

# **abrdn Investments Limited**

(formerly Aberdeen Asset Managers Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Registration number: SC108419



**Contents**

|                                   |          |
|-----------------------------------|----------|
| Company Information               | 1        |
| Strategic Report                  | 2 to 8   |
| Directors' Report                 | 9 to 11  |
| Independent Auditor's Report      | 12 to 15 |
| Profit and Loss Account           | 16       |
| Statement of Comprehensive Income | 17       |
| Balance Sheet                     | 18 to 19 |
| Statement of Changes in Equity    | 20 to 21 |
| Notes to the Financial Statements | 22 to 41 |

## **Company Information**

### **Directors**

D E Thomas  
C T Demetriou  
N A Slater

### **Company secretary**

abrdn Corporate Secretary Limited

### **Registered office**

10 Queens Terrace  
Aberdeen  
Scotland  
AB10 1XL

### **Auditor**

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

## Strategic Report for the Year Ended 31 December 2022

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

### Business review and future developments

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

The Company is regulated by the Financial Conduct Authority and from 1 January 2022 operates under the new Investment Firms Prudential Regime, also known as IFPR, which replaced the Capital Requirements Directive.

The Company performed the annual impairment review of the carrying value of its goodwill. This has resulted in the Company recognising an impairment of goodwill of £38,089k.

### Name Change

The Company changed its name to abrdn Investments Limited on 25 November 2022 (formerly known as Aberdeen Asset Managers Limited).

### Key performance indicators ("KPIs")

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

|                                                                | 2022       | Restated*     |
|----------------------------------------------------------------|------------|---------------|
|                                                                | £ 000      | 2021<br>£ 000 |
| Assets under management ("AUM")**                              | 68,674,206 | 78,814,499**  |
| Revenue*                                                       | 377,730    | 392,888       |
| Operating profit/(loss) before restructuring and amortisation* | 40,541     | 29,488        |
| Equity attributable to equity holders of the parent*           | 171,270    | 211,523       |
| Regulatory capital surplus                                     | 57,673     | 77,930        |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

\*\*Re-presented comparative information. Refer to AUM section for an explanation.

### AUM

AUM has decreased by £10,140,293k (13%), this decrease is due to net outflows of £5,264,416k (7%) and market contractions of £4,875,877k (6%).

From 1 January 2022 the Company aligned the basis of reporting AUM to the calculation required under IFPR. Reportable AUM is contracted AUM only, with no adjustment for delegated investment management. The comparative has been re-presented to align with the IFPR methodology (prior year reported number: £49,667,342k).

### Revenue

Revenue has decreased by £15,158k (4%) primarily as a result of the fall in AUM discussed above offset by higher revenue from the recharge of costs to other abrdn Group companies.

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

### Key Performance Indicators ("KPIs") (continued)

#### *Operating profit/(loss) before restructuring and amortisation*

Operating profit before restructuring and amortisation has increased by £11,053k (37%) as a result of a decrease in Group cost recharges.

#### *Equity attributable to equity holders of the parent*

Equity attributable to equity holders of the parent has decreased by £40,253k (19%) as a result of a dividend paid and losses for the year.

#### *Regulatory capital surplus*

The regulatory capital surplus at 31 December 2022 has decreased by £20,257k (26%). This is a result of a dividend paid and losses for the year. From 1 January 2022 the Company is regulated under IFPR. Using this new methodology there would not have been a material change to the surplus reported in the comparative amount.

### Enhancing our governance

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

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

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

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

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

#### **The likely consequence of any decision in the long term -**

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

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

### **The interests of the Company's employees -**

The Company has direct employees. Within the abrdn Group, engagement with employees is considered at abrdn Group level and employee engagement matters have been disclosed in the abrdn plc Annual Report and

Accounts which does not form part of this report. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to engagement with employees.

### **The need to foster the Company's business relationships with suppliers, customers and others -**

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

### **The impact of the Company's operations on the community and the environment -**

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

### **The desirability of the Company maintaining a reputation for high standards of business conduct -**

Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the abrdn Group, including the Company.

### **The need to act fairly as between members of the Company -**

The Company has a single member, and is a wholly owned subsidiary of abrdn plc.

### **Principal risks and uncertainties**

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

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

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

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

### Business Risk Environment

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

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

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

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

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

### Evolving and emerging risks

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

### Principal risks and uncertainties

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

#### *Strategic risk*

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

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

### *Financial risk*

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

### *Conduct risk*

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

### *Regulatory and legal risk*

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

### *Process execution and trade errors*

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

### *People*

In line with the wider economy, employee turnover has increased in all regions as a consequence of tight labour markets conditions, increases in the cost of living and continued labour market adjustment following the pandemic. Engaging with our people, and supporting their wellbeing, is critical to our strategy and the success of our business. Since the onset of the pandemic we have successfully adapted, providing online tools to support collaboration and moving our learning and development offering online. We have responded to increased competition for talent in our industry, using targeted approaches to support retention and recruitment for our key business functions.



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

### ***Technology***

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

### ***Business resilience and continuity***

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

### ***Fraud and financial crime***

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

### ***Change management***

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

### ***Third party management***

Activities to suppliers are outsourced with specialist capabilities which means there is exposure to the risk of third parties failing to deliver in line with contractual obligations. The abrdn Group Third Party Risk Management framework is well embedded and continues to evolve in line with external developments, industry practice and regulatory developments.

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

### *Financial management process*

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

Approved by the Board on 26<sup>th</sup> April 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D E Thomas', written over a horizontal dotted line.

D E Thomas  
Director

## **Directors' Report for the Year Ended 31 December 2022**

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

### **Directors of the Company**

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

D E Thomas

C T Demetriou

N A Slater

N L N Machray (resigned 11 February 2022)

G T Hotson (appointed 11 April 2022, resigned 30 December 2022)

M Hardiman (appointed 30 December 2022, resigned 30 December 2022)

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

### **Company secretary**

The Company secretary during the year, was abrdn Corporate Secretary Limited.

### **Going concern**

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

### **Dividends**

The Directors recommended and paid dividends of £15.0m in 2022 (2021: £100.0m) to the Company's immediate parent, namely abrdn Holdings Limited (formerly "Aberdeen Asset Management Plc").

### **Political donations**

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

### **Independent auditor**

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

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

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### **Respect for human rights**

We are committed to identifying and upholding the human rights of our people, clients, communities and everyone impacted by our suppliers, partners and the companies we invest in. In our investments, the abrdn Group applies our internally developed human-rights index to help identify high risk geographies, and we have published position statements on integrating human rights into our investment approach. We also publish the outcomes of our engagements with investee companies, including engagements on human rights matters in our Group annual Stewardship Report. Our Modern Slavery Statement sets out our approach to tackling all forms of modern slavery. This ranges from human trafficking and forced labour, to bonded labour and child slavery. We are particularly alert to the human-rights risks from interconnected supply chains and our annual statement reports additional information on the actions we are taking, as we take steps to enhance our due diligence, track specific metrics, and support third party suppliers with fair and inclusive practices.

### **People**

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

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

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

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

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

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

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

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

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

Approved by the Board on 26<sup>th</sup> April 2023 and signed on its behalf by:



.....  
D E Thomas  
Director

## **Independent Auditor's Report to the Members of abrdn Investments Limited**

### **Opinion**

We have audited the financial statements of abrdn Investments Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Going concern**

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

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

Our conclusions based on this work:

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

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

### **Fraud and breaches of laws and regulations – ability to detect**

Identifying and responding to risks of material misstatement due to fraud

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

## **Independent Auditor's Report to the Members of abrdn Investments Limited (Continued)**

- Enquiring of directors and management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Considering remuneration incentive schemes and performance targets for management and directors; and
- Reading Board minutes to assess for any discussion of fraud.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-judgmental and there is a segregation of duties.

We also identified a fraud risk related to the classification of expenses as restructuring, given the extent of restructuring in the Company's cost base, and the level of market interest in the delivery of both transformation programmes and cost savings, the impact of these on both the incentive to classify items as restructuring expenses and the consequences of an error in classification.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts and those posted to restructuring cost accounts by unexpected individuals.
- Testing a sample of expenses, and challenging management in relation to the classification of those selected expenses against the abrdn Group's adjusted profit methodology to determine whether there were indications of inconsistent classification or indicators of management bias.

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

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

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

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

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and

## **Independent Auditor's Report to the Members of abrdn Investments Limited (Continued)**

taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

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

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

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.



## **Independent Auditor's Report to the Members of abrdn Investments Limited (Continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

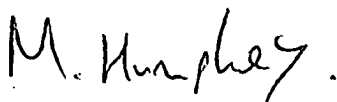
### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Matthew Humphrey (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
26 April 2023

**Profit and Loss Account for the Year Ended 31 December 2022**

|                                                                      | Note | 2022<br>£ 000          | Restated*<br>2021<br>£ 000 |
|----------------------------------------------------------------------|------|------------------------|----------------------------|
| Revenue                                                              | 3    | 377,730                | 392,888                    |
| Administrative expenses                                              |      | <u>(337,189)</u>       | <u>(363,400)</u>           |
| <b>Operating profit/(loss) before restructuring and amortisation</b> |      | <b>40,541</b>          | <b>29,488</b>              |
| Restructuring costs                                                  | 6    | (24,489)               | (29,354)                   |
| Amortisation and impairment of intangibles                           | 10   | <u>(48,846)</u>        | <u>(13,081)</u>            |
| <b>Operating loss</b>                                                |      | <b>(32,794)</b>        | <b>(12,947)</b>            |
| Net finance income                                                   | 7    | <u>646</u>             | <u>146</u>                 |
| <b>Loss before tax</b>                                               |      | <b>(32,148)</b>        | <b>(12,801)</b>            |
| Tax credit/(expense)                                                 | 8    | <u>7,135</u>           | <u>(887)</u>               |
| <b>Loss for the year</b>                                             |      | <b><u>(25,013)</u></b> | <b><u>(13,688)</u></b>     |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

The notes on pages 22 to 41 form an integral part of these financial statements.

**Statement of Comprehensive Income for the Year Ended 31 December 2022**

|                                                                      | 2022<br>£ 000   | Restated*<br>2021<br>£ 000 |
|----------------------------------------------------------------------|-----------------|----------------------------|
| <b>Loss for the year</b>                                             | <b>(25,013)</b> | <b>(13,688)</b>            |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                 |                            |
| Currency translation differences                                     | (92)            | (70)                       |
| <b>Other comprehensive losses</b>                                    | <b>(92)</b>     | <b>(70)</b>                |
| <b>Total comprehensive losses for the year</b>                       | <b>(25,105)</b> | <b>(13,758)</b>            |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21

The notes on pages 22 to 41 form an integral part of these financial statements.

**Balance Sheet as at 31 December 2022**

|                                      | Note | 2022<br>£ 000         | Restated*<br>2021<br>£ 000 |
|--------------------------------------|------|-----------------------|----------------------------|
| <b>Non-current assets</b>            |      |                       |                            |
| Property, plant and equipment        | 9    | 1,736                 | -                          |
| Intangible assets                    | 10   | 18,931                | 67,777                     |
| Deferred tax assets                  | 11   | 14,748                | 7,316                      |
| Trade and other receivables          | 12   | 56                    | 439                        |
|                                      |      | <u>35,471</u>         | <u>75,532</u>              |
| <b>Current assets</b>                |      |                       |                            |
| Trade and other receivables          | 12   | 168,673               | 234,754                    |
| Cash and cash equivalents            |      | <u>70,563</u>         | <u>99,070</u>              |
|                                      |      | <u>239,236</u>        | <u>333,824</u>             |
| <b>Total assets</b>                  |      | <u><b>274,707</b></u> | <u><b>409,356</b></u>      |
| <b>Equity</b>                        |      |                       |                            |
| Called up share capital              | 13   | 33,778                | 33,778                     |
| Share premium reserve                |      | 27,779                | 27,779                     |
| Foreign currency translation reserve |      | (203)                 | (111)                      |
| Merger reserve                       |      | (77)                  | (77)                       |
| Retained earnings                    |      | <u>109,993</u>        | <u>150,154</u>             |
|                                      |      | <u>171,270</u>        | <u>211,523</u>             |
| <b>Non-current liabilities</b>       |      |                       |                            |
| Leases                               | 18   | <u>1,609</u>          | <u>17</u>                  |
|                                      |      | <u>1,609</u>          | <u>17</u>                  |
| <b>Current liabilities</b>           |      |                       |                            |
| Trade and other payables             | 14   | 98,752                | 197,112                    |
| Provisions                           | 15   | <u>3,076</u>          | <u>704</u>                 |
|                                      |      | <u>101,828</u>        | <u>197,816</u>             |
| <b>Total liabilities</b>             |      | <u><b>103,437</b></u> | <u><b>197,833</b></u>      |
| <b>Total equity and liabilities</b>  |      | <u><b>274,707</b></u> | <u><b>409,356</b></u>      |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

The notes on pages 22 to 41 form an integral part of these financial statements.

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

Approved by the Board on 26<sup>th</sup> April 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D E Thomas', written over a horizontal dotted line.

D E Thomas  
Director

Registration number: SC108419

- The notes on pages 22 to 41 form an integral part of these financial statements.

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

|                                             | Share capital<br>£ 000 | Share premium<br>£ 000 | Foreign exchange<br>£ 000 | Merger reserve<br>£ 000 | Retained<br>earnings<br>£ 000 | Total<br>£ 000 |
|---------------------------------------------|------------------------|------------------------|---------------------------|-------------------------|-------------------------------|----------------|
| At 1 January 2021                           | 33,778                 | 245,379                | (41)                      | (77)                    | 46,102                        | 325,141        |
| Loss for the year*                          | -                      | -                      | -                         | -                       | (13,688)                      | (13,688)       |
| Foreign currency translation gains/(losses) | -                      | -                      | (70)                      | -                       | -                             | (70)           |
| Total comprehensive losses*                 | -                      | -                      | (70)                      | -                       | (13,688)                      | (13,758)       |
| Dividends                                   | -                      | -                      | -                         | -                       | (100,000)                     | (100,000)      |
| Capital reduction                           | -                      | (217,600)              | -                         | -                       | 217,600                       | -              |
| Tax taken to equity                         | -                      | -                      | -                         | -                       | 140                           | 140            |
| <b>At 31 December 2021*</b>                 | <b>33,778</b>          | <b>27,779</b>          | <b>(111)</b>              | <b>(77)</b>             | <b>150,154</b>                | <b>211,523</b> |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

The notes on pages 22 to 41 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2022 (continued)

|                                             | Share capital<br>£ 000 | Share premium<br>£ 000 | Foreign exchange<br>£ 000 | Merger reserve<br>£ 000 | Retained<br>earnings<br>£ 000 | Total<br>£ 000 |
|---------------------------------------------|------------------------|------------------------|---------------------------|-------------------------|-------------------------------|----------------|
| At 1 January 2022                           | 33,778                 | 27,779                 | (111)                     | (77)                    | 150,154                       | 211,523        |
| Loss for the year                           | -                      | -                      | -                         | -                       | (25,013)                      | (25,013)       |
| Foreign currency translation gains/(losses) | -                      | -                      | (92)                      | -                       | -                             | (92)           |
| Total comprehensive losses                  | -                      | -                      | (92)                      | -                       | (25,013)                      | (25,105)       |
| Dividends                                   | -                      | -                      | -                         | -                       | (15,000)                      | (15,000)       |
| Tax taken to equity                         | -                      | -                      | -                         | -                       | (148)                         | (148)          |
| At 31 December 2022                         | 33,778                 | 27,779                 | (203)                     | (77)                    | 109,993                       | 171,270        |

The notes on pages 22 to 41 form an integral part of these financial statements.

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

### 1 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

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

#### Basis of preparation

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2022 have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

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

#### Summary of disclosure exemptions

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

- International Accounting Standards ("IAS") 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Policies requirement to disclose the effects of new but not yet effective International Reporting Standards ("IFRSs");
- IFRS 15 Revenue from Contracts with Customers;
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries;
- IAS 24 Related Party disclosures in respect of the compensation of Key Management Personnel; and
- IAS 24 Related Party disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

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



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

### 1 Accounting policies (continued)

- Certain disclosures required by IFRS 7 Financial Instrument Disclosures.

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

#### Going concern

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

The Company has made losses in the financial year and is not forecast to make profits in 2023, however, it has sufficient financial resources to continue operations. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focussing specifically on:

- the current level of regulatory capital, which was £57.7m in excess of capital requirements at 31 December 2022;
- the level of liquid resources, including cash and cash equivalents;
- the potential impact of potential downside scenarios on revenue, assets flows and costs, including potential management actions;
- the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services; and
- consideration of the going concern assessment of the abrdn plc Group.

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

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

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

#### Changes in accounting policies

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

#### Revenue recognition

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

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

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

### 1 Accounting policies (continued)

#### Revenue recognition (continued)

Other revenue mainly represents income from the recharge of costs to other abrdn Group companies. Other revenue is recognised when it is highly probable that a significant reversal will not be required.

#### Dividends

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

#### Net finance income

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

#### Administrative expenses

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

#### Restructuring costs

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

In line with the abrdn Group policy, restructuring expenses should be excluded from adjusted profit calculations. Restructuring includes the impact of major regulatory change. Highlighting and excluding these costs would give stakeholders a fuller understanding of the performance of the business. Restructuring expenses include costs relating to the Group transformation programme. Other restructuring costs that should be excluded from adjusted profit relate to projects which have a significant impact on the way the Group operates. Costs should only be excluded from adjusted profit where they are out with business as usual activities and the costs would not have been incurred had the restructuring project not taken place. For headcount related costs, where duplicate posts are identified as a result of an integration or transformation plan, the duplicated cost will be treated as a restructuring cost from the beginning of the process which would eliminate the duplicate cost.

#### Foreign currency transactions and balances

##### (i) Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in thousands of Pound sterling, which is the Company's presentational and functional currency.

##### (ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

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

### 1 Accounting policies (continued)

#### Financial assets

##### (i) Amortised cost

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

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

#### Impairment of financial assets

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

#### Financial liabilities

##### (i) Amortised cost

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

#### Intangible assets

##### (i) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Company's share of the identifiable assets and liabilities acquired, is capitalised in the balance sheet. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses.

##### (ii) Management contracts

Management contracts are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Company and the fair value of the assets can be measured reliably. They are recorded initially at fair value and then amortised over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the management contracts in place at the date of acquisition.

Management contracts are considered to have a definite life and are therefore amortised on a straight-line basis over their estimated useful lives. These Management contracts are amortised over a period of between 3 and 9 years. One Management contract is amortised using the reducing balance method.

#### Impairment of non-financial assets

The Company performs annual impairment reviews in respect of goodwill. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. Impairment losses in respect of goodwill are not reversed.

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

### 1 Accounting policies (continued)

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

#### **Current & deferred tax**

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

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

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

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

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

#### **Employee benefits**

##### ***Defined contribution pension obligation***

The Company contributes to a group personal pension plan operated by abrdn plc. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

##### ***Share based payments***

abrdn plc grants equity-based awards and cash settled awards (for awards in Aberdeen Standard Investment funds) to certain employees.

Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity settled share based payments is expensed on a straight-line basis over the service period to vesting, based on abrdn Group's estimate of equity instruments that will eventually vest.

Where abrdn plc makes awards under the deferred share schemes to employees of one of its subsidiaries during the period, the associated cost for that period is recharged to the relevant subsidiary.

For cash settled deferred fund awards, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is measured, with any changes in fair value recognised in the profit and loss account for the year.

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

### 1 Accounting policies (continued)

#### Cash and cash equivalents

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

#### Leases

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged over the term of the lease, remaining term in the case of non-property right-of-use assets recognised at 1 January 2019.

The lease liability is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Group's incremental borrowing rate where the implicit rate is not readily available. Interest is calculated on the liability using the discount rate and is charged to the profit and loss account under finance costs.

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

#### Property, plant and equipment

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

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

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

| Asset class        | Depreciation method and rate      |
|--------------------|-----------------------------------|
| Leasehold Property | Period of lease or up to 15 years |
| Right of use asset | Period of lease or up to 15 years |

#### Deferred income

Where the Company receives fees in advance (front-end fees) for services it is providing, including investment management services, these fees are initially recognised as a deferred income liability and released to the income statement over the period services are provided.

#### Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

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

### 1 Accounting policies (continued)

#### Equity

##### *Share capital*

Ordinary shares are classified as equity and detailed in note 13. Equity instruments are measured at fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### *Share Premium Reserve*

The share premium reserve is used to record the issue of share capital at a premium to nominal value. This reserve is not distributable and can only be reduced with court approval.

##### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from translation differences on non-monetary assets such as equities classified at fair value through other comprehensive income.

##### *Merger reserve*

The merger reserve is used to record share premium on shares issued by way of consideration for acquisitions. The merger reserve can be used to offset impairments of investments in subsidiaries charged to the income statement and is not distributable.

### 2 Critical accounting judgements and key sources of estimation uncertainty

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

#### **Critical estimates:**

*Impairment of goodwill and intangibles* - Impairment testing is required annually for goodwill and where indicators of impairment exist for intangibles. Management are required to assess whether indicators of impairment exist for intangible assets, select the relevant cash generating units ("CGU") and determine the recoverable amount of the relevant CGU for the annual impairment review of goodwill and other intangible assets. The determination of the recoverable amount involves the use of estimates. In the case of the annual goodwill impairment assessment a fair value less cost of disposal (FVLCD) approach has been used which involves valuation estimates.

### 3 Revenue

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

|                      | 2022           | Restated*      |
|----------------------|----------------|----------------|
|                      | £ 000          | £ 000          |
| Management fees      | 266,125        | 290,329        |
| Performance fees     | 5,509          | 5,402          |
| Other revenue        | 106,096        | 97,157         |
| <b>Total revenue</b> | <b>377,730</b> | <b>392,888</b> |

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

### 4 Operating profit/(loss)

Arrived at after charging

|                                   | 2022<br>£ 000 | 2021<br>£ 000 |
|-----------------------------------|---------------|---------------|
| Foreign exchange (gains)/losses   | (3,395)       | 1,956         |
| Audit of the financial statements | 216           | 192           |

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

### 5 Employees & Directors

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

|                                    | 2022<br>No. | 2021<br>No. |
|------------------------------------|-------------|-------------|
| Fund management and administration | 606         | 635         |

The aggregate payroll costs of these persons were as follows:

|                              | 2022<br>£ 000 | 2021<br>£ 000 |
|------------------------------|---------------|---------------|
| Salaries and bonuses         | 53,713        | 73,520        |
| Social security costs        | 9,431         | 10,527        |
| Pension costs                | 7,217         | 8,101         |
| Share-based payment expenses | 4,326         | 7,695         |
| Other employee expense       | 65            | 280           |
|                              | 74,752        | 100,123       |

#### Highest paid director

The aggregate emolument of the highest paid Director during the year was £nil (2021: £nil). Company pension contributions of £nil (2021: £nil) were made to a personal pension plan on their behalf. The highest paid Director was awarded deferred shares under the ultimate parent company's deferred compensation scheme as described in note 16.

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

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

**6 Restructuring costs**

Restructuring costs incurred during the year is as follows:

|                                   | 2022<br>£ 000 | 2021<br>£ 000 |
|-----------------------------------|---------------|---------------|
| Third party administrative costs  | 8,186         | 9,617         |
| Professional and consultancy fees | 166           | 2,960         |
| Redundancy                        | 8,494         | 10,475        |
| Other restructuring costs         | 7,643         | 6,302         |
|                                   | <u>24,489</u> | <u>29,354</u> |

**7 Net finance income**

|                                            | 2022<br>£ 000 | 2021<br>£ 000 |
|--------------------------------------------|---------------|---------------|
| <b>Finance income</b>                      |               |               |
| Interest income on bank deposits           | 663           | 156           |
|                                            | <u>663</u>    | <u>156</u>    |
| <b>Finance expense</b>                     |               |               |
| Interest on bank overdrafts and borrowings | (9)           | (10)          |
| Interest expense on leases                 | (8)           | -             |
|                                            | <u>(17)</u>   | <u>(10)</u>   |
| <b>Net finance income</b>                  | <u>646</u>    | <u>146</u>    |

**8 Current taxation**

Analysis of tax charge in the year:

|                                             | 2022<br>£ 000 | Restated*<br>2021<br>£ 000 |
|---------------------------------------------|---------------|----------------------------|
| <b>Current taxation</b>                     |               |                            |
| UK corporation tax                          | 347           | (1,327)                    |
| UK corporation tax adjustment to prior year | 82            | (2,904)                    |
|                                             | <u>429</u>    | <u>(4,231)</u>             |
| <b>Foreign tax</b>                          |               |                            |
| Foreign tax                                 | 15            | 189                        |
| Foreign tax adjustment to prior year        | 1             | (36)                       |
|                                             | <u>16</u>     | <u>153</u>                 |
| <b>Total current income tax</b>             | <u>445</u>    | <u>(4,078)</u>             |



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

**8 Current taxation (continued)**

|                                                                | 2022<br>£ 000  | 2021<br>£ 000 |
|----------------------------------------------------------------|----------------|---------------|
| <b>Deferred taxation</b>                                       |                |               |
| Arising from origination and reversal of temporary differences | (7,582)        | 1,970         |
| Arising from adjustments in respect of prior year              | 2              | 2,995         |
| Total deferred taxation                                        | (7,580)        | 4,965         |
| <b>Tax (credit)/expense in the profit and loss account</b>     | <b>(7,135)</b> | <b>887</b>    |

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

The differences are reconciled below:

|                                                         | 2022<br>£ 000  | Restated*<br>2021<br>£ 000 |
|---------------------------------------------------------|----------------|----------------------------|
| Loss before tax                                         | (32,148)       | (12,801)                   |
| Corporation tax at standard rate                        | (6,108)        | (2,432)                    |
| Adjustment in respect of prior year                     | 85             | 55                         |
| Non-deductible expenses                                 | 1,772          | 2,177                      |
| Change in UK tax rates on deferred tax balances         | (3,688)        | 496                        |
| Effect of tax rates applicable in foreign jurisdictions | 13             | 189                        |
| Increase from deferred shares and funds                 | 791            | 402                        |
|                                                         | (1,027)        | 3,319                      |
| <b>Total tax (credit)/expense</b>                       | <b>(7,135)</b> | <b>887</b>                 |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

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

Deferred taxation assets and liabilities have been revalued taking into account the upcoming change in corporation tax rates.

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

**9 Property, plant and equipment**

|                          | Leasehold<br>property<br>£ 000 | Right of use<br>assets<br>£ 000 | Total<br>£ 000 |
|--------------------------|--------------------------------|---------------------------------|----------------|
| <b>Cost or valuation</b> |                                |                                 |                |
| At 1 January 2022        | 42                             | 452                             | 494            |
| Additions                | 240                            | 1,718                           | 1,958          |
| At 31 December 2022      | 282                            | 2,170                           | 2,452          |
| <b>Depreciation</b>      |                                |                                 |                |
| At 1 January 2022        | 42                             | 452                             | 494            |
| Charge for the year      | 34                             | 188                             | 222            |
| At 31 December 2022      | 76                             | 640                             | 716            |
| <b>Net book value</b>    |                                |                                 |                |
| At 31 December 2022      | 206                            | 1,530                           | 1,736          |
| At 31 December 2021      | -                              | -                               | -              |

The 2022 additions relate to new lease agreements for office space.

**10 Intangible assets**

|                          | Goodwill<br>£ 000 | Management<br>contracts<br>£ 000 | Total<br>£ 000 |
|--------------------------|-------------------|----------------------------------|----------------|
| <b>Cost or valuation</b> |                   |                                  |                |
| At 1 January 2022        | 38,303            | 207,963                          | 246,266        |
| At 31 December 2022      | 38,303            | 207,963                          | 246,266        |
| <b>Amortisation</b>      |                   |                                  |                |
| At 1 January 2022        | 214               | 178,275                          | 178,489        |
| Amortisation charge      | -                 | 10,757                           | 10,757         |
| Impairment charge        | 38,089            | -                                | 38,089         |
| At 31 December 2022      | 38,303            | 189,032                          | 227,335        |
| <b>Net book value</b>    |                   |                                  |                |
| At 31 December 2022      | -                 | 18,931                           | 18,931         |
| At 31 December 2021      | 38,089            | 29,688                           | 67,777         |

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

### 10 Intangible assets (continued)

A goodwill balance arose as a result of Credit Suisse and RBS acquisitions. There were no additions or disposals of goodwill during the year to 31 December 2022, however during the year the Company recognised an impairment of its goodwill of £38,089k (2021: £nil). The impairment is included within Amortisation and impairment of intangibles in the Profit and Loss account.

The abrdn Investment Limited cash generating unit comprises the Company including its branches, which is the cash generating unit to which the goodwill had been allocated. The goodwill impairment of £38,089k (2021: £nil) resulted from lower future revenue projections and further work being required to reduce Investments costs given this level of revenue.

The lower future revenue projections primarily resulted from the impact of lower equity market levels during 2022 and forecast equity market falls in 2023 on assets under management, net outflows in 2022 particularly in the equity asset class and lower forecasts of net inflows in future periods reflecting both macroeconomic conditions and business performance.

The recoverable amount of this cash-generating unit at 31 December 2022 was £109,993k which was based on FVLCD. The FVLCD considered a number of valuation approaches, with the primary approach being based on the net assets of the cash-generating unit excluding the goodwill. This is a level 3 measurement as it is measured using inputs which are not based on observable market data.

For management contracts acquired through a business combination, there has been no indicators of impairment identified at 31 December 2022 or 31 December 2021.

### 11 Deferred tax

|                                                               | Accelerated<br>capital<br>allowances<br>£ 000 | Employee<br>benefits<br>£ 000 | Losses<br>carried<br>forward<br>£ 000 | Goodwill<br>£ 000 | Net<br>deferred<br>tax asset/<br>(liability)<br>£ 000 |
|---------------------------------------------------------------|-----------------------------------------------|-------------------------------|---------------------------------------|-------------------|-------------------------------------------------------|
| <b>At 1 January 2021</b>                                      | 47                                            | 11,145                        | 2,995                                 | (1,825)           | 12,362                                                |
| Amounts (expensed) in/credited to the profit and loss account | 14                                            | (898)                         | (2,995)                               | (1,086)           | (4,965)                                               |
| Amounts (expensed) in/credited to equity                      | -                                             | (81)                          | -                                     | -                 | (81)                                                  |
| <b>At 31 December 2021</b>                                    | 61                                            | 10,166                        | -                                     | (2,911)           | 7,316                                                 |
| Amounts (expensed) in/credited to the profit and loss account | -                                             | (1,434)                       | -                                     | 9,014             | 7,580                                                 |
| Amounts (expensed) in/credited to equity                      | -                                             | (148)                         | -                                     | -                 | (148)                                                 |
| <b>At 31 December 2022</b>                                    | <b>61</b>                                     | <b>8,584</b>                  | <b>-</b>                              | <b>6,103</b>      | <b>14,748</b>                                         |

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

### 11 Deferred tax (continued)

The deferred tax asset can be analysed as follows:

|                                               | 2022<br>£ 000 | 2021<br>£ 000 |
|-----------------------------------------------|---------------|---------------|
| Employee benefits                             | 8,584         | 10,166        |
| Temporary differences - Fixed Assets          | 61            | 61            |
| Goodwill                                      | 6,103         | -             |
| Less: Offset against deferred tax liabilities | -             | (2,911)       |
| Deferred tax assets                           | 14,748        | 7,316         |

The deferred tax liability can be analysed as follows:

|                                          | 2022<br>£ 000 | 2021<br>£ 000 |
|------------------------------------------|---------------|---------------|
| Goodwill                                 | -             | (2,911)       |
| Less: Offset against deferred tax assets | -             | 2,911         |
| Deferred tax liabilities                 | -             | -             |

Deferred tax assets are recognised as it is probable that sufficient future taxable profits will be available across the abrdn Group against which the deferred tax assets can be recovered. Their recoverability is measured against anticipated taxable profits and gains based on business plans across the Group.

### 12 Trade and other receivables

|                                                      | 2022<br>£ 000 | 2021<br>£ 000 |
|------------------------------------------------------|---------------|---------------|
| <b>Non-current trade and other receivables:</b>      |               |               |
| Prepayments and accrued income                       | 56            | 439           |
| <b>Total non-current trade and other receivables</b> | <b>56</b>     | <b>439</b>    |

Prepayments relate to deferred costs in respect of placement fees

|                                                  | 2022<br>£ 000  | Restated*<br>2021<br>£ 000 |
|--------------------------------------------------|----------------|----------------------------|
| <b>Current trade and other receivables:</b>      |                |                            |
| Trade receivables                                | 7,877          | 8,464                      |
| Amounts owed by abrdn Group undertakings         | 123,377        | 195,026                    |
| Prepayments and accrued income                   | 34,140         | 30,024                     |
| Other receivables                                | 3,279          | 1,240                      |
| <b>Total current trade and other receivables</b> | <b>168,673</b> | <b>234,754</b>             |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

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

### 12 Trade and other receivables (continued)

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

### 13 Share capital

#### Allotted, called up and fully paid shares

|                               | 2022    |        | 2021    |        |
|-------------------------------|---------|--------|---------|--------|
|                               | No. 000 | £ 000  | No. 000 | £ 000  |
| Ordinary shares of £0.10 each | 337,779 | 33,778 | 337,779 | 33,778 |

### 14 Trade and other payables

|                                               | 2022          | Restated*      |
|-----------------------------------------------|---------------|----------------|
|                                               | £ 000         | £ 000          |
| <b>Current trade and other payables:</b>      |               |                |
| Trade payables                                | 210           | 2,825          |
| Accruals and deferred income                  | 41,698        | 60,714         |
| Amounts owed to abrdn Group undertakings      | 48,372        | 121,581        |
| Taxes and social security                     | 7,725         | 8,907          |
| Other payables                                | 747           | 3,085          |
| <b>Total current trade and other payables</b> | <b>98,752</b> | <b>197,112</b> |

\*Comparatives for the year ended 31 December 2021 have been restated. Refer to note 21.

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

### 15 Provisions

|                       | 2022  | 2021  |
|-----------------------|-------|-------|
|                       | £ 000 | £ 000 |
| Redundancy provisions | 3,076 | 704   |

In 2022, the Company has recognised redundancy provisions of £3,076k (2021: £704k). These relate to current restructuring activities the Company is undertaking and are generally expected to be settled with 12 months of the year end.

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

### 16 Employee share-based payments

The Company does not operate any share-based payment schemes. During the year the Company's ultimate parent company, abrdn plc, operated a number of share-based payment schemes for employees across the abrdn Group, the majority of which are equity settled. Details of these arrangements affecting the Company's employees are set out below.

The following plans made awards during the year ended 31 December 2022:

| Plan                                                    | Options | Conditional awards | Restricted shares | Typical vesting period (years) | Contractual life for options      | Recipients                       | Conditions which must be met prior to vesting                                                  |
|---------------------------------------------------------|---------|--------------------|-------------------|--------------------------------|-----------------------------------|----------------------------------|------------------------------------------------------------------------------------------------|
| abrdn plc Deferred Share Plan/ Discretionary Share Plan | Yes     | Yes                | No                | 1-3 years                      | Up to 10 years from date of grant | Executives and senior management | Service, or service and performance conditions. These can be tailored to the individual award. |
| Sharesave (Save-as-you-earn)                            | Yes     | No                 | No                | 3 or 5                         | Up to six months after vesting    | UK and Irish employees           | Service only                                                                                   |
| Share incentive plan                                    | No      | No                 | Yes               | 3                              | Not applicable                    | UK and Irish employees           | Service only                                                                                   |

All of the awards made under these plans are equity-settled except for a small number of cash-settled awards for the deferred and discretionary share plans.

The fair value of awards granted under the Group's incentive schemes is determined using a relevant valuation technique, such as the Black Scholes option pricing model.

The awards made under the deferred and discretionary share plans include awards for deferred bonuses of the prior year. The deferred bonus awards have service conditions of one, two and three years after the date of the award and no outstanding performance conditions.

The awards made include certain awards under the deferred and discretionary share plans to senior management with specific performance conditions.

The deferred and discretionary share plans also made a number of deferred fund awards in the year ended 31 December 2022.

Options and conditional awards are all at nil cost with the exception of Sharesave where eligible employees in the UK and Ireland save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in the Company at a predetermined price.

The share incentive plan allows employees the opportunity to buy up to £1,800 of shares from their salary each year with the Group matching up to £600 per year. The matching shares awarded are granted each month but are restricted for three years.

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

## 16 Employee share-based payments (continued)

In addition, the Group operates the following plans for which there are outstanding awards but for which no awards were made during the year ended 31 December 2022:

| Plan                                               | Options | Conditional awards | Restricted shares | Typical vesting period (years)     | Contractual life for options      | Recipients                       | Conditions which must be met prior to vesting                                   |
|----------------------------------------------------|---------|--------------------|-------------------|------------------------------------|-----------------------------------|----------------------------------|---------------------------------------------------------------------------------|
| Aberdeen Asset Management Deferred Share Plan 2009 | Yes     | No                 | No                | 1-3 (3-5 for executive management) | Up to 10 years from date of grant | Executives and senior management | Service only. There are no outstanding performance conditions at date of grant. |

## (a) Options granted under incentive plans and Sharesave

The number and weighted average remaining contractual life of options outstanding during the year, along with the weighted average share price at time of exercise price are as follows:

|                                                                                         | Deferred and discretionary share plans | Sharesave |
|-----------------------------------------------------------------------------------------|----------------------------------------|-----------|
| Outstanding at 31 December 2022                                                         | 4,207,834                              | 1,413,369 |
| Weighted average remaining contractual life of outstanding options (years)              | 7.20                                   | 3.15      |
| Weighted average share price at time of exercise during the year ended 31 December 2022 | 193.25p                                | 202.80p   |
|                                                                                         |                                        |           |
|                                                                                         | Deferred and discretionary share plans | Sharesave |
| Outstanding at 31 December 2021                                                         | 1,037,858                              | 1,195,796 |
| Weighted average remaining contractual life of outstanding options (years)              | 6.92                                   | 2.50      |
| Weighted average share price at time of exercise during the year ended 31 December 2021 | 289.92p                                | 272.20p   |

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

**(b) Number of Sharesave options outstanding by exercise price**

|                                   | 2022 Number of<br>options outstanding | 2021 Number of<br>options outstanding |
|-----------------------------------|---------------------------------------|---------------------------------------|
| 118p                              | 973,169                               | -                                     |
| 189p                              | 131,736                               | 467,619                               |
| 199p                              | 201,303                               | 497,265                               |
| 206p                              | 62,210                                | 148,017                               |
| 257p                              | 21,467                                | 54,367                                |
| 345p                              | 23,484                                | 28,528                                |
| <b>Outstanding at 31 December</b> | <b>1,413,369</b>                      | <b>1,195,796</b>                      |

**17 Related party transactions**

In the normal course of business, the Company enters into transactions with related parties in respect of investment management business.

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

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

The following are details of significant transactions with related parties (excluding fellow wholly owned subsidiaries and key management personnel) during the year and the year end balances arising from such transactions. Of these related party management fees, transactions amounting to £0.30m (2021: £nil) were with abrdn Investments Deutschland AG in which the abrdn Group has an 89.9% ownership. At the year end £1.49m was outstanding with abrdn Investments Deutschland AG and included within trade and other receivables (2021: £nil).

|                         | 2022<br>Revenue<br>£ 000 | 2022<br>Receivables<br>£ 000 |
|-------------------------|--------------------------|------------------------------|
| Management fees         | 3,471                    | 2,354                        |
| Administrative expenses | (1,146)                  | -                            |
|                         | <b>2,325</b>             | <b>2,354</b>                 |
|                         | 2021<br>Revenue<br>£ 000 | 2021<br>Receivables<br>£ 000 |
| Management fees         | 2,926                    | 763                          |
| Administrative expenses | -                        | -                            |
|                         | <b>2,926</b>             | <b>763</b>                   |



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

### 18 Parent and ultimate parent undertaking

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

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

### 19 Leases

#### (i) Leases where the Company is lessee

The Company leases various offices and equipment used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses.

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

|          | 2022<br>£ 000 | 2021<br>£ 000 |
|----------|---------------|---------------|
| Property | 1,609         | 17            |

Details of the movements in the Company's right-of-use assets including additions and depreciation are included in Note 9. The interest on lease liabilities is included in Note 7.

### 20 Contingent liabilities

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

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

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

### 21 Prior-year adjustments

In preparing these financial statements, there were two restatements that has been reflected for the year ended 31 December 2021 as prior-year adjustments (PYA).

PYA 1 - During the year, the Directors identified that fund management fees receivable from another member of the abrdn group in respect of delegated investment management activities had been omitted from the 31 December 2021 financial statements. Similarly, administrative expenses relating to the sub-delegating of fund management activities to another member of the abrdn group had also been omitted. Consequently, the 2021 profit and loss account and balance sheet has been restated to include these transactions. This resulted in an increase of £44,665k in revenue and a corresponding increase of £44,665k in intercompany receivable. Similarly, there was an increase of £44,665k in administrative expenses and a corresponding increase of £44,665k to intercompany payable to recognise the impact of the sub-delegating arrangement.

PYA 2 – During the year, the Directors identified that £3.6m relating to intercompany fee sharing income in relation to the Infrastructure GP funds had been omitted from the 31 December 2021 financial statements. Consequently, the 2021 Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income and Statement of changes in equity have been restated to include this transaction. This has resulted in an increase of £3.6m in revenue and a corresponding increase in intercompany receivable of £3.6m.

|                                                                                             | Reported at<br>31 December<br>2021<br>£ 000 | PYA 1<br>£ 000 | PYA 2<br>£ 000 | Restated at<br>31 December<br>2021<br>£ 000 |
|---------------------------------------------------------------------------------------------|---------------------------------------------|----------------|----------------|---------------------------------------------|
| <b>Extract of the Profit and loss account for the year ended 31 December 2021</b>           |                                             |                |                |                                             |
| Revenue                                                                                     | 344,623                                     | 44,665         | 3,600          | 392,888                                     |
| Administrative expenses                                                                     | (318,735)                                   | (44,665)       | -              | (363,400)                                   |
| Operating profit/(loss) before restructuring and amortisation                               | 25,888                                      |                | 3,600          | 29,488                                      |
| Operating loss                                                                              | (16,547)                                    | -              | 3,600          | (12,947)                                    |
| Loss before tax                                                                             | (16,401)                                    | -              | 3,600          | (12,801)                                    |
| Tax expense                                                                                 | (203)                                       | -              | (684)          | (887)                                       |
| Loss for the year                                                                           | (16,604)                                    | -              | 2,916          | (13,688)                                    |
| <b>Extract of the Statement of Comprehensive Income for the year ended 31 December 2021</b> |                                             |                |                |                                             |
| Total comprehensive losses for the year                                                     | (16,674)                                    | -              | 2916           | (13,758)                                    |
| <b>Extract of the Balance sheet as at 31 December 2021</b>                                  |                                             |                |                |                                             |
| Trade and other receivables                                                                 | 187,173                                     | 44,665         | 2,916          | 234,754                                     |
| Trade and other payables                                                                    | 152,447                                     | 44,665         | -              | 197,112                                     |

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

## 21 Prior-year adjustments (continued)

|                                                                                          | Reported at<br>31 December<br>2021 | PYA 1 | PYA 2 | Restated at<br>31 December<br>2021 |
|------------------------------------------------------------------------------------------|------------------------------------|-------|-------|------------------------------------|
|                                                                                          | £ 000                              | £ 000 | £ 000 | £ 000                              |
| <b>Extract of the Statement of Changes in Equity for the Year Ended 31 December 2021</b> |                                    |       |       |                                    |
| Retained earnings at 31 December 2021                                                    | 147,238                            | -     | 2,916 | 150,154                            |
| Total Equity                                                                             | 208,607                            | -     | 2,916 | 211,523                            |

## 22 Investment holdings

Direct and indirect holdings of the Company are listed below. Holdings are at 100%, unless stated otherwise. The carrying value of investments held directly by the Company is £nil (2021:nil).

| Description              | Country        | Direct / Indirect | Percentage owned if not 100% |
|--------------------------|----------------|-------------------|------------------------------|
| Griffin Nominees Limited | United Kingdom | Direct            |                              |

**Registered Office**  
280 Bishopsgate, London, EC2M 4AG.

## 23 Events after the balance sheet date

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