adopted by the company. An Enterprise Risk Taxonomy informs the management of risks across first line business areas and functions, whilst promoting consistency in the measurement and aggregation of risks to govern the company's overall risk profile relative to board-stated risk appetite and impact tolerance thresholds.

The board and Risk Committee are supported by an established 'three lines model' to manage and oversee the risk management lifecycle. This establishes distinct roles and responsibilities for managing and governing risks, as follows:

- The first line (risk-taking and management) is made up of business processes that support the design, development, manufacture, supply and delivery of products and services to clients. The 'first line' is responsible for implementing and managing processes to identify, measure, manage, monitor and govern risks in the day-to-day operation of the business.
- The second line (risk oversight and challenge) comprises the Compliance, Enterprise Risk and Investment Risk functions. These teams provide expertise, advice, guidance, monitoring, challenge, and oversight related to the management of risks.
- The third line (independent assurance) is the EMEA Internal Audit function, which provides independent assessment and assurance on the adequacy and effectiveness of governance and risk management, including internal control, to support the achievement of the company's objectives and to promote and facilitate continuous improvement.

Principal risks and uncertainties

The four pillars of risk in the company are strategic risk, investment risk, financial risk and operational risk, summarised as follows:

Strategic risk

Strategic risks are those which may impact the group's ability to deliver on its strategic objectives and includes the risks inherent to both the selection of an appropriate strategy, the risks in executing strategy and the risks resulting from the strategy. Strategic risk includes risks around strategic planning and execution, industry disruption and innovation, macro external factors and strategic relationships.

Investment risk

Investment risks are those that impact the assets the company holds on behalf of our clients. This includes risks directly associated with a given market (such as price volatility, credit risks and failure to have the correct derivatives in place for a given market exposure), the risks of a failure by a counterparty, failures of fund liquidity, and reputational harm due to the ESG practices of the investments we hold.

Financial risk

Financial risk refers to the specific risks caused by the company's taxation and insurance related practices, the credit risk the company is exposed to through its counterparties, and the adequacy of financial resources to maintain sufficient capital levels according to regulatory requirements.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate resources, failed processes or systems due to internal or external events. The sound management of operational risk is key to the group being able to protect its clients and reputation, and to meet its business objectives.

Operational risk includes failures in marketing, distribution, product design, infrastructure, data protection, investment processing, human resources, finance operations, change and project management, technology, regulatory compliance, financial crime, and legal that have the potential to cause the company reputational or financial harm. This also incorporates conduct risk , being the standards and practices of conduct of our people that could negatively influence our actions, leading to detrimental outcomes for clients, employees and shareholders.

Management of principal risks and uncertainties

The company's risk management processes are designed and implemented such that enterprise risks inherent in the business strategy, model and plan, organisational model and operations are identified, measured, managed, monitored, and governed against levels and limits of risk appetite and impact tolerances.

- Identification – early and continuous identification of risks that pose a threat to the company, which informs the Enterprise Risk Taxonomy.
- Measurement – the use of quantitative and qualitative processes and values to determine the amount, severity and potential speed of onset of identified inherent (before controls) and residual (after controls) risks to the company. The measurement of residual risk provides the basis from which management actions are determined, ensuring residual risks are managed within risk appetite and impact tolerance thresholds as approved by the board.
- Management – the prioritisation and application of management actions and resources to control the probability or impact of risks, against defined risk appetite and impact tolerance thresholds, in pursuit of maximising opportunities for clients, shareholders employees and the wider group.
- Monitoring – the ongoing analysis and evaluation of risks and controls to determine the effectiveness of applied risk management policies and framework. Risk management information is reported through the company's governance structure, including the use of incident management reports, risk and control self-assessment reports, loss event reporting and key risk indicators.

Changes to our principal risks

The impact of the war in Ukraine has been significant volatility within the global economy and financial markets, and the company has continued to focus on preserving our ability to serve our clients and appropriately manage client assets. This is no longer considered to be a principal risk in isolation from the wider macroeconomic environment, which incorporates the risks from inflationary pressures.

Managing the risk from macro-economic instability

The company is exposed to broad, macro external factors that may impact operations, strategic direction, financial position, regulatory landscape and/or market share. These include macroeconomic fluctuations (such as inflationary pressures), government policy changes and geopolitical events. The company has established robust systems, controls, and processes to encourage forward planning, anticipation, response to and recovery from such events in a coordinated and organized manner that prevents - and where prevention is not permissible - minimises the impact to clients, the firm, and wider financial markets.

Management of principal risks and uncertainties (continued)

Managing the risk of climate change

Invesco's approach to climate change is integrated into our broader governance structure covering ESG responsibility at investment level and corporate responsibility at operational level, as set out in the 'Environmental, social and governance policies' section of this report.

Our commitment to ESG investing ensures that climate change considerations are integrated into our investment decisions, and the importance we place on ESG has led us to launch structural governance oversight, comprising a Corporate Responsibility Committee ("CRC"), the Corporate Responsibility Committee Working Group and ESG Regional Working Groups. These groups are responsible for monitoring climate related issues and opportunities and acting upon them. An ESG risk appetite which directs the risk-taking, management and governance of ESG risks has been approved by the board during the year.

We have defined a framework for Environmental Management System ("EMS") Governance to address the risk of climate change within our operations. To ensure the effective management and continuous improvement of Invesco's EMS, we assigned operational EMS responsibilities to Corporate Properties, supported by local facilities teams and subcontracted services.

Going concern

The company's business activities, together with the factors likely to affect its financial position, exposure to principal risks and uncertainties and future development are set out in the Strategic Report. In addition, the financial statements include information on the company's approach to managing its capital and financial risk. The directors continue to adopt the going concern basis in preparing the annual report and financial statements and the assessment of this approach can be found in Note 2: Accounting policies.

Dividend policy

The company does not have a target dividend pay-out ratio but seeks to pay a sustainable dividend. A dividend only be proposed after assessing a base case capital plan and severe but plausible stress scenarios along with consideration of the capital implications of any future known or anticipated events on the financial position of the company.

Typically, dividends will be considered at least annually as part of the Annual Financial Statements process. Quarterly or special dividends will be considered where appropriate.

All dividends require approval by the Company's board.

Future strategy

The company is aligned with the group's EMEA strategy, which can be summarised into four key areas:

- Achieving investment excellence and client relevance
- Realigning sales, service and marketing efforts to more effectively meet client demands
- Evolving our capability offering to satisfy current and future client needs
- Strengthening our functional platform to simplify our operations and drive greater efficiency

As the company is primarily an investment manager, the achievement of investment excellence and client relevance is the intrinsic area of strategic focus across the Henley investment centre, fixed income, real estate, ETF, bank loans and solutions teams. The enhancements being made are yielding benefits for our clients, with improved investment performance (within agreed risk parameters) and a diversified offering to meet client needs. We believe the continued execution of the company's plan will position us well to continue to generate positive client outcomes and return the company to growth.

The financial statments on pages 24 to 48 were approved by the Board of Directors on 30 March 2023 and signed on its behalf by:

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Invesco UK Holdings Limited
Company secretary

Invesco Asset Management Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022. In preparing this report the directors have considered the requirements of the Companies Act 2006 and certain disclosures which have already been included in the Strategic Report have not been repeated. These include the disclosure of future developments and principal risks and uncertainties.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

C. Fitzgerald (resigned 4 February 2022)

A. J. Trotter

M. Grosclaude

S. Butcher

J. Eden (Non-Executive)

N. Chintu (Non-Executive)

R. Court (Non-Executive) (appointed 26 May 2022)

Dividends

There was no dividend paid during the year (2021: £76,500,000). The directors do not recommend payment of a final dividend.

Important non adjusting events after the financial period

On 27th March 2023 the company received a partial loan repayment of £10m towards an outstanding loan to Invesco Fund Managers Limited, reducing the balance receivable to £40m. In addition to this the maturity date of the remaining loan is to be extended to 27th March 2025.On the same date the loan receivable of £30m due from another group company had its maturity extended by one year to 28 March 2024.

Directors' liabilities

Invesco Ltd., the ultimate parent company, has taken out qualifying third-party indemnity insurance for all of the directors of the company in connection with their roles and responsibilities as a Director and in accordance with the requirements and limitations of Section 234 of the Companies Act 2006. This indemnity is in force at the date of signing of these financial statements.

Pillar 3 disclosures

Invesco Asset Management Limited is subject to the disclosure requirements under MIFIDPRU 8 of the FCA handbook. The disclosure can be found on our website in the following location: https://www.invesco.co.uk/uk/about-us/corporate-policies

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The board of directors of Invesco Asset Management Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members in decisions taken during the year ended 31 December 2022. All decisions, short-term and long-term, have been taken with due regard for the stakeholders as has been detailed in the Strategic Report.

The financial statements on pages 24 to 48 were approved by the Board of Directors on 30 March 2023 and signed on its behalf by:

....
Invesco UK Holdings Limited
Company secretary

Invesco Asset Management Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditors' Report to the members of Invesco Asset Management Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board, management, internal audit, senior management involved in Risk and Compliance functions and the company's legal advisors/function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;

- Reviewing relevant meeting minutes including those of the IUK Audit Committee and the Company's Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, by unexpected users, by the same creator and approver, post-close of the period and through unexpected sources;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions made by management in their significant accounting judgements, in particular in relation to the classification of investment as a joint venture.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 March 2023

Invesco Asset Management Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	247,996	281,393
Administrative expenses		(266,668)	(312,527)
Operating loss	5	(18,672)	(31,134)
Finance income	6	58,829	31,678
Finance costs	7	-	(6)
		58,829	31,672
Profit before income tax		40,157	538
Income tax credit/(expense)		3,247	(1,367)
Profit/(loss) for the year		43,404	(829)
Total comprehensive income/(expense) for the year		43,404	(829)

The above results were derived from continuing operations.

The notes on pages 27 to 48 form an integral part of these financial statements.

Invesco Asset Management Limited

(Registration number: 949417)

Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Property, plant and equipment	13	57	144
Investments	14	4,852	4,852
		4,909	4,996
Current assets			
Trade and other receivables	15	136,459	162,540
Cash and cash equivalents	16	86,678	24,914
		223,137	187,454
Creditors: Amounts falling due within one year			
Trade and other payables	17	(33,643)	(41,327)
Net current assets		189,494	146,127
Total assets less current liabilities		194,403	151,123
Creditors: Amounts falling due after more than one year	18	-	(124)
Net assets		194,403	150,999
Equity			
Called up share capital	19	135,416	135,416
Share premium account		621	621
Other reserves	20	121	121
Retained earnings		58,245	14,841
Total equity		194,403	150,999

Approved by the Board on 30 March 2023 and signed on its behalf by:

AJT

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A. J. Trotter
Director

The notes on pages 27 to 48 form an integral part of these financial statements.

Invesco Asset Management Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022		135,416	621	121	14,841	150,999
Total comprehensive income for the year		-	-	-	43,404	43,404
At 31 December 2022		135,416	621	121	58,245	194,403

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021		135,416	621	121	92,170	228,328
Total comprehensive expense for the year		-	-	-	(829)	(829)
Dividends paid	12	-	-	-	(76,500)	(76,500)
At 31 December 2021		135,416	621	121	14,841	150,999

Invesco Asset Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

These financial statements were authorised for issue by the board on 30 March 2023.

2 Accounting policies

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

The financial statements are prepared under the historic cost convention, as modified by the revaluation of financial assets at fair value through profit and loss, and in accordance with the Companies Act 2006, as applicable to companies applying FRS 101.

The functional currency of the company is Sterling (£), reflecting the primary currency in which the underlying transactions are undertaken, which is also the presentation currency.

Summary of disclosure exemptions
The company has availed itself of a number of exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101. In accordance with FRS 101, paragraph 8, the company has claimed an exemption from the following paragraphs of IFRS:

- Paragraphs 45(b) and 46-52 of IFRS 2 "Share-based Payment" (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined);
- The requirements of IFRS 7 "Financial Instruments: Disclosure";
- Paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- The requirement of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information requirements in respect of:

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

  - paragraph 79(a)(iv) of IAS 1 "Presentation of Financial Statements";
  - paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
  - paragraph 118(e) of IAS 38 "Intangible Assets" (reconciliation between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, "Presentation of Financial Statements":
  - 10(d) (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- The requirements under IAS 7 “Statement of Cash Flows”;
- Paragraph 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 "Related Party Disclosures" (key management compensation);
- The requirements in IAS 24, "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group.

Going concern

The financial statements have been prepared on a going concern basis.

The company’s business activities, together with the factors likely to affect its financial position, exposure to principal risks and uncertainties and future development are set out in the Strategic Report. The company has considerable liquid financial resources, a sizeable AUM supported by a number of clients and depth in operational resilience. The company expects to continue to generate revenues from this underlying client base that exceed liabilities as they become due and has demonstrated an ability to receive timely payment from investors allowing it to manage its own liquidity. Consequently, the directors believe that the company is well placed to manage its future business risk exposure and has adequate resources to continue to operate for the foreseeable future, which is a period not less than one year from the date of signing of these financial statements.

In making this assessment, the directors have taken account of potential market volatility, including that caused by recent events. This included the assessment of a stressed cash flow scenario assuming reduced cash inflows reflecting lower management fees earned on lower AUM. Management actions to mitigate these lower cash inflows would include a reduction in discretionary expenditure, a reduction in dividend payments, and the use of intercompany loan funding from other group companies. The result of these management actions on the stressed cashflow analysis was that the company would maintain positive cashflows above its required liquidity buffer for a period of at least 12 months from the date of signing. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2 Accounting policies (continued)

Changes in accounting policy

None of the new accounting interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements. No new accounting standards have been adopted during the period.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to the investment management sector. These services are provided to institutional clients and real estate investors. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

Transaction price

Revenue is determined based on the transaction price negotiated with the customer, net of value added tax.

Performance obligations

Investment management fees arise from the provision of investment management services to institutional clients and clients investing in the real estate sector. Investment management services are satisfied over time as the services are provided and are typically based upon a percentage of the value of the client's assets under management or net asset value. Investment management fees for certain arrangements include acquisition and disposition fees. Any fees collected in advance are deferred and recognised as income over the period in which services are rendered.

Performance fee revenues associated with institutional mandates and real estate funds will fluctuate from period to period and may not correlate with general market changes, since such fees may require defined thresholds to have been exceeded. Such fee revenues are recorded in operating revenues when the contractual performance criteria have been met and when it is probable that a significant reversal of revenue recognised will not occur in future reporting periods. Given the unique nature of each fee arrangement, performance fee contracts are evaluated on an individual basis to determine the timing of revenue recognition. Performance fees may arise from investment management activities that were initially undertaken in prior reporting periods.

Sub-advisory fee income arises when the company provides portfolio management or distribution and marketing activities in respect of a mandate held by a fellow group company. The services provided on behalf of these counterparties are satisfied over time. Revenue from these arrangements is shared by the counterparty entity on an accruals basis.

2 Accounting policies (continued)

Principal versus agent

The company is deemed to be the principal in all its revenue agreements and investment management fees in these financial statements are recognised on a gross basis.

Exemption from preparing group financial statements

The financial statements contain information about Invesco Asset Management Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under sections 400-402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Invesco Ltd., a company incorporated in Bermuda, which prepares financial statements in accordance with US Generally Accepted Accounting Practice.

Administrative expenses

The company recognises expenses, on an accruals basis, as goods are received or services are provided by the supplier.

Finance income and costs

Finance income and finance costs are recognised on an accruals basis using the effective interest rate method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the company at the rates prevailing on the reporting period date. All monetary foreign exchange differences resulting from the translation of assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

The currency translation reserve reflects the exchange movement from the translation of historic overseas branch balances and results into Sterling. Currently there is one Dubai branch.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax liability of the company may be reduced wholly or in part by the surrender of losses by fellow group companies.

2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority where the company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets are recognised at the point where an economic benefit can be derived from the asset by the company as a result of ownership of the asset. Assets are de-recognised when this benefit is transferred to a third party.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	4 years straight line
Furniture, fittings and equipment	5 - 7 years straight line
Right-of-use assets - property	Straight-line over the shorter of the lease term or useful life.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less accumulated impairment losses. An annual impairment review is performed which compares the cost with the recoverable amount of the investments. The recoverable amount is based on a value in use calculation, which is calculated using a discounted cash flow analysis.

2 Accounting policies (continued)

Leases

Identifying a lease

The company primarily leases office space. Leases are evaluated and identified at contract inception. An asset must be explicitly mentioned in the contract, or the contract must imply that a specific asset(s) will be used to fulfil the provisions of the contract, and a right to control the use of the asset must exist in order to recognise an asset.
The right to control of the use of the identified asset depends on whether the company has both of the following throughout the period of use of the asset:
• the right to obtain substantially all the economic benefits from the use of the identified asset; and
• the right to direct the use of the asset, meaning that the company can dictate how and for what purpose the asset is used.

Initial recognition and measurement

The company recognises a right-of-use asset and lease liability at the lease commencement date. The lease commencement date is when the lessee takes possession of or is given control over the leased asset.
The company recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments and adjusted for any lease payments made at or before the commencement date. Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities.
The company has elected to combine lease and non-lease components in calculating the lease liability and right-of-use asset for all leases.
The company recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.

The lease terms used in the company's lease measurements do not include renewal options unless these are reasonably certain. Such decisions are based on economic and other considerations closer to the time of the renewal period and therefore assumptions well before such time are not able to be made with a high level of certainty and may be subject to change, at which time the lease will need to be modified accordingly.

The discount rate used is the rate implicit in the lease contract. Where the rate is not implicit in the lease the company uses its incremental borrowing rate and this is based on the interest rate yield for specific interest rate environments and the company's credit spread at the inception of the lease.

Short term and low value leases

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company recognises the leases payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Impairment of right-of-use assets

Right-of-use assets are subject to the same asset impairment guidance as applied to other elements of property, plant, and equipment and are assessed for indicators of impairment at the end of each reporting period in accordance with IAS 36.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2 Accounting policies (continued)

Trade receivables
Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are recognised at fair value less provision for impairment.

Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised at fair value.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) for which it is considered probable that future outflow of economic resources will be required and where a reliable estimate can be made of the amount of the obligation. Provisions are discounted to net present value based on the expected settlement date of the obligation. The corresponding expense relating to the provision is recognised directly in the income statement. Movements in the provision due to the unwinding of the discount rate applied or the re-estimation of the obligation due are also recognised within administrative expenses in the income statement.

Share capital
Ordinary shares are classified as equity.

Dividends
Dividends receivable are recognised when the company becomes legally entitled to the dividend. Interim dividends payable are recognised when they are paid by the company and final dividends are recognised when approved by shareholders.

Financial instruments

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-
· financial assets/liabilities at amortised cost; or
· financial assets/liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities, as detailed below:-

2 Accounting policies (continued)

Financial assets/liabilities at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial assets/liabilities at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding Property, Plant and Equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

2 Accounting policies (continued)

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

Financial assets, other than those measured at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events which have occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company uses the expected credit losses (ECL) model when assessing the impairment of financial assets.

Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The company has assessed whether the funds it manages are structured entities and has concluded that certain real estate funds meet the definition of structured entities. The company's interest in these unconsolidated structured entities is disclosed in Note 21.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements may require management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates and judgements utilised in preparing its financial statements are reasonable, but actual results could differ from these estimates.

One area of critical accounting judgement has been identified, as follows:

- Classification of investment as joint venture

Classification of investment as joint venture

The company considers the classification of the investment in Invesco Great Wall Fund Management Company Limited to be a key area of judgement. As set out in Note 14, and having made an appropriate assessment, management has classified the investment as a joint venture, as distinct from a joint operation, subsidiary or associate.

4 Revenue

The analysis of the company's revenue for the financial year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Management fee income	66,872	72,582
Performance fees	8,646	12,154
Sub-advisory fee income	172,325	196,656
Other revenue	153	1
	247,996	281,393

Where a service is transferred to the customer before the customer pays consideration, or before an invoice is raised, these amounts are included as accrued income in Note 15. Where the company has an unconditional right to consideration for the services supplied and performance obligations delivered, these amounts are included as trade receivables in Note 15. Where consideration has been received and the company still has an obligation to deliver services for that consideration, these amounts are recorded as deferred income and are included in Note 18.

5 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Expense on low value and short term leases	38	32
Depreciation expense	113	113
Foreign exchange (gains)/losses	(401)	1,183

6 Finance income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	593	6
Dividend income	56,756	29,536
Interest income from group undertakings	1,480	2,136
	58,829	31,678

7 Finance costs

	2022 £ 000	2021 £ 000
Finance costs	-	6

8 Staff costs

The aggregate payroll costs were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	2,337	1,977
Social security costs	50	67
Other pension costs	105	103
Other employee expense	258	124
	2,750	2,271

The costs above relate to the 6 employees of the company's Dubai branch (2021:8). All direct branch employees of the company work in sales, marketing and distribution. Staff costs, including pension contributions, of all group employees who provide services to the company are borne by Invesco UK Limited and recharged to the company as part of the service charge applied by this entity.

9 Directors' remuneration

There were 7 directors (2021: 7) who held office during the year. 4 of which were executive directors who received no remuneration from the company (2021: £Nil). All directors' remuneration is borne by Invesco UK Limited and the proportion of directors' remuneration relating to services provided to the company is not able to be reliably separately identified. Therefore, no recharge has been made to the company.

The 3 non-executive directors (2021: 2) remuneration attributable to the company for the year was £88,000 (2021: £19,000).

10 Auditors' remuneration

	2022 £ 000	2021 £ 000
Auditors' remuneration		
Audit of these financial statements	173	136
Audit-related assurance services	154	147
Other non-audit services	112	118
	439	401

The auditors' remuneration is borne by Invesco UK Limited, a fellow subsidiary of the group and is recharged as part of the service charge applied by this entity to the company. The portion of the aggregate auditors' remuneration of the group relating to audit and other services provided to the company is shown above.

All fees payable to the company's auditors include amounts in respect of expenses.

11 Income tax credit/(expense)

Tax (credited)/charged in the statement of comprehensive income:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	(3,422)	(2,262)
UK corporation tax adjustment to prior periods	(3,814)	1,200
	(7,236)	(1,062)
Foreign tax	3,989	2,428
Total current income tax	(3,247)	1,366
Deferred taxation		
Arising from origination and reversal of temporary differences	-	1
Tax (receipt)/expense in the statement of comprehensive income	(3,247)	1,367

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 £ 000	2021 £ 000
Profit before tax	40,157	538
Corporation tax at standard rate	7,630	102
(Decrease)/increase in current tax from adjustment for prior periods	(3,814)	1,200
Increase from effect of revenues exempt from taxation	(10,784)	(5,612)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	21
Increase from effect of unrelieved tax losses carried forward	-	4,558
Increase arising from group relief tax reconciliation	3	-
Increase from effect of foreign tax rates	3,718	2,023
Deferred tax credit relating to changes in tax rates or laws	-	(926)
Other tax effects for reconciliation between accounting profit and tax expense	-	1
Total tax (credit)/charge	(3,247)	1,367

12 Dividends

	31 December 2022 £ 000	31 December 2021 £ 000
Dividends paid of £Nil (2021 - £0.56) per ordinary share	-	76,500

13 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Right-of-use assets - property £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	231	86	482	799
Additions	-	26	-	26
Disposals	-	(16)	-	(16)
At 31 December 2022	231	96	482	809
Accumulated Depreciation				
At 1 January 2022	231	86	338	655
Charge for the year	-	-	113	113
Elimination on Disposal	-	(16)	-	(16)
At 31 December 2022	231	70	451	752
Carrying amount				
At 31 December 2022	-	26	31	57
At 31 December 2021	-	-	144	144

14 Investments

Subsidiaries	**£**
Cost	
At 1 January 2022	2
At 31 December 2022	2
Carrying amount	
At 31 December 2022	2
At 31 December 2021	2

All of the above holdings consist entirely of Ordinary shares.

Details of the subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiary	**Principal activity**	**Registered office**	**Proportion of ownership interest and voting rights held 2022**	**2021**
Sermon Lane Nominees Limited*	Nominee Company	Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH	100%	100%
Elliot Associates Limited*	Non trading	Perpetual Park, Perpetual Park Drive, Henley on Thames, RG9 1HH UK	60%	60%

* indicates direct investment of the company

14 Investments (continued)

Joint ventures

	£ 000
Cost	
At 1 January 2022	4,852
At 31 December 2022	4,852
Carrying amount	
At 31 December 2022	4,852
At 31 December 2021	4,852

Details of the joint ventures as at 31 December 2022 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2022	2021
Invesco Great Wall Fund Management Company Limited *	Investment Management	21st Floor, Tower 1, Kerry Plaza, No. 1 Zhong Xin Si Road, Futian District, Shenzhen, China	49%	49%
Invesco Great Wall Asset Management (Shenzhen) Company Limited	Investment Management	Shenzhen, Hong Kong and Shenzhen Cooperation Zone Management Office, Building A, Room 201	49%	49%

* indicates direct investment of the company.

The directors believe that the carrying values of the investments are supported by the underlying net assets. The company believes that the investment in Invesco Great Wall Fund Management Company Limited is a joint arrangement and not a subsidiary. Furthermore, the investment is considered to be a joint venture, not a joint operation.

Invesco Great Wall Asset Management (Shenzhen) Company Limited is wholly owned by the joint venture, which is 49% owned by Invesco Asset Management Limited. Its results are included in the summarised financial information below.

	At 31 December 2022 £ 000	At 31 December 2021 £ 000
Cash funds	306,287	237,882
Other assets	366,023	371,435
Liabilities	(245,391)	(241,335)
Net assets	426,919	367,982
Equity	426,919	367,982

14 Investments (continued)

	At 31 December 2022 £ 000	At 31 December 2021 £ 000
Management fee income	488,490	500,235
Total revenue	510,362	533,627
Operating expenditure	(291,005)	(314,186)
Total profit before tax	219,155	219,114
Total comprehensive income	164,857	165,568

The company is not exposed to any future potential liabilities incurred by the joint venture, nor is it required to support the joint venture beyond the level of its current investment.

15 Trade and other receivables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade receivables	7,654	7,041
Amounts due from group undertakings	102,552	127,149
Accrued income	21,650	25,316
Prepayments	631	727
Other receivables and taxation	3,972	2,307
Total current trade and other receivables	136,459	162,540

Included in the amounts due from group undertakings:

- £30,000,000 loan (2021: £30,000,000) which earned interest at 1.54%, is unsecured, repayable upon giving 30 days' notice and is due to mature on 29 March 2023; and
- £50,000,000 loan (2021: £80,000,000) which earned interest at 2.14%, is unsecured and is due to mature on 15 December 2023. During the year a partial repayment of £30m was received against this loan.

The remaining balance of amounts due from group undertakings is unsecured, interest free and repayable on demand. The carrying value of receivables approximates to fair value.

Invesco Asset Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Cash and cash equivalents

	31 December 2022 £ 000	31 December 2021 £ 000
Cash at bank	45,178	20,914
Short-term deposits	41,500	4,000
	86,678	24,914

17 Creditors: amounts falling due within one year

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts owed to group undertakings	32,463	40,243
Taxation and social security	4	315
Other creditors	127	116
Accruals and deferred income	1,049	653
	33,643	41,327

The amounts owed to group undertakings are unsecured, interest free and repayable on demand. The carrying value of creditors approximates to fair value.

18 Creditors: amounts falling due after more than one year

	31 December 2022 £ 000	31 December 2021 £ 000
Accruals and deferred income	-	124

19 Paid up share capital

Allotted, called up and fully paid shares

	No. 000	31 December 2022 £ 000	No. 000	31 December 2021 £ 000
Ordinary Shares of £1 each	135,416	135,416	135,416	135,416

20 Other reserves

The company's other reserves shown in the Statement of Financial Position is made up of the following balances:

	2022 £ 000	2021 £ 000
Capital reserve	28	28
Foreign currency translation reserve	93	93
Total other reserves	121	121

21 Interests in unconsolidated structured entities

The majority of the company's AUM is managed as segregated mandates with individual clients, which are not separate entities. However, the company has determined that certain of the real estate funds that it manages should be classified as structured entities, where those funds do not have their own board and the company has a degree of control over the fund's activities.

The company earns management fees from its unconsolidated structured entities, certain real estate funds, based on a percentage of the entity's value. The main risk the company faces from its interests in unconsolidated structured entities is the loss of fee income as a result of the withdrawal of funds by clients or a reduction in the net asset value, of assets managed, through market movements. Outflows from funds are largely dependent on market sentiment and asset performance.

The AUM of the applicable real estate funds at the year end is £532,458,000 (2021: £516,214,000). The company earned management fees of £1,891,000 (2021: £1,806,000) during the year and at the year end the value of receivables outstanding from these funds was £Nil (2021: £58,000).

The company is not exposed to additional risks or liabilities from its involvement in these funds except as noted above.

22 Risks and uncertainties

The company's primary financial risk factors and the approach to their management is set out below.

Credit risk

The company manages counterparty credit risk by accepting mandates only from reputable institutions and by operating strict credit control procedures.

The trade receivables include amounts due from clients that are subject to counterparty credit risk. The company's normal payment terms are 30 days for trade receivables. Of the trade receivables at 31 December 2022 £5,579,000 (2021 £5,135,000) was past due, with the majority in the 30-60 day aging period. Two receivables were aged greater than 6 months, the company has received intent of payment for both. All receivables have been considered individually for impairment and a provision of £nil (2021: £nil) has been recognised. No provision has been raised against clients with no history of default. The company regularly monitors amounts past normal payment terms.

The amounts due from and due to other group undertakings are settled on a monthly basis, apart from the loans totalling £80,000,000 described in Note 15, and are not past due or impaired.

The age analysis of trade receivables is as follows:

	2022 £ 000	2021 £ 000
0-1 month	2,075	1,905
1-3 months	3,397	4,891
3-6 months	100	241
>6 months	2,082	4
	7,654	7,041

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in Note 15 and cash balances held at banks. The company does not hold any collateral as security. The credit ratings of banks to which the company has exposure is assessed in accordance with the group's investment policy.

Interest rate risk

The company earns floating interest on cash balances. The rate of interest is dependent on commercial banking interest rates.

If interest rates increased by 100 basis points, based on the closing balances as at 31 December 2022, the annualised interest earned by the company would increase by £867,000 (2021 £249,000) which would translate through to profits and net assets. In addition, the company earns interest at a fixed rate on loans made to other group companies, as disclosed in Note 15, which are not exposed to interest rate risk.

Foreign exchange risk

The company has a net exposure of £20,298,000 (2021: £18,928,000) to movements in foreign exchange arising from the assets and liabilities that it holds that are denominated in foreign currencies. The company does not hedge any foreign exchange exposure.

22 Risks and uncertainties (continued)

The foreign exchange exposure split by currency is as follows:

	2022 £ 000	2021 £ 000
EUR	9,841	12,333
HKD	(3,532)	(4,761)
USD	14,243	11,091
Other	(254)	265
	20,298	18,928

Sensitivity analysis

Assuming a 5% increase in exchange rates against pounds sterling, the profit and net assets of the company arising from the foreign exchange exposure by currency will change by the following:

	2022 £ 000	2021 £ 000
EUR	(469)	(587)
HKD	168	227
USD	(678)	(538)
Other	12	13
	(967)	(885)

Market risk

The level of the company's AUM, in the absence of any new mandates or redemptions, is determined by investment performance and market movements. Revenue is directly charged as a function of the market value of AUM. If the average market position in the year were to increase/decrease by 10%, the revenue of the company would increase/decrease by £ 24,784,000 (2021: £26,976,000) which would translate through to profits and net assets.

Liquidity risk

The company maintains sufficient cash and liquid investments such that the liquidity and cash flow risks are negligible, consistent with the Invesco group liquidity policy.

22 Risks and uncertainties (continued)

Maturity analysis

The company's liabilities have the following maturity profile:

2022	0-3 months £ 000	4-12 months £ 000	Total £ 000
Creditors: amounts falling due within one year	33,515	128	33,643

2021	0-3 months £ 000	4-12 months £ 000	1-3 years £ 000	Total £ 000
Creditors: amounts falling due within one year	38,699	2,628	-	41,327
Creditors: amounts falling due after more than one year	-	-	124	124
	38,699	2,628	124	41,451

Capital risk management

The company is regulated by the FCA and subject to the rules imposed by the FCA. The Capital Requirements Directive requires a company to maintain a surplus of capital over and above the capital resource requirements defined by the FCA rules at all times. At 31 December 2022 the company's surplus was £143.2m (2021: £105.9m).

The company considers its capital to be the total equity shown in the Statement of Changes in Equity. The company's objectives when managing capital are:

• to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders;
• to maintain a strong capital base to support the development of the company's business; and
• ensure regulatory capital requirements are maintained.

23 Ultimate controlling party and ultimate and immediate parent company

The company's ultimate controlling party, ultimate parent company and the parent undertaking of the only group of undertakings for which consolidated financial statements are drawn up and of which the company is a member is Invesco Ltd., which is registered in Bermuda. The company's immediate parent company is Invesco UK Limited. Copies of the group consolidated financial statements can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, N.E. Atlanta, Georgia 30309, U.S.A.

24 Commitments and contingent liabilities

The company does not have any capital commitments as at 31 December 2022 (2021: £Nil).

The company does not have any contingent liabilities as at 31 December 2022 (2021: £Nil).

25 Non adjusting events after the financial period

On 27th March 2023 the company received a partial loan repayment of £10m towards an outstanding loan to Invesco Fund Managers Limited, reducing the balance receivable to £40m. In addition to this the maturity date of the remaining loan is to be extended to 27th March 2025.On the same date the loan receivable of £30m due from another group company had its maturity extended by one year to 28 March 2024.