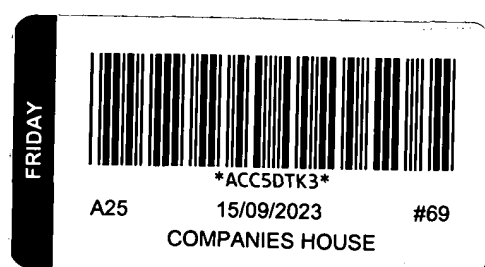


Registered number: 01048359

**M&G FA Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2022**



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**M&G FA Limited**

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**Company Information**

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<b>Directors</b>	M Howells S Moffatt P D Cooper (resigned 25 April 2022) L Bullen S A Fitzgerald (appointed 4 April 2022)
<b>Company secretary</b>	M&G Management Services Limited
<b>Registered number</b>	01048359
<b>Registered office</b>	10 Fenchurch Avenue London EC3M 5AG
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

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**M&G FA Limited**

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**Strategic Report**  
**For the Year Ended 31 December 2022**

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**Business review**

M&G FA Limited (the 'Company') is a member of the M&G plc group (the "Group"), the UK and international savings and investments business. The Company is a member of the sub-group headed by M&G Group Limited ("M&G Group") and is an indirect subsidiary of M&G plc.

The principal activity of the Company is the management of the operating subsidiaries of the M&G Group. The subsidiary undertakings undertake the management of collective vehicles (unit trusts, OEICs, SICAVs and investment trusts), investment management and related activities. The Company bears the costs of the M&G Group undertakings and recharges these to the operating subsidiaries. It also earns income from shareholdings in, and loans to, other group companies.

The profit before tax for the Company for the year was £82,392,000 (2021: £176,768,000). Further details of the results for the year are set out in the Profit and Loss Account and Other Comprehensive Income shown on page 17.

**Branches**

As at the reporting date the Company includes a tax branch in Ireland.

**Principal risks and uncertainties**

**Overview**

The Group has established and implemented a risk management framework (RMF) as part of a broader Group Governance Framework. The RMF applies to all entities in the Group including the Company, and sets risk governance arrangements that are based on a "three lines of defence" model and are consistent with individual accountabilities assigned under the FCA Senior Manager and Certification Regime (SMCR).

Under the three lines of defence model, first line business areas identify and manage risks and are overseen by second line Risk Management and Compliance functions. The second line is structurally independent of the first line, with a dotted reporting line to the M&G plc Board Risk Committee. The second line provides risk and compliance oversight, advice and challenge to the first line. The third line Internal Audit function is structurally independent from, and provides independent assurance over the first and second lines. The third line has a reporting line to the M&G plc and MGG Board Audit Committees and is empowered by the Committees to audit the design and effectiveness of internal controls, including the risk management system.

The Company and Group are exposed to a number of risks. Due to the nature of the risks, some are managed at Group level and some are managed at Company level. Some are inherent in conducting the Company's principal activities and are not unique; others are unique and result from business strategy and structure. These risks may be categorised as follows:

**Operational risk and Resilience**

A material failure or operational disruption in the processes and controls supporting the Company's activities, including that of third-party suppliers or technology, could result in poor client outcomes, reputational damage and increased costs. The Company is highly dependent on technology and the loss or sustained unavailability of key hardware or software, inadequate information security arrangements and ineffective use of digital solutions could impact its ability to operate effectively.

The Group's Operational Risk Policy defines the approach to identifying, assessing, managing and reporting operational risks and associated controls across the business including IT, data and outsourcing arrangements. Business continuity and crisis management requirements are applied across the Group. Key business services and the critical shared services on which they rely need an enhanced approach to avoid causing intolerable harm. The Group achieves this through a risk-based approach which considers the harm a service could cause if disrupted. The Group has enhanced oversight and risk management of third parties across the Group including its approach to selection, contracting and onboarding, management and monitoring, and termination and exiting.

**Strategic Report**  
**For the Year Ended 31 December 2022**

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***Principal risks and uncertainties (continued)***

***Credit risk***

Credit risk is the exposure to loss arising from counterparty's failure to meet its contractual obligations, either as a result of business failure or intentional withholding of amounts due.

The Group's Credit Risk Policy sets standards for the assessing, measuring and managing credit risk, monitored by a dedicated and independent team. The Company monitors key credit risk exposures on its balance sheet on a regular basis.

***Market risk***

The Company's profitability and solvency are sensitive to market fluctuations. Significant changes in the level or volatility of prices in equity, property or bond markets could have material adverse effects on our revenues. Exchange rate movements could impact fee and investment income denominated in foreign currencies.

Market risk appetite is set and monitored to limit the Company's exposure to key market risks, and the Group has prescribed limits on the seed capital provided for the new funds. The Group has procedures to respond to significant market events and disruptions, bringing together colleagues across the Group to provide an enhanced monitoring and decision-making capability.

***Corporate liquidity risk***

The Company must carefully manage the risk that it has insufficient cash resources to meet its obligations to creditors as they fall due. This includes ensuring the business has sufficient resources to cover outgoing cash flows under a range of severe but plausible scenarios.

Risk appetite is set such that the Company maintains adequate liquid resources and its liquidity position is regularly monitored and stressed. The Group has a detailed liquidity contingency funding plan in place to manage a liquidity crisis to which the company is the party to.

***Geopolitical and macro-economic developments***

2022 has been a challenging year for the global economy with negative market sentiment driven by persistent inflationary pressure, heightened recessionary fears, central bank tightening, rising geopolitical risk and UK political instability. Recessionary fears in both European and US markets are expected to flow through into 2023 as economic stresses from rate increases and rising inflation mount.

Surging energy prices from the Russia/Ukraine conflict, and supply chain disruptions driven by China's zero Covid policy, have adversely impacted markets. The conflict could pose a longer-term risk to market stability, with heightened tensions between US and China adding to geopolitical concerns. The Group's response to developments related to the Ukraine conflict was coordinated by its Central Response Team, with monitoring groups of representatives across the Group. The Company has limited exposure to Russia and Ukraine, but the Company's investment teams continue to monitor the geopolitical situation closely.

***Climate change risk and Streamlined Energy and Carbon Reporting (SECR)***

The Company, as part of the Group, recognises the risk climate change poses to its business and is committed to embedding climate-related risks and opportunities in decision making.

The identification, assessment and management of climate-related risks, along with other ESG-related risks, is managed at a group level and is integrated into the Group's ESG Risk Management framework. As climate change is a critical aspect of sustainability and ESG, a principal risk for the Group, it is a key area of oversight for our Risk and Compliance teams. Consideration and prioritisation of climate risk is also built into decision making and governance processes, and is a requirement of key strategic M&G plc Board risk assessment papers. Further information on the principal risks and opportunities related to climate change can be found on pages 70-73 of the M&G plc group financial statements.

**Strategic Report  
For the Year Ended 31 December 2022**

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***Principal risks and uncertainties (continued)***

***Climate change risk and Streamlined Energy and Carbon Reporting (SECR) (continued)***

As a subsidiary of a UK group that presents a consolidated SECR reporting, the Company is exempt from disclosing an individual SECR. The Group's SECR is available on page 76 of M&G plc's annual report.

***Capital requirements and conflict management***

As required under MIFIDPRU 8, disclosure of the M&G Group's risk management objectives and policies, governance arrangements, capital adequacy of MIFIDPRU Investment Firms, and compliance with the provisions of the FCA's Remuneration Code is published on the internet at:

<https://www.mandg.com/who-we-are/mandg-investments/mandg-investments-business-policies>

The M&G Group operates administrative and organisational arrangements to identify and manage conflicts of interest that might adversely affect its clients including:

- effective procedures to restrict the exchange of information where such exchange might harm clients;
- effective segregation of duties with appropriate supervision; and
- charging and remuneration policies that are reasonably designed to align the long term interests of the Company, employees and clients

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would most likely 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, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

In discharging the section 172 duties the Directors have regard to the factors set out above. It is also recognised that the matters considered as a Board can have unique characteristics. It can be required to have regard to additional factors which are relevant to the specific matter under consideration. There is an acknowledgement from the Board that the relative importance of each factor considered will vary depending on the decision being taken. Across all decisions, the Board is mindful of the Company's purpose, regulatory obligations, strategic priorities and alignment with the M&G plc overarching culture, vision and values.

As is normal for large companies, authority for day to day management of the Company is delegated to executives and management is then engaged with execution of the business strategy and related policies.

Financial and operational performance as well as risk are reviewed by the Board at each regular Board meeting. Other areas are also reviewed over the course of the financial year including the Company's business strategy; financial reporting; key risks; stakeholder related matters; diversity and inclusivity; environmental matters; corporate responsibility; material outsource partners and, governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

**Strategic Report**  
**For the Year Ended 31 December 2022**

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**Section 172(1) Statement (continued)**

The Company's key stakeholders are its ultimate beneficial owner, M&G plc, and the stakeholder groups set out in M&G plc's Annual Report. The views and impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, for example, interaction with regulators, the size and spread of both stakeholders and the M&G plc Group means that other stakeholder engagement takes place at Group level. It has been found that as well as being a more efficient and effective approach, this also helps to achieve a greater positive impact on environmental, social and other issues than by working alone as an individual Company. For details on some of the engagement that takes place with the Company's stakeholders please refer to the M&G plc 2022 Annual Report.

During the period, information has been provided to enhance the understanding of the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on financial and operational performance, non-financial key performance indicators, risk and environmental, social and governance matters. As a result of this, there has been an overview of engagement with stakeholders and other relevant factors which allows the Directors to understand the nature of the stakeholders' concerns and to comply with section 172 duty to promote the success of the Company.

**Principal Decision**

Set out below is an example of how the Directors have had regard to the matters set out in section 172(1)(a)-(f) have been regarded when discharging the section 172 duty and the effect of that on decisions taken. Principal decisions are defined as both those that are material to the Company, but also those that are significant to any key stakeholders. In making the following principal decisions, the Board considered the relevant impact on stakeholders as well as the need to maintain a reputation for high standards of business conduct:

***Principal decision – dividends to parent***

Each year the Board makes an assessment of the strength of the Company's balance sheet and future prospects relative to uncertainties in the external environment and makes decisions about the payment of dividends. In 2022, the Board decided to pay dividends totaling £76m to its parent, M&G Group Limited, having due regard to the purchase of responseAbility Investments AG. In making these decisions the Board received detailed financial planning materials and considered a range of factors. These factors included any impact on the Company in the short to medium term as well as the long-term viability of the Company; its expected cash flow and financing requirements; and the ongoing need for strategic investment in the business, the activities of its subsidiaries, including the workforce and the expectations of its parent, M&G plc.

**Financial key performance indicators**

***Administrative expenses***

Administrative expenses increased by 8% from £662,648,000 in 2021 to £713,365,000 in 2022, primarily driven by an increase in transformational project costs.

***Net assets and financial position***

The Company's net assets have increased by 11% to £572,346,000 in 2022 from £514,696,000 in 2021 as a result of profits being in excess of dividends paid.

The current asset ratio as at 31 December 2022 is 1:1 compared with 1.3:1 as at 31 December 2021.

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**M&G FA Limited**

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**Strategic Report  
For the Year Ended 31 December 2022**

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This report was approved by the board and signed by order of the board.

A handwritten signature in black ink, appearing to be 'B. B.', followed by a long diagonal line extending to the right.

**M&G Management Services Limited**  
Company Secretary

Date: 5<sup>th</sup> September 2023



**Directors' Report  
For the Year Ended 31 December 2022**

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The Directors present their report and the audited financial statements for the year ended 31 December 2022.

**Directors' responsibilities statement**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

**Results and dividends**

The profit for the year, before taxation, amounted to £82,392,000 (2021: £176,768,000).

Dividends paid in the year amounted to £76,000,000 (2021: £142,000,000).

Subsequent to the year end, a dividend of £128,000,000 was recommended by the Directors. This dividend is expected to be paid by 29 September and will be reflected in subsequent annual financial statements.

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Howells  
S Moffatt  
P D Cooper (resigned 25 April 2022)  
L Bullen  
S A Fitzgerald (appointed 4 April 2022)

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

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**Political contributions**

The Company made no political contributions during the year (2021: £nil)

**Charitable donations**

During the year the Company made no charitable donations during the year (2021: £nil).

**Employment policies**

The M&G Group relies heavily on the quality of key talent and management in each of the regions and countries in which it operates. The success of M&G's operations is dependent on, amongst other things, the ability to attract and retain highly qualified professional people. Competition for highly qualified professional people in most countries in which the M&G Group operates is intense. The M&G Group's ability to attract and retain key people is dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent.

The Group is committed to providing all employees with a safe, healthy and engaging working environment. All of our leaders are accountable for ensuring our culture promotes diversity, inclusion and authenticity. To perform at their best for clients and customers, all employees need to enjoy working for the Company and be comfortable that the Company's culture is free from any form of bullying, harassment or victimisation.

In 2019 the Group launched new people policies with the simple aim of becoming a leading flexible employer which recognises that employees work to live. M&G supports all employees with the 'moments that matter' to them through either our market leading family leave policy or other types of paid leave that aim to support employees of all ages, family constructs or faiths. The policies include:

- The M&G Code of Conduct
- Our M&G values and behaviours
- Our Diversity & Inclusion strategy, policy and colleague networks
- Transitioning at Work policy (for transgender colleagues)
- Code of Ethics
- Our 'Speak Out' and 'Raising Concerns at Work' policies

Seeking feedback from employees on the Group's performance in this area is essential. There are a number of ways in which the Company achieves this including the ongoing and valued relationships with the M&G Colleague Forum, Union and through the annual One Voice colleague survey.

The Group seeks to achieve an inclusive working environment and through our Diversity and Inclusion Policy embraces difference and removes barriers to inclusivity. All employees are treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. Every reasonable effort will be made to enable disabled persons to be employed by the Group by making adjustments to roles where possible.

Both internal and external training opportunities are provided where they are appropriate to an employee's current role and/or development. Where appropriate, the Human Resources and Learning and Talent Development teams ensure that suitable arrangements can be made with regard to the venue or format of the event to enable all employees to participate.

**Qualifying third party indemnity provisions**

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

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

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**Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

To satisfy themselves of the appropriateness of the use of the going concern assumptions in relation to the financial statements, the Directors considered the expected level of income earned and expense incurred over the assessment period including the level of dividends expected to be received from the Company's subsidiary undertakings. The Directors concluded there was a sufficient excess of income over expense to enable the Company to trade as a going concern, in part reflecting that any future dividends payable by the Company would only be declared subject to the Company maintaining appropriate financial strength and liquidity at that point.

In respect of liquidity the Directors also considered the projected acquisitions and disposals of the Company's fixed asset and held for sale investments, and concluded there was sufficient cash available to meet the projections across the assessment period. Additionally the Company is party to the M&G Group's Contingency Funding Plan which enables the Company to access funding in a stress scenario.

For the above reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

**Engagement with Stakeholders**

Engagement with M&G's key stakeholder groups helps foster and maintain relationships and forms an important part of the wider Company's operation.

Not all stakeholder engagement is reported directly to the Board or takes place directly with the Board. However, the output of engagement across the Company informs business level decisions and proposals, with an overview of developments and relevant feedback being reported to the M&G Group Board and/or its Committees. The purpose of this is to ensure that the M&G Group Board can understand and consider the views of relevant stakeholders when making decisions.

**Clients**

The client is at the heart of everything the Group does. Throughout 2022, the M&G Group Board has focused specific attention on improved reporting surrounding client feedback and Key performance indicators.

**Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the 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 auditors are aware of that information.

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

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**Independent Auditors**

KPMG LLP resigned as the Group's and Company's auditor at the conclusion of the 2021 audit and PricewaterhouseCoopers LLP (PwC) were appointed as the Company's auditors with effect from the financial year ending 31 December 2022. Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its independent auditors annually and PwC will assume office.

This report was approved by the Board and signed by order of the Board.



**M&G Management Services Limited**  
Company Secretary

Date: 5<sup>th</sup> September 2023

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# Independent auditors' report to the members of M&G FA Limited

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## Report on the audit of the financial statements

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### Opinion

In our opinion, M&G FA Limited's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Profit or Loss Account and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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# Independent auditors' report to the members of M&G FA Limited

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## Report on the audit of the financial statements

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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# Independent auditors' report to the members of M&G FA Limited

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## Report on the audit of the financial statements

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### **Auditors' responsibilities for the audit of the financial statements**

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the calculation of performance related fees. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes including those of the Board and Audit Committee;
- Enquiries of management, including legal, compliance and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations including fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, unbalanced journal entries and entries posted with unusual amounts, where any such journal entries were identified; and
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Recalculating a sample of performance related fees and testing the inputs used; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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# Independent auditors' report to the members of M&G FA Limited

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## Report on the audit of the financial statements

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### Other required reporting

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Thomas Robb (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
05 September 2023



**M&G FA Limited**

**Statement of Profit or Loss Account and Other Comprehensive Income  
For the Year Ended 31 December 2022**

	Note	2022 £000	2021 £000
Revenue	3	636,823	616,228
Administrative expenses	5,6,7	(713,365)	(662,648)
<b>Operating loss</b>	4	<b>(76,542)</b>	<b>(46,420)</b>
Income from other fixed assets investments	8	170,255	205,187
Interest receivable and similar income	9	18,853	21,147
Interest payable and similar expense	10	(30,174)	(3,146)
<b>Profit before tax</b>		<b>82,392</b>	<b>176,768</b>
Tax on profit on ordinary activities	11	17,606	4,503
<b>Profit for the financial year</b>		<b>99,998</b>	<b>181,271</b>
<b>Other comprehensive (expense)/income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit pension scheme surplus	24	(45,675)	36,495
Income tax on items that will not be reclassified to profit or loss		11,389	(8,899)
Foreign exchange reserve		—	(2)
		<b>(34,286)</b>	<b>27,594</b>
<b>Total comprehensive income for the period</b>		<b>65,712</b>	<b>208,865</b>

All of the amounts above are in respect of continuing operations.

The notes on pages 22 to 56 form part of these financial statements.

**M&G FA Limited**  
**Registered number: 1048359**

**Balance Sheet**  
**As at 31 December 2022**

	Note(s)	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	13	9,370	11,028
Tangible assets	14	30	31
Investments	15	344,937	173,464
Financial assets at fair value through profit or loss	15	124,179	128,448
		<u>478,516</u>	<u>312,971</u>
<b>Current assets</b>			
Deferred tax assets: amounts falling due after more than one year	21	26,783	26,212
Debtors amount falling due within one year	16	194,890	231,257
Held for sale	17	161,009	143,961
Cash at bank and in hand	18	47,640	48,121
		<u>430,322</u>	<u>449,551</u>
Creditors: amounts falling due within one year	19	(394,389)	(342,413)
<b>Net current assets</b>		<u>35,933</u>	<u>107,138</u>
<b>Total assets less current liabilities</b>		<u>514,449</u>	<u>420,109</u>
Creditors: amounts falling due after more than one year	20	(36,615)	(32,395)
		<u>477,834</u>	<u>387,714</u>
<b>Provision for liabilities</b>			
Deferred tax	21	(32,145)	(43,193)
		<u>(32,145)</u>	<u>(43,193)</u>
<b>Net assets excluding pension scheme surplus</b>		<u>445,689</u>	<u>344,521</u>
Pension scheme surplus	24	126,657	170,175
<b>Net assets</b>		<u><u>572,346</u></u>	<u><u>514,696</u></u>

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**M&G FA Limited**  
**Registered number:1048359**

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**Balance Sheet (continued)**  
**As at 31 December 2022**

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		<b>2022</b>	<b>2021</b>
	<b>Note(s)</b>	<b>£000</b>	<b>£000</b>
<b>Capital &amp; Reserves</b>			
Called up share capital	22	<b>19,360</b>	9,360
Share premium account		<b>85,115</b>	30,115
Pension reserve		<b>(9,301)</b>	24,985
Foreign exchange reserve		<b>(19)</b>	(19)
Profit and loss account		<b>477,191</b>	450,255
		<b><u>572,346</u></b>	<b><u>514,696</u></b>

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

**S A Fitzgerald**  
Director



Date:

The notes on pages 22 to 56 form part of these financial statements.

**M&G FA Limited**

**Statement of Changes in Equity  
For the Year Ended 31 December 2022**

	Share capital	Share premium account	Foreign exchange reserve	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2022	9,360	30,115	(19)	24,985	450,255	514,696
<b>Comprehensive income/(expense) for the year</b>						
Profit for the year	—	—	—	—	99,998	99,998
Remeasurement of defined benefit pension scheme surplus	—	—	—	(45,675)	—	(45,675)
Currency translation differences	—	—	—	—	—	—
Deferred tax on remeasurement of defined benefit pension scheme	—	—	—	11,389	—	11,389
<b>Total comprehensive income/(expense) for the year</b>	—	—	—	(34,286)	99,998	65,712
Dividends	—	—	—	—	(76,000)	(76,000)
Issue of share capital	10,000	55,000	—	—	—	65,000
Share-based payments	—	—	—	—	341	341
Deferred tax on share-based payments	—	—	—	—	2,545	2,545
Current tax movement	—	—	—	—	52	52
<b>At 31 December 2022</b>	<b>19,360</b>	<b>85,115</b>	<b>(19)</b>	<b>(9,301)</b>	<b>477,191</b>	<b>572,346</b>

The notes on pages 22 to 56 form part of these financial statements.

M&G FA Limited

Statement of Changes in Equity  
For the Year Ended 31 December 2021

	Share capital	Share premium account	Foreign exchange reserve	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	9,360	30,115	(17)	(2,611)	410,200	447,047
<b>Comprehensive income/(expense) for the year</b>						
Profit for the year	—	—	—	—	181,271	181,271
Remeasurement of defined benefit pension scheme surplus	—	—	—	36,495	—	36,495
Currency translation differences	—	—	(2)	—	—	(2)
Deferred tax on remeasurement of defined benefit pension scheme	—	—	—	(8,899)	—	(8,899)
<b>Total comprehensive income/(expense) for the year</b>	—	—	(2)	27,596	181,271	208,865
Dividends	—	—	—	—	(142,000)	(142,000)
Share-based payments	—	—	—	—	1,794	1,794
Deferred tax on share-based payments	—	—	—	—	(1,022)	(1,022)
Current tax movements	—	—	—	—	12	12
<b>At 31 December 2021</b>	<b>9,360</b>	<b>30,115</b>	<b>(19)</b>	<b>24,985</b>	<b>450,255</b>	<b>514,696</b>

The notes on pages 22 to 56 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

M&G FA Limited (the "Company") is a private limited company by shares, incorporated and domiciled in England and Wales, United Kingdom.

The financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss; and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 can require the use of certain critical accounting estimates, however, the Directors do not consider there to be any critical accounting estimates or judgements in the preparation of the Company's financial statements.

**1.2 Financial reporting standard 101 – reduced disclosure exemptions**

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment
  - paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements in IAS 24 to disclose compensation of Key Management Personnel; and
- the requirements of IAS 24 to disclose transactions with a management entity that provides key management personnel services to the Company.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.2 Financial reporting standard 101 – reduced disclosure exemptions (continued)**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1.3 Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

To satisfy themselves of the appropriateness of the use of the going concern assumptions in relation to the financial statements, the Directors considered the expected level of income earned and expense incurred over the assessment period including the level of dividends expected to be received from the Company's subsidiary undertakings. The Directors concluded there was a sufficient excess of income over expense to enable the Company to trade as a going concern, in part reflecting that any future dividends payable by the Company would only be declared subject to the Company maintaining appropriate financial strength and liquidity at that point.

In respect of liquidity the Directors also considered the projected acquisitions and disposals of the Company's fixed asset and held for sale investments, and concluded there was sufficient cash available to meet the projections across the assessment period. Additionally the Company is party to the M&G Group's Contingency Funding Plan which enables the Company to access funding in a stress scenario.

For the above reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

**1.4 Foreign currency**

*Functional and presentation currency*

The Company's functional and presentational currency is Pounds Sterling GBP.

*Transaction and balances*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated back to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.4 Foreign currency (continued)**

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign exchange reserve or non-controlling interest, as the case may be.

**1.5 Revenue**

Revenue principally represents the recharge of costs borne on behalf of other group undertakings and it is recognised when costs are incurred.

Carried interest revenue is based on an allocated share of semi-annual cash distributions over a hurdle rate of return and is based on the achievement of prescribed performance hurdles. It is only recognised when the performance obligations are satisfied or upon the crystallisation event occurring and when it is highly probable that a significant reversal will not occur.

**1.6 Interest receivable and similar income**

Interest receivable is recognised in profit or loss as it accrues.

Foreign currency gains are reported on a net basis, if applicable. Interest income and net gains on financial assets designated at fair value through profit or loss or held for sale are recognised in the profit and loss account as they accrue.

**1.7 Interest payable and similar charges**

Interest payable is recognised in profit or loss as it accrues.

Foreign currency losses are reported on a net basis, if applicable. Net losses on financial assets designated at fair value through profit or loss or held for sale are recognised in the profit or loss account as they accrue.

**1.8 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax will be provided where there are temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.



**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.8 Taxation (continued)**

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge included in the financial statements if the Company considers it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition the provision is measured based on management's judgement and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgement as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgements and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgements.

**1.9 Dividends**

Dividends are recognised when the obligation becomes certain, i.e., when the dividend is no longer at the discretion of the Company. In the case of interim dividends, this occurs when the dividends are paid. For final dividends, this occurs when they are recommended by the Board and approved by shareholders.

**1.10 Intangible assets**

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The estimated useful lives range as follows:

Placement agent fees	- 1 - 5 years
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**1.11 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.11 Tangible fixed assets (continued)**

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	5 – 10 years
Equipment and fittings	5 – 7 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**1.12 Pensions**

The Company participates in a M&G Group wide defined benefit pension plan ("the M&G Group Pension Scheme"), and a small unfunded defined benefit plan which has two members. These schemes are all closed to new members.

For those employees who are not members of the defined benefit schemes, contributions are made by the Company to a defined contribution plan.

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset. The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA, maturity dates approximating to the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.12 Pensions (continued)**

The calculation of the defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Company in connection with the settlement.

**1.13 Short term employee benefit**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**1.14 Long term incentive plans (LTIP)**

Long-term incentive plans are long-term bonus schemes earned over more than one year, linked to business or fund performance. Long-term incentive plans are measured on an undiscounted basis and are expensed over the amortisation period. A liability is recognised for the amount expected to be paid under long term incentive plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**1.15 Share based payments**

All share-based payments made to employees for services rendered are measured based on the fair value of the equity instrument granted. The fair value takes into account the impact of market-based vesting conditions and non-vesting conditions, but excludes any impact of non-market-based vesting conditions. The related share-based payment expense is recognised over the vesting period. The fair value may be determined using an option pricing model such as Black-Scholes or a Monte Carlo simulation where appropriate, taking into account the terms and conditions of the award.

For equity-settled share-based payments, the fair value of service rendered is based on the fair value of the equity instrument at grant date, which is not remeasured subsequently. The share-based payment expense is recognised over the vesting period and is based on the number of equity instruments expected to vest, with the corresponding entry to equity.

A cancellation of an award without the grant of a replacement equity instrument is accounted for as an acceleration of vesting. Accordingly, any share-based expense that would have been recognised over the remaining vesting period is recognised immediately.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.15 Share based payments (continued)**

Where replacement equity instruments are granted to employees in place of the cancelled equity instruments, the replacement award is treated as a modification of the original award. At the point of replacement, the awards are remeasured to the fair value at the date of replacement, which forms the basis of recognising the expense over the remaining vesting period.

**1.16 Provisions for liabilities**

A provision is recognised on the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**1.17 Assets held for sale**

The Company classifies assets as held for sale when the carrying amount is expected to be recovered through a sale transaction usually within one year and management are committed to the sale.

Assets held for sale are shown separately on the balance sheet and are measured at the lower of their carrying amount and their fair value less costs to sell. No depreciation or amortisation is charged on an asset which is classified as held for sale.

**1.18 Financial instruments**

***(i) Recognition and initial measurement***

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

***(ii) Classification and subsequent measurement***

***(a) Classification***

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.18 Financial instruments (continued)**

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit and loss.

Investments in associates and subsidiaries are accounted for at cost less impairment.

*Cash at bank and in hand*

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

*Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

*(b) Subsequent measurement and gains and losses*

- Financial assets at fair value through profit and loss - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.18 Financial instruments (continued)**

*(b) Subsequent measurement and gains and losses (continued)*

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

*Impairment*

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Loss allowances are measured at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months) The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

*Measurement of expected credit losses*

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

*Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. Accounting policies (continued)**

**1.19 Adopted IFRS not yet applied**

The following new accounting pronouncements that are relevant to the Company have also been issued and are not yet effective. All of the below have been adopted by the UK Endorsement Board as at 31 December 2022, except for Amendments to IAS 1 presentation of Financial Statements Classification of Liabilities as Current or Non-Current.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Asset and Liabilities arising from a Single Transaction.

The Company is not expecting these pronouncements to have a significant impact on the Company's financial statements.

**2. Accounting estimates and judgements**

In the process of applying the accounting policies listed above, key assumptions and judgements have been made at the balance sheet date. The estimates and judgements that could have a significant effect on the carrying amounts of assets and liabilities are:

**Estimates**

The costs and obligations under defined benefit pension plans are determined using actuarial valuations. Actuarial valuations contain assumptions including expected returns on assets, future salary increases, mortality rates, future pension increases and discount rates. Due to the long-term nature of the defined benefit plans, such estimates are subject to significant uncertainty. M&G plc annual financial statements provides further details on defined benefit pension plan assumptions and estimates. Further assumptions have been used to calculate the allowance for the Company's guaranteed minimum pension equalisation. The Company has a projected unit credit method using unbiased assumptions, in accordance with IAS 19 requirements for the M&G Group Pension Scheme and in line with group policy.

**Judgements**

Seed capital investments are investments issued by the Company for the purpose of supporting new investment strategies. The Company undertakes a full assessment of individual investments to determine the correct treatment within the Company financial statements. Where there is determined to be an intention to divest within 12 months of the balance sheet date, these investments are classified as held for sale under IFRS 5. If the intention is to hold the seed capital for longer than 12 months and it is concluded that the Company has control the investment will be treated as a subsidiary. If it is concluded that the Company does not control the fund then the investment will be treated as a fair value through profit or loss investment under IFRS 9.

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**M&G FA Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**3. Revenue**

An analysis of revenue by class of business is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Intercompany recharges	<b>631,558</b>	600,720
Other income	<b>1,722</b>	12,942
Carried interest	<b>3,543</b>	2,566
	<b>636,823</b>	<b>616,228</b>

All revenue arose within the United Kingdom.

**4. Notes to the Profit and Loss Account**

Included in profit or loss are the following:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible assets	<b>1</b>	19
Amortisation of intangible assets	<b>2,494</b>	2,469
Gain on sale of tangible assets	<b>—</b>	(7)

**5. Auditor's remuneration**

Amounts receivable by the Company's auditors and its associates in respect of services to the Company and its associates, 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 the Company's ultimate parent, M&G Group plc.

Amounts receivable by the Company's auditors and its associates in respect of the audit of financial statements of associated pension schemes is £nil by Pricewaterhousecoopers LLP (2021: £24,967: KPMG).



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**M&G FA Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Wages and salaries	<b>278,553</b>	254,324
Social security costs	<b>39,280</b>	33,474
Defined benefit scheme	<b>5,020</b>	6,546
Defined contribution scheme	<b>17,392</b>	16,168
Share-based payments	<b>16,602</b>	13,470
	<b><u>356,847</u></b>	<u>323,982</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b>	2021
	<b>No.</b>	No.
Employees	<b><u>1,487</u></b>	<u>1,554</u>

**7. Directors' remuneration**

	<b>2022</b>	2021
	<b>£000</b>	£000
		Restated
Directors' emoluments	<b>38</b>	46
Amounts receivable under long term incentive schemes	—	1
Company contributions to defined contribution pension schemes	<b>1</b>	4
	<b><u>39</u></b>	<u>51</u>

Directors' emoluments for the year ended 31 December 2021 have been restated, to exclude the value of incentive plan awards settled via shares. This restatement changes the total Directors' emoluments from to £156,000 to £51,000. There is no impact on the primary statements.

For the highest paid director the aggregate of emoluments was £15,144 (2021: £17,925). Company pension contributions of £nil (2021: £nil) were made to a defined contribution scheme on their behalf. During the year, the highest paid director exercised nil share options.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**7. Directors' remuneration (continued)**

Retirement benefits are accruing to the following number of directors under:

	<b>2022 No.</b>	<b>2021 No.</b>
Defined contribution schemes	<b>3</b>	<b>3</b>
Defined benefit schemes	<b>1</b>	<b>1</b>

The number of directors who exercised share options was

<b>2022 No.</b>	<b>2021 No.</b>
<b>—</b>	<b>1</b>

The number of directors for whom shares were received or receivable under long term incentive schemes was

<b>4</b>	<b>5</b>
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**8. Income from fixed asset investments**

	<b>2022 £000</b>	<b>2021 £000</b>
Dividends received from subsidiaries	<b>170,255</b>	<b>205,187</b>

**9. Interest receivable and similar income**

	<b>2022 £000</b>	<b>2021 £000</b>
Interest receivable from group companies	<b>1,009</b>	<b>1,065</b>
Net foreign exchange gain	<b>2,156</b>	<b>2,781</b>
Net interest on net defined benefit pension plan assets	<b>3,116</b>	<b>1,717</b>
Interest income from unimpaired financial assets	<b>463</b>	<b>416</b>
Net gain on financial assets designated at fair value through profit or loss	<b>12,109</b>	<b>15,168</b>
	<b>18,853</b>	<b>21,147</b>

**M&G FA Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**10. Interest payable and similar charges**

	<b>2022</b>	2021
	<b>£000</b>	£000
Research & development expenditure credit	7	142
Net loss on financial assets designated at fair value through profit or loss	<b>16,082</b>	2,436
Net foreign exchange loss	<b>12,890</b>	536
Loans from group undertakings	<b>1,195</b>	32
	<u><b>30,174</b></u>	<u>3,146</u>

**11. Tax on profit**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Corporation tax</b>		
Current tax on profits for the year	<b>(19,255)</b>	(5,195)
Adjustments in respect of previous periods	<b>(666)</b>	(4,704)
	<u><b>(19,921)</b></u>	<u>(9,899)</u>
<b>Foreign tax</b>		
Foreign tax suffered	—	53
	—	53
<b>Total current tax</b>	<u><b>(19,921)</b></u>	<u>(9,846)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>3,458</b>	(845)
Changes to tax rates	<b>(577)</b>	4,966
Changes in respect of prior periods	<b>(566)</b>	1,222
<b>Total deferred tax</b>	<u><b>2,315</b></u>	<u>5,343</u>
<b>Taxation on profit on ordinary activities</b>	<u><b>(17,606)</b></u>	<u>(4,503)</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**11. Tax on profit (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

	<b>2022</b>	2021
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>82,393</b>	176,768
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>15,655</b>	33,586
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	<b>(1,232)</b>	(3,481)
Expenses not deductible	<b>462</b>	145
Non-taxable income	<b>(32,406)</b>	(39,030)
Adjustments arising due to a change in tax rates	<b>(577)</b>	4,966
Foreign tax recoverable	<b>(19)</b>	(17)
Deferred gains	<b>—</b>	59
Bond fund adjustments	<b>(786)</b>	—
Share options	<b>1,297</b>	(731)
<b>Current tax charge / (credit) on the Profits for the year</b>	<b>(17,606)</b>	(4,503)

**Factors that may affect future tax charges**

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the company accordingly. Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the expected increase in the tax rate is therefore recognised in the deferred tax movement for the year.

**12. Dividends**

	<b>2022</b>	2021
	<b>£000</b>	£000
On 19,359,999 ordinary shares of £1 each (2021: 9,359,999)	<b>76,000</b>	142,000

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

13. Intangible assets

	Placement agent fees £000
<b>Cost</b>	
At 1 January 2022	39,223
Additions	770
Effect of movements in foreign exchange	66
At 31 December 2022	<u>40,059</u>
<b>Accumulated amortisation</b>	
At 1 January 2022	28,195
Change during period	2,494
At 31 December 2022	<u>30,689</u>
<b>Net book value</b>	
At 31 December 2022	<u>9,370</u>
At 31 December 2021	<u>11,028</u>

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

14. Tangible assets

	Motor vehicles £000	Total £000
<b>Cost or valuation</b>		
At 1 January 2022	73	73
Additions / disposals	—	—
At 31 December 2022	<u>73</u>	<u>73</u>
<b>Accumulated depreciation</b>		
At 1 January 2022	42	42
Charge for the period	1	1
At 31 December 2022	<u>43</u>	<u>43</u>
<b>Net book value</b>		
At 31 December 2022	<u>30</u>	<u>30</u>
At 31 December 2021	<u>31</u>	<u>31</u>

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

15. Fixed assets investments

	Investments in subsidiary companies £000	Financial assets at fair value through profit or loss £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2022	173,464	128,448	301,912
Additions	147,890	41,387	189,277
Disposals	(253)	(40,835)	(41,088)
Revaluations	—	(4,821)	(4,821)
Transfer between classes	23,836	—	23,836
At 31 December 2022	<u>344,937</u>	<u>124,179</u>	<u>469,116</u>
<b>Net book value</b>			
At 31 December 2022	<u>344,937</u>	<u>124,179</u>	<u>469,116</u>
At 31 December 2021	<u>173,464</u>	<u>128,448</u>	<u>301,912</u>

Refer to next page for full list of subsidiary undertakings.

**Financial assets**

Financial assets designated at fair value through profit or loss consist of equity securities.

# M&G FA Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 15. Fixed assets investments (continued)

#### 15 (a) Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
M&G Alternatives Investment Management Limited	10 Fenchurch Avenue, London, EC3M 5AG	2059989	Ordinary Shares	100%	100%
M&G Financial Services Limited	10 Fenchurch Avenue, London, EC3M 5AG	923891	Ordinary shares	100%	100%
Prudential Unit Trusts Limited	10 Fenchurch Avenue, London, EC3M 5AG	1796126	Ordinary shares	100%	100%
M&G Investments (Hong Kong) Limited	6th Floor, Alexandra House, 18 Charter road central hongkong	1730458	Ordinary shares	100%	100%
M&G Investments (Singapore) Pte. Ltd.	138 Market Street, Level 35 CapitaGreen, Singapore, 048946	201131425R	Ordinary shares	100%	100%
M&G Investments Japan Co., LTD.	3-1 Toranomon, 4 Chome Minato-ko, Tokyo	010401 124078	Common stock	100%	100%
M&G Investments (Australia) Pty Ltd	Level 16, Grosvenor Place, 225 George Street, Sydney, Australia, NSW 2	629 169 160	Ordinary shares	100%	100%
M&G Investment Management Limited	10 Fenchurch Avenue, London, EC3M 5AG	936683	Ordinary shares	100%	100%
M&G Lux (Global Funds) S.A.	16 Boulevard Royal, Luxembourg, L-2449, Luxembourg	B272806	Ordinary shares	100%	—%
M&G Luxembourg S.A.	16 Boulevard Royal, L-2449, Luxembourg	B170483	Ordinary shares	100%	100%
M&G Investments (Americas) Inc.	251 Little Falls Drive, Wilmington, DE, 19801	6843211	Ordinary shares	100%	100%
M&G Management Services Limited	10 Fenchurch Avenue, London, EC3M 5AG	5286403	Ordinary shares	100%	100%
M&G Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG	3469213	Ordinary shares	100%	100%
M&G Platform Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG	9581702	Ordinary shares	100%	100%
M&G International Investments Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG	4195540	Ordinary shares	100%	100%
M&G General Partner Inc.	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	151319	Ordinary shares	100%	100%
PPM Managers GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC452033	Ordinary shares	100%	100%
M&G Securities Limited	10 Fenchurch Avenue, London, EC3M 5AG	90776	Ordinary shares	100%	100%
M&G SIF Management Company (Ireland) Limited	78 Sir John Rogerson's Quay, Dublin 2	511747	Ordinary shares	100%	100%
M&G SFF (CIP GP) Sarl	51 Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg	B220304	Ordinary shares	100%	100%
RADS GAMMA LIMITED	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC662801	Ordinary shares	100%	100%
RADS OMEGA LIMITED	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC662796	Ordinary shares	100%	100%
M&G Catalyst Sustainable Agriculture GP Member No 1	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC752887	Ordinary shares	100%	—%
M&G Catalyst Sustainable Agriculture GP Member No 2	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC752888	Ordinary shares	100%	—%
M&G Founders 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	4401042	Ordinary shares	100%	100%
M&G (Guernsey) Limited	Dory Court, St Peter Port, Guernsey	21432	Ordinary shares	100%	100%
The First British Fixed Trust Company Limited	10 Fenchurch Avenue, London, EC3M 5AG	255830	Ordinary shares	100%	100%
Stableview Limited	10 Fenchurch Avenue, London, EC3M 5AG	5506654	Ordinary shares	100%	100%
Prudential GP Limited	Craigforth, Stirling, FK9 4UE	SC206683	Ordinary shares	100%	100%
PPM Capital (Holdings) Limited	10 Fenchurch Avenue, London, EC3M 5AG	3852755	Ordinary shares	100%	100%
M&G (Lux) Reserved Investment Funds (2) GP Sarl	51 Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg	B219359	Ordinary shares	100%	100%
Prudential Loan Investments GP S.a.r.l	Rue Hildegard von Bingen 1, 1282 Luxembourg, Luxembourg	B212677	Ordinary shares	100%	100%
Prudential Credit Opportunities GP S.a.r.l	Rue Hildegard von Bingen 1, 1282 Luxembourg, Luxembourg	B210013	Ordinary shares	100%	100%
M&G Trustee Company Limited	10 Fenchurch Avenue, London, EC3M 5AG	1863305	Ordinary shares	100%	100%
responsAbility Investments AG	Zollstrasse 17 Zürich 7H	CHE-110.061.297	Ordinary shares	93%	—%



**M&G FA Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**15 (a) Direct subsidiary undertakings (continued)**

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
M&G IMPPP 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	4382172	Ordinary shares	100%	100%
MandG Investments Southern Africa (Pty) Ltd	PO Box 44813, Claremont 7735, South Africa	1993/004503/07	Ordinary shares and A class shares	50%	50%
M&G Alternatives GP Sarl	8, rue Lou Hemmer, L-1748 Findel	B240017	Ordinary shares	100%	100%
M&G PFI 2018 GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	10954144	Ordinary shares	100%	100%
M&G PFI 2018 GP2 Limited	10 Fenchurch Avenue, London, EC3M 5AG	10954003	Ordinary shares	100%	100%
Infracapital SLP Limited	First floor, 85 Great Portland Street, London, W1W 7LT	5455461	Ordinary shares	100%	100%
Infracapital GP Limited	First floor, 85 Great Portland Street, London, W1W 7LT	5455448	Ordinary shares	100%	100%
Infracapital F1 GP2 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9180200	Ordinary shares	100%	100%
Infracapital Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC347134	Ordinary shares	100%	100%
Infracapital DF II Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC389185	Ordinary shares	100%	100%
Infracapital F2 GP Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9180249	Ordinary shares	100%	100%
Infracapital F2 GP1 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9183883	Ordinary shares	100%	100%
Infracapital Partners II Subholdings GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC578127	Ordinary shares	100%	100%
Infracapital Partners III Subholdings GP1 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	11347638	Ordinary shares	100%	100%
Infracapital Partners III Subholdings GP2 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	11347641	Ordinary shares	100%	100%
Infracapital Partners III GP S.à r.l.	6, rue Eugene Ruppert, L-2453 Luxembourg	B217179	Ordinary shares	100%	100%
London Stone Investments F3 I Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC583847	Ordinary shares	100%	100%
London Stone Investments F3 II Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC583856	Ordinary shares	100%	100%
Infracapital Partners IV GP S.à r.l.	5 Heienhaff, senningerberg, L-1736, Luxembourg	B270031	Ordinary Shares	100%	100%
Prudential Greenfield GP1 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9183905	Ordinary shares	100%	100%
Prudential Greenfield GP2 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9183939	Ordinary shares	100%	100%
Digital Infrastructure Investment Partners GP1	First floor, 85 Great Portland Street, London, W1W 7LT	10713853	Ordinary shares	100%	100%
Digital Infrastructure Investment Partners SLP	First floor, 85 Great Portland Street, London, W1W 7LT	10715067	Ordinary shares	100%	100%
Digital Infrastructure Investment Partners SLP	First floor, 85 Great Portland Street, London, W1W 7LT	10715126	Ordinary shares	100%	100%
Infracapital Greenfield Partners I Subholdings GP	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC578139	Ordinary shares	100%	100%
Infracapital Greenfield Partners I SLP GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC554629	Ordinary shares	100%	100%
Infracapital Greenfield Partners I SLP GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC554631	Ordinary shares	100%	100%
Infracapital Greenfield Partners I GP Limited	First floor, 85 Great Portland Street, London, W1W 7LT	9901632	Ordinary shares	100%	100%
Infracapital Greenfield Partners II Subholdings GP1	First floor, 85 Great Portland Street, London, W1W 7LT	12338577	Ordinary shares	100%	100%
Infracapital Greenfield Partners II Subholdings GP2	First floor, 85 Great Portland Street, London, W1W 7LT	12338790	Ordinary shares	100%	100%
Infracapital Greenfield Partners II GP S.à r.l.	6 rue Eugène Ruppert, L-2453, Luxembourg	B231185	Ordinary shares	100%	100%
London Green Investments II SLP2 GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC648887	Ordinary shares	100%	100%
London Green Investments II SLP GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC648885	Ordinary shares	100%	100%
London Green Investments II SLP GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC648886	Ordinary shares	100%	100%
Falan GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC463668	Ordinary shares	100%	100%
GGE GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC504237	Ordinary shares	100%	100%
Genny GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC547302	Ordinary shares	100%	100%
Genny GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, FH3 QW.1	SC536481	Ordinary shares	100%	100%

# M&G FA Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 15(a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
Green GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC569021	Ordinary shares	100%	100%
ICP (Finch) GP1 Limited	First floor, 85 Great Portland Street, London, W1W 7LT. Also, company name needs some	13716580	Ordinary shares	100%	100%
ICP (Finch) GP2 Limited	First floor, 85 Great Portland Street, London, W1W 7LT. Also, company name needs some	13716590	Ordinary shares	100%	100%
Infracapital (Bio) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC516021	Ordinary shares	100%	100%
Infracapital (Churchill) GP 1 Limited	First floor, 85 Great Portland Street, London, W1W 7LT	11460502	Ordinary shares	100%	100%
Infracapital (Gigaclear) GP 1 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC602700	Ordinary shares	100%	100%
Infracapital (Gigaclear) GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC602698	Ordinary shares	100%	100%
MOLE GP 1 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC664317	Ordinary shares	100%	100%
MOLE GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC664318	Ordinary shares	100%	100%
Infracapital (IT PPP) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC550062	Ordinary shares	100%	100%
Infracapital (Sense) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC553170	Ordinary shares	100%	100%
Infracapital (AIRI) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC553164	Ordinary shares	100%	100%
George Digital GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC577098	Ordinary shares	100%	100%
George Digital GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC576789	Ordinary shares	100%	100%
Infracapital (GC) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC500778	Ordinary shares	100%	100%
Infracapital (Belmond) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC576332	Ordinary shares	100%	100%
Infracapital (Novos) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC636445	Ordinary shares	100%	100%
Infracapital (Leo) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC611979	Ordinary shares	100%	100%
Infracapital (TLSB) GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC486888	Ordinary shares	100%	100%
M&G Real Estate Limited	10 Fenchurch Avenue, London, EC3M 5AG	3852763	Ordinary shares	100%	100%
M&G UKEV (SLP) LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL032565	Limited Partner Capital	80%	75%
Canada Property Holdings Limited	10 Fenchurch Avenue, London, EC3M 5AG	4415746	Ordinary shares	100%	100%
Embankment GP Limited	10 Fenchurch Avenue, London, EC3M 5AG	10747140	Ordinary shares	100%	100%
Highcross Leicester (GP) Limited	Kings Place, 90 York Way, London, N1 9GE	10530428	Ordinary shares	50%	50%
M&G RED II Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC430540	Ordinary shares	100%	100%
M&G RED III Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC434132	Ordinary shares	100%	100%
Selly Oak Shopping Park (General Partner) Limited	10 Fenchurch Avenue, London, EC3M 5AG	11104396	Ordinary shares	100%	100%
M&G RED II SLP GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC430535	Ordinary shares	100%	100%
M&G RED III SLP GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC434193	Ordinary shares	100%	100%
M&G RED II GP Limited	La Plaiderie Chambers La Plaiderie, St Peter Port, Guernsey, GY1 1WG	55378	Ordinary shares	100%	100%
M&G RED III GP Limited	La Plaiderie Chambers La Plaiderie, St Peter Port, Guernsey, GY1 1WG	55393	Ordinary shares	100%	100%
Ox GP 1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	SC677634	Ordinary shares	100%	100%
Sustainable Multi Asset Balanced Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC 160	Class L shares	31%	100%
Sustainable Multi Asset Cautious Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC 160	Class L shares	49%	100%
Sustainable Multi Asset Growth Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC 160	Class L shares	67%	100%
M&G (Lux) Emerging Markets Corporate ESG Bond Fund	49, Avenue J.F. Kennedy, L - 1855 Luxembourg	B210615	SICAV Shares	57%	55%
M&G (Lux) Global Enhanced Equity Premia Fund	49, Avenue J.F. Kennedy, L - 1855 Luxembourg	B210615	SICAV Shares	99%	100%
M&G Emerging Markets Monthly Income Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC000552	Class L shares	72%	98%

## M&G FA Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 15(a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
M&G (Lux) Sustainable Optimal Income Bond Fund	49, Avenue J.F. Kennedy, L – 1855 Luxembourg	B210615	SICAV Shares	98%	—%
Sustainable Global Corporate Bond Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC000841	SICAV Shares	99%	—%
Greenpark (Reading) General Partner Limited	C/O Mazars Llp 1st Floor, 2 Chamberlain Square, Birmingham B4 7AY	6529374	Ordinary shares	100%	100%
M&G International Investments SA	16 Boulevard Royal, L-2449, Luxembourg	B213164	Ordinary shares	—%	100%
M&G PFI Carry Partnership 2016 LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL028237	Limited Partner Capital	25%	25%
M&G RED II SLP LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL011176	Limited Partner Capital	28%	28%
M&G RED III SLP LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL011512	Limited Partner Capital	25%	25%
M&G Offshore UK Inflation Linked Corp Bond Fund Limited	Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT	IC000841	Class A Shares	100%	100%

#### 15(b) Indirect subsidiary undertakings

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
M&G International Investments Switzerland AG	Bahnhofstrasse 100, Zurich, Switzerland	CHE-286.542.158	Ordinary shares	100%	100%
M&G Investments (USA) Inc	251 Little Falls Drive, Wilmington, DE, 19801	7520082	Common stock	100%	100%
responsAbility America Latina SAC	Av. 28 de Julio 753 Miraflores, Provincia de Lima	12603021	Ordinary shares	100%	—%
responsAbility India Business Advisors Pvt. Ltd	31 Green Acre Union Park Road Number 5 Mumbai, Maharashtra	U74120MH2011PTC 222484	Ordinary shares	100%	—%
responsAbility Ventures I Services AG	Zollstrasse 17 Zurich	CHE 116.008.143	Ordinary shares	100%	—%
responsAbility Africa Ltd	Merchant Square, Block D 5th Floor Riverside Drive, Rivers P.O. Box 293	CPR/2010/34319	Ordinary shares	100%	—%
responsAbility Thailand Ltd	1102, 11th Floor, 82 Thaniya BTS Building	105558043210	Ordinary shares	100%	—%
responsAbility Agriculture (GP), Sàrl	Silberweg, Surin, Province 15, Bd Friedrich Wilhelm Raiffeisen, Boulevard Friedrich Wil	B211804	Ordinary shares	100%	—%
responsAbility Georgia LLC	4 Tamar Chovelidze St, Tamar Chovelidze Street	405339931	Ordinary shares	100%	—%
responsAbility France SAS	5 Rue du Helder Paris, Département de Paris	523 326 056	Ordinary shares	100%	—%
responsAbility BOP Sàrl	5 Rue Jean Monnet Luxembourg	B132075	Ordinary shares	100%	—%
PPM Ventures (Asia) Limited	1 Matheson Street, Causeway Bay, Hong Kong. This is what is disclosed in PPM Capital Holdings	663554	Ordinary shares	100%	100%
MandG Investments Life South Africa (RF) Limited	7th Floor, Protea Place 30 Dreyer Street	2008/013338/06	Ordinary shares	50%	50%
MandG Investment Managers (Pty) Limited	7th Floor, Protea Place 30 Dreyer Street	2013/051515/07	Ordinary shares	50%	50%
MandG Investments Unit Trusts South Africa (RF) Limited	7th Floor, Protea Place 30 Dreyer Street	1999/05242/06	Ordinary shares	50%	50%
MandG Investments (Namibia) (Pty) Limited	Unit 3, 2nd Floor, Ausspahn Plaza Dr Agostinho Neto Road	1996/185	Ordinary shares	50%	50%
MandG Investments Unit Trusts (Namibia) Limited	Unit 3, 2nd Floor, Ausspahn Plaza Dr Agostinho Neto Road	2007/609	Ordinary shares	50%	50%
M&G PFI 2018 GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306178	Limited Liability Partnership Capital	100%	100%
Infracapital GP 1 LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC395042	Limited Liability Partnership Capital	100%	100%
Infracapital Employee Feeder GP 1 LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO305006	Limited Liability Partnership Capital	100%	100%
Infracapital DF II GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO305002	Limited Liability Partnership Capital	100%	100%
Infracapital SLP EF II GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	SO305007	Limited Liability Partnership Capital	100%	100%
Infracapital Partners III Subholdings (Euro) GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC422333	Limited Liability Partnership Capital	100%	100%
Infracapital Partners III Subholdings (Sterling) GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC422334	Limited Liability Partnership Capital	100%	100%

# M&G FA Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 15(b) Indirect subsidiary undertaking (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
London Stone Investments F3 SP GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306261	Limited Liability Partnership Capital	100%	100%
London Stone Investments F3 Employee Feeder GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306260	Limited Liability Partnership Capital	100%	100%
Prudential Greenfield GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC394904	Limited Liability Partnership Capital	60%	100%
Digital Infrastructure Investment Partners GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC416887	Limited Liability Partnership Capital	65%	65%
Digital Infrastructure Investment Partners SLP GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306056	Limited Liability Partnership Capital	100%	100%
Infracapital Greenfield Partners 1 SLP EF GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO305944	Limited Liability Partnership Capital	100%	100%
Infracapital Greenfield DF GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306200	Limited Liability Partnership Capital	100%	100%
Infracapital Greenfield Partners I Employee Feeder LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL030887	Limited Partner Capital	73%	73%
Infracapital Greenfield Partners I SLP LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL029954	Limited Partner Capital	37%	37%
Infracapital Greenfield Partners I SLP2 LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL032352	Limited Partner Capital	100%	100%
Infracapital Greenfield Partners II Subholdings (Euro) GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC429843	Limited Liability Partnership Capital	100%	100%
Infracapital Greenfield Partners II Subholdings (Sterling) GP	First floor, 85 Great Portland Street, London, W1W 7LT	OC429842	Limited Liability Partnership Capital	100%	100%
London Green Investments II SLP2 LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL034195	Limited Partner Capital	100%	100%
London Green Investments II SLP1 Employee Feeder GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306860	Limited Partner Capital	100%	100%
Infracapital Greenfield Partners II Subholdings Nominee Limited	First floor, 85 Great Portland Street, London, W1W 7LT	12401417	Ordinary shares	100%	100%
Genny GP 1 LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC414130	Limited Liability Partnership Capital	100%	100%
ICP (Finch) GP LLP	First Floor, 85 Great Portland Street, London, United Kingdom, W1W 7LT	OC439806	Limited Liability Partnership Capital	100%	—%
Pesca GP LLP	First Floor, 85 Great Portland Street, London, United Kingdom, W1W 7LT	OC442242	Limited Liability Partnership Capital	100%	—%
Infracapital (Churchill) GP LLP	First floor, 85 Great Portland Street, London, W1W 7LT	OC423386	Limited Liability Partnership Capital	100%	100%
Infracapital (Gigaclear) GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306478	Limited Liability Partnership Capital	100%	100%
Mole GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306971	Limited Liability Partnership Capital	100%	100%
George Digital GP 1 LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO306174	Limited Liability Partnership Capital	100%	100%
M&G Real Estate Asia Holding Company Pte. Ltd	138 Market Street, Level 35 CapitaGreen, Singapore, 048946	201543062C	Ordinary shares	67%	67%
M&G RE ESPANA, 2016, S.L	Plaza de Colon, Torre II, Planta 14, 28046 Madrid	B8767696	Ordinary shares	100%	100%
M&G RPF GP Limited	10 Fenchurch Avenue, London, EC3M 5AG	8407747	Ordinary shares	100%	100%
M&G European Enhanced Value GP S.à r.l.	16, boulevard Royal, L-2449, Luxembourg	B262105	Ordinary shares	100%	—%
M&G European Living Property Fund (GP) S.à r.l	16 Boulevard Royal Luxembourg L-2449	B262005	Ordinary shares	100%	—%
M&G UK Property GP Limited	10 Fenchurch Avenue, London, EC3M 5AG	8462545	Ordinary shares	100%	100%
M&G Real Estate France SAS	8 avenue Hoche 75008 Paris	893 124 842	Ordinary shares	100%	—%
Prudential Property Investment Managers Limited	10 Fenchurch Avenue, London, EC3M 5AG	8732334	Ordinary shares	100%	100%
M&G Shared Ownership GP Limited	10 Fenchurch Avenue, London, EC3M 5AG	12416522	Ordinary shares	100%	100%
M&G Real Estate UKEV (GP) LLP	10 Fenchurch Avenue, London, EC3M 5AG	OC418419	Limited Partner Capital	50%	50%
M&G RE UKEV (GP1) LLP	10 Fenchurch Avenue, London, EC3M 5AG	OC420581	Limited Liability Partnership Capital	100%	100%
M&G UKEV (SLP) General Partner LLP	10 Fenchurch Avenue, London, EC3M 5AG	OC420257	Limited Liability Partnership Capital	100%	100%
M&G Real Estate Asia Pte. Ltd	138 Market Street, Level 35 CapitaGreen, Singapore, 048946	200610218G	Ordinary shares	67%	67%
M&G Real Estate Japan Co. Ltd	Shiroyama Trust Tower, Tokyo, Japan	0100-01-148048	Common stock	67%	67%
M&G UK Property Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	8494699	Ordinary shares	100%	100%
M&G RE UKEV 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	11163869	Ordinary shares	100%	100%

# M&G FA Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 15(b) Indirect subsidiary undertaking (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2022	2021
M&G Real Estate Korea Co. Ltd	Kyobo Building, 1 Jangno, Jongno-gu, Seoul, 110-714, Korea	110111-4931831	Common stock	67%	67%
M&G UK Property Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG	8494704	Ordinary shares	100%	100%
M&G RPF Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	8409413	Ordinary shares	100%	100%
M&G RPF Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG	8410027	Ordinary shares	100%	100%
M&G Real Estate Funds Management	16 Boulevard Royal, L-2449, Luxembourg	B175545	Ordinary shares	100%	100%
M&G UK Shared Ownership Limited	10 Fenchurch Avenue, London, EC3M 5AG	12199619	Ordinary shares	100%	100%
M&G European Secured Property Holding Company	16 Boulevard Royal, Luxembourg	B193079	Ordinary shares	100%	100%
Canada Property (Trustee) No. 1 Limited	180 Dundas Street West, Suite 1200, Toronto ON M5G 1Z8, Canada	1060750-9	Ordinary shares	100%	100%
Embankment Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	10749686	Ordinary shares	100%	100%
Selly Oak Shopping Park (Nominee 1) Limited	10 Fenchurch Avenue, London, EC3M 5AG	11105117	Ordinary shares	100%	100%
Embankment Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG	10750266	Ordinary shares	100%	100%
Selly Oak Shopping Park (Nominee 2) Ltd	10 Fenchurch Avenue, London, EC3M 5AG	11105380	Ordinary shares	100%	100%
Ox GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom	SO307059	Limited Liability Partnership Capital	100%	100%
M&G Shared Ownership REIT PLC	10 Fenchurch Avenue, London, EC3M 5AG	12596933	Ordinary shares	100%	100%
Greenpark (Reading) Nominee No.1 Limited	10 Fenchurch Avenue, London, EC3M 5AG	6562317	Ordinary shares	—%	100%
Greenpark (Reading) Nominee No.2 Limited	10 Fenchurch Avenue, London, EC3M 5AG	6562424	Ordinary shares	—%	100%
Holborn Bars Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG	2334947	Ordinary shares	—%	100%
IGP Realisations I GP LLP	Unit 2 Spinnaker Court 1c, Becketts Place, Hampton Wick, Kingston, Middlesex, KT1 4FD	OC403293	Limited Liability Partnership Capital	—%	100%
Infracapital GP 2 LLP	Unit 2 Spinnaker Court 1c, Becketts Place, Hampton Wick, Kingston, Middlesex, KT1 4FD	OC395043	Limited Liability Partnership Capital	—%	100%
Infracapital SLP II LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL008358	Limited Partner Capital	40%	40%
PPM Managers Partnership CI VII (A) LP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SL013387	Limited Partner Capital	25%	25%
Prudential Greenfield SLP GP LLP	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SC304997	Limited Liability Partnership Capital	—%	100%
Infracapital SLP EF II GP Limited	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ	SO305007	Ordinary Shares	100%	100%

### 16. Debtors: amounts falling due within one year

	2022	2021
	£000	£000
Trade debtors	4,402	3,692
Amounts owed by group undertakings	163,252	210,803
Other debtors	9,865	10,496
Prepayments and accrued income	7,591	6,253
Tax recoverable	9,780	13
	<b>194,890</b>	<b>231,257</b>

**M&G FA Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**17. Financial asset investments**

	<b>2022</b>	2021
	<b>£000</b>	£000
Financial assets held for sale	<b>161,009</b>	143,961
	<b><u>161,009</u></b>	<u>143,961</u>

Financial assets held for sale are seed capital investments which are expected to be held for a short term.

**18. Cash at bank and in hand**

	<b>2022</b>	2021
	<b>£000</b>	£000
Cash at bank and in hand	<b><u>47,640</u></b>	<u>48,121</u>

**19. Creditors: amounts falling due within one year**

	<b>2022</b>	2021
	<b>£000</b>	£000
Amounts owed to group undertakings	<b>198,562</b>	121,442
Corporation tax	<b>—</b>	3,592
Taxation and social security	<b>478</b>	238
Other creditors	<b>8,301</b>	11,617
Accruals and deferred income	<b>187,048</b>	205,524
	<b><u>394,389</u></b>	<u>342,413</u>

**20. Creditors: amounts falling due after more than one year**

	<b>2022</b>	2021
	<b>£000</b>	£000
Accruals and deferred income	<b><u>36,615</u></b>	<u>32,395</u>

**21. Deferred taxation**

	<b>2022</b>	2021
	<b>£000</b>	£000
Asset - falling due after more than one year	<b>26,783</b>	26,212
Liability – falling due after more than one year	<b><u>(32,145)</u></b>	<u>(43,193)</u>
	<b><u>(5,362)</u></b>	<u>(16,981)</u>

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**M&G FA Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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	<b>2022</b>
	<b>£000</b>
At 1st January	(16,981)
Charged to profit or loss	(2,881)
Charged to other comprehensive income for the year	11,419
Charged to equity for the year	2,545
Adjustments in respect of prior year	536
<b>At 31st December</b>	<b>(5,362)</b>

The deferred tax balance is made up as follows:

	<b>2022</b>
	<b>£000</b>
Fixed assets	489
Holiday pay	619
Bonus	13,764
Defined benefit pension scheme	(32,156)
Unfunded pension scheme	461
Share options	11,461
	<b>(5,362)</b>

*Factors that may affect future tax charges*

Deferred tax assets are recognised to the extent that they are regarded as recoverable. On the assessment of all available evidence, the asset is recognised if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

**21. Deferred taxation (continued)**

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the company accordingly. Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the expected increase in the tax rate is therefore recognised in the deferred tax movement for the year.

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The company did not recognise deferred tax assets of £304,615 (2021: £304,615) in respect of losses amounting to £1,603,236 (2021: £1,603,236) that can be carried forward against future taxable income.

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

22. Called up share capital

	2022	2021
	£000	£000
<b>Allotted, called up and fully paid</b>		
19,359,999 (2021 - 9,359,999) Ordinary shares of £1.00 each	<b>19,360</b>	<b>9,360</b>

23. Share-based payments

a) Description of the plans

The Group operates various share-based payment schemes that award M&G plc schemes to participants upon meeting the required vesting conditions. Details of those schemes are stated below:

Discretionary schemes:

**Long-term Incentive Plan (LTIP)**

Long-term incentive plans are long-term bonus schemes earned over three years, linked to business performance.

**Performance Share Plan (PSP)**

The PSP is a conditional share plan: the shares awarded will ordinarily be released to participants after a predetermined period, usually three years, to the extent that performance conditions have been met. If performance conditions are not achieved in full, the unvested portion of any award lapses.

**Deferred Incentive Plan (DIP)**

Under these plans, part of the participant's Annual Bonus is paid in the form of a share award that vests after three or four years. Other than the service condition, there are no other performance conditions associated with this plan.

23. Share-based payments (continued)

a) Description of the plans (continued)

Approved schemes:

**Save As You Earn (SAYE) plans**

The Group operates Save-as-you-earn (SAYE) plans, which allow eligible employees the opportunity to save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in M&G plc at a predetermined price subject to the employee remains in employment for three years after the grant date of the options and that the employee satisfying the monthly savings requirement.



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

**Share Incentive Plan (SIP)**

In addition, to celebrate the demerger, all eligible employees were provided with M&G plc shares with a value of £2,000. The awards vest subject to the employee remaining in employment for 2 years.

All approved schemes are accounted for as equity-settled as the awards would be settled in M&G plc shares.

**b) Outstanding options and awards**

As at 31 December 2022 movements in outstanding options and awards under the Group's share-based compensation plans are as follows:

	Outstanding options under SAYE schemes	
	2022	2021
Outstanding as at 1 January	8,679,942	8,492,383
Granted	925,467	908,151
Exercised	(183,301)	(29,027)
Lapsed	(550,499)	(691,565)
<b>Outstanding as at 31 December</b>	<b>8,871,609</b>	<b>8,679,942</b>

The following table provides a summary of the range of exercise prices for the SAYE options. The awards under the other schemes do not have an exercise price:

	Number outstanding 2022	Weighted average remaining contractual life (years) 2022	Weighted average exercise prices (£) 2022	Number exercisable 2022
£1 - £2	8,871,609	1.55	1.43	212,328

**23. Share-based payments (continued)**

	Number outstanding 2021	Weighted average remaining contractual life (years) 2021	Weighted average exercise prices (£) 2021	Number exercisable 2021
£1 - £2	8,679,942	2.32	1.41	29,027

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

**c) Fair value of options and awards**

The fair value of all awards, except for the LTIP TSR award and the SAYE options, is based on the M&G plc share price at the date of grant.

The determination of the fair value of the LTIP TSR award and the SAYE options requires the use of various assumptions which are disclosed below:

	Awards granted in 2022		Awards granted in 2021	
	LTIP	SAYE options	LTIP	SAYE options
Dividends yield (%)	—	11.37 %	—	9.08 %
Expected volatility (%)	— %	48.51 %	— %	30.17 %
Risk-free interest rate (%)	— %	4.37 %	— %	0.88 %
Expected option life (years)	0	3.45	0	3.66
Weighted average exercise price (£)	—	1.61	—	1.64
Weighted average share price at grant date (£)	2.17	1.67	2.09	2.04
Weighted average fair value at grant date (£)	2.17	0.33	1.11	0.30

The Company uses the Black-Scholes model to value the SAYE options whereas the TSR performance conditions are valued using a Monte-Carlo model. In determining the fair value of options granted the historic volatility of the share price of suitable peers and a risk-free rate determined by reference to swap rates was also considered.

**d) Share-based payment expense charged to the income statement**

Total expenses recognised in the year in the financial statements relating to share-based compensation is as follows:

	As at 31 December 2022 £000	As at 31 December 2021 £000
Equity settled share-based payment expense	<u>16,602</u>	<u>1,794</u>

**24. Pension schemes**

The M&G Group operates defined contribution and defined benefit pension schemes for the benefit of staff.

*Prudential Staff Pension Scheme 'Defined Contribution Scheme'*

The Prudential Staff Pension Scheme 'Defined Contribution Scheme' is a defined contribution scheme, with charges made to the profit and loss account representing the contributions payable in respect of the accounting period.

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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*Prudential Staff Pension Scheme 'Defined Benefit Scheme'*

The Prudential Staff Pension Scheme 'Defined Benefit Scheme' (PSPS) is a defined benefit pension scheme that provides benefits based on final pensionable salary. The scheme has been closed to new members since 2003. It has assets held in separate trustee administered funds and was last subject to a full triennial actuarial valuation as at 5th April 2020 by Willis Towers Watson Ltd, actuaries to the Scheme.

The M&G Group is unable to identify its share of the underlying assets and liabilities of PSPS on a consistent and reasonable basis, and therefore accounts for its contributions as if PSPS were a defined contribution scheme. Disclosure of the circumstances of PSPS is given in the consolidated financial statements of the ultimate parent company, M&G Plc.

*M&G Group Pension Scheme 'Defined Benefit Scheme'*

The M&G Group Pension Scheme ("the Scheme" or "M&G GPS") is a defined benefit pension scheme that provides benefits to its members based on final pensionable salary. The Scheme has been closed to new members since 2003. A surplus is recognised to the extent that the Group is able to access the surplus either through an unconditional right of refund to the surplus or through reduced future contributions relating to ongoing services, which have been substantively enacted or contractually agreed.

The Scheme's Trustee company is The First British Fixed Trust Company Limited. The Trustee company has its own board, which comprises seven directors. The Trustee is required by law to act in the interest of all relevant beneficiaries and is responsible for the overall governance of the Scheme and the day to day administration of the Scheme. The Trustee's investment forum comprises three members, one employer nominated and two member nominated. The Scheme is regulated by The Pensions Regulator and information on the regulatory regime in which the Scheme operates can be found at [www.thepensionsregulator.gov.uk/](http://www.thepensionsregulator.gov.uk/).

The Scheme is exposed to a number of risks which pose a threat to meeting its objectives. The principal risks affecting the Scheme are:

Funding risk – the Trustee measures and manages financial mismatch in two ways. It has set a strategic asset allocation benchmark for the Scheme. It assesses risk relative to that benchmark by monitoring the Scheme's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities through regular funding updates. The Trustee keeps under review the mortality and other demographic assumptions which could influence the costs of the benefits. These assumptions are considered formally at the triennial valuation.

**24. Pension schemes (continued)**

Asset risk – the Trustee measures and manages asset risk by providing a practical constraint on Scheme investments deviating greatly from the intended approach by setting diversification guidelines and by investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrains risk within the Trustee's expected parameters. By investing across a range of assets, including quoted equities and bonds, the Trustee has recognised the need for some access to liquidity in the short term.

The Scheme was last subject to a full triennial actuarial valuation as at 31 December 2020 by Aon Hewitt Ltd, actuaries to the Scheme.

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**M&G FA Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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***M&G Unfunded Pension Scheme "Defined Benefit Scheme"***

The M&G Group operates an unfunded pension scheme which has two members. An actuarial valuation took place as at 31 December 2022 by Willis Tower Watson, Actuaries to the Scheme.

**Pension scheme surplus**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
M&G GPS funded pension scheme	<b>128,500</b>	172,650
M&G unfunded pension scheme	<b>(1,843)</b>	(2,475)
<b>Total net pension scheme assets</b>	<b>126,657</b>	<b>170,175</b>

**M&G GPS pension scheme surplus**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Defined benefit asset	<b>441,600</b>	753,500
Defined benefit liability	<b>(313,100)</b>	(580,850)
<b>Total M&amp;G GPS pension scheme surplus</b>	<b>128,500</b>	<b>172,650</b>

**Notes to the Financial Statements  
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**24. Pension schemes (continued)****Fair value of plan assets**

	<b>2022</b>	2021
	<b>£000</b>	£000
At 1 January	753,500	742,200
<b>Included in profit or loss</b>		
Interest income on plan assets	13,680	9,480
<b>Included in other comprehensive income</b>		
Return on plan assets (excluding interest income)	(312,240)	15,870
<b>Other</b>		
Contributions paid by the Company	3,870	5,290
Employee contributions	300	440
Benefits paid	(15,910)	(18,610)
Admin expenses paid from plan assets	(1,600)	(1,170)
<b>Balance at 31 December</b>	<b>441,600</b>	<b>753,500</b>

**Defined benefit obligation**

	<b>2022</b>	2021
	<b>£000</b>	£000
At 1 January	(580,850)	(604,700)
<b>Included in profit or loss</b>		
Current service cost	(3,420)	(7,040)
Interest cost	(10,520)	(7,730)
<b>Included in other comprehensive income</b>		
Actuarial remeasurement gain/(loss) arising from:		
– Changes in demographic assumptions	8,100	640
– Changes in financial assumptions	280,000	28,480
– Experience adjustments	(22,020)	(8,670)
<b>Other</b>		
Employee contributions	(300)	(440)
Benefits paid	15,910	18,610
<b>Balance at 31 December</b>	<b>(313,100)</b>	<b>(580,850)</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**24. Pension schemes (continued)**

The net amount included in profit or loss is a loss of £1.86m (2021: loss of £5.3m), and the net amount included in other comprehensive income is an income of £45.7m (2021: loss of £36.5m).

	2022 £000	2021 £000
Equity instruments	1,665	45,950
Corporate bonds	70,181	102,527
Government bonds	324,770	452,563
Real estate	2,009	41,967
Other investments	31,075	46,635
Cash and cash equivalents	11,900	63,858
	<b>441,600</b>	<b>753,500</b>

Included in the amounts above, £112,190,000 (2021: £292,810,000) relate to funds managed by the group. All plan assets with the exception of cash and cash equivalents, have quoted prices in active markets. All government bonds are issued by European governments and are AAA or AA rated.

**Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date:

	2022 %	2021 %
Discount rate at 31 December	4.80	1.83
Future salary increase	3.20	0.00
Retail price inflation	3.20	3.34
Consumer price inflation	3.00	2.89
Future pension increases	—	3.34

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

The assumed pensioner life expectancies on retirement at age 60 years old are as follows:

- Current pensioner aged 60: 28.4 years (male), 30.2 years (female).

In addition for those retiring in 20 years' time the life expectancies are:

- 30.5 years (male), 32.3 years (female).

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**24. Pension schemes (continued)****Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions:

	<b>2022</b>	2021
	<b>£000</b>	£000
Discount rate - reduced by 0.2%	<b>11,670</b>	28,370
Discount rate - increased by 0.2%	<b>(11,070)</b>	(26,650)
Lower inflation - no change	<b>5,540</b>	16,700

In valuing the liabilities of the pension fund at 31 December 2022 mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2022 would have increased by £8,050,000 (2021: £22,370,000) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

**Funding**

The Company has agreed to pay contributions annually in arrears equal to 53.4% of salaries to meet the cost of benefit accrual, but only if the technical provisions funding level at 31st December during the relevant year is below 110%.

**Defined contribution plans**

The M&G Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £17,248,229 (2021: £16,168,322).

**25. Financial instruments**

The carrying value of trade and other debtors, trade and other creditors, loans and cash is a reasonable approximation of their fair value.

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Financial assets</b>		
Equity securities- financial assets designated at fair value through profit or loss	<b>273,107</b>	272,408
	<b>273,107</b>	272,408

**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**25. Financial instruments (continued)**

The fair value of financial assets and financial liabilities are determined as follows:

*Equity securities*

The carrying value of equity securities at fair value through profit or loss is determined from published trading prices for fund units and shares or the portion of the underlying entity's net asset value attributable to the Company.

**26. 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 group companies and the exemption under paragraph 8(j) of FRS101 not to disclose key management personnel compensation and amounts incurred for the provision of key management personnel services by a separate entity.

**27. Immediate and ultimate parent company**

The Company's immediate parent company is M&G Group Limited.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statement in M&G plc and copies of M&G plc consolidated financial statements can be obtained from the Company Secretary at 10 Fenchurch Avenue, London, EC3M 5AG.