abrdn Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Registration number: SC108419

Contents

Company Information

Directors

P Branner

X B M Meyer

Company secretary

abrdn Corporate Services Limited

Registered office

1 George Street
Edinburgh
Lothian
Scotland
EH2 2LL

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Registration number: SC108419

Strategic Report for the Year Ended 31 December 2023

The Directors present their strategic report on abrdn Investments Limited ("the Company") for the year ended 31 December 2023, in accordance with section 414A of the Companies Act 2006.

Business review and future developments

The Company's principal activity is the provision of investment management services across a number of asset classes and is part of abrdn plc ("abrdn plc" or, together with its subsidiaries, "abrdn Group"). There are no plans to change the principal activity of the Company.

The Company is regulated by the Financial Conduct Authority ("FCA") and operates under the Investments Firm Prudential Regime.

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:

	2023 £ 000	2022 £ 000
Assets under management ("AUM")*	113,775,720	116,272,993
Revenue	275,852	377,730
Operating (loss)/profit before restructuring and amortisation	(25,173)	40,541
Equity attributable to equity holders of the parent	134,087	171,270
Regulatory capital surplus	41,208	57,673

*Comparative number restated to include investment mandates contracted with other companies where investment management is performed by the Company.

AUM

AUM has decreased by £2,497,273k (2%) largely as a result of client outflows, partly offset by favourable market movements during the year.

Revenue

Revenue has decreased by £101,878k (27%) largely as a result of the aforementioned decrease in AuM and change in product mix where investors have moved from higher to lower margin products.

Operating (loss)/profit before restructuring and amortisation

Operating profit before restructuring and amortisation has decreased by £65,714k (162%) largely as a result of the aforementioned decrease in revenue, partly offset by a decrease in administration expenses as the business continues to reduce costs through reduced headcount, third party outsourcing costs and simplification of key service providers.

Strategic Report for the Year Ended 31 December 2023 (continued)

Key Performance Indicators ("KPIs") (continued)

Equity attributable to equity holders of the parent
Equity attributable to equity holders of the parent has decreased by £37,183k (22%) as a result of the loss for the year.

Regulatory capital surplus
The regulatory capital surplus at 31 December 2023 has decreased by £16,465k (29%) as a result of losses made in the year.

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 interests of the Company’s employees;
c) the need to foster the Company’s business relationships with suppliers, customers and others;
d) the impact of the Company’s operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) 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 plc group of companies.

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 plc 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 in relation to long term decisions made by the Company.

Strategic Report for the Year Ended 31 December 2023 (continued)

The interests of the Company's employees -
The Company has direct employees. Within the abrdn Group, engagement with employees is considered at abrdn Group level and employee 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 engagement with employees.

The need to foster the Company's business relationships with suppliers, customers and others -
Supplier relationships within the abrdn Group of companies 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 abrdn Group group level and engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Company's Board of Directors receives reports from the Distribution function, the function within the abrdn plc group which engages with clients and customers, as part of its regular meetings. 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 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 disclosures contained within the abrdn plc Annual report and Accounts, which do not form part of this report, adequately reflect the engagement by the Company in respect of environmental and community matters.

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.

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.

Risk management
A strong risk and compliance culture underpins the abrdn Group's commitment to put clients and customers first and safeguard the interests of shareholders. The abrdn Group, of which the Company is a part, has responsibility for risk management and oversees the effectiveness of the Enterprise Risk Management ("ERM") framework.

Strategic Report for the Year Ended 31 December 2023 (continued)

ERM framework

The ERM framework supports risk management throughout the abrdn Group. This involves operating a 'three lines of defence' model with defined roles and responsibilities. The ERM framework is constantly evolving to meet the changing needs of the abrdn Group and to make sure it keeps pace with industry best practice. In 2023, improvements to the framework included:

- Delivering a new approach to Risk and Control Self Assessments, focussed on key business outcomes and executive accountability;
- Improving the abrdn Group's risk acceptance process;
- Improved management information to better measure how the framework is applied in practice;
- Reviewing risk taxonomy;
- Strengthening capabilities within Enterprise Risk;
- Further embedding of capabilities to support Operational Resilience and Consumer Duty outcomes; and
- Updating the Global Code of Conduct.

Business Risk Environment

The commercial environment remained challenging during 2023 given the market and economic environment and geopolitical events and risks. Inflation remained high, accompanied by the continued tightening of monetary policy. These conditions adversely impacted market levels and client flows over the year. The abrdn Group has also continued to simplify its business model, delivering on recent transformation projects. This includes simplifying and focussing investment capabilities on areas where there is both the skill and the scale to capitalise on the key themes shaping the market.

There continues to be a lot of change that is being managed across the business, to simplify and achieve sustainable growth. The volume of change may create bandwidth issues and operational stretch on top of core activities whilst balancing the demands of the business simplification and growth agendas. The abrdn Group continues to monitor the development, attraction and retention of colleagues and engages regularly on colleague engagement.

Heightened vigilance over risks to operations from financial crime and cyber intrusion remains. In-house dedicated teams monitor and manage these risks as they evolve, with the support of external specialists.

Client and customer interests are at the heart of the investment vector. Focus continues to be on good outcomes which are delivered across the vector. During 2023, the abrdn Group implemented the FCA's new Consumer Duty requirements, which came into force on 31st July. This is embedded in the Global Code of Conduct and was supported by the Consumer Duty mandatory training module and Client and Customer Policy.

The Consumer Duty requirements place specific obligations on the abrdn Group's vectors to demonstrate value for money for its clients. This is achieved by avoiding biased incentive schemes and by the value for money framework, underpinned by the abrdn Group's culture and strategy.

Strategic Report for the Year Ended 31 December 2023 (continued)

Evolving and emerging risks

The abrdn Group is vigilant to risks that could crystallise over different horizons and impact our strategy, operations and clients. These risks vary in nature as they cover geopolitical, economic, societal, technological, legal, regulatory and environmental themes. Internal and external research is reviewed to consider how risks could emerge and evolve.

Clients and customers are provided with fair and transparent fee structures and the abrdn Group continues to engage with the Financial Conduct Authority on interest retained on cash balances. 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.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are integrated into the principal risks of the abrdn Group and are therefore not managed separately. The principal risks and uncertainties of abrdn plc, which include those of the Company, are detailed below:

Strategic risk

The current external geopolitical and macroeconomic environment presents a wider range of risks that could impact business plans and the implementation of strategies. The volume of internal change also poses a risk to the delivery of business plans. These could include failing to meet client expectations, poor strategic decision-making, poor implementation, or failure to adapt. During the year the abrdn Group continued to simplify its business model, increase efficiency and improve the blend of capabilities, technology and processes. Acquisitions and disposals were completed to simplify the business operating model and strengthen capabilities for future growth. Inorganic opportunities are assessed for their contribution towards core strategy and client needs. Market and competitor intelligence has aided decision-making. Focus remains on geopolitical and macroeconomic developments to understand and manage implications.

Financial risk

This is the risk of having insufficient financial resources, suffering losses from adverse markets or the failure or default of counterparties. It is impacted by flows experience, global market conditions and the fees charged on investment mandates. Business planning and stress testing is used to project financial resources under a range of scenarios to ensure financial resilience. During 2023, the Company continued to operate under applicable regulatory regimes which determines regulatory capital and liquidity requirements for the abrdn Group and its key entities. Our UK regulator completed a planned Supervisory Review and Evaluation Process during 2023, as standard for the industry. Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of key counterparties.

Strategic Report for the Year Ended 31 December 2023 (continued)

Conduct risk

The business relies on its ability to deliver good service and fair client and customer outcomes, and there is a risk that it fails to achieve this through operational activities and the implementation of change programmes. This could lead to customer and client harm, reputational damage, and loss of income. Being client and customer-led is a commitment and an essential aspect of the abrdn Group's culture. This means continuous focus on client and customer outcomes is fundamentally important. The ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2023, the Global Code of Conduct was updated, as well as implementation of the FCA's new Consumer Duty. Work is continuing to embed the framework, improve management information and ensure compliance of closed book products, required by 31st July 2024.

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 2023 the abrdn Group continued to respond to and implement regulatory change including in relation to ESG and new Consumer Duty requirements in the UK. There are potential risks of changing capital and liquidity requirements and tax risk is inherent in the nature of how the abrdn Group conducts business across the globe. This could lead to reputational risk and / or financial loss. There is active monitoring and engagement with regulators on the regulatory landscape, as well as investment in compliance and monitoring activity across the abrdn Group. The evolution of regulatory divergence between the UK and EU rulebooks is a particular focus for the abrdn Group and work continues with regulators and tax authorities to address requirements and expectations. Relationships with key regulators are based on trust and transparency while compliance and legal teams support senior managers across the business.

Process execution and trade errors

This is the risk that processes, systems, or external events could produce operational errors. During 2023 there was continued management focus on process execution and trade errors. There are established processes for reporting and managing incidents, risk events and issues. The underlying causes of error are monitored to identify areas for action, promoting a culture of accountability and continuously improving how issues are addressed.

People

People are the abrdn Group's greatest asset where business change has the potential to impact engagement and morale. Engaging with employees, and supporting their wellbeing, is critical to executing the business strategy and its success. Considerable time is spent listening to and communicating with employees with well established approaches to engaging at all levels. The abrdn Group continues to monitor and has responded to market pressures and increased competition for talent in the financial services industry. Retention and recruitment are supported through targeted approaches for key business functions.

Strategic Report for the Year Ended 31 December 2023 (continued)

Technology
There is a risk that technology may fail to keep pace with business needs. There is also the significant risk of unauthorised access to systems and cyber-attacks. These risks are relevant to a wide range of potential threats to the business including internal failure, external intrusion, supplier failure and weather events. The current IT estate is complex and there are dependencies on third party suppliers that need to be managed in a dedicated way. There is an ongoing programme to invest in and enhance IT infrastructure controls. The IT systems environment is benchmarked to identify areas for improvement and further investment.

Heightened vigilance is maintained for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. There is regular testing on penetration and crisis management.

Security and resilience
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 is broadly stable. However, tools for exploiting IT vulnerabilities are becoming more widely available globally and are frequently used by criminal groups to enable ransomware attacks. The abrdn Group continues to strengthen operational resilience. Crisis management and contingency planning processes are regularly reviewed and tested to strengthen resilience and responsiveness. Changes relating to the new EU Digital Operational Resilience Act are preparing to be implemented with an implementation due in January 2025.

Fraud and financial crime
As a business that handles clients' money, the abrdn Group is exposed to the risk of fraudulent and dishonest activity. Engaging with a wide number of external parties means the abrdn Group has to be vigilant to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities. The control environment has been improved for anti-money laundering. 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. Work continues with financial authorities and industry peers to assist those targeted by scams.

Change management

As a diverse, global investment firm, the abrdn Group is continually implementing change to improve the business, meet regulatory expectations and respond to change in the economic environment. As well as being costly, failure to deliver change effectively, can lead to poor client and customer outcomes and/or regulatory non-compliance. The ongoing simplification of the abrdn Group business model enables more agility and the ability to respond at pace to changes in the economic environment.The ongoing commitment to transformation is positioning the abrdn Group for a long term sustainable future where resources and capabilities are being aligned accordingly. For major change projects, the abrdn Group has established governance processes with project resources and clearly defined roles across the three lines of defence.

Third party management

Various activities are outsourced to third party suppliers and are exposed to a variety of delivery, regulatory and reputational risks as a result. The Third Party Risk Management framework continues to evolve in line with external developments, industry practice and regulatory developments.

Strategic Report for the Year Ended 31 December 2023 (continued)

Financial management process

The abrdn Group has extensive financial reporting obligations to clients, customers, shareholders, regulators, and other stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk. Financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive internal control and external assurance.

Environmental matters

The Company follows the environmental strategy of the abrdn Group which is disclosed within the abrdn plc Annual Report and Accounts.

Approved by the Board and signed on its behalf by:

....
X B M Meyer
Director

24 April 2024

Directors' Report for the Year Ended 31 December 2023

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2023.

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

P Branner (appointed 26 October 2023)

C T Demetriou (resigned 1 June 2023)

M Hardiman (appointed 31 October 2023), (resigned 27 February 2024)

X B M Meyer (appointed 6 June 2023)

N A Slater (resigned 28 September 2023)

D E Thomas (resigned 23 November 2023)

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. Based on their assessment, the Board has received a capital injection of £63m subsequent to the year end (see Note 22) to help satisfy ongoing regulatory capital and liquidity requirements. The Directors have also received a letter of support from the directors of abrdn plc to provide further financial support to the Company should it be required. Following receipt of the aforementioned capital injection and letter of support, the Board is satisfied that the Company 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 £nil in 2023 (2022: £15.0m) to the Company's immediate parent, namely abrdn Holdings Limited.

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

Independent auditor
The Independent Auditor, KPMG LLP, has indicated their willingness to continue in office.

Directors' Report for the Year Ended 31 December 2023 (continued)

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.

Modern slavery act
As a global investment company, abrdn 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. abrdn plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the abrdn plc website.

Engagement with suppliers
The s172 statement in the Strategic Report references that engagement with suppliers is considered at the abrdn plc level where full details can be found in the abrdn plc annual report and accounts.

People
The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, religious belief, sex, sexual orientation, marital status or disablement. The Company will continue to employ, arrange for retraining, or retire on disability pension, any member of staff who becomes disabled, as may be appropriate. The Company communicates with its employees on a regular basis, with an emphasis on listening and responding to staff aspirations and development needs, making it clear how their role contributes to the abrdn Group’s goals, either through the abrdn Group’s intranet facility or through regular meetings with management. All employees are encouraged to participate in the abrdn Group’s share schemes.

Additional details relating to employees are disclosed within the abrdn plc Annual Report and Accounts.

Directors' Report for the Year Ended 31 December 2023 (continued)

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' 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 the Directors 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 and signed on its behalf by:

....
X B M Meyer
Director

24 April 2024

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

Opinion

We have audited the financial statements of abrdn Investment Limited ("the Company") for the year ended 31 December 2023 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 2023 and of its loss 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 abrdn Investments 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 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. We also performed procedures including identifying journal entries to test based on high-risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by senior finance management and those posted to unusual accounts, as well as those which comprised unexpected posting combinations. We have also tested all material post year end closing journals.

On this audit we have rebutted the fraud risk related to revenue recognition because of the relative simplicity of the calculation of the most significant revenue streams and the segregation of duties between management and third-party service providers.

We did not identify any additional fraud risks.

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 in 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.

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

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 and 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 other management 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 fraud 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.

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.

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

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 12, 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 Investments 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.

M. Humphrey.

....
Matthew Humphrey **(Senior Statutory Auditor)**
For and on behalf of KPMG LLP**, Statutory Auditor**

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

24 April 2024

Profit and Loss Account for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Revenue	3	275,852	377,730
Administrative expenses		(301,025)	(337,189)
Operating (loss)/profit before restructuring and amortisation		**(25,173)**	**40,541**
Restructuring costs	6	(18,410)	(24,489)
Amortisation and impairment of intangibles	10	(8,236)	(48,846)
Gain on disposal of intangible asset	10	1,400	-
Operating loss		**(50,419)**	**(32,794)**
Net finance income	7	3,072	646
Loss before tax		**(47,347)**	**(32,148)**
Tax credit for the year	8	10,105	7,135
Loss for the year		**(37,242)**	**(25,013)**

The notes on pages 22 to 45 form an integral part of these financial statements.

Statement of Comprehensive Income for the Year Ended 31 December 2023

	2023 £ 000	2022 £ 000
Loss for the year	**(37,242)**	**(25,013)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	42	(92)
Other comprehensive income/(losses)	**42**	**(92)**
Total comprehensive losses for the year	**(37,200)**	**(25,105)**

The notes on pages 22 to 45 form an integral part of these financial statements.

Balance Sheet as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Non-current assets			
Property, plant and equipment	9	1,490	1,736
Intangible assets	10	25,154	18,931
Deferred tax assets	11	10,855	14,748
Trade and other receivables	12	-	56
		37,499	35,471
Current assets			
Trade and other receivables	12	138,874	168,673
Cash and cash equivalents		60,808	70,563
		199,682	239,236
Total assets		**237,181**	**274,707**
Equity			
Called up share capital	13	33,778	33,778
Share premium reserve		27,779	27,779
Foreign currency translation reserve		(161)	(203)
Merger reserve		(77)	(77)
Retained earnings		72,768	109,993
		134,087	171,270
Non-current liabilities			
Leases	19	1,436	1,609
Current liabilities			
Trade and other payables	14	99,072	98,752
Provisions	15	2,586	3,076
		101,658	101,828
Total liabilities		**103,094**	**103,437**
Total equity and liabilities		**237,181**	**274,707**

Approved by the Board and signed on its behalf by:

....
X B M Meyer
Director
24 April 2024

Registration number: SC108419

The notes on pages 22 to 45 form an integral part of these financial statements.

Statement of Changes in Equity for the Year ended 2023

	Share capital £ 000	Share premium £ 000	Foreign currency translation reserve £ 000	Merger reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	33,778	27,779	(111)	(77)	150,154	211,523
Loss for the year	-	-	-	-	(25,013)	(25,013)
Foreign currency translation reserve gains/(loss)	-	-	(92)	-	-	(92)
Total comprehensive losses	-	-	(92)	-	(25,013)	(25,105)
Dividends	-	-	-	-	(15,000)	(15,000)
Tax taken to equity	-	-	-	-	(148)	(148)
At 31 December 2022	**33,778**	**27,779**	**(203)**	**(77)**	**109,993**	**171,270**
Brought forward	33,778	27,779	(203)	(77)	109,993	171,270
Loss for the year	-	-	-	-	(37,242)	(37,242)
Foreign currency translation reserve gains/(loss)	-	-	42	-	-	42
Total comprehensive losses	-	-	42	-	(37,242)	(37,200)
Tax taken to equity	-	-	-	-	17	17
At 31 December 2023	**33,778**	**27,779**	**(161)**	**(77)**	**72,768**	**134,087**

The notes on pages 22 to 45 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2023

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 2023 have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (adopted IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

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 disclosures in respect of capital management:

- IAS 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital, tangible fixed assets and intangible assets;

- 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 Reporting Standards ("IFRSs");

- IFRS 15 Revenue from Contracts with Customers;

- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries;

- IAS 24 Related Party disclosures in respect of the compensation of Key Management Personnel; and

- IAS 24 Related Party disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- IFRS 2 Share Based Payments in respect of group settled share based payments;

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

- Certain disclosures required by IFRS 7 Financial Instrument Disclosures.
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12.

The Company is a wholly owned subsidiary of abrdn 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.

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.

The Company has made losses in the financial year and further losses are forecast in 2024 which will adversely impact financial resources. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focussing specifically on:

• the current level of regulatory capital, which was £36.6m in excess of capital requirements at 31 December 2023;
• the level of liquid resources, including cash and cash equivalents;
• the potential impact of potential downside scenarios on revenue, assets flows and costs, including potential management actions;
• 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.

During 2024, the Directors approved a capital injection of £63m on 27 March 2024 to ensure the regulatory capital and liquidity surpluses are maintained within internal monitoring thresholds.

The Directors have also received a letter of support from the directors of abrdn plc to provide further financial support to the Company should it be required.

Following receipt of the aforementioned capital injection and letter of support, the Board is satisfied that the Company 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. Consequently the financial statements have been prepared on a going concern basis.

Changes in accounting policies

No new standards, interpretations and amendments effective for the first time from 1 January 2023 are deemed to have had an impact on the Company.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

Revenue recognition
Management fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AuM and are shown net of rebates. The fees are recognised when it is highly probable that a significant reversal will not be required.

Performance fees are earned where the actual performance of the clients' assets exceed defined benchmarks or target returns over a set time period. Performance fees are recognised when it is highly probable that a significant reversal will not be required.

Other revenue mainly represents income from the recharge of costs to other abrdn Group companies. Other revenue is recognised when it is highly probable that a significant reversal will not be required.

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

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

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 as 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. Restructuring costs are recognised on an accruals basis.

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 Pound 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.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

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, prepayments and 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, accruals and deferred income, amounts owed to Group undertakings, taxes and social security and other payables. 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.

(ii) Management contracts

Management contracts are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Company. The Company has recognised management contract intangible assets for the following:

Management contracts which are acquired as part of a business combination. These are recorded initially at fair value. The fair value at the date of acquisition is typically calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the management contracts in place at the date of acquisition.

Management contracts which are acquired from other asset management companies but not as part of a wider business i.e. not a business combination. These are recognised as the cost of obtaining customer contacts at the amount paid to the other asset management company and other incremental costs incurred to obtain the contracts.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

(ii) Management contracts (continued)

Management contracts are considered to have a definite life and are therefore amortised over their estimated useful lives which currently range from 9 to 10 years. The remaining useful lives for the Company's management contracts are between 3 and 10 years. Amortisation is recognised on either a straight line basis or using the reducing balance method depending on the basis that the future economic benefits attributable to the management contracts are expected to the Company.

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 or 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.

Current & deferred tax

The 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.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

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 investments in subsidiaries and associates 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 profit and loss account except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

In May 2023, amendments to IAS 12 were issued which were endorsed by the UK endorsement board on 19 July 2023. The amendments were effective immediately.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes. However, the amendments also introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes which the Company and Group have applied.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

Leases
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. However, the Company used the practical expedient permitted under IFRS 16 to apply the new standard at transition solely to leases previously identified in accordance with IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are presented in property, plant and equipment. The Company does not revalue its right-of-use assets. This applies to all right-of-use assets, including those that are assessed as meeting the definition of investment property. The cost comprises the amount of the initial measurement of the lease liability plus any initial direct costs and expected restoration costs not relating to wear and tear. Costs relating to wear and tear are expensed over the term of the lease. Depreciation is charged on right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company assesses right-of-use assets for impairment when such indicators exist, and where required, reduces the value of the right-of-use asset accordingly.

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses.

In determining the value of the right-of-use assets and lease liabilities, the Company considers whether any leases contain lease extensions or termination options that the Company is reasonably certain to exercise. Where a leased property has been sublet, the Company assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance is recognised, calculated as the present value of the future lease payments receivable under the sublease.

Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised in the profit and loss account (within other income or expenses). Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the profit and loss account as interest income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease, the Company continues to recognise the right-of-use asset. The sub-lease is accounted for as an operating lease with the lease payments received recognised as property rental income in other income in the profit and loss account. Lease incentives granted are recognised as an integral part of the property rental income and are spread over the term of the lease.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases (less than 1 year from inception) and leases where the underlying asset is of low value.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Expenditure on property, plant & equipment is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits attributable to the item and the cost of the item can be measured reliably. All other expenditure is recognised as an expense in the profit and loss account as incurred.

Property, plant & equipment is depreciated so as to write off the cost of assets, on a straight line basis, over their estimated useful lives as follows:

Asset Class	**Depreciation method and rate**
Leasehold Property	Straight-line basis over the shorter of estimated useful life or the term of the lease
Right of use asset	Straight-line basis over the shorter of estimated useful life or the term of the lease

Deferred income

Where the Company receives fees in advance (front-end fees) for services it is providing, including investment management services, these fees are initially recognised as a deferred income liability and released to the profit and loss account over the period services are provided.

Provisions and contingent liabilities

Provisions are obligations of the Company which are of uncertain timing or amount. They are recognised when the Company has a present obligation as a result of a past event, it is probable that a loss will be incurred in settling the obligation and a reliable estimate of the amount can be made.

Contingent liabilities are disclosed if the future obligation is less than probable but greater than remote or if the obligation is probable but the amount cannot be reasonably estimated.

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from translation differences on non-monetary assets such as equities classified at fair value through other comprehensive income.

Merger reserve

The merger reserve is used to record share premium on shares issued by way of consideration for acquisitions. The merger reserve can be used to offset impairments of investments in subsidiaries charged to the profit and loss account and is not distributable.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

Employee benefits

Defined contribution pension obligation

The Company contributes to a group personal pension plan operated by abrdn plc. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Employee shared-based payments

abrdn Group operates share incentive plans for its employees. These generally take the form of an award of options, conditional awards or restricted shares in abrdn plc (equity-settled share-based payments) but can also take the form of a cash award based on the share price of abrdn plc (cash-settled share-based payments). abrdn Group also incentives certain employees through the award of units in Group managed funds (deferred fund awards) which are cash-settled. All abrdn Group's incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions (vesting conditions) or the requirement of employees to save in the save-as-you-earn scheme (non-vesting condition). The period over which all vesting conditions are satisfied is the vesting period and the awards vest at the end of this period.

For all share-based payments services received for the incentive granted are measured at fair value.

For equity-settled share-based payment transactions, the fair value of services received is measured by reference to the fair value of the equity instruments at the grant date. The fair value of the number of instruments expected to vest is charged to the profit and loss account over the vesting period with a corresponding amount recognised as due to abrdn plc. The charge in respect of the services received is recharged by the Company to the subsidiary which receives the services of the employees. At each period end abrdn Group reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the profit and loss account with a corresponding adjustment to the amount due to abrdn plc.

For cash-settled share-based payment and deferred fund awards transactions, services received are measured at the fair value of the liability. The fair value of the liability is remeasured at each reporting date and any changes in fair value are recognised in the profit and loss account.

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 year. Key estimates and judgements are disclosed below:

Critical judgement:

Impairment of goodwill and intangibles - Impairment testing is required annually for goodwill and where indicators of impairment exist for intangibles. Management are required to assess whether indicators of impairment exist for intangible assets, select the relevant cash generating units ("CGU") and determine the recoverable amount of the relevant CGU for the annual impairment review of goodwill and other intangible assets. The CGUs for the goodwill impairment review is set at the highest level which is the Company and means that all goodwill from past and recent acquisitions have been included within these CGUs.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical estimates:
Impairment of goodwill and intangibles - The determination of the recoverable amount involves the use of estimates. In the case of the annual goodwill impairment assessment a fair value less cost of disposal (FVLCD) approach has been used which involves valuation estimates. No impairment assessment of goodwill was required in the current year following full impairment in prior year.

3 Revenue

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

	2023 £ 000	2022 £ 000
Management fees	219,707	266,125
Performance fees	488	5,509
Other revenue	55,657	106,096
Total revenue	**275,852**	**377,730**

4 Operating profit

Arrived at after charging

	2023 £ 000	2022 £ 000
Foreign exchange losses/(gains)	3,235	(3,395)
Audit of the financial statements	226	216

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 abrdn plc.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

5 Employees & Directors

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2023 No.	2022 No.
Fund management and administration	514	606

The aggregate payroll costs of these persons were as follows:

	2023 £ 000	2022 £ 000
Salaries and bonuses	55,588	53,713
Social security costs	6,781	9,431
Pension costs	7,060	7,217
Share-based payment expenses	2,281	4,326
Other employee expense	(40)	65
	71,670	74,752

Highest paid director

The aggregate emolument of the highest paid Director during the year was £nil (2022: £nil). Company pension contributions of £nil (2022: £nil) were made to a personal pension plan on their behalf. The highest paid Director was awarded deferred shares under the ultimate parent company's deferred compensation scheme as described in note 16. The remuneration of Directors paid by abrdn plc or any other abrdn Group company are included in the respective financial statements.

6 Restructuring costs

Restructuring costs incurred during the year is as follows:

	2023 £ 000	2022 £ 000
Third party administrative costs	2,404	8,186
Professional and consultancy fees	176	166
Redundancy	11,020	8,494
Other restructuring costs	4,810	7,643
	18,410	24,489

Other restructuring costs relate to restructuring costs recharged from other Group companies.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

7 Net finance income

	2023 £ 000	2022 £ 000
Finance income		
Interest income on bank deposits	3,100	663
Finance expense		
Interest on bank overdrafts and borrowings	(6)	(9)
Interest expense on leases	(22)	(8)
	(28)	(17)
Net finance income	**3,072**	**646**

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

8 Current taxation

Analysis of tax charge in the year:	**2023 £ 000**	**2022 £ 000**
Current taxation		
UK corporation tax	(13,341)	347
UK corporation tax adjustment to prior year	(977)	82
	(14,318)	429
Foreign tax		
Foreign tax	-	15
Foreign tax adjustment to prior year	312	1
	312	16
Total current income tax (credit)/charge	**(14,006)**	**445**
Deferred taxation		
Arising from origination and reversal of temporary differences	3,901	(7,582)
Arising from adjustments in respect of prior year	-	2
Total deferred taxation	3,901	(7,580)
Tax credit in the profit and loss account	**(10,105)**	**(7,135)**

The tax charge assessed for the year is higher (2022: lower) than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are reconciled below:

	2023 £ 000	**2022 £ 000**
Loss before tax	(47,347)	(32,148)
Corporation tax at standard rate	(11,127)	(6,108)
Adjustment in respect of prior year	(977)	85
Change in UK tax rates on deferred tax balances	(78)	(3,688)
Non-deductible expenses	1,977	1,772
Income not taxable	(329)	-
Increase from deferred shares an funds	117	791
Effect of tax rates applicable in foreign jurisdictions	312	13
	1,022	(1,027)
Total tax credit	**(10,105)**	**(7,135)**

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

8 Current taxation (continued)

The standard UK Corporation Tax rate for the accounting period is 23.5% (2022: 19%). The rate increased to 25% with effect from 1 April 2023, following the UK Government enactment in May 2021.

9 Property, plant and equipment

	Leasehold property £ 000	Right of use assets £ 000	Total £ 000
Cost or valuation			
At 1 January 2023	282	2,170	2,452
Foreign exchange movements	(7)	(51)	(58)
At 31 December 2023	275	2,119	2,394
Depreciation			
At 1 January 2023	76	640	716
Charge for the year	44	144	188
At 31 December 2023	120	784	904
Net book value			
At 31 December 2023	**155**	**1,335**	**1,490**
At 31 December 2022	206	1,530	1,736

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

10 Intangible assets

	Goodwill £ 000	Management contracts £ 000	Total £ 000
Cost or valuation			
At 1 January 2023	38,303	207,963	246,266
Additions	-	14,459	14,459
At 31 December 2023	38,303	222,422	260,725
Amortisation			
At 1 January 2023	38,303	189,032	227,335
Amortisation and impairment	-	8,236	8,236
At 31 December 2023	38,303	197,268	235,571
Net book value			
At 31 December 2023	**-**	**25,154**	**25,154**
At 31 December 2022	-	18,931	18,931

The additions to management contracts of £14,459k in 2023 relates to the Company's share of the consideration paid to Macquarie Group in August 2023 in relation to the management of four closed end funds which have been merged into existing abrdn funds including a number of funds managed by the Company. These management contracts will be amortised over a 10 year period on a straight line basis.

During the year ended 31 December 2023, the Company agreed to transfer its investment trust share plan and ISA customers to a fellow abrdn subsidiary, Interactive Investor Services Limited, for a consideration of £1,400k. The transfer was completed on 9 December 2023. Prior to the transfer, no intangible asset net book value was included on the Company's balance sheet in relation to these share plan and ISA contracts and consequently the transfer has results in the gain on the sale of intangibles of £1,400k being recognised in the Company's profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

11 Deferred tax

	Accelerated capital allowances £000	Employee benefits £ 000	Intangibles £ 000	Net deferred tax asset/(liability) £ 000
At 1 January 2022	61	10,166	(2,911)	7,316
Amounts charged/(credited) to the profit and loss account	-	(1,434)	9,014	7,580
Amounts charged/(credited) to equity	-	(148)	-	(148)
At 31 December 2022	61	8,584	6,103	14,748
Amounts charged/(credited) to the profit and loss account	-	(3,393)	(508)	(3,901)
Amounts charged/(credited) to equity	-	8	-	8
At 31 December 2023	61	5,199	5,595	10,855

The deferred tax asset can be analysed as follows:

	2023 £ 000	2022 £ 000
Employee benefits	5,199	8,584
Temporary differences - Fixed Assets	61	61
Intangible assets	5,595	6,103
Deferred tax assets	10,855	14,748

Deferred tax assets are recognised as it is probable that sufficient future taxable profits will be available across the abrdn Group against which the deferred tax assets can be recovered. Their recoverability is measured against anticipated taxable profits and gains based on business plans cross the abrdn Group.

Due to uncertainty over recoverability, a deferred tax asset has not been recognised in respect of losses carried forward in Spain of £1,255k.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

12 Trade and other receivables

Non-current trade and other receivables:	2023 £ 000	2022 £ 000
Prepayments and accrued income	-	56
Total non-current trade and other receivables	**-**	**56**

Prepayments related to deferred costs in respect of placement fees.

Current trade and other receivables:	2023 £ 000	2022 £ 000
Trade receivables	6,054	7,877
Amounts owed by abrdn Group undertakings	115,638	123,377
Prepayments and accrued income	16,873	34,140
Other receivables	309	3,279
Total current trade and other receivables	**138,874**	**168,673**

Amounts owed by 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.

13 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	337,779	33,778	337,779	33,778

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom. The address of its registered office is: 1 George Street, Edinburgh, EH2 2LL, United Kingdom

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

14 Trade and other payables

Current trade and other payables:	**2023 £ 000**	**2022 £ 000**
Trade payables	46	210
Accruals and deferred income	25,629	41,698
Amounts owed to abrdn Group undertakings	67,578	48,372
Taxes and social security	2,988	7,725
Other payables	2,831	747
Total current trade and other payables	**99,072**	**98,752**

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

15 Provisions

	Redundancy provisions £ 000
At 1 January 2023	3,076
Additional provisions	5,874
Provisions used	(6,364)
At 31 December 2023	2,586

The redundancy provisions relate to current restructuring activities the Company is undertaking and are generally expected to be settled within 12 months of the year end.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

16 Employee share-based payments

The Company does not operate any share-based payment schemes. During the year the Company's ultimate parent company, abrdn plc, operated a number of share-based payment schemes for employees across the abrdn Group, the majority of which are equity settled. Details of these arrangements affecting the Company’s employees are set out below.

The following plans made awards during the year ended 31 December 2023:

Plan	Options	Conditional awards	Restricted awards	Vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
abrdn plc Deferred Share Plan/Discretionary Share Plan	Yes	Yes	No	1 - 3 years	Up to 10 years from date of grant	Executives and senior management	Service, or service and performance conditions. These can be tailored to the individual award.
Sharesave (Save-as-you-earn)	Yes	No	No	3 or 5	Up to six months after vesting	UK and Irish employees	Service only
Share incentive plan	No	No	Yes	3	Not applicable	UK and Irish employees	Service only

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

16 Employee share-based payments (continued)

All of the awards made under these plans are equity-settled except for a small number of cash-settled awards for the deferred and discretionary share plans.

The fair value of awards granted under the Group's incentive schemes is determined using a relevant valuation technique, such as the Black Scholes option pricing model.

The awards made under the deferred and discretionary share plans include awards for deferred bonuses of the prior year. The deferred bonus awards have service conditions of one, two and three years after the date of the award and no outstanding performance conditions.

The awards made include certain awards under the deferred and discretionary share plans to senior management with specific performance conditions.

The deferred and discretionary share plans also made a number of deferred fund awards in the year ended 31 December 2023.

Options and conditional awards are all at nil cost with the exception of Sharesave where eligible employees in the UK and Ireland save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in abrdn Plc at a predetermined price.

The share incentive plan allows employees the opportunity to buy up to £1,800 of shares from their salary each year with the Group matching up to £600 per year. The matching shares awarded are granted each month but are restricted for three years.

In addition, the Group operates the following plans for which there are outstanding awards but for which no awards were made during the year ended 31 December 2023:

Plan	Options	Conditional awards	Restricted awards	Vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
abrdn Asset Management Deferred Share Plan 2009	Yes	No	No	1-3 (3-5 for executive management)	Up to 10 from date of grant	Executives and senior management	Service only. There are no outstanding performance conditions at date of grant.

(a) Options granted under incentive plans and Sharesave

The number and weighted average remaining contractual life of options outstanding during the year, along with the weighted average share price at time of exercise price are as follows:

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

16 Employee share-based payments (continued)

	Deferred and discretionary share plans	Sharesave
Outstanding at 31 December 2023	1,687,914	1,221,969
Weighted average remaining contractual life of outstanding options (years)	6.47	2.83
Weighted average share price at time of exercise during the year ended 31 December 2023	206.61p	200.36p

	Deferred and discretionary share plans	Sharesave
Outstanding at 31 December 2022	4,207,834	1,413,369
Weighted average remaining contractual life of outstanding options (years)	7.20	3.15
Weighted average share price at time of exercise during the year ended 31 December 2022	193.25p	202.8p

(b) Number of Sharesave options outstanding by exercise price

	2023 Number of options outstanding	2022 Number of options outstanding
Sharesave		
118p	863,800	973,169
132p	209,235	-
189p	74,704	131,736
199p	28,583	201,303
206p	33,979	62,210
257p	11,668	21,467
345p	-	23,484
Outstanding at 31 December	**1,221,969**	**1,413,369**

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

17 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 abrdn plc.

The following are details of significant transactions with related parties (excluding fellow wholly owned subsidiaries and key management personnel) during the year and the year end balances arising from such transactions. Of these related party management fees, transactions amounting to £nil (2022: £0.3m) were with abrdn Investments Deutchland AG in which the abrdn Group has an 89.9% ownership. At the year end amounts included within trade and other receivables due from abrdn Investments Deutschland AG was £nil (2022: £1.49m).

	2023	
	Revenue £ 000	**Receivables £ 000**
Management fees	5,058	1,658
Administrative expenses	(776)	-
	4,282	**1,658**

	2022	
	Revenue £ 000	**Receivables £ 000**
Management fees	3,471	2,354
Administrative expenses	(1,146)	-
	2,325	**2,354**

18 Parent and ultimate parent undertaking

The Company's immediate parent is abrdn Holdings Limited and its ultimate parent company 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.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

19 Leases

(i) Leases where the Company is lessee

	2023 £ 000	2022 £ 000
Property	1,436	1,609

The Company has a lease for office buildings. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The remaining period for the current leases is 9 years. The Company reviews its property use on an ongoing basis.

Lease liabilities maturity analysis

The following table provides analysis of the maturity analysis of the contractual undiscounted cash flows for the lease liabilities:

	2023 £ 000	2022 £ 000
< 1 year	162	161
1 to 2 years	167	166
2 to 3 years	172	171
3 to 4 years	177	176
4 to 5 years	183	182
5 to 10 years	666	868
Total lease liabilities (undiscounted)	1,527	1,724

Details of the movements in the Company's right-of-use assets including additions and depreciation are included in Note 9. The interest on lease liabilities is included in Note 7.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value.

Total cash outflow for leases for the year ended 31 December 2023 was £181,813 (2022: £104,234).

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

20 Contingent liabilities

The Company is subject to regulation in all of the territories in which it operates its investment businesses. In the UK, where the abrdn Group 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. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

21 Investment holdings

Direct and indirect holdings of the Company are listed below. Holdings are at 100%, unless stated otherwise. The carrying value of investments held directly by the Company is £nil (2022:nil).

Description	Country	Direct / Indirect	Percentage owned if not 100%
Griffin Nominees Limited	United Kingdom	Direct	

Registered Office
280 Bishopsgate, London, EC2M 4AG.

22 Events after the balance sheet date

On 1 February 2024 specific funds were transferred from the Company to other abrdn Group undertakings as part of creating the sale perimeter for the abrdn UK and European Private Equity business. These were transferred at market value (£6,386k) on 1 February 2024 realising a gain on sale on transfer. The mandate transfers out of the Company are not considered to be a business unit and consequently no discontinued operations note has been presented.

On 27 March 2024, the Company issued 630,000,000 Ordinary shares at a nominal value of £0.10 per share.