abrdn Private Equity (Europe) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Registration number: SC184076

Contents

Company Information

Directors	J R Bryden M McKay
Company secretary	abrdn Corporate Secretary Limited
Registered office	1 George Street Edinburgh Scotland EH2 2LL

Strategic Report for the Year Ended 31 December 2023

The Directors present their strategic report on abrdn Private Equity (Europe) 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 during the year was to hold a controlling interest in the private equity investment management business undertaken by abrdn Capital Partners LLP ("the LLP") and to provide private markets investment management and advisory services. The Company is part of abrdn plc ("abrdn plc" or, together with its subsidiaries, "the abrdn Group"). The Company is the principal private equity management company in the abrdn Group.

On 16 October 2023 it was agreed to sell the Company, as part of the wider abrdn UK and European private equity business, to Patria Investments. On 31 December 2023, as part of restructuring the Private Equity business, the Company transferred sub delegated investment management activity that it performed on two mandates to other abrdn Group companies. These transfers were completed for a consideration equal to the book value (£nil) and generated revenues of £5,564k in 2023. The transfer of the investment management sub delegations are not considered to be a separate business unit and consequently no discontinued operations disclosures have been included in the financial statements.

On 26 October 2023 and 24 January 2024 the Company received capital injections from abrdn Investment Management Limited for £200k and £12,800k respectively. Both capital injections were required to ensure surplus regulatory capital was held in relation to either operational matters or to support creating the private equity sale perimeter.

On 1 February 2024 the majority of the partnership interest held in the LLP (59.9% of a total membership interest of 60%) was transferred to another abrdn Group company as part of restructuring the Private Equity business. The transfer was completed for a consideration equal to the book value of £2,458k.

On 1 February 2024 the Company acquired a range of mandates that are in scope of the sale perimeter to Patria Investments. Cash receipts totalling £11,353k were received in relation to these mandates, and an intangible asset was recognised. Further mandate transfers into the Company will complete prior to the sale to Patria Investments.

The Company is regulated by the Financial Conduct Authority and acts as manager to a number of funds governed under the Alternative Investment Fund Managers Directive and the Investment Firm Directive and Investment Firm Regulation, also known as IFPR.

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")	375,489	1,852,594
Revenue	9,784	6,477
Operating profit	15,102	9,747
Equity attributable to equity holders of the parent	4,106	14,342
Regulatory capital surplus	2,103	3,387

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

Key performance indicators ("KPIs") (continued)

AUM

AUM contracted with the Company has decreased by £1,477,105k (80%) largely as a result of novating two funds at 31 December 2023 to other abrdn Group undertakings in preparation for the sale of the Company to Patria Investments.

Revenue

Revenue has increased by £3,307k (51%) largely as a result of holding higher average AUM across specific funds during 2023.

Operating profit

Operating profit has increased by £5,355k (55%) as a result of receiving larger distributions from the LLP during the year and the aforementioned increase in revenue. Administration expenses have increased as a result of a greater share of central cost allocations following the aforementioned increase in revenue.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has decreased by £10,236k (71%) largely as a result of paying dividends to the Company's immediate parent, partly offset by current year profits.

Regulatory capital surplus

The regulatory capital surplus at 31 December 2023 has decreased by £1,284k (38%) largely as a result of paying dividends in the year partly offset by the inclusion of prior year profits in the capital base.

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 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:

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

Enhancing our governance (continued)

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 abrdn plc business plan, which considers the long term success of the Company and the 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. This also considers the expected sale of the Company to Patria Investments where the ongoing principal activity of the Company is not expected to change, nor its regulatory permissions within the Patria Investments Group.

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. This also considers the expected sale of the Company to Patria Investments where employee matters have been considered.

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 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 Board of Directors receives reports from the Distribution function, the function within the abrdn 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. This also considers the expected sale of the Company to Patria Investments where supplier, customer and other impacts have been considered.

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. This considers the expected sale of the Company to Patria Investments.

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 of companies, including the Company.

The need to act fairly 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)

Risk management (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, 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.

The Company is expected to leave the abrdn Group in 2024 following the announcement that the European Private Equity business will be sold. Risks relating to the transition of front and back office activities are being actively managed as part of the deal completion process.

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

Risk management (continued)

Evolving and emerging risks

The abrdn Group is vigilant to risks that could crystallise over different horizons and impact 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 the abrdn Group includes adoption of modern technologies, uncertainty driven by geopolitics, unprecedented market shifts, evolving cyber threats 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
These are risks that could prevent the achievement of strategic aims and successful delivery of 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 2023. 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 each business unit has a clear organic growth strategy.

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. Strong available capital and liquidity enabled the continuation of paying dividends to other abrdn group companies. 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. Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of key counterparties.

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 MI and ensure compliance of closed book products, required by 31st July 2024.

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

Risk management (continued)

Principal risks and uncertainties (continued)

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. 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. Incidents were dealt with using established incident management processes.

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.

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.

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

Risk management (continued)

Principal risks and uncertainties (continued)

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.

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. Our financial reporting activities align to external reporting standards and activities are subject to extensive internal control and external assurance.

Investment Impairment

As an intermediate investment holding company the Company is exposed to the risk of investment impairments in underlying subsidiary companies. The risk of impairment is dependant upon a number of internal and external factors that could impact the operating environment of the subsidiary companies. Management review the operating results of underlying subsidiary companies to determine if any indicators of impairment exist. Details of any investment impairments in the year can be found in note 9.

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:

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J R Bryden
Director
23 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:

A Shanks (resigned 16 April 2024)

J R Bryden

M McKay

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 as follows:

abrdn Corporate Secretary Limited.

Going concern
The Directors' 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 Directors have also considered the agreed sale of the Company by abrdn plc to Patria Investments, that is expected to complete in the first half of 2024. The Directors have reviewed representations from Patria management as part of the change in control process, which considers the future purpose of the Company when part of the Patria Investments Group, and are satisfied the intention of Patria management is for the Company to continue trading for a period of at least 12 months from signing the financial statements. The Directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

While the Directors are confident that the Company will continue to exist, the future intentions of the acquirer are not known with certainty, which indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. Further information is available in Note 1.

Dividends
The Directors recommended and paid a dividend of £21.8m in 2023 (2022: £23m) to the Company's immediate parent, namely abrdn Investment Management 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 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 ("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 then 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;

• asses 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:

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J R Bryden
Director
23 April 2024

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited

Opinion
We have audited the financial statements of abrdn Private Equity (Europe) 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 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.

Material uncertainty related to going concern
We draw attention to Note 1 to the Financial Statements which indicates that the acquisition of the entity by Patria Investments creates a material uncertainty as it pertains to the future role and ownership of the Company. These events and conditions, along with the other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation
The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists. Our conclusion based on our financial statements audit work: we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) 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.

On this audit we do not believe there is a 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.

We 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.

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.

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited (continued)

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, 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.

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 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 Private Equity (Europe) 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 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 Private Equity (Europe) 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.

SMarchant

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Sarah Marchant (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

23 April 2024

Profit and Loss Account for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Revenue	3	9,784	6,477
Distributions received		10,800	6,000
Gross profit		**20,584**	**12,477**
Administrative expenses		(5,482)	(2,730)
Operating profit		**15,102**	**9,747**
Net finance income	6	414	185
Profit before tax		**15,516**	**9,932**
Current tax expense	7	(4,152)	(2,553)
Profit for the year		**11,364**	**7,379**

The Company has not recorded any other comprehensive income during the years to 31 December 2023 or 31 December 2022. A separate statement of comprehensive income is therefore not disclosed.

The notes on pages 20 to 35 form an integral part of these financial statements.

Balance Sheet as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Assets			
Non-current assets			
Investments in subsidiaries	9	-	2,517
Deferred tax assets		19	-
Total non-current assets		**19**	**2,517**
Current assets			
Trade and other receivables	11	5,032	2,105
Cash and cash equivalents		4,928	14,180
Operations held for sale	10	2,460	-
Total current assets		**12,420**	**16,285**
Total assets		**12,439**	**18,802**
Equity and liabilities			
Equity			
Called up share capital	12	205	5
Retained earnings		3,901	14,337
Equity attributable to equity holders of the parent		**4,106**	**14,342**
Current liabilities			
Trade and other payables	13	8,333	4,460
Total liabilities		**8,333**	**4,460**
Total equity and liabilities		**12,439**	**18,802**

Approved by the Board and signed on its behalf by:

J R Bryden
Director
23 April 2024

Registration number: SC184076

The notes on pages 20 to 35 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	5	29,958	29,963
Profit for the year	-	7,379	7,379
Dividends	-	(23,000)	(23,000)
At 31 December 2022	**5**	**14,337**	**14,342**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2023	5	14,337	14,342
Profit for the year	-	11,364	11,364
Dividends	-	(21,800)	(21,800)
New share capital subscribed	200	-	200
At 31 December 2023	**205**	**3,901**	**4,106**

The notes on pages 20 to 35 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 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 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 Standard ("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 Polices 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 of transaction 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;
- Certain disclosures required by IFRS 7 Financial Instruments Disclosures; and
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12.

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

1 Accounting policies (continued)

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 profits in the financial year.

The strategic report notes that abrdn plc has agreed to sell the UK and European Private Equity business to Patria Investments, which includes the Company. Accordingly, the Directors assessment of going concern covers the period up to this sale and, on the assumption that the sale completes in the first half of 2024, the relevant period after the sale.

The Company has made profits in the financial year and has sufficient financial resources. In considering the period in which the Company remains part of the abrdn 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 £2.1m 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.

Based on a review of the above factors the Directors are satisfied that the Company remains well capitalised and has sufficient liquidity to withstand potential severe market shocks. 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 for a period of at least 12 months.

The Directors have also considered the agreed sale of the Company by abrdn plc to Patria Investments, that is expected to complete in the first half of 2024. While the Directors are confident that the Company will continue to exist, the future intentions of the acquirer are not known with certainty, which indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. The Directors have reviewed representations from Patria management as part of the change in control process, which considers the future purpose of the Company when part of the Patria Investments Group, and are satisfied the intention of Patria management is for the Company to continue trading for a period of at least 12 months from signing the financial statements.

The Directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

Changes in accounting policy

No new standards, interpretations and amendments effective for the first time from 1 January 2023 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 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
Distribution income from subsidiaries is recognised as received.

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 is derived on cash and cash equivalents. 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 for expenses relating to future periods are recognised as prepayments.

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 due 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.

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

1 Accounting policies (continued)

(i) Amortised cost (continued)
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 amounts owed to abrdn Group undertaking, accruals and deferred income and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash at bank and highly liquid investments. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost.

Current tax & 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.

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.

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

1 Accounting policies (continued)

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.

Investment in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses. An impairment charge is recognised when the carrying amount of the investment exceeds its recoverable amount. Any gain or loss on disposal of a subsidiary, associate or joint venture is recognised in profit for the year.

Operations held for sale
Assets of operations which have been classified as held for sale are presented separately in the statement of financial position. Operations are classified as held for sale when their carrying amount will be recovered principally through a sale transaction.

An operation which is classified as held for sale is measured at the lower of its aggregate carrying amount and its aggregate fair value, less the estimated incremental costs that are directly attributable to the disposal (excluding finance costs and income tax expense). No depreciation or amortisation is charged on assets of an operation once it has been classified as held for sale.

Contingent liabilities
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.

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

1 Accounting policies (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 financial statements, in conformity with FRS 101, may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In the process of applying the Company's accounting policies, management has made no key estimates or judgements.

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

3 Revenue

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

	2023 £ 000	2022 £ 000
Management fees	7,221	5,735
Performance fees	1,148	742
Other revenue	1,415	-
Total revenue	**9,784**	**6,477**

On 31 December 2023 as part of restructuring the Private Equity business, specific mandates contracted with the Company were transferred at book value (£nil) to other abrdn Group undertakings. These mandates generated revenues of £5,564k in 2023.

4 Operating profit

Arrived at after charging

	2023 £ 000	2022 £ 000
Foreign exchange losses	51	136
Audit of the financial statements	21	19

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.

5 Employees & directors

The aggregate payroll costs were as follows:

	2023 £ 000	2022 £ 000
Wages and salaries	1,284	-
Social security costs	144	-
Pension costs, defined benefit scheme	116	-
Share-based payment expenses	41	-
	1,585	-

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

5 Employees & directors (continued)

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	9	-

On 1 October 2023, 38 individuals became employees of the Company, novating their contracts from other abrdn subsidiary undertakings. Disclosures on employee numbers reflect average employee numbers over the year and and employee costs reflect costs incurred from 1 October 2023.

During the year there were restructuring costs related to employees. This includes gross costs of £1,691k, offset by a recharge to other abrdn Group companies of £1,591k.

The Directors' remuneration for the year was as follows:

	2023 £ 000	2022 £ 000
Remuneration	70	-

There is a total of 1 (2022: nil) Director accruing retirement benefits from the Company under a personal pension plan. During the year 1 (2022: nil) Director was rewarded under the share-based payment schemes.

Highest paid director

The aggregate emolument of the highest paid Director during the year was £71k (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 17.

For those Directors who are employees of the abrdn Group and whose services cover several companies within the abrdn Group, no apportionment of emoluments has been made to the Company.

6 Net finance income

	2023 £ 000	2022 £ 000
Finance income		
Interest income	414	185
Net finance income	**414**	**185**

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

7 Tax expense

Analysis of tax charge in the year:

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax	4,158	2,553
UK corporation tax adjustment to prior year	13	-
	4,171	2,553
Deferred taxation		
Deferred tax credit arising in the year	(19)	-
Tax expense in the profit and loss account	**4,152**	**2,553**

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

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Profit before tax	15,516	9,932
Corporation tax at standard rate	3,646	1,887
Increase in current tax from adjustment for prior year	13	-
Decrease due to dividends from UK companies	(2,538)	(1,140)
Increase due to income from subsidiary undertakings	2,572	1,806
Increase due to non-deductible expenses	459	-
Total tax expense	**4,152**	**2,553**

The standard UK Corporation Tax rate for the accounting period is 23.5% (2022 - 19%). The rate of UK corporation tax increased from 19% to 25% with effect from 1 April 2023.

8 Deferred tax

	2023 £ 000	2022 £ 000
Credit through profit and loss account	19	-
Deferred tax assets	19	-

The deferred tax asset can be analysed as follows:

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

8 Deferred tax (continued)

	2023 £ 000	2022 £ 000
Temporary differences - other	19	-

The standard rate of UK corporation tax for the accounting period is 23.5% (2022: 19%). These future rate changes have been taken into account in the calculation of the UK deferred tax balance at 31 December 2023.

A deferred tax asset is recognised as it is probable that sufficient future taxable profits will be available against which the deferred tax asset can be recovered. Their recoverability is measured against anticipated taxable profits and gains based on business plans. The deferred tax asset recognised on losses relates to UK losses where there is currently no restriction on the period of time over which losses can be utilised. Recognition of this deferred tax asset requires that management must consider if it is more likely than not that this asset will be recoverable in future periods against future taxable profits arising in the UK. In making this assessment management have considered future operating plans and forecast taxable profits and are satisfied that forecast taxable profits will be sufficient to enable recovery of the tax losses. Based upon the level of forecast taxable profits management do not consider there is significant risk of a material adjustment to the carrying value of the deferred tax asset within the next financial year. Management expect the deferred tax asset to be utilised over a period between 5 and 7 years.

9 Investments in subsidiaries

	2023 £ 000	2022 £ 000
As at 1 January	2,514	2,517
Disposals	(54)	-
Reclassified as held for sale	(2,460)	-
As at 31 December	**-**	**2,517**

Disposals relate to investments held in other abrdn Group undertakings (£54k) which were transferred at book value to other abrdn Group undertakings on 31 December 2023 as part of creating the sale perimeter for the private equity business sale to Patria Investments. The Company's interest in the LLP was transferred to operations held for sale at 31 December 2023.

The particulars of the Company's subsidiary undertakings at 31 December 2023 are disclosed in Note 19.

10 Operations held for sale

	2023 £ 000	2022 £ 000
Operations held for sale	2,460	-

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

10 Operations held for sale (continued)

The investment held in the LLP was classified as an operation held for sale at 31 December 2023 following the agreement on 16 October 2023 to sell the UK and European private equity business to Patria Investments. This included the transfer of this investment to another abrdn Group company on 1 February 2024 as part of preparing the sale perimeter. At 31 December 2023 it was considered highly probably the investment would be transferred from the Company to another abrdn Group company. Refer note 16 for details of the internal transfer of the investment held in the LLP.

11 Trade and other receivables

Current trade and other receivables:	2023 £ 000	2022 £ 000
Trade receivables	34	413
Amounts owed by abrdn Group undertakings	4,838	1,616
Prepayments and accrued income	15	39
Other receivables	145	37
	5,032	**2,105**

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

12 Share capital

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	205	205	5	5

During the year 200,000 Ordinary shares of £1 each having an aggregate nominal value of 200,000 were allotted for an aggregate consideration of 200,000.

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)

13 Trade and other payables

	2023	2022
Current trade and other payables:	**£ 000**	**£ 000**
Accruals and deferred income	1,624	-
Amounts owed to abrdn Group undertakings	6,630	4,446
Taxes and social security	79	-
Other payables	-	14
Total current trade and other payables	**8,333**	**4,460**

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

14 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. There is therefore no related party disclosure for the current year (2022: nil).

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.

15 Parent and ultimate parent undertaking

The Company's immediate parent is abrdn Investment Management 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.

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

16 Events after the balance sheet date

On 24 January 2024 the Company received a capital injection from abrdn Investment Management Limited for £12,800k. The capital injection was required to ensure surplus regulatory capital was held in relation to either operational matters or to support creating the private equity sale perimeter.

On 1 February 2024 the majority of the partnership holding held in the LLP (59.9% of a total membership interest of 60%) was transferred as part of restructuring the Private Equity business. The transfer was completed for a consideration equal to the book value (£2,458k).

On 1 February 2024 the Company acquired a range of mandates that are in scope of the sale perimeter to Patria Investments. Cash receipts totalling £11,353k were received in relation to these mandates, and an intangible asset was recognised. Further mandate transfers into the Company will complete prior to the sale to Patria Investments.

17 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 shares	Typical 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)

17 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 shares	Typical vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
Aberdeen Asset Management Deferred Share Plan 2009	Yes	No	No	1-3 (3-5 for executive management)	Up to 10 years 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)

17 Employee share-based payments (continued)

	Deferred and discretionary share plans	Sharesave
Outstanding at 31 December 2023	44,385	22,145
Weighted average remaining contractual life of outstanding options (years)	7.67	2.30
Weighted average share price at time of exercise during the year ended 31 December 2023	201p	N/A

	Deferred and discretionary share plans	Sharesave
Outstanding at 31 December 2022	70,063	22,145
Weighted average remaining contractual life of outstanding options (years)	8.46	3.30
Weighted average share price at time of exercise during the year ended 31 December 2022	193p	N/A

(b) Number of Sharesave options outstanding by exercise price

	2023 No. 000	2022 No. 000
Sharesave		
118p	18,993	18,993
189p	1,969	1,969
199p	601	601
206p	582	582
Outstanding at 31 December	22,145	22,145

18 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 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.

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

19 Investment holdings

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Country of registration	Direct / Indirect	Percentage owned other than 100%
abrdn Capital Partners LLP [1]	United Kingdom	Direct	60%

Registered Office
[1] 1 George Street, Edinburgh, EH2 2LL