



Ignis Investment Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Registration number: SC101825

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Company Information

Directors C T Demetriou
 N A Slater
 D E Thomas

Company secretary abrdn Corporate Secretary Limited

Registered office 1 George Street
 Edinburgh
 Lothian
 EH2 2LL

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

Strategic Report for the Year Ended 31 December 2022

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

Business review and future developments

The Company's principal activity was the provision of investment management and administration services and is part of abrtn plc ("abrtn plc" or, together with its subsidiaries, "the abrtn Group"). On 31 August 2022 the business of the Company was transferred to another abrtn Group company. There is no alternative business being sought by the Company and it is in the process of being deauthorised therefore the financial statements are not prepared on a going concern basis.

The Company is regulated by the Financial Conduct Authority and acted as manager to a number of funds governed under the Alternative Investment Fund Manager Directive. From 1 January 2022 the Company reports under the new Investment Firm Directive and Investment Firm Regulation ("IFPR") which replaces the Capital Requirements Directive ("CRD").

Key performance indicators ("KPIs")

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

	2022	2021
	£'000	£'000
Assets under management ("AUM")	-	41,741,040
Revenue	58,239	84,013
Operating profit before amortisation	15,008	9,095
Equity attributable to equity holders of the parent	58,128	45,700
Regulatory capital surplus	<u>26,970</u>	<u>28,990</u>

AUM

All of the AUM were transferred to abrtn Investment Management Limited on 31 August 2022 as part of the transfer of business.

Revenue

Revenue has decreased by £25,774k (31%) as a result of the transfer of business on 31 August 2022.

Operating profit before amortisation

Operating profit before amortisation has increased by £5,913k (65%) as a result of a decrease in revenue offset by the corresponding decrease in investment management revenue sharing and a lower allocation of abrtn Group costs.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has increased by £12,428k (27%) as a result of profits made in the year.

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

Regulatory capital surplus

In 2022 the new investment firm directive and investment firm regulation, also known as IFPR, changed the methodology for calculating regulatory surplus capital. The Company's surplus as at 31 December 2022 has decreased by £2,020k (7%) compared to the prior year. The decrease can be accounted for by several factors, including a change in methodology with the introduction of IFPR. The own funds requirement of the Company has increased as a result and this has only been partially offset by the increase in capital due to the 2022 profit.

Enhancing our governance

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

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

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

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

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

The likely consequence of any decision in the long term - The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall abrdn plc business plan, which considers the long term success of the Company and the abrdn Group as a whole, and the likely long term consequences of any decisions by the Company are taken into account. Following the transfer of the Company's business to abrdn Investment Management Limited on 31 August 2022 and the decision to deregulate and wind up the Company as soon as possible, the Directors do not consider the Company to have a long term future.

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 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.

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

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

The desirability of the Company maintaining a reputation for high standards of business conduct - Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the abrdrn 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 abrdrn plc.

Principal risks and uncertainties

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

The abrdrn Group, of which the Company is a part, has an Enterprise Risk Management ("ERM") framework comprising three lines of defence.

The ERM framework underpins risk management throughout the abrdrn Group, including the Company, which has evolved to ensure it keeps pace with industry best practice and risk profile of the abrdrn Group. In 2022, improvements to the framework included refinements to the risk appetite framework, extending our risk taxonomy, refocussing Risk and Control Self Assessments, reviewing our Conflicts of Interest framework and reviewing our policy register.

Business Risk Environment

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

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

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

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

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

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

Evolving and emerging risks

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

Principal risks and uncertainties

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

Strategic risk

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

Financial risk

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

Conduct risk

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

Regulatory and legal risk

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

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

Process execution and trade errors

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

Technology

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

Business resilience and continuity

Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber attacks and operational incidents. The risk of disruption from inside the organisation remains broadly stable, but tools for exploiting IT vulnerabilities are becoming more widely available externally. As COVID-19 has continued to test business resilience, the business has adapted effectively to blended working. The operational resilience framework continues to be enhanced, as well as strengthened responses to disruption. Crisis management and contingency planning processes are regularly reviewed and tested, enabling us to minimise disruption as the balance of hybrid working has shifted over the year. We completed our programme to implement FCA Operational Resilience regulations, which came into force during 2022.

Fraud and financial crime

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

Change management

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

Financial management process

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

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

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 on 24 April 2023 and signed on its behalf by:



.....
C T Demetriou
Director

Directors' Report for the Year Ended 31 December 2022

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

Directors of the Company

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

C T Demetriou

N A Slater

D E Thomas

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:

abrdn Corporate Secretary Limited

Going concern

Under IAS 1, an entity prepares financial statements on a going concern basis unless management intends to liquidate the entity or cease trading, or has no realistic alternative but to do so. The Company transferred its business to another abrdn group entity on 31 August 2022 and the Company has ceased trading. The Directors intend to wind up the Company as soon as possible. As a result the financial statements have not been prepared on a going concern basis. The financial statements have continued to be prepared in accordance with IFRS measurement and recognition requirements, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and so there is no change to the profit and loss account or balance sheet as a result of not preparing the financial statements on a going concern basis.

Dividends

The Directors recommended and paid dividends of £nil in 2022 (2021: £nil) to the Company's immediate parent company, Ignis Asset Management Limited.

Political donations

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

Independent auditor

The Independent Auditor, KPMG LLP, have 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 2022 (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.

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

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

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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

Approved by the Board on 24 April 2023 and signed on its behalf by:



C T Demetriou
Director

Independent Auditor's Report to the Members of Ignis Investment Services Limited

Opinion

We have audited the financial statements of Ignis Investment Services Limited (“the company”) for the year ended 31 December 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the Members of Ignis Investment Services 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 all material post year end closing journals.

On this audit we have rebutted the fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

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

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

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

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

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

Independent Auditor's Report to the Members of Ignis Investment Services Limited (continued)

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

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

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

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

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

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

Strategic Report and directors' report

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

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

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

Independent Auditor's Report to the Members of Ignis Investment Services Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors responsibilities

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

Auditor's responsibilities

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

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

**Independent Auditor's Report to the Members of Ignis Investment Services 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.



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Philip Merchant (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

24 April 2023

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	58,239	84,013
Administrative expenses		<u>(43,089)</u>	<u>(74,918)</u>
Operating profit before amortisation	4	15,150	9,095
Amortisation and impairment of intangibles	8	<u>(142)</u>	<u>(218)</u>
Operating profit		15,008	8,877
Net finance income	5	<u>243</u>	<u>25</u>
Profit before tax		15,251	8,902
Current tax expense	6	<u>(2,920)</u>	<u>(1,156)</u>
Profit for the year		<u>12,331</u>	<u>7,746</u>

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

The notes on pages 19 to 29 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Deferred tax assets	7	-	2,281
Intangible assets	8	-	1,567
Investment in securities	9	-	9
Trade and other receivables	10	-	15,000
Total non-current assets		-	18,857
Current assets			
Trade and other receivables	10	49,889	61,277
Cash and cash equivalents		8,142	12,345
Total current assets		58,031	73,622
Total assets		58,031	92,479
Equity			
Called up share capital	11	30,580	30,580
Share premium reserve		870	870
Retained earnings		26,581	14,250
Equity attributable to equity holders of the parent		58,031	45,700
Current liabilities			
Trade and other payables	12	-	46,779
Total current liabilities		-	46,779
Total equity and liabilities		58,031	92,479

Approved by the Board on 24 April 2023 and signed on its behalf by:



C T Demetriou
Director

Registration number: SC101825

The notes on pages 19 to 29 form an integral part of these financial statements.

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

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2021	30,580	870	6,504	37,954
Profit for the year	-	-	7,746	7,746
At 31 December 2021	30,580	870	14,250	45,700

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2022	30,580	870	14,250	45,700
Profit for the year	-	-	12,331	12,331
At 31 December 2022	30,580	870	26,581	58,031

The notes on pages 19 to 29 form an integral part of these financial statements.

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2022 have been prepared in accordance with FRS 101 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 (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

Under IAS 1, an entity prepares financial statements on a going concern basis unless management intends to liquidate the entity or cease trading, or has no realistic alternative but to do so. The Company transferred its business to another abrdn group entity on 31 August 2022 and the Company has ceased trading. There is no alternative business being sought by the Company and it is in the process of being deauthorised therefore the financial statements have not been prepared on a going concern basis. The financial statements have continued to be prepared in accordance with IFRS measurement and recognition requirements, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and so there is no change to the income statement or statement of financial position as a result of not preparing the financial statements on a going concern basis.

Summary of disclosure exemptions

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

- IAS 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital 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 Policies requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS");
- IFRS 15 Revenue from Contracts with Customers; and
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries.

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:

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

1 Accounting policies (continued)

- Certain disclosures required by IFRS 7 Financial Instruments.

Changes in accounting policy

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

Revenue recognition

The Company's primary source of revenue is fee income from investment management activities. Management fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AUM. The fees are recognised as the service is provided and 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 as the service is provided and when it is highly probable that a significant reversal will not be required.

Other revenue represents income from project fees and derivative service fees and income from the recharge of costs to other abrdn Group companies. Other revenue is recognised as the service is provided and when it is highly probable that a significant reversal will not be required.

Dividends

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

Net finance income/(cost)

Interest income is derived on cash and cash equivalents and is recognised on an accruals basis.

Finance costs comprise interest payable on the lease.

Administrative expenses

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

Financial assets

(i) Amortised cost

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

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

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

1 Accounting policies (continued)

Impairment of financial assets

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

Financial liabilities

(i) Amortised cost

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

Intangible assets

(i) Costs of obtaining customer contracts

IFRS 15 requires the incremental cost of obtaining contracts with customers to be recognised as an asset where it is expected that these costs will be recovered. These costs have been included as intangible assets and are shown in note 8.

All customer contracts are considered to have a definite life and are therefore amortised on a straight line basis over their estimated useful lives. Customer contracts are amortised over a period of 10 years.

Impairment of non-financial assets

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

Cash and cash equivalents

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

Current & deferred tax

The tax expense comprises both current tax and deferred tax expense.

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

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

1 Accounting policies (continued)

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

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

Current tax and deferred tax is recognised in the income statement 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.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the period. There are no key estimates or judgements to disclose.

3 Revenue

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

	2022 £'000	2021 £'000
Management fees	54,994	67,792
Performance fees	201	12,653
Other revenue	3,044	3,568
Total revenue	58,239	84,013

4 Operating profit

Arrived at after crediting/(charging)

	2022 £'000	2021 £'000
Foreign exchange (losses)/gains	(131)	212
Audit of the financial statements	140	114

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

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

5 Net finance income

	2022	2021
	£'000	£'000
Finance income		
Interest on group borrowings	180	17
Interest income	65	8
	245	25
Finance expense		
Interest on bank overdrafts and borrowings	(2)	-
Net finance income	243	25

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

6 Tax expense

Analysis of tax charge in the year:

	2022	2021
	£'000	£'000
Current taxation		
UK corporation tax	2,925	1,766
UK corporation tax adjustment in prior year	(5)	215
	2,920	1,981
Deferred taxation		
Deferred tax on capital allowances	-	(528)
Adjustment to deferred tax in respect of prior years	-	(297)
Total deferred taxation	-	(825)
Tax expense in the profit and loss account	2,920	1,156

The differences are reconciled below:

The tax charge assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021 - 19%).

	2022	2021
	£'000	£'000
Profit before tax	15,251	8,902
Corporation tax at standard rate	2,898	1,691
Adjustment in respect of prior years	(5)	(82)
Permanent differences	27	75
Remeasurement of deferred tax due to rate change	-	(528)
Total tax charge	2,920	1,156

The standard UK Corporation Tax rate for the accounting period is 19%. The rate will increase to 25% with effect from 1 April 2023, following the UK Government enactment in May 2021. This will impact the current tax in the UK going forward.

The effect of this change in the rate of UK Corporation Tax in the previous year was to increase the deferred tax asset in the statement of financial position by £528k and reduce the tax charge in the income statement by £528k.

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

7 Deferred tax

	2022	2021
	£'000	£'000
As at 1 January	2,281	1,456
Transfer to other group companies	(2,281)	-
Debit/(credit) through profit and loss	-	825
	-	825
As at 31 December	-	2,281

In 2021 the deferred tax asset related to a deductible temporary difference associated with historic tangible fixed assets which qualified for capital allowances.

8 Intangible assets

	Customer contracts
	£'000
Cost or valuation	
At 1 January 2022	2,134
Disposals	(2,134)
	-
At 31 December 2022	-
Amortisation	
At 1 January 2022	567
Amortisation charge	(142)
Amortisation eliminated on disposals	(425)
	-
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	1,567

For customer contracts acquired through a business combination, there was no impairment identified at 31 December 2021.

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

9 Investments in securities

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

	2022 £'000	2021 £'000
Seed Capital Investments	-	9
	-	9

Details of the investment in securities held in 2021 are below:

Name of securities	Country of registration	Direct / Indirect	Percentage owned other than 100%
Ignis Liquidity Fund ¹	Ireland	Direct	0.0007%
Ignis Strategic Solutions Fund plc ²	Ireland	Direct	0.0010%

Registered Office

¹ 25/28 North Wall Quay, Dublin 1, Ireland

² 2nd Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland

10 Trade and other receivables

	2022 £'000	2021 £'000
Non-current trade and other receivables:		
Amounts owed by abrdn Group undertakings	-	15,000
Total non-current trade and other receivables	-	15,000

	2022 £'000	2021 £'000
Current trade and other receivables:		
Trade receivables	-	25,956
Amounts owed by abrdn Group undertakings	49,889	5,454
Accrued income and prepayments	-	29,857
Other receivables	-	10
Total current trade and other receivables	49,889	61,277

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.

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

11 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£'000	No. 000	£'000
Ordinary Share of £0.10 each	<u>305,801</u>	<u>30,580</u>	<u>305,801</u>	<u>30,580</u>

12 Trade and other payables

	2022	2021
	£'000	£'000
Current trade and other payables:		
Accruals and deferred income	-	835
Amounts owed to abrdrn Group undertakings	-	45,010
Other payables	-	934
Total current trade and other payables	<u>-</u>	<u>46,779</u>

In 2021 amounts owed to abrdrn Group undertaking were unsecured, interest free, had no fixed rate of repayment and were repayable on demand.

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

13 Related party transactions

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

The following are details of significant transactions with related parties (excluding fellow wholly owned subsidiaries and key management personnel) during the year and the year end balances arising from such transactions.

	2022	
	Revenue £'000	Receivables £'000
Other	1,097	-
	1,097	-
	2021	
	Revenue £'000	Receivables £'000
Other	10,071	395
	10,071	395

On 23 February 2021 the abrdn Group announced a simplification and extension of its strategic partnership with the Phoenix Group of companies which includes Standard Life Assurance Limited. As a result of this change Standard Life Assurance Limited is no longer considered to be a related party after this date and as such only transactions prior to this date are included in the comparative above.

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.

14 Parent and ultimate parent undertaking

The Company's immediate parent is Ignis Asset Management Limited and its ultimate parent is abrdn plc, both of which are incorporated in the United Kingdom and registered in Scotland.

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

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

15 Contingent liabilities

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

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

16 Events after the balance sheet date

To the knowledge of the Directors, there have been no material events after the reporting period.