

abrdn Capital Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Registration number: SC317950

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Company Information

Directors

GJ McBirmie

RS Wilson

C R Tye

D J G Driver

Company secretary

abrdn Corporate Secretary Limited

Registered office

1 George Street

Edinburgh

Lothian

EH2 2LL

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report on abrdn Capital Limited ("the Company") for the year ended 31 December 2022, in accordance with section 414A of the Companies Act 2006.

Business review and future developments

The Company's principal activity is to provide discretionary investment management services to high net worth private individuals and charities and is part of abrdn plc ("abrdn plc" or, together with its subsidiaries, "the abrdn Group"). There are no plans to change the principal activity of the Company.

The Company is a Markets in Financial Instruments Directive investment firm and is regulated by the Financial Conduct Authority under the Capital Requirements Directive ("CRD"). From 1 January 2022 a new Investment Firm Directive and Investment Firm Regulation, also known as IFPR, replaces CRD.

On 26 February 2023, abrdn plc agreed the sale of the Company to LGT. The sale is expected to complete in the second half of 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals.

Key performance indicators ("KPIs")

The Company uses a number of KPIs to monitor the performance of the business throughout the year. These KPIs are shown below:

	2022	2021
	£ 000	£ 000
Assets under management ("AUM") at 31 December	8,404,722	8,916,257
Revenue	42,979	46,605
Operating profit before restructuring and amortisation	10,451	13,891
Equity attributable to equity holders of the parent	106,793	113,606
Regulatory capital surplus	<u>27,745</u>	<u>34,684</u>

AUM

AUM contracted with the Company has decreased by £511,535k (6%) as a result of adverse market conditions.

Revenue

Revenue has decreased by £3,626k (8%) predominantly as a result of the aforementioned decrease in AUM.

Operating profit before restructuring and amortisation

Operating profit before restructuring and amortisation has decreased by £3,440k (25%) as a result of the aforementioned decrease in revenue.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has decreased by £6,813k (6%). This is as a result of dividends amounting to £13,000k being distributed during the year, offset by profit of £6,187k.

Regulatory capital surplus

The regulatory capital surplus at 31 December 2022 has decreased by £6,939k (20%) largely as a result of paying dividend during the year offset by profits for the year.

Strategic Report for the Year Ended 31 December 2022 (continued)

Enhancing our governance

Section 172 of the Companies Act 2006 requires a Director of a company to act 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 as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- a) the likely consequences of any decision in the long term;
- b) the need to foster the Company's business relationships with suppliers, customers and others;
- c) the impact of the Company's operations on the community and the environment;
- d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly between different members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider abrdn Group.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

The likely consequence of any decision in the long term

The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall abrdn Group business plan, which considers the long term success of the Company and the abrdn Group as a whole, and the likely long term consequences of any decisions by the Company are taken into account. The Directors have determined that there are no Company specific matters appropriate to disclose.

The need to foster the Company's business relationships with suppliers, customers and others

Supplier relationships within the abrdn Group are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at the abrdn plc level and engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to suppliers, customers and others.

The impact of the Company's operations on the community and the environment

Engagement on environmental and community matters is considered at the abrdn plc level and such matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no Company specific matters appropriate to disclose, as the Company has no direct environmental or community impact beyond the impact of the wider abrdn Group. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to suppliers, customers and others.

The desirability of the Company maintaining a reputation for high standards of business conduct

Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the abrdn Group, including the Company.

Strategic Report for the Year Ended 31 December 2022 (continued)

The need to act fairly as between members of the Company

The Company has a single member, and is a wholly owned subsidiary of abrdn plc.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks.

The abrdn Group, of which the Company is a part, has an Enterprise Risk Management ("ERM") framework comprising three lines of defence; the first being day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls; the second being oversight from the abrdn Group Risk and Compliance function, which reports to the Chief Risk Officer; and the third being the Internal Audit function, reporting to the Chief Internal Auditor, which independently verifies systems of control.

The ERM framework underpins risk management throughout the abrdn Group, including the Company, which has evolved to ensure it keeps pace with industry best practice and risk profile of the abrdn Group. Improvements in 2022 include refinements to risk appetite, extending our risk taxonomy, refocusing Risk and Control Self Assessments, reviewing our Conflicts of Interest frameworks and reviewing our policy register.

Business Risk environment

The commercial environment was challenging during 2022 as the Russian/Ukraine conflict led to a surge in energy prices, higher inflation and a rapid tightening of monetary policy by central banks thereby putting pressure on asset prices. These conditions impacted market levels and client flows over the year.

Though we started 2022 dealing with the effects of Omicron, the impact of COVID-19 on our operating environment was much less pronounced as 'blended working' became the default arrangement for our people.

We continue to manage a lot of change across the business which creates operational stretch on top of our core client servicing activities. An additional challenge in this area is an uptick in staff turnover across various skillsets in the financial services industry post-COVID. This also creates opportunities in the management and development of talent.

We maintain heightened vigilance over risks to our operations from financial crime and cyber intrusion. Our dedicated in-house teams monitor and manage these risks as they evolve, with the support of external specialists.

Client and customer interests are at the heart of our business. We keep close focus on the outcomes which we deliver across our businesses. During 2022, we progressed the company-wide programme to implement the FCA's new Consumer Duty.

Evolving and emerging risks

We are vigilant to risks that could crystallise over different horizons and impact our strategy and operations. These risks vary in nature as they cover geopolitical, economic, societal, technological, legal, regulatory and environmental themes. We distil internal and external research to consider how risks could emerge and evolve. Some notable risks (and opportunities) for our business include tightness in labour markets, rising input costs, evolving cyber threats, disruptive financial technologies, unprecedented market shifts and climate change.

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are grouped under principal risks. These principal risks align with those of the Group which are reported separately in the abrdrn plc Annual Report and Accounts which does not form part of this report. The key principal risks and uncertainties to our business and our approach to managing these risks are summarised as follows:

Strategic risk

These are risks that could prevent the achievement of strategic aims and successfully delivering business plans. These could include failing to meet client expectations, poor strategic decision-making, poor implementation or failure to adapt. We continued to develop our single global brand during 2022. These risks have been managed through assessing emerging risks so that action can be taken in a timely and proportionate manner to mitigate these, including detailed stakeholder engagement plans to manage the transition to the new brand and ensuring the Company has a clear organic growth strategy.

Financial risk

This is the risk of having insufficient resources, suffering losses from adverse markets or the failure or default of counter parties. It could be influenced by inflows and outflows, global market trends, as well as margins on investment mandates and wealth management services. Business planning and stress testing is used to project our financial resources under a range of scenarios and confirm the financial resilience of our business. During 2022 we had the first year of operation of the UK Investment Firms Prudential Regime which determines regulatory capital and liquidity requirements for the group and its key entities. Our Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of our counter parties.

Conduct risk

Our business relies on our ability to deliver good service and fair client and customer outcomes, and there is a risk that we fail to achieve this through our operational activities and the implementation of our change programmes. This could lead to customer and client harm, reputational damage and loss of income. Being client and customer-led is an essential aspect of our culture. This means having a continuous focus on client and customer outcomes in all that we do. Our ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2022 we refreshed our framework for managing conflicts of interest and launched a programme to implement the FCA's new Consumer Duty.

Regulatory and legal risk

High volumes of regulatory change can create interpretation and implementation risks. Compliance failures can lead to poor customer and client outcomes, sanctions, reputation damage and income loss. During 2022 the company managed a heavy programme of regulatory implementation, including in relation to ESG investment, fund liquidity risk management and the new Consumer Duty. We invest in compliance and monitoring activity across the business. Our relationships with key regulators are based on trust and transparency while our compliance and legal teams support senior managers across our business.

Process execution and trade errors

This is the risk that processes, systems or external events could produce operational errors. During 2022 there was close management focus on process execution and trade errors. Potentially important systems outages were managed using established incident management processes. Underlying causes of error are monitored to identify areas for action, promoting a culture of accountability and continuously improving how issues are addressed.

Strategic Report for the Year Ended 31 December 2022 (continued)

People

In line with the wider economy, employee turnover has increased in all regions as a consequence of tight labour markets conditions, increases in the cost of living and continued labour market adjustment following the pandemic. Engaging with our people, and supporting their wellbeing, is critical to our strategy and the success of our business.

Since the onset of the pandemic we have successfully adapted, providing online tools to support collaboration and moving our learning and development offering online. We have responded to increased competition for talent in our industry, using targeted approaches to support retention and recruitment for our key business functions.

Technology

There is a risk that technology fails to adapt to business needs, as well as unauthorised users accessing systems and carrying out cyber attacks. This risk is relevant to a wide range of potential threats to the business including weather events, internal failure, external intrusion and supplier failure. We have an ongoing programme to invest in and enhance our IT infrastructure controls. We benchmark our IT systems environment to identify areas for improvement and further investment. We maintain heightened vigilance for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. We carry out regular testing on penetration and crisis management.

Business resilience and continuity

Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber attacks and operational incidents. The risk of disruption from inside the organisation remains broadly stable, but tools for exploiting IT vulnerabilities are becoming more widely available externally. As COVID-19 has continued to test business resilience, the business has adapted effectively to blended working. The operational resilience framework continues to be enhanced, as well as strengthened responses to disruption. Crisis management and contingency planning processes are regularly reviewed and tested, enabling us to minimise disruption as the balance of hybrid working has shifted over the year.

Fraud and financial crime

As a business that handles clients' money there is an exposure to the risk of fraudulent and dishonest activity. Engagement with a wide number of external parties means there has to be vigilance to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities. During 2022 there was extensive work to define and implement consistent anti-money laundering standards across the company globally and in each growth vector. Sound processes are in place to identify client activity linked with financial crime, globally. These include controls for anti-money laundering, anti-bribery, fraud and other areas of financial crime. There is a business-wide programme to invest in controls and processes to improve monitoring of these risks. There continues to be work with the financial authorities and industry peers to assist those targeted by scams.

Change management

We are continually implementing change to improve our business or meet regulatory expectations. As well as being costly, failure to deliver change effectively, can lead to poor client and customer outcomes and/or regulatory non-compliance. For major change projects, we have established governance processes with ring-fenced project resources and clearly defined roles across the three lines of defence.

Strategic Report for the Year Ended 31 December 2022 (continued)

Third party management

Activities to suppliers are outsourced with specialist capabilities which means there is exposure to the risk of third parties failing to deliver in line with contractual obligations. The abrdn Group Third Party Risk Management framework is well embedded and continues to evolve in line with external developments, industry practice and regulatory developments.

Financial management process

We have extensive financial reporting obligations to clients, customers, regulators and other stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk. Our financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive Internal control and external assurance.

Approved by the Board on 26 April 2023 and signed on its behalf by:



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GJ McBirmie
Director

Directors' Report for the Year Ended 31 December 2022

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2022.

Directors' of the Company

The Directors, who held office during the year, were as follows:

GJ McBirnie (appointed 14 September 2022)

RS Wilson (appointed 1 August 2022)

C R Tye

D J G Driver

CM Connellan (appointed 20 April 2022 and resigned 1 August 2022)

R A Charnock (resigned 29 April 2022)

The Company's ultimate parent company, abrdn plc maintains Directors' and Officers' liability insurance on behalf of its Directors and Officers.

Company secretary

The Company secretary during the year was abrdn Corporate Secretary Limited.

Going concern

The Board's assessment of going concern is underpinned in Company forecasts that model severe market shocks to ensure the Company could continue to satisfy ongoing operating, liquidity and regulatory capital requirements. The Board have also considered the event after the balance sheet date, namely being the agreed sale of the Company by abrdn plc to LGT, that is expected to complete in the second half of 2023. The Directors have received representations confirming the intentions of LGT with respect to the Company's future, including its intended operations and the post-sale group structure. Based on their assessment, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Further information is available in Note 1.

Dividends

The Directors recommended and paid dividends of £13m in 2022 (2021: £nil) to the Company's immediate parent, namely abrdn Investments (Holdings) Limited.

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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent auditor

The auditor for the 2023 financial statements will be determined upon completion of the transaction referred to in note 18.

Political donations

It is the Company's policy not to make donations for political purposes.

Directors' Report for the Year Ended 31 December 2022 (continued)

Modern slavery act

As a global investment company, abrtn plc wants to do all it can to help tackle human trafficking, forced labour, bonded labour and child slavery by focusing on its operations, supply chain and investment process. abrtn plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the abrtn plc website.

Approved by the Board on 26 April 2023 and signed on its behalf by:



.....
GJ McBirnie
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Director's Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 ("FRS 101") *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 26 April 2023 and signed on its behalf by:



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GJ McBirmie
Director

Independent Auditor's Report to the Members of abrdn Capital Limited

Opinion

We have audited the financial statements of abrdn Capital Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the 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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of abrtn Capital Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading Board minutes to assess for any discussion of fraud;

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures across the abrtn plc Group to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We also identified a fraud risk related to the classification of expenses as restructuring, given the restructuring in the Company's cost base, and the level of market interest in the delivery of both transformation programmes and cost savings across the abrtn plc group, the potential impact of these on both the incentive to classify items as restructuring expenses and the consequences of an error in classification.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company's fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These criteria included those posted by senior finance management and those posted to unusual accounts and those posted to restructuring cost accounts by unexpected individuals. We also tested all material post year end closing journals;
- Testing of specific expenses, and challenging management in relation to the classification of those selected expenses against the abrtn Group's adjusted profit methodology to determine whether there were indications of inconsistent classification or indicators of management bias.

Independent Auditor's Report to the Members of abrdrn Capital Limited (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of financial services regulations, including Client Assets, Anti-Money Laundering, market abuse regulations and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of abrdrn Capital Limited (continued)

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of abrdn Capital Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Hannah Walsh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

26 April 2023

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	3	42,979	46,605
Administrative expenses		(34,460)	(33,646)
Other operating income	4	<u>1,932</u>	<u>932</u>
Operating profit before restructuring and amortisation		10,451	13,891
Restructuring costs		(864)	(1,288)
Amortisation and impairment of intangibles	9	<u>(2,218)</u>	<u>(3,849)</u>
Operating profit		7,369	8,754
Net finance income	6	<u>570</u>	<u>29</u>
Profit before tax		7,939	8,783
Tax expense	7	<u>(1,752)</u>	<u>(2,492)</u>
Profit for the year		<u>6,187</u>	<u>6,291</u>

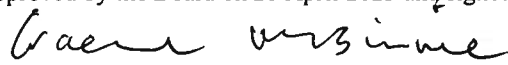
The Company has not recorded any other comprehensive income during the years to 31 December 2022 or 31 December 2021. A separate statement of comprehensive income is therefore not disclosed.

The notes on pages 19 to 33 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Intangible assets	9	47,345	49,563
Investments in subsidiaries	10	17,768	17,768
Total non-current assets		65,113	67,331
Current assets			
Trade and other receivables	12	15,905	13,481
Cash and cash equivalents		49,072	56,250
		64,977	69,731
Total current assets		64,977	69,731
Total assets		130,090	137,062
Equity and liabilities			
Equity			
Called up share capital	13	123	123
Share premium reserve		98,982	98,982
Profit and loss account		7,688	14,501
Equity attributable to equity holders of the parent		106,793	113,606
Non-current liabilities			
Deferred tax liability	8	3,789	3,410
Total non-current liabilities		3,789	3,410
Current liabilities			
Trade and other payables	14	16,658	20,046
Provisions	11	2,850	-
Total current liabilities		19,508	20,046
Total liabilities		23,297	23,456
Total equity and liabilities		130,090	137,062

Approved by the Board on 26 April 2023 and signed on its behalf by:



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GJ McBimie
Director

Registration number: SC317950

The notes on pages 19 to 33 form an integral part of these financial statements.

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

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	123	98,982	8,210	107,315
Profit for the year	-	-	6,291	6,291
Total comprehensive income	-	-	6,291	6,291
At 31 December 2021	123	98,982	14,501	113,606

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	123	98,982	14,501	113,606
Profit for the year	-	-	6,187	6,187
Total comprehensive income	-	-	6,187	6,187
Dividends	-	-	(13,000)	(13,000)
At 31 December 2022	123	98,982	7,688	106,793

The notes on pages 19 to 33 form an integral part of these financial statements.

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The following accounting policies have been applied consistently to all years presented when dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2022 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- International Accounting Standards ("IAS") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Policies requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS");
- IFRS 15 Revenue from Contracts with Customers;
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries; and
- IAS 24 Related Party disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of abrdrn plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company is a wholly owned subsidiary of abrdrn plc which prepares consolidated financial statements and is therefore exempt from the requirement to prepare consolidated accounts by virtue of section 400 of the Companies Act 2006.

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

1 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position, are set out in the Strategic Report.

In Note 18 'Events after the balance sheet date' it is noted that abrdn plc has agreed the sale of the Company to LGT UK Holdings Ltd ("LGT"). Accordingly, the Directors assessment of going concern covers the period up to this sale and, on the assumption that the sale completes in the second half of 2023, the relevant period after the sale.

The Company has made profits in the financial year and has sufficient financial resources to meet its regulatory requirements and to settle its liabilities as they fall due. In considering the period in which the Company remains part of the abrdn plc Group, the Directors have considered the impact of severe market shocks on Company forecasts, focussing specifically on:

- the current level of regulatory capital, which was £27.7m in excess of capital requirements at 31 December 2022;
- the level of liquid resources, including cash and cash equivalents, are three times the level of creditors;
- the potential impact of potential downside scenarios on revenue, assets flows and costs, including potential management actions which are within managements control;
- the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services; and
- consideration of the going concern assessment of the abrdn plc Group.

Based on a review of the above factors the Board is satisfied that the Company remains well capitalised and has sufficient liquidity to withstand potential severe market shocks for the period at least 12 months from the date of approval of the financial statements. If for any reason the sale of the Company was not to complete as anticipated, the Company would continue to trade and operate as it did before within the abrdn group.

The Directors have also considered the event after the balance sheet date, namely being the agreed sale of the Company by abrdn plc to LGT, that is expected to complete in the second half of 2023. The Directors have received representations confirming the intentions of LGT with respect to the Company's future, including its intended operations and the post-sale group structure. Based upon these representations provided by LGT, the Board has satisfied itself that there are no events or conditions (from an operational, regulatory or commercial perspective) that are anticipated to arise in the period from expected sale to at least 12 months from the date of approval of the financial statements that would give rise to a conclusion that there is a material uncertainty in relation to going concern. As with any company being sold post year end, the Directors acknowledge that there can be no absolute certainty in knowing what the future intentions of the acquiror will be although, at the date of approval of these financial statements, they have no reason to believe that a going concern basis is not appropriate.

Consequently, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

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

1 Accounting policies (continued)

Changes in accounting policy

No new standards, interpretations and amendments effective for the first time from 1 January 2022 have had an impact on the Company.

Revenue recognition

Management fee income and costs associated with the provision on discretionary investment management services are recognised subject to recoverability, as services are provided. Revenue is collected quarterly in arrears, based on the value of assets under management. Revenue is measured at the fair value of the consideration received or receivable.

Other revenue represents: income from other abrdrn Group companies for investment management services sub-delegated to the Company.

Other operating income

Other operating income represents the reimbursement of costs incurred as part of transitioning service provisions from one supplier to another. These amounts do not form part of the normal course of business for the Company.

Dividends

Dividends paid are recognised directly in equity in the Company's financial statements in the year in which they are approved.

Administrative expenses

Expenditure incurred by the Company is recognised in the month to which it relates. Expenses relating to a month that have not been invoiced are accrued, while invoices received and paid for expenses relating to future periods are recognised as prepayments.

Restructuring costs

Where the Company incurs significant expenditure arising from a reorganisation of a function or team, and which are sufficiently material to warrant separate disclosure, then the expenditure incurred is separately recognised on the face of the profit and loss account. It also includes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Company. These items are recognised on an accruals basis.

Net finance income

Interest income and costs are derived on cash and cash equivalents. Interest is recognised on an accruals basis using the effective interest rate method.

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

1 Accounting policies (continued)

Foreign currency transactions and balances

(i) Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in thousands of pounds sterling, which is the Company’s presentational and functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

Financial assets

(i) Amortised cost

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of cash and cash equivalents, trade receivables, amounts owed by abrdn Group undertakings, accrued income and other receivables. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

The Company has adopted trade date accounting. Accordingly, a financial asset is recognised on the date the Company commits to its purchase and derecognised on the date on which the Company commits to its sale.

Impairment of financial assets

An expected credit loss impairment model is applied to financial assets measured at amortised cost. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition or they relate to trade receivables in which case lifetime expected losses are recognised.

Financial liabilities

(i) Amortised cost

These instruments include trade payables, amounts owed to abrdn Group undertakings, other payables and accruals. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Intangible assets

(i) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Company’s share of the identifiable assets and liabilities acquired, is capitalised in the balance sheet. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses.

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

1 Accounting policies (continued)

(ii) Customer relationships

Customer contracts are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Company and the fair value of the assets can be measured reliably. They are recorded initially at fair value and then amortised over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the customer contracts in place at the date of acquisition.

All customer contracts are considered to have a definite life and are therefore amortised on a straight line basis over their estimated useful lives. Customer contracts are amortised over a period of between 12 and 17 years.

(iii) Internally developed software

Internally developed software is recognised in the statement of financial position if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or arising from contractual or other legal rights, regardless of whether those rights are transferable or separable. These are carried at cost less accumulated amortisation and any accumulated impairment losses.

All internally developed software is considered to have a definite life and are therefore amortised on a straight line basis over their estimated useful lives. Internally developed software is amortised over a period of 3 years.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Impairment of non-financial assets

The Company performs annual impairment reviews in respect of goodwill. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs to sell. Impairment losses in respect of goodwill are not reversed.

In respect of definite useful life intangible assets, an impairment loss is recognised when events or changes in circumstances indicate that the recoverable amount of the asset may not exceed its carrying value. If any such indication exists, the asset's recoverable amount is estimated and any provision for impairment recognised. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and includes cash at bank and highly liquid investments. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

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

1 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

Reimbursement assets

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is recognised as a separate asset. However, if recognised in the same period, the expense relating to a provision will generally be presented net of the amount recognised for a reimbursement

Current & deferred tax

The Company's tax expense comprises both current tax and deferred tax expense.

Current tax is the expected tax payable on taxable profit for the year and is calculated using tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that there is expected to be future taxable profit or investment return to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction.

Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset or liability are realised.

Deferred tax is recognised on temporary differences arising from goodwill unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is recognised in the income statement except when it relates to items recognised directly in equity, in which case it is credited directly to equity.

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

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the period. Key estimates and judgements are disclosed beneath:

Critical judgements:

Provisions -The Company served notice to terminate a contract during 2021 on which there is a termination fee payable at the date on which the contract terminates. The contract terminated in 2023 and the costs of the termination are to be met by the new service provider.

As at December 2022, the Company signed a new contract with the new service provider, therefore in the 2022 financial statements the Company has recognised a provision and a related reimbursement asset. This accounting policy judgement has no impact on the Company's profit and loss account.

Key estimates:

Impairment of goodwill - Impairment testing is required annually for goodwill. Management are required to assess whether indicators of impairment exist for goodwill, select the relevant cash generating units ("CGU") and determining the recoverable amount of the relevant CGU for the annual impairment review of goodwill. The determination of the recoverable amount involves the use of estimates. In the case of the annual goodwill impairment assessment a fair value based approach has been used which relies on the estimated price at which an asset can be sold in an orderly transaction to a third party under current market conditions.

3 Revenue

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

	2022	2021
	£ 000	£ 000
Management fees	38,700	41,109
Other revenue	4,279	5,496
Total revenue	42,979	46,605

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£ 000	£ 000
Other operating income	1,932	932

Other operating income is recognised in respect of agreed recovery of project costs from the future service provider for the Company.

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

5 Operating profit

Arrived at after charging

	2022	2021
	£ 000	£ 000
Amortisation expense	2,218	3,849
Audit of the financial statements	119	109

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of abrdrn plc.

In addition to the above, costs of £16,544k (2021: £17,865k) relate to staff that are contractual employees of a fellow abrdrn Group undertaking, but provide services wholly to the Company. The full recharge of these costs has been reflected within administrative expenses in the profit and loss account as a result of these employees' activities impacting the revenue generating activities of the Company. Recharges include amounts in relation to share based payments costs incurred.

Restructuring costs of £864k (2021: £1,289k) relate to severance costs and corporate transaction expenses.

6 Net finance income

	2022	2021
	£ 000	£ 000
Finance income		
Finance income	570	29
Net finance income	570	29

7 Tax expense

Analysis of tax charge in the year:

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	1,367	1,381
UK corporation tax adjustment to prior year	6	4
	1,373	1,385
Deferred taxation		
Deferred tax expense arising in current year	379	1,107
Tax expense in the profit and loss account	1,752	2,492

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

7 Tax expense (continued)

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit before tax	7,939	8,783
Corporation tax at standard rate	1,508	1,669
Adjustments in respect of prior year	6	5
Change in tax rate	91	818
Expenses not deductible	147	-
Total tax expense	1,752	2,492

The standard UK Corporation Tax rate for the accounting period is 19%. On 3 March 2021, the UK Government announced its intention to increase the rate of UK Corporation Tax from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. This will impact the current tax in the UK going forward.

8 Deferred tax

	2022	2021
	£ 000	£ 000
As at 1 January	3,410	2,304
Charged through profit and loss account	379	1,106
As at 31 December	3,789	3,410

The deferred tax liability has arisen due to a difference between the tax base of the goodwill intangible asset and its carrying value.

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

9 Intangible assets

	Internally generated software development costs £ 000	Goodwill £ 000	Contractual customer relationships £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	5,339	37,889	28,600	71,828
At 31 December 2022	5,339	37,889	28,600	71,828
Amortisation				
At 1 January 2022	5,191	-	17,074	22,265
Amortisation charge	148	-	2,070	2,218
At 31 December 2022	5,339	-	19,144	24,483
Net book value				
At 31 December 2022	-	37,889	9,456	47,345
At 31 December 2021	148	37,889	11,526	49,563

A goodwill balance arises as a result of the purchase of Newton. There were no additions or disposals of goodwill during the year to 31 December 2022.

Goodwill of £38m (2021: £38m) is allocated to the group of abrdn Capital cash-generating units. The recoverable amount of this group of cash-generating units was determined based on fair value. Cash flows were based on fair value of expected sale of the Company and its subsidiaries. No reasonably possible scenario considered by management would result in the carrying value of the goodwill to exceed its fair value.

As a result of the impairment testing carried out, no goodwill was considered to be impaired at 31 December 2022 or 31 December 2021.

For customer contracts acquired through a business combination, there has been no indicators of impairment identified at 31 December 2022 or 31 December 2021.

Internally developed software is amortised from the date that the asset was brought into use and has been assessed for impairment annually. As at 31 December 2022, this has been fully amortised.

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

10 Investments in subsidiaries

	2022	2021
	£ 000	£ 000
As at 1 January	17,768	17,768
As at 31 December	17,768	17,768

The particulars of the Company's subsidiary undertakings as at Balance Sheet date are in note 19.

11 Provisions

The provision predominantly relates to the notice that has been served to terminate a contract on which there is a termination fee payable at the date on which the contract terminates. The settlement for the termination provision is expected within 1 year. At 31 December 2022 our judgement is that a provision for the termination fee should be recognised under IAS 37, as the Company has an obligation as a result of a past event.

The Company has a legal agreement in place under which the costs of the termination, if incurred, will be met by the new service provider. The recovery of this provision is therefore recognised in Other receivables.

The compensation provision recognises an obligation to recompense funds for errors made during the year. A payment was made to the funds to settle this provision in February 2023.

	Total Provisions
	£ 000
Presented as:	
Termination fee provision	2,400
Compensation provision	450
At 31 December 2022	2,850

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

12 Trade and other receivables

	2022	2021
	£ 000	£ 000
Current trade and other receivables:		
Trade receivables	175	55
Amounts due from abrdrn Group Undertakings	2,025	851
Prepayments & Accrued income	11,305	12,575
Other receivables	2,400	-
Total current trade and other receivables	15,905	13,481

Current amounts owed by abrdrn Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand and as such they have been classified as current based on expected settlement date.

Other receivables represents a reimbursement asset. The termination fee provision in note 11 is expected to be reimbursed by another party and is recognised on the basis that it is virtually certain that reimbursement will be received if the Company settles the related obligation.

Included in accrued income is £905k relating to the Managed Portfolio Service business that is held for sale as it is expected to be transferred to another abrdrn group company ahead of the sale of the Company to LGT.

There are no impairment losses recognised in relation to these held for sale assets as their disposal value is equal to their carrying value.

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

13 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary Shares of £1 each	123,000	123,000	123,000	123,000

14 Trade and other payables

	2022	2021
	£ 000	£ 000
Current trade and other payables:		
Accruals and deferred income	3,708	4,077
Amounts owed to abr dn Group undertakings	11,935	15,473
Taxes and social security	938	496
Other payables	77	-
Total current trade and other payables	16,658	20,046

Amounts owed to abr dn Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Related party transactions

In the normal course of business, the Company enters into transactions with related parties in respect of investment management business.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

All transactions between key management and their close family members and the Company during the year are on terms which are equivalent to those available to all employees of abr dn plc.

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

16 Parent and ultimate parent undertaking

The Company's immediate parent is abrdn Investments (Holdings) Limited and its ultimate parent is abrdn plc, both of which are incorporated in the United Kingdom and registered in Scotland.

The most senior parent entity producing publicly available financial statements is abrdn plc. Copies of the consolidated Annual Report and Accounts are available to the public from 1 George Street, Edinburgh, EH2 2LL, or to download on the website www.abrdn.com.

17 Contingent liabilities

Legal proceedings, complaints and regulations

The Company is subject to regulation in all of the territories in which it operates its investment businesses. In the UK, where the Company primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The Company, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. At 31 December 2022, there are no identified contingent liabilities expected to lead to a material exposure.

18 Events after the balance sheet date

On 26 February 2023, abrdn plc agreed the sale of the Company to LGT. The sale is expected to complete in the second half of 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals.

On 21 April 2023, the Directors approved the proposed business transfer agreement of the managed portfolio service ("MPS") business from the Company to Cumberland Place Financial Management Limited. This transfer was effective from the date of approval. The transfer was for a consideration equal to the book value of the net assets relating to this business.

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

19 Supplementary information

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

Name of subsidiary	Registered office	Proportion of ownership interest and voting rights held	
		2022	2021
abrdn Capital International Limited	1st Floor, Sir Walter Raleigh House, 48-50 Esplanade, St. Helier, Jersey, JE2 3QB	100%	100%

