abrdn Investment Management Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Registration number: SC123321

Contents

Company Information

Directors	P Branner X B M Meyer
Company secretary	abrdn Corporate Secretary Limited
Registered office	1 George Street Edinburgh Lothian EH2 2LL
Auditor	KPMG LLP Chartered Accountants and Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Strategic Report for the Year Ended 31 December 2023

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

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

On 20 June 2023 the Company sold its remaining 10.2% interest held in HDFC Asset Management Company Limited ("HDFC AMC"). The investment was held at £477,424k at the point of sale, realising a loss of £96,614k on disposal.

On 16 October 2023 it was agreed to sell the abrdn UK and European private equity business to Patria Investments. As part of restructuring the Private Equity business on 24 October 2023 it was necessary to make a capital injection into aPE Newco 2, newly incorporated to support the creation of the private equity sale perimeter. On 1 February 2024, the Company transferred its 40% holding in abrdn Capital Partners LLP (aCP) at book value to aPE Newco 2. See the events after Balance Sheet date (Note 26) for further details.

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")*	189,751,572	183,420,604
Revenue	349,007	413,948
Operating profit/(loss) before restructuring and amortisation	44,049	(3,412)
Equity attributable to equity holders of the parent	455,867	824,489
Regulatory capital surplus	221,965	220,540

*Comparative number restated to reflect year end AuM position (previously average AuM for the year) to align with 2023 and future reporting.

AuM
AuM has increased by £6,330,968k (3%). The AuM reported is spot AuM at the end of the year. Throughout 2023 AuM decreased as a result of net outflows, fully offset in the final quarter of the year as a result of favourable market movements and a material client inflow.

Revenue
Revenue has decreased by £64,941k (16%) largely as a result of the aforementioned decrease in AuM and change in product mix where investors have moved from higher to lower margin products.

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

Key performance indicators ("KPIs") (continued)

Operating profit before restructuring and amortisation
Operating profit before restructuring and amortisation has increased by £47,461k (1391%) largely as a result of a process execution error expensed in 2022 (£41,000k) for which insurance recoveries were recognised in 2023 (£36,402k). Administration expenses also include a provision relating to VAT recoveries from a third party supplier (£24,769k). Removing these one off items would result in a decrease in operating profit (£5,172k) largely explained by the aforementioned decrease in revenue, partly offset by a decrease in administration expenses as the business continues to reduce costs through reduced headcount, third party outsourcing costs and simplification of key service providers.

Equity attributable to equity holders of the parent
Equity attributable to equity holders of the parent has decreased by £368,622k (45%) as a result of losses made in the year and dividends paid.

Regulatory capital surplus
The regulatory capital surplus at 31 December 2023 has increased by £1,425k (1%) as a result of the reduction in the significant holdings deduction following the sale of HDFC AMC, offset by dividends paid and losses in the year.

Enhancing our governance

Section 172 of the Companies Act 2006 requires a Director of a Company to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

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

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

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

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

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 overall abrdn plc business plan, which considers the long term success of the Company and abrdn Group as a whole, and the likely long term consequences of any decisions by the Company are taken into account. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to long term decisions made by the Company.

The interests of the company's employees - The Company has direct employees. Within the abrdn Group, engagement with employees is considered at abrdn Group level and employee engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to engagement with employees.

The need to foster the company's business relationships with suppliers, customers and others - Supplier relationships within the abrdn Group of companies are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at abrdn group level and engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Company's Board of Directors receives reports from the Distribution function, the function within the abrdn Group which engages with clients and customers, as part of its regular meetings. The Directors have determined that there are no company specific matters appropriate to disclose in relation to suppliers, customers and others.

The impact of the company's operations on the community and the environment - Engagement on environmental and community matters is considered at abrdn plc level and such matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the disclosures contained within the abrdn plc Annual report and Accounts, which do not form part of this report, adequately reflect the engagement by the Company in respect of environmental and community matters. Compliance with the new task force for climate related financial disclosures can be found in the abrdn 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 abrdn Group, including the Company.

The need to act fairly as between members of the company - The Company has a single member, and is a wholly owned subsidiary of abrdn plc.

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

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.

ERM framework

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

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

Business Risk Environment

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

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

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

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

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

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

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 geo-politics, 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

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

Financial risk

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

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

Principal risks and uncertainties (continued)

Conduct risk

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

Regulatory and legal risk

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

Process execution and trade errors

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

People

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

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

Principal risks and uncertainties (continued)

Technology

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

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

Security and resilience

Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber-attacks, and operational incidents. The risk of disruption from inside the organisation is broadly stable. However, tools for exploiting IT vulnerabilities are becoming more widely available globally and are frequently used by criminal groups to enable ransomware attacks. The abrdn Group continues to strengthen operational resilience. Crisis management and contingency planning processes are regularly reviewed and tested to strengthen resilience and responsiveness. Changes relating to the new EU Digital Operational Resilience Act are preparing to be implemented with an implementation due in January 2025.

Fraud and financial crime

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

Change management

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

Third party management

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

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

Principal risks and uncertainties (continued)

Financial management process

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

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 12.

The Company is also exposed to the risk of impairment to fair value movements of investment securities holdings. These risks are dependent on a number of internal and external factors that could have a direct impact on the operating environment of the company in which an investment is held. Management review up to date valuations quarterly for investment securities holdings, and review the operating results of the underlying subsidiary company to determine if any indicators of impairment exist. The Company further mitigates the risk of adverse movements in the fair value of its investment securities holdings by employing strategies to hedge market and currency exposures wherever possible.

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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X B M Meyer
Director
24 April 2024

Directors' Report for the Year Ended 31 December 2023

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

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

C T Demetriou (resigned 1 June 2023)

D E Thomas (resigned 23 November 2023)

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

N A Slater (resigned 28 September 2023)

P Branner (appointed 26 October 2023)

X B M Meyer (appointed 6 June 2023)

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

Company secretary
The Company secretary during the year, was:

abrdn Corporate Secretary Limited.

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

Dividends
The Directors recommended and paid dividends of £300,000k in 2023 (2022: £263,000k) to the Company's immediate parent, namely abrdn Investments (Holdings) Limited.

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

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

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.

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

Modern slavery act

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

Engagement with suppliers

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

People

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

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

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

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board and signed on its behalf by:

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X B M Meyer
Director
24 April 2024

Independent Auditor's Report to the Members of abrdn Investment Management Limited

Opinion
We have audited the financial statements of abrdn Investment Management Limited ('the Company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Going concern

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

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

Our conclusions based on this work:

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

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

- Reading Board minutes to assess for any discussion of fraud.

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high-risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by senior finance management and those posted to unusual accounts, as well as those which comprised unexpected posting combinations. We have also tested all material post year end closing journals.

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

We did not identify any additional fraud risks.

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

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

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

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

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

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

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

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

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

For the matters discussed in note 20 we have assessed disclosure against our understanding gained through the procedures above.

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

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

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

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

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

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

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

M. Humphrey.

....

Matthew Humphrey (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

24 April 2024

Profit and Loss Account for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Revenue	3	349,007	413,948
Dividends received		38,913	49,184
Administrative expenses		(343,871)	(466,544)
Operating profit/(loss) before restructuring and amortisation		**44,049**	**(3,412)**
Restructuring costs	6	(24,535)	(36,564)
Amortisation and impairment of intangibles	10	(290)	(2,391)
Impairment of property, plant and equipment	9	(18,913)	(2,351)
Operating profit/(loss)		**311**	**(44,718)**
Net finance income	7	24,829	7,666
Loss on investments	14	(97,605)	(108,751)
Loss before tax		**(72,465)**	**(145,803)**
Tax credit	8	3,826	30,374
Loss for the year		**(68,639)**	**(115,429)**

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 22 to 52 form an integral part of these financial statements.

Balance Sheet as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Non-current assets			
Property, plant and equipment	9	48,166	69,453
Intangible assets	10	63	353
Investments in subsidiaries	12	11,124	30,752
Investment securities	14	14,728	15,138
Deferred tax assets	11	7,939	23,241
Trade and other receivables	15	340,000	340,000
Derivative Financial Instruments		1	54
Total non-current assets		**422,021**	**478,991**
Current assets			
Investment securities	14	-	477,424
Trade and other receivables	15	132,573	157,124
Cash and cash equivalents		158,305	79,845
Operations held for sale	13	11,828	-
Total current assets		**302,706**	**714,393**
Total assets		**724,727**	**1,193,384**
Equity			
Called up share capital	16	34,440	34,440
Retained earnings		421,427	790,049
Equity attributable to equity holders of the parent		**455,867**	**824,489**
Non-current liabilities			
Deferred tax liabilities	11	-	52,134
Leases	19	61,858	66,371
Total non-current liabilities		**61,858**	**118,505**
Current liabilities			
Trade and other payables	17	160,366	209,390
Provisions	20	46,636	41,000
Total current liabilities		**207,002**	**250,390**
Total liabilities		**268,860**	**368,895**
Total equity and liabilities		**724,727**	**1,193,384**

The notes on pages 22 to 52 form an integral part of these financial statements.

Balance Sheet as at 31 December 2023 (continued)

Approved by the Board and signed on its behalf by:

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

Registration number: SC123321

The notes on pages 22 to 52 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	34,440	1,168,794	1,203,234
Loss for the year	-	(115,429)	(115,429)
Total comprehensive income	-	(115,429)	(115,429)
Dividends	-	(263,000)	(263,000)
Tax taken to equity	-	(316)	(316)
At 31 December 2022	**34,440**	**790,049**	**824,489**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2023	34,440	790,049	824,489
Loss for the year	-	(68,639)	(68,639)
Total comprehensive income	-	(68,639)	(68,639)
Dividends	-	(300,000)	(300,000)
Tax taken to equity	-	17	17
At 31 December 2023	**34,440**	**421,427**	**455,867**

The notes on pages 22 to 52 form an integral part of these financial statements.

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

1 Accounting policies

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

Basis of preparation
The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2023 have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

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

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

- International Accounting Standards ("IAS") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital, tangible fixed assets and intangible assets;

- 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 ("IFRSs");

- IFRS 15 Revenue from Contracts with Customers;

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

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

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

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

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

- Certain disclosures required by IFRS 7 Financial Instrument Disclosures and IFRS 13 Fair Value Measurement; and

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.

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

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

The Company has made losses in the financial year, however is forecast to make profits and has sufficient financial resources. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focussing specifically on:

• the current level of regulatory capital, which was £222m 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.

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

Based on a review of the above factor 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.

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.

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

1 Accounting policies (continued)

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

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

Other revenue mainly represents income from the recharge of costs to other abrdn Group companies plus distributions from private equity funds which are recognised when received. Other revenue is recognised when it is highly probable that a significant reversal will not be required.

Dividends
Dividend income from subsidiaries is recognised as received. Dividend income from securities is recognised when the Company's right to receive payment is established. In the case of listed securities, this is the ex-dividend date.

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

Net finance income
Interest income and costs are derived on cash and cash equivalents, loans to other abrdn Group companies and leases. Interest is recognised on an accruals basis using the effective interest rate method.

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

Restructuring costs
Where the Company incurs significant expenditure arising from a reorganisation of a function or team, and which are sufficiently material to warrant separate disclosure, then the expenditure incurred is separately recognised on the face of the profit and loss account. Restructuring costs are recognised on accruals basis.

Foreign currency transactions and balances
(i) Functional currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in thousands of 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.

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

1 Accounting policies (continued)

Financial assets

(i) Fair value through profit or loss

These instruments include investments in securities, consisting of seed capital, private equity investments and listed equity securities, which are designated as fair value through profit or loss. This category also includes investments held for trading, acquired principally for the purpose of selling in the short term. Fair value changes are recognised through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

In limited circumstances, the Company enters into short term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments. Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis. Open future contracts are valued at the exchange quoted price at close of business on the balance sheet date.

(ii) Amortised cost

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

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

Impairment of financial assets

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

Financial liabilities

(i) Fair value through profit or loss

These instruments include liabilities which are designated as fair value through profit or loss. Fair value changes are recognised through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

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

1 Accounting policies (continued)

(i) Fair value through profit or loss (continued)
In limited circumstances, the Company enters into short term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments. Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis. Open future contracts are valued at the exchange quoted price at close of business on the balances sheet date.

(ii) Amortised cost
These instruments include trade payables, amounts owed to abrdn Group undertakings, accruals and deferred income, collateral received from open derivatives position and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Intangible assets

(i) Software development
Intangible assets relate to internally developed software and are recognised in the statement of financial position if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or arising from contractual or other legal rights, regardless of whether those rights are transferable or separable. These are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally developed software is considered to have a definite life and are therefore amortised on a straight line basis over their estimated useful lives. Internally developed software is amortised over a period of up to five years.

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

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

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

1 Accounting policies (continued)

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.

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

Current tax and deferred tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12
In May 2023, amendments to IAS 12 were issued which were endorsed by the UK endorsement board on 19 July 2023. The amendments were effective immediately.

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

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

1 Accounting policies (continued)

Leases

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

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

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

In determining the value of the right-of-use assets and lease liabilities, the Company considers whether any leases contain lease extensions or termination options that the Company is reasonably certain to exercise.

Where a leased property has been sublet, the Company assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance is recognised, calculated as the present value of the future lease payments receivable under the sublease. Where a property is only partially sublet, only the portion of the right-of-use asset relating to the sublet part of the property is derecognised and recognised as a net investment in finance leases.

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

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

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

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

1 Accounting policies (continued)

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

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

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

Asset class	**Depreciation method and rate**
Leasehold Property	Period of lease or up to 15 years
Furniture, Fittings and equipment	5 to 8 years
Computer equipment	4 to 8 years

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.

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

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

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.

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

1 Accounting policies (continued)

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.

Insurance recoveries

Insurance monies receivable in relation to provisions recognised are only recognised at the point they are virtually certain or have been physically paid.

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

Critical estimates:

Fair value calculations - Fair value is defined as the value at which assets or liabilities could be closed out or sold in a transaction with a willing and knowledgeable counterparty. Where quoted market prices are not available for private equity investments, fair value is based upon the net asset values of the funds, which use, wherever possible, independently sourced market parameters specific to the sector in which the fund operates. Management must use judgement and estimates where not all necessary data can be externally sourced or where factors specific to the Company's holdings need to be considered. The accuracy of the fair value calculations would therefore be affected by unexpected market movements, inaccuracies within the models used compared to actual outcomes and incorrect assumptions to which these estimates relate in note 14.

Impairment of right of use assets - The Company assesses right of use assets for impairment when such indicators exist, and where required reduces the value of the right of use asset accordingly. For investment properties this is based on cash flows for rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates (see note 9).

Critical judgements:

Investment in subsidiaries - Investments in subsidiaries are assessed for indicators of impairment each year which requires management to assess the future strategic direction of these investments. This is completed through review of both quantitative factors, such as net assets exceeding the investment carrying value and future profitability, as well as qualitative factors, such as macroeconomic conditions and relationships with key suppliers and customers.

Provisions - Provisions require the assessment of whether an obligation exists as a result of a past event. This often requires the application of judgement to determine whether an obligation exists. The Company has provisions at the year end and note 20 details judgements used as part of establishing those provisions.

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	277,612	341,846
Performance fees	6,426	6,434
Other revenue	64,969	65,668
Total revenue	**349,007**	**413,948**

4 Operating profit/(loss)

Arrived at after charging

	2023 £ 000	2022 £ 000
Foreign exchange losses/(gains)	1,721	(828)
Process execution event (insurance monies received)/provision made	(36,402)	41,000
Audit of the financial statements	316	231
Tax related provisions and recoveries	24,769	-

During 2022 a provision for an execution event was recognised. See note 20 for details. During 2023 insurance monies were received in relation to the process execution event which has been treated as a credit within administration expenses.

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.

Operating profit in 2023 includes includes a provision for a potential liability of £42,442k, partly offset by an expected reimbursement asset of £17,673k. Refer to note 20 for further details on the provision.

5 Employees & Directors

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

	2023 No.	2022 No.
Fund management and administration	657	744

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

5 Employees & Directors (continued)

The aggregate payroll costs of these persons were as follows:

	2023 £ 000	2022 £ 000
Wages and salaries	57,158	63,390
Social security costs	9,196	11,388
Pension costs, defined contribution scheme	9,190	9,823
Share-based payment expenses	4,216	8,752
Other employee expense	(211)	85
	79,549	93,438

In addition to the above, costs of £11,513k (2022:£16,544k) related to staff that were contractual employees of the Company, but provided services wholly to another abrdn Group company, abrdn Capital Limited. The full recharge of these costs was netted within administrative expenses in the profit and loss account as a result of these employees' activities not impacting the revenue generating activities of the Company. This arrangement ceased on 1 September following the disposal of abrdn Capital Limited to an external buyer.

The Directors' remuneration for the year was as follows:

	2023 £ 000	2022 £ 000
Aggregate remuneration	756	1,150
Other benefits	237	460
	993	1,610

There are a total of 2 (2022: 2) Directors accruing retirement benefits from the Company under a personal pension plan. During the year 1 (2022: 3) Director was rewarded under the share-based payment schemes.

Highest paid director

The aggregate emolument of the highest paid Director during the year was £513,494 (2022: £548,353). 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 23.

The remuneration of Directors paid by abrdn plc or any other abrdn Group company are included in the respective financial statements.

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

6 Restructuring costs

Restructuring costs incurred during the year is as follows:

	2023 £ 000	2022 £ 000
Staff costs	12,467	14,915
Redundancy	6,544	9,837
Professional and consultancy fees	490	549
Third party administrative costs	(722)	46
Other restructuring costs	5,756	11,217
	24,535	36,564

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

7 Net finance income

	2023 £ 000	2022 £ 000
Finance income		
Interest income on bank deposits	152	29
Interest on group borrowings	18,941	7,859
Interest income	8,004	1,404
	27,097	**9,292**
Finance expense		
Interest on bank overdrafts and borrowings	(11)	(4)
Interest payable on abrdn Group borrowings	(692)	-
Interest expense on leases	(1,565)	(1,622)
	(2,268)	(1,626)
Net finance income	**24,829**	**7,666**

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

8 Tax expense

Analysis of tax credit in the year:

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax	776	(5,990)
UK corporation tax adjustment to prior periods	(10,161)	(1,024)
	(9,385)	(7,014)
Foreign tax	42,381	30,706
Total current tax	**32,996**	**23,692**
Deferred taxation		
Arising from origination and reversal of temporary differences	(36,822)	(54,066)
Tax credit in the profit and loss account	**(3,826)**	**(30,374)**

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

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before tax	(72,465)	(145,803)
Corporation tax at standard rate	(17,029)	(27,703)
Increase/(decrease) in tax from adjustment for prior periods	4,503	(1,257)
Income not subject to tax	(6,916)	(9,562)
Deferred shares and funds	355	1,047
Differences due to overseas tax	11,131	8,547
Differences due to change in tax rate	(8)	(4,709)
Other tax adjustments	1,785	1,486
Permanent differences	2,353	1,777
Total tax credit	**(3,826)**	**(30,374)**

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.

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

9 Property, plant and equipment

	Leasehold property £ 000	Furniture, fittings and equipment £ 000	Right of use assets £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation					
At 1 January 2023	23,444	9,029	79,929	2,027	114,429
Additions	3,594	90	-	9	3,693
At 31 December 2023	**27,038**	**9,119**	**79,929**	**2,036**	**118,122**
Depreciation					
At 1 January 2023	7,811	5,773	29,376	2,016	44,976
Charge for the year	1,950	635	3,470	11	6,066
Impairment	6,280	2,446	10,188	-	18,914
At 31 December 2023	16,041	8,854	43,034	2,027	69,956
Net book value					
At 31 December 2023	**10,997**	**265**	**36,895**	**9**	**48,166**
At 31 December 2022	15,633	3,256	50,553	11	69,453

Included in property right-of-use assets, are right-of-use assets that meet the definition of investment property. Their carrying amount at 31 December 2023 is £25,074k (2022: £nil). This comprises a gross carrying value of £54,720k (2022: £3,753k) and accumulated depreciation and impairment of £29,646k (2022: £3,753k). No investment properties generate rental income in the years to 31 December 2023 and 31 December 2022. There were direct expenses of £1,363k (2022: £485k) in relation to investment properties not currently generating income.

During the year, there were transfers to investment property of £39,233k transfers from investment property of £3,131k (2022: £nil), depreciation of £2,113k (2022: £114k), impairment of £13,318k (2022: £2,351k) and reversal of impairment of £3,131k (2022: £nil).

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

9 Property, plant and equipment (continued)

The transfers to investment property relate to a property in the UK that is no longer being used operationally by the Company. The right-of-use assets was assessed for impairment at the point of transfer. An impairment of £13,318k has been recognised in the year ended 31 December 2023 in relation to this property. The recoverable amount for the property, which was based on value in use, was £27,187k using a pre-tax discount rate of 6%. The cash flows were based on the rental income expected to be received during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. The assessment of the cash flows takes into consideration climate related factors such as the energy efficiency of the buildings. It is not based on valuations by an independent valuer.

The transfers from investment property relate to a property in the UK which was not being used operationally but following the review of properties in the UK has been brought back into operational use. The right-of-use asset was assessed for reversal of impairment at the point of transfer. The Company has recognised a reversal of impairment of £3,131k in the year ended 31 December 2023 in relation to this property. The recoverable amount for this property was its carrying value at 30 June 2023 if it had not previously been impaired. The right-of-use asset is also related to the Investments segment. The property had been impaired by £2,351k in the year ended 31 December 2022.

The fair value of investment property included within right-of-use assets at 31 December 2023 is £28,764k (2022: £nil). The valuation technique used to determine the fair value considers the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. It is not based on valuations by an independent valuer.

During the year, the Company also recognised an impairment of furniture, fittings and equipment of £8,726k. The impairment primarily related to leasehold improvements within the UK property that is no longer being used operationally by the Company. Following this decision, the recoverable amount of these leasehold improvements was assessed as £nil.

10 Intangible assets

	Software Development £ 000	Total £ 000
Cost or valuation		
At 1 January 2023	26,673	26,673
At 31 December 2023	**26,673**	**26,673**
Amortisation		
At 1 January 2023	26,320	26,320
Amortisation charge	290	290
At 31 December 2023	26,610	26,610
Net book value		
At 31 December 2023	**63**	**63**
At 31 December 2022	353	353

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

11 Deferred tax

	2023 £ 000	2022 £ 000
As at 1 January	(28,893)	(84,923)
Credit through profit and loss account	51,486	54,066
Adjustment through equity	11	(316)
Acquisitions in period	-	2,280
Credit through profit and loss account in respect of prior years	(14,665)	-
As at 31 December	7,939	(28,893)
Deferred tax assets	7,939	23,241
Deferred tax liabilities	-	(52,134)

The deferred tax asset can be analysed as follows:

	2023 £ 000	2022 £ 000
Temporary differences - Fixed Assets	5,836	3,703
Employee benefits	3,305	5,532
Losses	700	15,000
Provisions & other temporary timing differences	208	1,043
Less:Offset against deferred tax liabilities	(2,110)	(2,037)
	7,939	23,241

The deferred tax liability can be analysed as follows:

	2023 £ 000	2022 £ 000
Unrealised gains on investments	(2,110)	(2,036)
Other- HDFC AMC	-	(52,135)
Less:Offset against deferred tax assets	2,110	2,037
	-	(52,134)

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

11 Deferred tax (continued)

Deferred tax liabilities relating to unrealised gains on investments at 31 December 2022 of £54m included £52m relating to the investment in HDFC Asset Management. This investment was sold in 2023 (refer note 14 for further details).

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.

12 Investments in subsidiaries

	2023 £ 000	2022 £ 000
As at 1 January	30,752	30,752
Additions	2,200	-
Disposals	(10,000)	-
Reclassified as held for sale	(11,828)	-
As at 31 December	**11,124**	**30,752**

Additions in the year relate to investments made into aPE Newco 2 Limited (£2,000k) and an investment made into abrdn Private Equity (Europe) Limited (aPEEL) (£200k). Disposals relate to the winding up up Standard Life (Mutual Funds) Ltd which was struck off during 2023 and the investment in the subsidiary was returned to the Company. The particulars of the Company's subsidiary undertakings as at the balance sheet date are detailed in note 27.

The Company's interest in aCP, aPEEL and aPE Newco 2 was transferred to operations held for sale at 31 December 2023 (refer note 13).

13 Operations held for sale

	2023 £ 000	2022 £ 000
Operations held for sale	11,828	-
As at 31 December	11,828	-

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

13 Operations held for sale (continued)

aCP ,aPEEL and aPE Newco 2 were classified as operations held for sale at 31 December 2023 following agreement on 16 October 2023 to sell these companies to Patria Investments. It is therefore considered highly probable that they will be sold. Refer note 26 for details of the internal transfer of the investment held in aCP as part of preparing the UK and European private equity business sale perimeter prior to sale in H1 2024.

14 Investments in securities

The following are the particulars of the Company's investment securities as at the statement of financial position date:

	2023 £ 000	2022 £ 000
Seed capital investments	1,630	1,610
Private equity investments	13,098	13,528
Listed equity investments - Current	-	477,424
	14,728	492,562

The Investment security (listed equity investment) held in HDFC AMC was sold during the year realising a loss on disposal of £97m (2022: unrealised loss of £109m). This is disclosed on the face of the profit and loss.

15 Trade and other receivables

Non-current trade and other receivables:	2023 £ 000	2022 £ 000
Amounts owed by abrdn Group undertakings	340,000	340,000
Total non-current trade and other receivables	**340,000**	**340,000**

Current trade and other receivables:	2023 £ 000	2022 £ 000
Trade receivables	42,619	75,644
Amounts owed by abrdn Group undertakings	10,639	17,076
Accrued income	58,628	57,716
Other receivables	20,633	5,838
Overseas corporate tax asset	54	850
Total current trade and other receivables	**132,573**	**157,124**

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

15 Trade and other receivables (continued)

Non-current amounts owed by abrdn Group undertakings are unsecured, attract interest at SONIA plus 0.96% per annum (2022: 0.96%), are repayable by 2026 unless otherwise agreed by both parties to the loan. They have been classified as non-current based on expected settlement date.

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

Other receivables include a reimbursement asset of £17,673k relating to a tax provision explained in note 20.

16 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	34,440	34,440	34,440	34,440

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

17 Trade and other payables

	2023	2022
Current trade and other payables:	**£ 000**	**£ 000**
Accruals and deferred income	35,300	43,630
Amounts owed to abrdn Group undertakings	114,135	149,107
Taxes and social security	6,922	8,283
Collateral received for open derivative positions	109	244
Other payables	3,900	8,126
Total current trade and other payables	**160,366**	**209,390**

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

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

18 Derivative financial instruments

	2023 Contract amount £ 000	Fair value assets £ 000	Fair value liabilities £ 000
Non-current			
Forwards	2,668	1	-

	2022 Contract amount £ 000	Fair value assets £ 000	Fair value liabilities £ 000
Non-current			
Forwards	2,804	53	-

The contractual undiscounted cash flows in relation to derivative financial instruments are all payable within 1 year, and are £2,667k (2022: £2,753k).

19 Leases

(i) Leases where the Company is lessee

The Company leases various offices used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The remaining periods for current leases range from less than 4 year to 15 years. The Company reviews its property use on an ongoing basis.

The Company has recognised the following liabilities in relation to these leases:

	2023 £ 000	2022 £ 000
Property	61,858	66,371

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

19 Leases (continued)

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

	2023 £ 000	2022 £ 000
< 1 year	5,822	5,822
1 to 2 years	5,822	5,822
2 to 3 years	5,822	5,822
3 to 4 years	5,764	5,822
4 to 5 years	5,744	5,764
5 to 10 years	24,821	26,675
10 to 15 years	19,405	19,450
>15 years	-	3,845
	73,200	**79,022**

Details of the movements in the Company's right-of-use assets including additions and depreciation are included in note 9.

The interest on lease liabilities for the year ended 31 December 2023 was £1.6m (31 December 2022 - £1.6m). See note 7.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2023 was £nil (2022: £nil). The Company lease commitment for short-term leases was £nil at 31 December 2023 (31 December 2022 £nil).

20 Provisions

	Redundancy provision £ 000	Tax related provision £ 000	Dilapidations £ 000	Process execution event provision £ 000	Total £ 000
At 1 January 2023	-	-	-	41,000	41,000
Additional provisions	2,519	42,442	1,675	-	46,636
Provisions utilised	-	-	-	(41,000)	(41,000)
At 31 December 2023	2,519	42,442	1,675	-	46,636

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

20 Provisions (continued)

A tax related provision is for a potential liability of £42,442k (2022: £nil) related to a disputed tax matter which is the subject of an ongoing appeal. Any resolution is expected to be after 12 months. A reimbursement asset has been recognised for £17,673k (refer note 15) (2022: £nil) which is an expected recovery in the event of any settlement.

The process execution event provision was fully settled in May 2023 and has been utilised during the year.

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

The dilapidation provisions predominantly relate to 1 George Street (£0.9m) and 6 St Andrews Square (£0.7m) where the leases are expected to mature in 2031 and 2037 respectively. These provisions have been estimated based on previous average dilapidation costs incurred.

21 Related party transactions

In the normal course of business, the Company enters into transactions with related parties in respect of investment management business. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

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

Details of significant transactions with related parties (excluding fellow wholly owned subsidiaries and key management personnel) during the year include transactions amounting to £3.9m (2022: £3.9m) with abrdn Investments Deutschland AG in which the abrdn Group has an 89.9% ownership. At the year end £0.7m was outstanding with abrdn Investments Deutschland AG and included within trade and other payables (2022: £2.6m).

22 Parent and ultimate parent undertaking

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

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

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

23 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	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	Yes	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)

23 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 abrdn 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 2022.

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 abrdn Group matching up to £600 per year. The matching shares awarded are granted each month but are restricted for three years.

abrdn Group also operated the following plans for which no awards were made during the year ended 31 December 2023 and for which all outstanding awards were exercised by 31 December 2022:

Plan	Options	Conditional awards	Restricted shares	Typical vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
Standard Life Restricted stock plan (RSP)	Yes	No	No	1-3	Up to six months after vesting	Executives (other than executive Directors) and senior management	Service, or service and performance conditions. These are tailored to the individual award.

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

23 Employee share-based payments (continued)

The weighted average share price of options exercised:

	2023 pence	2022 pence
Sharesave	198.00	220.00
Deferred awards	201.00	195.00

The following table shows the range of exercise prices of the options outstanding:

	2023 No. 000	2022 No. 000
Sharesave		
118p	1,549	1,809
132p	364	-
189p	185	272
199p	46	523
206p	77	118
257p	17	21
345p	-	13
	2,238	2,756
Deferred awards		
£nil	5,601	10,666

The weighted average remaining contractual life of options outstanding:

	2023 years	2022 years
Sharesave	2.79	2.94
Deferred awards	7.32	7.66

24 Commitments

Commitments to investment securities

The Company has entered into partnership agreements which have committed the Company to invest a maximum of £ 17,449,000 (2022: £17,889,000) into limited partnerships. During the year the Company invested £19,000 (2022: £51,000) with a remaining undrawn commitment of £2,286,000 (2022: £2,437,000).

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

25 Contingent liabilities

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

The Company, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

26 Events after the balance sheet date

On 24 January 2024 the Company made a capital injection of £12.8m into abrdn Private Equity (Europe) Limited in preparation for the sale of the UK and European Private Equity business to Patria Investments.

On 1 February 2024 the Company transferred its 40% holding in abrdn Capital Partners LLP, at book value (£9,623k), to another abrdn Group company. This was in preparation for the sale of the UK and European Private Equity business to Patria Investments.

On 1 February 2024 specific funds were transferred from the Company to other abrdn Group undertakings as part of creating the sale perimeter for the abrdn UK and European Private Equity business. These were transferred at market value (£1,069k) on 1 February 2024. The mandate transfers out of the Company are not considered to be a business unit and consequently no discontinued operations note has been presented.

27 Supplementary information

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

Name of undertaking	Country of Registration	Direct/Indirect	Percentage owned other than 100%
SLTM Limited [7]	UK	Direct	
abrdn Alternative Funds Limited[1]	UK	Direct	
abrdn Private Equity (Europe) Limited[1]	UK	Direct	
abrdn Jersey Limited[4]	Jersey	Direct	
Standard Life Investments (General Partner EPGF) Limited[1]	UK	Direct	

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

27 Supplementary information (continued)

Name of undertaking	Country of Registration	Direct/Indirect	Percentage owned other than 100%
Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited[3]	UK	Direct	
Standard Life Investments (General Partner GARS) Limited[1]	UK	Direct	
Standard Life Investments (General Partner MAC) Limited[1]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club) Limited[3]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club II) Limited[3]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club III) Limited[3]	UK	Direct	
Standard Life Investments (General Partner CRED) Limited[1]	UK	Direct	
Standard Life Investments Brent Cross General Partner Limited[1]	UK	Direct	
Standard Life Investments (General Partner GFS) Limited[1]	UK	Direct	
Standard Life Investments (General Partner Global Tactical Asset Allocation) Limited[1]	UK	Direct	
Standard Life Investments (General Partner ELIREF) S.a.r.l[6]	Luxembourg	Direct	
abrdn CP (Holdings) Limited[1]	UK	Direct	
abrdn Capital Partners LLP[1]	UK	Direct/Indirect	40% Direct & 60% Indirect
SLIPC (General Partner Infrastructure II) S.a.r.l [6]	Luxembourg	Indirect	
SLIPC (General Partner Infrastructure III) S.à r.l.[6]	Luxembourg	Indirect	
SLIPC (General Partner Infrastructure II LTP 2017) Limited[1]	UK	Indirect	
SLIPC (General Partner SCF I) Limited[1]	UK	Indirect	
Aberdeen Standard MSPC General Partner S.à r.l.[6]	Luxembourg	Indirect	

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

27 Supplementary information (continued)

Name of undertaking	Country of Registration	Direct/Indirect	Percentage owned other than 100%
ASI (General Partner 2019 European PE A Carry) Limited[1]	UK	Indirect	
ASI (General Partner 2019 European PE A) S.a.r.l[6]	Luxembourg	Indirect	
ASI (General Partner ECF II) Limited[1]	UK	Indirect	
ASI (SOF E GP) Limited[1]	UK	Indirect	
SLIPC (General Partner PMD Co-invest 2017) Limited[1]	UK	Indirect	
ASI (General Partner SOF IV) Limited[1]	UK	Indirect	
ASI (General Partner 2019 European PE B) Limited[1]	UK	Indirect	
ASI (General Partner PE2) Limited[1]	UK	Indirect	
ASI (General Partner PFF 2018) S.a.r.l[6]	Luxembourg	Indirect	
abrdn Global Absolute Return Strategies Master Fund Ltd[5]	Cayman Islands	Indirect	
abrdn Global Absolute Return Strategies Offshore Feeder Fund Ltd[5]	Cayman Islands	Indirect	
Standard Life Investments European RE Club II (Offshore Feeder) Limited[5]	Cayman Islands	Indirect	
SLCP (General Partner ESP 2006) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2008) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2008 Coinvestment) Limited[1]	UK	Indirect	
SLCP (General Partner ESP CAL) Limited[1]	UK	Indirect	
SLCP (General Partner NASP 2006) Limited[1]	UK	Indirect	
SLCP (General Partner NASP 2008) Limited[1]	UK	Indirect	
SLCP (General Partner) Limited[1]	UK	Indirect	
SLCP (General Partner II) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2004) Limited[1]	UK	Indirect	
SLCP (General Partner CPP) Limited[1]	UK	Indirect	

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

27 Supplementary information (continued)

Name of undertaking	Country of Registration	Direct/Indirect	Percentage owned other than 100%
SLCP (General Partner Edcastle) Limited[1]	UK	Indirect	
SLCP (General Partner Tidal Reach) Limited[1]	UK	Indirect	
SLCP (General Partner ESF I) Limited[1]	UK	Indirect	
SLCP (General Partner ESF II) Limited[1]	UK	Indirect	
SLCP (General Partner NASF I) Limited[1]	UK	Indirect	
SLCP (General Partner USA) Limited [7]	UK	Indirect	
SLCP (General Partner SOF I) Limited[1]	UK	Indirect	
SLCP (General Partner SOF II) Limited[1]	UK	Indirect	
SLCP (General Partner SOF III) Limited[1]	UK	Indirect	
SLCP (General Partner Pearl Private Equity) Limited[1]	UK	Indirect	
SLCP (General Partner Pearl Strategic Credit) Limited[1]	UK	Indirect	
SLCP (General Partner Europe VI) Limited [1]	UK	Indirect	
SLCP (General Partner EC) Limited[1]	UK	Indirect	
Ignis Cayman GP2 Limited[5]	Cayman Islands	Indirect	
Ignis Cayman GP3 Limited[5]	Cayman Islands	Indirect	
SLCP (General Partner Infrastructure I) Limited[1]	UK	Indirect	
SLCP (General Partner Infrastructure Secondary I) Limited[1]	UK	Indirect	
SLCP (Founder Partner Ignis Private Equity) Limited[1]	UK	Indirect	
SLCP (Founder Partner Ignis Strategic Credit) Limited[1]	UK	Indirect	
SLCP(General Partner 2016 Co-Investment) Limited[1]	UK	Indirect	
Standard Life Investments UK Shopping Centre Feeder Fund Company Limited [4]	Jersey	Indirect	
aPE Newco 2	UK	Direct	

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

27 Supplementary information (continued)

Registered office
[1] 1 George Street, Edinburgh, EH2 2LL
[3] 280 Bishopsgate, London, EC2M 4RB
[4] Ogier House, 44 Esplanade, St Helier, Jersey JE4 9WG
[5] C/o Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands
[6] 35A, Avenue JF Kennedy, L-1855, Luxembourg
[7] 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN