

Company Registration No. 08948895 (England and Wales)



abrdn Portfolio Solutions Limited
(formerly - Cumberland Place Financial Management Limited)

ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2023

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Company Information

Directors

G J McBimie
R Bignall
D P Ripton

Company secretary

abrdn Corporate Secretary Limited

Registered office

280 Bishopsgate
London
United Kingdom
EC2M 4AG

Independent Auditor

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

abrdrn Portfolio Solutions Limited

Strategic Report for the Year Ended 31 December 2023

The Directors present their strategic report for abrdrn Portfolio Solutions Limited (formerly Cumberland Place Financial Management 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 principal activity of the Company is providing Managed Portfolio Services ("MPS"). There are no plans to change the principal activity of the Company. The legacy Discretionary Fund Management business ("DFM") ceased in October 2023.

The Company is part of abrdrn plc ("abrdrn plc" or, together with its subsidiaries, "abrdrn plc Group").

On 21 April 2023 the Company acquired the trade, assets and liabilities of the MPS business of abrdrn Capital Limited ("aCL"). The value of the net assets acquired from aCL was £330k. Further details can be found in Note 12.

On 24 April 2023, the Company issued 1,650,000,000,000 Ordinary shares at a nominal value of £0.000001 per share.

Key performance indicators

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

	31 December 2023 £	31 December 2022 £
Assets Under Management ("AUM")	2,594,025,246	16,690,932
Revenue	3,651,567	58,396
Operating Profit/(loss)	857,444	(117,136)
Equity attributable to equity holders of the parent	3,644,379	1,259,393
Regulatory capital surplus	827,143	591,165

AUM

AUM has increased by £2,577m primarily as a result of the MPS business acquisition from aCL where £2,472m of AUM was acquired. The £17m in the prior year related solely to the DFM business. Subsequently, since the acquisition, MPS AUM have increased by £122m. The increase in MPS AUM has been partly offset by the decrease in DFM AUM due to DFM business winding down during the year.

Revenue

Revenue has increased by £3,593k as a result of the acquisition of the MPS business from aCL.

Operating profit

Operating profit has increased by £974k driven by the acquisition of the MPS business from aCL.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has increased by £2,385k because of an issue of shares for £1,650k in April 2023 and the profit after tax of £735k for the year.

Regulatory capital surplus

The regulatory capital surplus on 31 December 2023 has increased by £236k. The regulatory capital has increased by £1,650k, partly offset by the regulatory capital requirement which has increased by £1,414k to £2,082k.

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:

- the likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;

abrdrn Portfolio Solutions Limited

Strategic Report for the Year Ended 31 December 2023

Enhancing our governance (continued)

- 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 abrdrn 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 business plan, which considers the long-term success of the Company and the abrdrn plc 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 likely consequences of any decision in the long term.

The interests of the company's employees - The Company has no direct employees. Within the abrdrn plc Group of companies, engagement with employees is considered at group level and employee engagement matters have been disclosed in the abrdrn 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 abrdrn plc Group are managed under the Procurement, Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the abrdrn plc Annual Report and Accounts which does not form part of this report. In addition the Board of Directors receives reports regarding customer service as part of its regular meetings, and regularly discusses engagement with key suppliers. 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 abrdrn plc level and such matters have been disclosed in the abrdrn 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 abrdrn 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. Compliance with the new task force for climate related financial disclosures can be found in the abrdrn plc Annual Report and Accounts.

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 abrdrn plc 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 Standard Life Savings Limited ("SLSL") which is a wholly owned subsidiary of abrdrn plc.

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Strategic Report for the Year Ended 31 December 2023

Risk management

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

ERM framework

The ERM framework supports risk management throughout the abrdr plc Group, including the Company. 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 abrdr plc 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 abrdr plc 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 abrdr plc 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.

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 adviser vector. Focus continues to be on good outcomes which are delivered across the vector. During 2023, the abrdr plc 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 abrdr plc Group's businesses 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 abrdr plc Group's culture and strategy.

Evolving and emerging risks

The abrdr plc Group, including the Company, 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 abrdr plc Group continues to engage with the Financial Conduct Authority on interest retained on cash balances. Some notable risks (and opportunities) for the abrdr plc Group includes adoption of modern technologies, uncertainty driven by geo-politics, unprecedented market shifts, evolving cyber threats and climate change.

abrdrn Portfolio Solutions Limited

Strategic Report for the Year Ended 31 December 2023

Sustainability risks

We have a responsibility to shareholders, clients, customers and all stakeholders to assess, report on, manage and mitigate our sustainability risks. As an investment Group, abrdrn PLC needs to consider the impact of corporate activities while making investments in line with client mandates. We are mindful of the increasing challenges providing consistent ESG disclosures across multiple geographies. During 2023, we continued to deliver against a number of key milestones. These included requirements under UK TCFD and enhancing our climate and carbon analytical tools. We have commenced a review of the UK SDR reporting and disclosure requirement for delivery in 2024.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are grouped under 12 principal risks categories which have both internal and external drivers. These principal risks align with those of the Group which are reported separately in the abrdrn plc Annual Report and Accounts which does not form part of this report. Within the Enterprise Risk Management Framework, we have developed more detailed taxonomy risks under these principal risk categories. This allows us to systematically monitor the risk profile of our business. Principal and emerging risks are subject to active oversight by the Company's Board.

The key principal risks and uncertainties to our business and our approach to managing these risks are summarised as follows:

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 abrdrn plc 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, platforms and wealth management services.

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 abrdrn plc Group and its key entities. Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of key counterparties. Our UK regulator completed a planned Supervisory Review and Evaluation Process during 2023, as standard for the industry.

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 our 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.

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Strategic Report for the Year Ended 31 December 2023

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 abrdrn plc 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 abrdrn plc 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 abrdrn plc Group. The evolution of regulatory divergence between the UK and EU rulebooks is a particular focus for the abrdrn plc 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.

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

Our people are our greatest asset. Business change has the potential to impact engagement and morale. Engaging with our people, and supporting their wellbeing, is critical to our strategy and the success of our business.

We invest considerable time listening to and communicating with our staff and have well-established approaches to engaging at all levels. We continue to monitor and have responded to market pressures and increased competition for talent in our industry. We use targeted approaches to support retention and recruitment for our key business functions.

Technology

There is a risk that our 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 abrdrn plc 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.

abrdn Portfolio Solutions Limited

Strategic Report for the Year Ended 31 December 2023

Principal risks and uncertainties (continued)

Fraud and financial crime

As a business that handles clients' money, the abrdn plc Group is exposed to the risk of fraudulent and dishonest activity. Engaging with a wide number of external parties means the abrdn plc 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 plc 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 plc 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 plc Group for a long-term sustainable future where resources and capabilities are being aligned accordingly. For major change projects, the abrdn plc 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.

Financial management process

The abrdn plc 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.

This report was approved by the board and signed on its behalf.



Graeme McBirnie
Director
Date: 19 April 2024

abrdrn Portfolio Solutions Limited

Directors' Report for the Year Ended 31 December 2023

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

Directors

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

G J McBirmie (Appointed 23 December 2021)
R S Wilson (Resigned 4 August 2023)
K L Clews (Resigned 17 February 2023)
C M Dyer (Resigned 17 February 2023)
R Bignall (Appointed 4 August 2023)
D P Ripton (Appointed 4 August 2023)

The Company's ultimate parent company, abrdrn plc maintains directors' and officers' liability insurance on behalf of its directors and officers.

Company secretary

The Company's secretary during the year was:

abrdrn Corporate Secretary Limited

Going concern

The Board's assessment of going concern is underpinned in Company forecasts that models severe market shocks to ensure the Company could continue to satisfy ongoing operating, liquidity and regulatory capital requirements. Based on their assessment, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Further information is available in Note 1.

Dividends

No ordinary dividends were paid in the year (2022: £nil). The Directors do not recommend payment of a final dividend.

Political contributions

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.

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.

People

The majority of the staff who manage the affairs of the Company are employed by Aberdeen Corporate Services Limited ("ACSL"), a related party, and their costs are recharged to the Company.

ACSL is committed to an equal opportunities policy. The sole criterion for selecting 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 abrdrn plc Group's goals, either through the abrdrn plc Group's intranet facility or through regular meetings with management. All employees are encouraged to participate in the abrdrn plc Group's share schemes. Additional details relating to employees are disclosed within abrdrn plc Annual Report and Accounts.

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

Modern slavery act

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

Engagement with suppliers

The s172 statement in the Strategic Report references that engagement with suppliers is considered at the abrtn plc level where full details can be found in the abrtn plc Annual Report and Accounts.

Qualifying entity

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the abrtn plc Group.

abrdn Portfolio Solutions Limited

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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 year.

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;
- 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.

This report was approved by the board and signed on its behalf



Graeme McBirnie
Director
Date: 19 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN PORTFOLIO SOLUTIONS LIMITED

Opinion

We have audited the financial statements of abrdn Portfolio Solutions 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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.

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 all material post year end closing journals.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN PORTFOLIO SOLUTIONS LIMITED

On this audit we have rebutted the fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. 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 on our audit.

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the financial 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 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.

Other information

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN PORTFOLIO SOLUTIONS LIMITED

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 Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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.



Megan Fuller (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date: 19 April 2024

abrdn Portfolio Solutions Limited**Profit and Loss Account for the Year Ended 31 December 2023**

	Note	2023 £	2022 £
Revenue	3	3,651,567	58,396
Administrative expenses		(2,794,123)	(175,532)
Operating Profit/(Loss)	4	857,444	(117,136)
Net finance income		103,270	7,300
Profit/(Loss) before tax		960,714	(109,836)
Tax (expense)/credit	6	(225,728)	20,710
Profit/(Loss) for the year		734,986	(89,126)

The notes on pages 17 to 23 form part of these financial statements.

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.

abrdrn Portfolio Solutions Limited
Balance Sheet as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	8,061	10,635
Total non-current assets		<u>8,061</u>	<u>10,635</u>
Current assets			
Trade and other receivables	8	1,330,891	67,996
Deferred tax asset	10	314	-
Cash at bank and in hand		4,499,603	1,628,801
Total current assets		<u>5,830,808</u>	<u>1,696,797</u>
Current liabilities			
Trade and other payables	9	(2,194,490)	(447,711)
Total current liabilities		<u>(2,194,490)</u>	<u>(447,711)</u>
Net current assets		3,636,318	1,249,086
Total assets less current liabilities		<u>3,644,379</u>	<u>1,259,721</u>
Non-current liabilities			
Deferred tax liabilities	10	-	(328)
Total non-current liabilities		<u>-</u>	<u>(328)</u>
Net assets		<u>3,644,379</u>	<u>1,259,393</u>
Equity			
Called up share capital	11	2,150,002	500,002
Retained earnings		1,494,377	759,391
Equity attributable to equity holders of the parent		<u>3,644,379</u>	<u>1,259,393</u>

The notes on pages 17 to 23 form part of these financial statements.

The financial statements were approved by the board of Directors and authorised for issue and are signed on its behalf by:

Graeme McBirnie
 Director
 Date: 19 April 2024

Company Registration No. 08948895

abrdn Portfolio Solutions Limited
Statement of Changes in Equity for the Year Ended 31 December 2023

	Called up share capital £	Profit and loss account £	Total equity £
Year ended 31 December 2022			
At 1 January 2022	500,002	848,517	1,348,519
Loss for the year	-	(89,126)	(89,126)
Balance at 31 December 2022	<u>500,002</u>	<u>759,391</u>	<u>1,259,393</u>
Year ended 31 December 2023			
Profit for the year	-	734,986	734,986
Shares issued during the year	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>
Balance at 31 December 2023	<u>2,150,002</u>	<u>1,494,377</u>	<u>3,644,379</u>

The notes on pages 17 to 23 form part of these financial statements.

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 financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting standard applicable in the UK and Republic of Ireland and the Companies act 2006.

Exemptions for qualifying entities under FRS 102

The company is a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the abrdrn plc Group. The company has therefore taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest, income/expense and net gains/losses for each category of financial instruments; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit and loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS12.

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 profit in the financial year and has sufficient financial resources. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focusing specifically on:

- the current level of regulatory capital, which was £827k 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 abrdrn plc Group.

In forming this opinion, the Directors have also considered any potential impact of macro-economic events like market volatility and the ongoing conflict in Ukraine on the going concern and viability of the Company.

Based on a review of the above factors the Board is satisfied that the Company remains well capitalised and has sufficient liquidity to withstand potential severe market shocks.

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

abrdrn Portfolio Solutions Limited

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

1. Accounting policies (Continued)

Changes in accounting policy

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.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of discretionary fund management services and managed portfolio services:

Management fees are generated on managed portfolio services and are generally based on agreed rates as a percentage of AUM. Management fees income is recognised based on the value of AUM and the fees are recognised when it is highly probable that a significant reversal will not be required. It is collected quarterly in arrears. The revenue is measured at the fair value of the consideration received or receivable.

Renewal income and level commissions relate to DFM business. DFM services are satisfied over a period of time and revenue is recognised at the end of the billing period in which the service is performed. The fees are calculated as a percentage of net fund assets managed in accordance with individual management agreements and are billed to the client each period shortly after the relevant asset data is available, with settlement terms commonly being 30 days. This business ceased during the year.

Net Finance income

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

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.

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.

Financial instruments

(i) Financial assets

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 amounts receivable from Group undertakings, accrued income, other receivables and current tax assets. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

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.

(ii) Financial Liabilities

Amortised cost

These instruments include amounts owed to abrdrn plc Group undertakings, group relief payable, 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.

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.

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.

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.

2 Judgements in applying accounting policies 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. In the process of applying the Company's accounting policies, management has made no key estimates or judgements.

abrdrn Portfolio Solutions Limited

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

3 Revenue

	2023 £	2022 £
Management fees	3,650,815	-
Renewal income	752	57,206
Level commissions	-	1,190
	<u>3,651,567</u>	<u>58,396</u>

All revenue in the current and prior year relates to operations in the United Kingdom.

4 Operating profit/ (loss)

	2023 £	2022 £
Operating profit/ (loss) for the year is stated after charging:		
Depreciation	2,574	3,348
Auditor's remuneration	<u>52,100</u>	<u>24,100</u>

The auditor's remuneration disclosed above were paid on behalf of the Company by another abrdrn plc Group company.

5 Directors Emoluments

All directors of the Company are employed by other abrdrn Group companies. Their services cover several companies within the abrdrn Group therefore no apportionment of emoluments has been made to the Company.

6 Tax expense

	2023 £	2022 £
Current taxation		
UK corporation tax	226,372	(20,233)
UK corporation tax adjustment to prior periods	-	547
Total current tax	<u>226,372</u>	<u>(19,686)</u>
Deferred tax		
Arising from origination and reversal of temporary differences	(605)	(636)
Adjustment in respect of prior periods	-	(383)
Effect of change in tax rates	(39)	(5)
Total deferred tax	<u>(644)</u>	<u>(1,024)</u>
Tax expense/(credit) in the profit and loss account	<u>225,728</u>	<u>(20,710)</u>

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

	2023 £	2022 £
Profit/ (Loss) on ordinary activities before tax	<u>960,714</u>	<u>(109,836)</u>
Corporation tax at standard rate of 23.5% (2022: 19%)	225,767	(20,869)
Adjustments to deferred tax with respect to change in tax rates	(39)	(5)
Adjustments in respect of prior periods	-	164
Total tax charge/ (credit) for the year	<u>225,728</u>	<u>(20,710)</u>

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

abrdn Portfolio Solutions Limited

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

7 Tangible fixed assets

	Fixture and fittings £
Cost or valuation	
At 1 January 2023	80,509
At 31 December 2023	80,509
Depreciation	
At 1 January 2023	69,874
Depreciation charged in year	2,574
At 31 December 2023	72,448
Net book value	
At 31 December 2023	8,061
At 31 December 2022	10,635

All amortisation charges in the year have been charged through administrative expenses.

8 Trade and other receivables

	2023 £	2022 £
Amounts receivable from Group undertakings	-	39,662
Accrued income	1,328,434	8,313
Prepayments	1,378	13,393
Other receivables	1,079	-
Current tax assets	-	6,628
	<u>1,330,891</u>	<u>67,996</u>

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 non-current or current based on expected settlement date.

9 Trade and other payables

	2023 £	2022 £
Amounts owed to Group undertakings	1,932,215	445,526
Group relief payable	253,587	-
Other payables	8,688	1,710
Accruals and deferred income	-	475
	<u>2,194,490</u>	<u>447,711</u>

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

abrdrn Portfolio Solutions Limited

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

10 Deferred taxation

	2023 £	2022 £
At beginning of year	(328)	(1,352)
Charged to profit or loss	646	1,024
At end of year	<u>314</u>	<u>(328)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Fixed assets timing difference	314	(328)
Deferred tax asset/ (liability)	<u>314</u>	<u>(328)</u>

11 Share capital

Allotted, called up and fully paid	2023 £	2022 £
2,150,001,725,030 (2022 – 500,001,725,030) ordinary shares of £0.000001 each (2022 - £0.000001)	<u>2,150,002</u>	<u>500,002</u>

On 24 April 2023, the Company issued 1,650,000,000,000 Ordinary shares at a nominal value of £ 0.000001 per share.

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom. The address of its registered office is: 280 Bishopsgate, London, United Kingdom, EC2M 4AG.

12 Business combinations

On 21 April 2023, the Company acquired the trade, assets and liabilities of the MPS business of aCL. The value of the net assets acquired from aCL was £330k.

The consideration represents the book value of total net assets acquired as at the acquisition date. In finalising the consideration payable any adjustments to the book value of the net assets acquired would be treated as a gain on business combination in the Statement of Comprehensive Income (£nil).

The breakdown of all assets and liabilities acquired as part of the business combination is summarised below:

	Fair value £'000
Trade and other receivables	505
Trade and other payable	<u>(175)</u>
Total identifiable net asset acquired	<u>330</u>
Net assets acquired	<u>330</u>
Purchase consideration	£'000
Amounts owed to abrdrn plc Group companies	<u>330</u>

The Company settled the purchase consideration with aCL in July and August 2023.

abrdn Portfolio Solutions Limited

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

13 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 102 not to disclose transactions with fellow wholly owned subsidiaries.

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

14 Contingencies

The Company is subject to regulation in the UK where it operates its fund management businesses. In the UK the FCA has broad powers including powers to investigate marketing and sales practices.

The Company, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews, and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. At 31 December 2023, there are no identified contingent liabilities relating to the above matters expected to lead to a material exposure.

15 Parent and ultimate parent undertaking

The Company's immediate parent has changed from abrdn Financial Planning Limited to Standard Life Savings Limited effective from 17th August 2023. Its ultimate parent is abrdn plc, which is 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.

16 Post balance sheet events

There are no post balance sheet date events.