abrdn Life and Pensions Limited

Annual Report and Financial Statements

Registered number 03526143

For the year ended 31 December 2024

Report and accounts
Contents

Strategic Report

The Directors present their Strategic Report for abrdn Life and Pensions Limited ("abrdn Life" or "the Company") for the year ended 31 December 2024, in accordance with section 414A of the Companies Act 2006.

Business review and future developments

The Company serves as an efficient delivery mechanism of investment services to UK institutional pension schemes and other UK insurance entities. The Company issues unit-linked investment policies, trustee investment plans ("TIPs"), to trustees of UK pension schemes and reinsurance policies to insurance companies covering unit-linked pension liabilities. The Company also has a number of segregated investment mandates ("SIMs") where the Company provides investment management services to pension schemes in respect of their assets.

All investment management activities are delegated to fellow regulated subsidiaries within the Aberdeen Group ("Aberdeen Group plc" or, together with its subsidiaries, "the Aberdeen Group").

The Company is regulated by both the Financial Conduct Authority ("FCA") for conduct of business matters and the Prudential Regulation Authority ("PRA") for prudential matters. The Company is authorised to conduct Class I (Life & Annuity), Class III (Linked Long-Term) and Class VII (Pension Fund Management) of long-term insurance business.

There are no conventional non-profit or with-profit contracts and no retail type insurance policies. The Company does not bear any insurance risk, as all benefits of the policies are tied to assets in the underlying internal linked funds by unit linking.

On 23 February 2021, the Aberdeen Group announced the purchase of certain products in the Phoenix Group's savings business and subsequently on 14 September 2021 the Company, Aberdeen Group plc and Standard Life Assurance Limited (SLAL), part of the Phoenix Group, together with other Aberdeen Group and Phoenix Group entities, entered into an implementation agreement in relation to the purchase and transfer of these products. This transaction fully completed on 28th March 2025 resulting in the Company acquiring, by way of an insurance business transfer under Part VII of the Financial Services and Market Act 2000, the SLAL TIP business. The total assets of the SLAL TIP business on transfer were £2.9bn. The Company's immediate parent company, abrdn Holdings Limited, provided a capital injection of £5m to the Company in December 2024 ahead of completion of this transaction.

The product offering for the TIPs and reinsurance contracts has been updated during the year with one abrdn Life fund closure and ten new abrdn Life funds launched.

Provision of services
The Company has no employees. Services to the Company are provided by outsourcers as follows:

- Investment management and management services by abrdn Investments Limited ("aIL");
- Custody & administration by Citibank;
- Transfer agency by SS&C Technologies Inc.;
- Actuarial function by Barnett Waddingham LLP; and
- Financial operations for the Shareholder of the Company by WNS Global Services.

Strategic Report (continued)

Key performance indicators

The Company uses a number of financial performance measures to monitor the performance of the business against budget and prior year. Key financial metrics are measured and reported to management on a regular basis including those shown below:

	2024 **£'000**	2023 £'000
Assets under management ("AuM") for TIPs and reinsurance contracts	**664,694**	**683,578**
AuM for SIMs	**77,781**	**100,163**
Total AuM	**742,475**	**783,741**
Fee income for TIPs and reinsurance contracts	**1,295**	**1,363**
Fee income for SIMs	**221**	**2,050**
Total fee income	**1,516**	**3,413**
Profit for the financial year	**569**	**489**
Regulatory capital surplus	**16,678**	**11,094**

AuM
AuM for segregated investment mandates has decreased following a decision by the largest SIM client to withdraw the majority of its funds toward the end of 2023 and the remainder in early 2024. AuM for trustee investment plans ("TIPs") and reinsurance contracts has decreased by £19 million from net policyholder outflows partially offset by market gains on investments during the year.

Fee income
Fee income has decreased as a result of the lower AuM from TIP and reinsurance contracts discussed above. Fee income for segregated investment mandates has decreased due to the largest SIM client's full withdrawal in early 2024.

Profit for the financial year
Profit for the financial year has increased from the previous year primarily as a result of investment income received on financial investments held by the Company.

Regulatory capital surplus
The regulatory capital surplus has increased by £5.58 million largely as a result of a capital injection of £5 million during the year.

Strategic Report (continued)

Risk Management

The management of the business and execution of the Company's strategy are subject to a number of risks, which are managed by the Company's Board in line with the Aberdeen Group's Enterprise Risk Management Framework ("ERMF").

A strong risk and compliance culture underpins the Aberdeen Group's commitment to put clients and customers first and safeguard the interests of our shareholders. The Aberdeen Group, of which the Company is a part, has responsibility for risk management and oversees the effectiveness of the ERMF.

ERM framework

The ERMF underpins risk management throughout the Aberdeen Group. This involves operating a 'three lines of defence' model with defined roles and responsibilities. The ERMF is continually evolving to meet the changing needs of the Aberdeen Group to make sure it keeps pace with industry best practice. In 2024, improvements to the framework included:

- Delivering a new approach to Risk and Control Self Assessments, focussed on key business outcomes and executive accountability.
- Implementing the Aberdeen Group's risk appetite monitoring process.
- Simplification of the Aberdeen Group's risk taxonomy, adopting a single version taxonomy.
- Delivering improved risk reporting through the adoption of consistent risk dashboards.
- Improved accessibility of the ERMF and its supporting materials.

Accordingly, the principal risks and uncertainties of the Aberdeen Group, which include those of the Company, are discussed fully in the Aberdeen Group plc Annual Report and Accounts which does not form part of this report. Further details on each of the risks, together with how they link to the Aberdeen Group's strategy, how they have evolved over the period and how they are managed can be found in the Aberdeen Group's Annual Report and Accounts.

Business risk environment

Business planning assumptions are more prone to external market developments than before.

The global political and economic environment has the potential for surprise. Regime change in the US brings a period of greater policy uncertainty in the area of global trade, strategic competition with China, developments in conflicts in Europe and the Middle East and sovereign debt management. Both energy costs and cross-border trade costs could be adversely impacted leading to upward pressure on inflation and stalling central banks' plans to further ease their target interest rates. This increases the range of potential outcomes across all asset classes.

Increasing equity market value concentration in a small number of technology stocks (the so-called 'Magnificent Seven' phenomenon) poses challenges for both passive and active asset management which could manifest as increased market volatility at some stage.

Developments in technology and continued competitive pressure mean that investment firms must continue to transform operating models in order to preserve margins and/or build capital to reinvest for the future.

Operational resilience is a key focus as the risks from cyber, technology and third-parties continue to evolve. The Aberdeen Group continues to build capabilities and develop mitigation plans to deal with areas of vulnerability in order to minimise (and if necessary, mitigate) the risk of disruption to clients and customers.

Global regulators have extensive policy and supervisory agendas which need to be addressed. The Aberdeen Group works diligently and steadfastly to understand regulators' expectations, especially in the areas of consumer duty, operational resilience and anti-financial crime.

Evolving and emerging risks

The Aberdeen Group is vigilant to risks that could crystallise over different horizons and impact strategy, operations and clients. These risks vary in nature as they cover geopolitical, economic, societal, technological, legal, regulatory and environmental themes. Internal and external research is reviewed to consider how risks could emerge and evolve.

Some notable risks (and opportunities) for the Aberdeen Group include adoption of modern technologies, uncertainty driven by geo-politics, unprecedented market shifts, evolving cyber threats and climate change.

Strategic Report (continued)

Risk Management (continued)

ESG risks

The Aberdeen Group has a responsibility to shareholders, clients, customers and all stakeholders to assess, report on, manage and mitigate sustainability risks. As an investment firm, the impact of corporate activities is considered while making investments in line with client mandates. The Aberdeen Group continues to deepen its understanding of these risks for the benefit of all stakeholders and use these insights to advocate for positive policy change.

Aberdeen Group plc is also mindful of the different political and regulatory perspectives on investing with ESG considerations in mind.

Principal risks and uncertainties

The Aberdeen Group categorises risks across fewer principal risk categories in the current year which have both internal and external drivers. This reduction from previous years ensures continued focus on key exposures and supports the corporate priority of simplifying how the Aberdeen Group thinks about and manages its business.

The principal risks and uncertainties of Aberdeen Group plc, which include those of the Company, are detailed below:

Strategic risk
These are risks that could prevent the Aberdeen Group from achieving its strategic aims and successfully delivering business plans. These could include failing to meet client expectations, poor strategic decision-making or failure to adapt. A key external risk which could impact on the achievement of the strategy relates to geopolitical and macroeconomic developments. These risks are managed through simplification of business operating models and diversification of the revenue base. This includes the disposal of noncore activities. Informed by analysis of the key market segments in which the Aberdeen Group operates, specific acquisition possibilities are explored with a view to strengthening capabilities. Focus is also maintained on geopolitical and macroeconomic developments to understand and manage implications. There has been active management of risks to the Company's strategy with the planned transfer of policies from SLAL, which are mitigated by ongoing Board consideration of strategic risks.

Financial risk
This is the risk of having insufficient financial resources, suffering losses from adverse markets or the failure or default of counterparties. It is impacted by fund flows, global market conditions and the fees charged on investment services. Business planning is focussed on generating sustainable capital growth. Risks to that plan are informed by projections of financial resources under a range of stress scenarios that help calibrate buffers that ensure financial resilience at the Aberdeen Group and Company level. The Aberdeen Group Capital and Dividend Policy ensures that optimal levels of financial resources are held across the Aberdeen Group having regard, inter alia, for regulatory requirements that apply at the Aberdeen Group and Company level. Risks are also mitigated by regular monitoring and reporting of capital and liquidity requirements at the Company Audit and Risk Committees and Board.

Further information regarding the Company's financial risk management is given in note 19.

Financial management process
Sound financial reporting influences the Company's performance, planning and disclosures to external stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk. Financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive internal control and external assurance. The Audit Committee reviews, and where necessary challenges, reporting conclusions.

Conduct risk
With a mission to help clients and customers be better investors, there is focus on meeting clients' expectations for good investment performance and service delivery. There is a risk this is not achieved through operational activities or through the implementation of change programmes. The Aberdeen Group is organised to ensure clear focus on clients and customers in investment services. This translates into a client-first culture and the focus on operational and change plans. The ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. There is a clear Global Code of Conduct and the FCA's Consumer Duty has been implemented at both the Aberdeen Group and Company level.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Regulatory and legal risk

High volumes of regulatory change can create interpretation, operational and implementation risks, especially with divergences between different regulators. Compliance failures can lead to poor customer and client outcomes, sanctions, reputation damage and income loss. As the Aberdeen Group engages with a wide number of external parties, there is vigilance to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities. Relationships with regulators are based on trust and transparency with compliance and legal teams supporting senior managers across the business. The three lines of defence model supports the embedding of compliance expectations across the business and oversight with these expectations. Compliance advisory, monitoring and testing activity has been established across the Aberdeen Group. Developments are actively monitored and there is engagement with regulators and industry groups on new regulatory policy initiatives.

Process execution

This is the risk that processes, systems or external events could produce operational errors that impact client, customer or shareholder outcomes. This includes risks that the wider Aberdeen Group transformation programme adversely impacts key business outcomes. The Aberdeen Group instils a culture of ‘getting things right first time’ to minimise the cost of ‘failure demand’. Processes are established for reporting and managing incidents, risk events and issues. Underlying causes of error are monitored to identify areas for action, promoting a culture of accountability and continuously improving how issues are addressed. Incidents are reviewed using established incident management processes.

People

People are the Aberdeen Group’s greatest asset and the engagement and stability of the workforce is critical to the delivery of key business outcomes. Attrition in key teams can be disruptive and costly. Through ongoing management activities and periodic staff surveys, close focus is maintained on employee engagement, morale and attrition levels. The Aberdeen Group aims to ensure that compensation and benefits remain competitive in labour markets where operations exist. Targeted approaches are used to support retention and recruitment for key business functions.

Technology security and resilience

There is a risk that technology may fail to keep pace with business needs. With the increasing sophistication of external threat actors, there is also the significant risk of unauthorised access to systems and cyber attacks. Third-party suppliers also present risks to the Aberdeen Group technology estate. These risks are relevant to a wide range of potential threats to the business including internal failure, external intrusion, supplier failure and weather events. There is an ongoing programme to invest in and enhance IT infrastructure controls. The Aberdeen Group benchmarks the IT systems environment to identify areas for improvement and further investment. Heightened vigilance is maintained for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. Regular testing is performed on penetration and crisis management. Mindful of internal (business) changes and the evolution of the external (threat) landscape, there is focus to strengthen operational resilience and cyber defences. Crisis management and contingency planning processes are regularly reviewed and tested. Changes will be implemented related to the UK Operational Resilience Regulations (in March 2025) and the EU Digital Operational Resilience Act (in January 2025).

Third party

There is reliance on third parties to deliver key business activities and services and are exposed to a variety of delivery, operational, regulatory and reputational risks as a result. The Third Party Risk Management framework is well established. There are clear processes for the oversight, monitoring and management of third party relationships, especially strategic suppliers.

Sustainability

ESG risks include environmental, socio-economic and governance risks, which can lead to material impacts for business, clients, customers, suppliers and communities. Climate change can lead to material disruption thereby impacting clients, customer, staff and suppliers. Disclosure-based regulatory frameworks are currently not interoperable globally, which lead to risks to ensure compliance in different jurisdictions and ensure no inadvertent risk of “greenwashing”. The politicisation of the sustainability agenda can add complexity to business operations. The Aberdeen Group monitors channels through which climate risk can impact the business. The most material corporate environmental impacts, including carbon footprint, are measured and managed. There are well established investment processes to ensure that investment portfolios are run in line with client promises. The content of corporate and client disclosures is carefully monitored and there is engagement with policymakers, clients, customers, suppliers, employees and communities to ensure expectations are understood and data can be gathered as required.

Strategic Report (continued)

Section 172 (1) Statement
Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- 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’s discussions throughout the year have reflected Directors’ consideration of these obligations, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider Aberdeen Group plc group of companies.

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

The interests of the Company’s employees
The Company has no direct employees. Within the Aberdeen Group, engagement with employees is considered at Aberdeen Group level and employee engagement matters have been disclosed in the Aberdeen Group 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 Aberdeen 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 Aberdeen Group level and engagement matters have been disclosed in the Aberdeen Group plc Annual Report and Accounts which does not form part of this report. The Company's Board of Directors receives reports from the Distribution function, the function within the Aberdeen Group plc 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 Aberdeen Group plc level and such matters have been disclosed in the Aberdeen Group plc Annual Report and Accounts which does not form part of this report. Matters relevant to the Company are considered as part of this review and the Directors have determined there are no company specific matters appropriate to disclosure in relation to community and environmental impacts.

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 Aberdeen 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 Aberdeen Group plc.

Strategic Report (continued)

Environmental matters

The Company follows the environmental strategy of the Aberdeen Group which is disclosed within the Aberdeen Group plc Annual Report and Accounts which does not form part of this report.

Approved by the Board and signed on its behalf by:

D Vick
Director
10 April 2025

Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2024.

Dividends
The Directors do not recommend a dividend payment to be made in respect of the year ended 31 December 2024 (2023: nil).

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

D J P Hare	(Non-executive Director)
D S Vallery	(Non-executive Director)
A Mitchell	(Chief Executive)
D Vick	(Executive Director)
E Herd	(Executive Director)

The Directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of signing the financial statements.

Company Secretary
The Company Secretary during the year was as follows:

abrdn Corporate Secretary Limited.

Chief Actuary
J A Hoskin of Barnett Waddingham LLP.

Going concern
The Company has made a profit for the financial year and has sufficient financial resources and a strong cash position. After making enquiries, the Board is satisfied that the Company has and will maintain sufficient resources to enable it to continue operating 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. Please refer to note 2 for further detail.

Policy on payment of creditors
As required by the policy terms, all life fund claims and settlements are normally paid within three working days of such transactions being initiated.

Independent auditor
Due to KPMG reaching the end of their permitted tenure, the Board and Audit Committee undertook a full audit tender process and agreed to appoint PKF Littlejohn LLP, as external auditor, effective from financial year ending 31 December 2024.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Engagement with suppliers
The s172 statement in the Strategic Report references that engagement with suppliers is considered at the Aberdeen Group plc level where full details can be found in the Aberdeen Group plc annual report and accounts.

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

Directors' Report (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework and Schedule 3 in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006.

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 its profit or loss for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Approved by the Board and signed on its behalf by:

D Vick
Director
10 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN LIFE AND PENSIONS LIMITED

Opinion

We have audited the financial statements of abrdn Life and Pensions Limited (the 'Company') for the year ended 31 December 2024 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2024 and the profit for the year then ended;
- the Company financial statements have been properly prepared in accordance with UK-adopted international 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the reasonableness of the going concern analysis performed by management which covered at least a 12 month period to 30 April 2026 and challenging the Company's forecast assumptions, which included considering their consistency with other available information and our understanding of the business;
- Evaluating the liquidity and solvency position of the Company by reviewing base case liquidity and solvency projections, as well as additional projections based on stressed scenarios which simulate numerous economic impacts on the Company to test that the Company has sufficient reserves and cash to continue as a going concern;
- Reviewing of Board, Risk Committee and Audit Committee meeting minutes as well as attendance at the Audit Committee meetings and enquiries of management and those charged with governance to identify risks or events that may impact the Company's ability to continue as a going concern;
- Obtaining the latest available Solvency and Financial Condition Report to confirm that the Company continues to meet its regulatory capital requirements continue as a going concern;
- Inspecting the Company's Own Risk and Solvency Assessment to assess its financial solvency under stressed conditions;
- Evaluating the likely impact on the projections of the events after the balance sheet date (specifically the Part VII transfer of insurance business to the Company) as disclosed in the financial statements; and
- Assessing the transparency of the going concern disclosures by comparing the disclosures with management's going concern assessment, our knowledge of the business and assessing compliance with the relevant reporting requirements.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN LIFE AND PENSIONS LIMITED

Our application of materiality

We determined the materiality for the financial statements as a whole ('overall materiality' (2023:6.7 million), being 1.0% of total assets (2023 – 0.9% of gross assets). We consider that using gross assets as the basis of determining materiality is appropriate given the nature of the Company of holding unit-linked assets and liabilities. We have identified non-unit-linked balances where we will apply a lower materiality to the one determined for the financial statements as a whole. Given the overall materiality is based on the relatively large unit-linked assets, we deemed it appropriate to use a lower materiality for non-unit-linked balances of £0.5 million (2023: 0.4 million) based on 3.0% of net assets (2023: 2.8%).

Based on our risk assessments of the Company, together with our assessment of the Company's overall control environment, our judgement was that performance materiality be set at 70% (2023: 65%) of our overall materiality, resulting in a performance materiality threshold of £4.8 million (2023: £4.3 million).

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of 5.0% of overall materiality, namely £0.3 million (2023: £0.3 million). We also agreed to report differences below this threshold which, in our view, warranted reporting on qualitative grounds.

We also applied a lower level for our procedures over Directors' remuneration of £1,000 (2023: £1,000).

Our approach to the audit

The assessment of audit risk, evaluation of materiality and allocation of performance materiality determine the audit scope. This enables us to form an opinion on the financial statements. We take into account the account size, risk profile and the effectiveness of controls, including changes in the business environment when assessing the level of work to be performed.

Following our work to ensure we had a sufficient understanding of the Company's operations, including its systems and controls and the risks within the business, we designed our audit approach. This approach was designed so as to place appropriate focus on the most material areas. The most important of these areas are detailed within the Key audit matter section of our report. We ensured that our team consisted of individuals with appropriate knowledge, skills and experience.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN LIFE AND PENSIONS LIMITED

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td colspan="2">Accuracy of financial assets held to cover linked liabilities

Refer to
Note 2: Accounting policies
Note 11: Assets held to cover linked liabilities
Note 18: Financial Instruments
Note 19: Financial Risk Management</td></tr>
<tr><td>The accuracy of financial assets is considered to be a key audit matter on account of its significance to the balance sheet and the financial statements as a whole.

Financial assets held to cover linked liabilities makes up 98% of the total balance sheet and any inaccuracies in relation to the assets directly impacts the valuation of Technical provisions for linked liabilities, management fees, investment income and dividends receivable.

The balance is composed of liquid, quoted investments where market prices are readily available reducing the inherent risk of the accuracy and valuation risk of the balance.</td><td>In response we performed the following:

Controls design, implementation and operation
Obtained an understanding of the process and performed a walkthrough.
Obtained and inspected service organisation reports. We assessed and evaluated the service organisation reports in order to place reliance where relevant. We placed reliance on the reports.
Tested entity level end user controls linked to financial assets held to cover linked liabilities to support the reliance on service organisation reports, where relevant.
Interim and year-end substantive tests of details
We agreed the valuation of 100 per cent of quoted and unquoted investments in the portfolio to externally quoted prices.
We independently obtained third party investment custodian reports and confirmations and agreed these to 100 per cent of quoted and unquoted investment holdings in the Company's portfolio.
We tested the accuracy of purchases and sales of investments by tracing to relevant third-party support.
Assessed the adequacy and accuracy of disclosures
Findings
Based on our procedures performed over the accuracy of financial assets held to cover linked liabilities, we are satisfied that the balance is not materially misstated.</td></tr>
</table>

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements . Our opinion on the Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN LIFE AND PENSIONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Company financial statements, the directors are responsible for assessing Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, a review of Board and Committee minutes, performing walkthroughs of Company processes and controls, and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Company in this regard to be those that relate to the financial reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the UK. Our considerations of other laws and regulations that may have a direct effect on the financial statements included the prudential and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRDN LIFE AND PENSIONS LIMITED

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
  - enquiries of management and those responsible for legal, risk and compliance matters and reviewing related correspondence;
  - reviewing correspondence between the Company and UK regulatory bodies;
  - reviewing minutes of the Board to identify any indications of non-compliance; and
  - performing planning and final analytical procedures to identify any unusual or unexpected transactions or events
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls. We have concluded from our risk assessment that we do not consider there is a fraud risk related to revenue recognition as the revenue recognition of investment and other technical income is regarded as non-complex, due to the nature of the income received, and involves no judgement, therefore there is minimal opportunity for manipulation of revenue at a transactional level and did not identify further fraud risk factors.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to:
  - the testing of journals based on risk criteria, evaluating the business rationale and obtaining supporting evidence;
  - reviewing accounting estimates for evidence of bias;
  - incorporating an element of unpredictability in our audit procedures; and
  - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board on 22 November 2023 to audit the financial statements for the period ending 31 December 2024 and subsequent financial periods. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2024 to date.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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.

Cheryl Mason

Cheryl Mason (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
Date: 10 April 2025

15 Westferry Circus
Canary Wharf
London E14 4HD

Profit and Loss Account

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Technical account – Long-term business			
Investment income	3	**60,460**	**35,470**
Unrealised (losses)/gains on investments	3	**(3,589)**	**30,631**
Other technical income	4	**1,516**	**3,413**
		58,387	**69,514**
Change in other technical provisions for linked liabilities	15	**(58,287)**	**(64,879)**
Investment expenses	3	**(804)**	**(2,634)**
Realised foreign exchange losses	3	**(21)**	**(18)**
Tax credit/(charge) attributable to the long-term business	9	**1,254**	**(1,422)**
		429	**(4,074)**
Balance on the long-term account		**529**	**561**
Non-Technical account			
Balance on the long-term account		**529**	**561**
Tax attributable to the balance on the long-term business technical account	9	**176**	**172**
Shareholders pre-tax profit from long-term business		**705**	**733**
Investment income	3	**730**	**616**
Other income	5	**35**	**34**
Other expenses and charges	6	**(711)**	**(744)**
Profit on ordinary activities before tax		**759**	**639**
Tax charge on profit on ordinary activities	9	**(190)**	**(150)**
Profit for the financial year		**569**	**489**

Revenue and profit for the financial year derive wholly from continuing operations in the UK.

There are no recognised gains or losses other than the profit for the current financial year and prior financial year. Accordingly, no statement of comprehensive income has been presented.

The notes on pages 20 to 35 form part of these financial statements.

Balance Sheet

As at 31 December 2024

	Note	2024 £'000	2023 £'000
ASSETS			
Investments			
Financial investments	10	**14,239**	**13,490**
Assets held to cover linked liabilities	11	**664,694**	**683,578**
Debtors			
Debtors arising out of direct insurance operations	12	**1,947**	**1,936**
Other debtors	12	**519**	**286**
Other assets			
Cash at bank and in hand		**6,279**	**910**
Prepayments and accrued income	13	**429**	**773**
Total assets		**688,107**	**700,973**
EQUITY AND LIABILITIES			
Capital and reserves:			
Called up share capital	14	**6,500**	**1,500**
Profit and loss account		**13,700**	**13,131**
Total equity		**20,200**	**14,631**
Technical provisions for linked liabilities	15	**664,694**	**683,578**
Creditors			
Creditors arising out of direct insurance operations	16	**1,947**	**1,936**
Other creditors	16	**1,266**	**828**
Total liabilities		**667,907**	**686,342**
Total equity and liabilities		**688,107**	**700,973**

The notes on pages 20 to 35 form part of these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

D Vick
Director
10 April 2025

Statement of Changes in Equity

As at 31 December 2024

	Share capital	Profit and loss account	Total
	£'000	**£'000**	**£'000**
Balance at 31 December 2022	1,500	12,642	14,142
Profit for the year	-	489	489
Balance at 31 December 2023	1,500	13,131	14,631
Profit for the year	-	569	569
Capital injection	5,000	-	5,000
Balance at 31 December 2024	**6,500**	**13,700**	**20,200**

The notes on pages 20 to 35 form part of these financial statements.

Notes to the financial statements

1. General Information

The Company is a private company limited by share capital incorporated and domiciled in the UK. The address of its registered office is:

280 Bishopsgate
London
United Kingdom
EC2M 4AG

The Company's business activities, together with expected future developments and key risks facing the Company, are detailed in the Strategic Report.

2. Accounting policies

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.

Change in accounting policy

No new accounting standards, interpretations or amendments effective for the first time from 1 January 2024 are deemed to have had an impact on the Company.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council ("FRC"), and has adopted Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") issued by the FRC. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS Standards'), but makes amendments to IFRS Standards where necessary in order to comply with the Companies Act 2006 or the Large and Medium-sized Companies and Groups (Accounts & Reports) Regulation 2008.

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 Standard ("IAS") 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Policies requirement to disclose the effects of new but not yet effective IFRS Standards;
- IFRS 15 Revenue from Contracts with Customers;
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries; and
- IAS 24 Related Party disclosures in respect of the compensation of Key Management Personnel.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, as modified by the valuation of certain financial assets and liabilities at fair value through profit or loss as described below.

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

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

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

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 a profit for the financial year and has sufficient financial resources and a strong cash position.

The primary mitigation against the risk of fluctuations in income or increases in expenses is the structure of the expenses payable under the Management Services Agreement ("MSA") and Investment Management Agreement ("IMA") between the Company and aIL, which are a large proportion of total expenses incurred. The expenses payable under these agreements are defined as a percentage of fund charge income, and so vary in line with fund charge income, but they are also subject to a capped amount which is set such that the fund charge income retained by the Company is sufficient to cover:

- Expenses incurred other than those under the MSA and IMA (non-fee related expenses); and
- An estimate of any anticipated increase in the operational risk SCR together with the Company's target margin of solvency cover on that increase because of increasing year-on-year expenses (noting that, under the Solvency II standard formula, the operational risk SCR for the Company is a function of expenses incurred in the 12 months to the valuation date).

In making this going concern assessment, the Board have considered the following matters:

- the current level of regulatory capital, which was £16,678m in excess of capital requirements at 31 December 2024.
- the level of liquid resources, including cash and money market funds, which far exceed the level of creditors.
- the potential impact of a significant fall in the value of assets under management and related fee income. As described in Note 19 the Company does not hold any non-linked assets which are exposed to material market price risk, nor does it directly bear the risk of market price movements in respect of assets within the unit-linked funds. However, the Company is exposed to price risk indirectly, as its management fees earned are calculated as a percentage of assets under management. The Company pays a proportion of its fee income to a fellow Aberdeen Group Company in respect of asset management services. The risk of market price movements is managed through contractual terms which reduce this expense payable, potentially to zero, in circumstances where the level of fee income reduces.
- the effectiveness of the Company's operational resilience processes. The Company's processes have operated effectively during the period including the provision of services by key outsource providers.
- the purchase of certain products in the Phoenix Group's savings business, completed in March 2025.
- capital injection of £5m in December 2024.

The assessment was completed with reference to the stress testing undertaken as part of the Own Risk and Solvency Assessment which demonstrated that the Company has sufficient capital and liquidity to withstand the current market conditions and the impact of reasonably possible downside scenarios, including a significant fall in assets held to cover linked liabilities.

Based on the above, 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.

Financial assets

(i) Fair value through profit or loss

These instruments comprise investments which are classified as fair value through profit or loss consisting of seed capital and short-term money market funds. Fair value changes are recognised through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date.

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

(ii) Amortised cost

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of debtors arising out of insurance operations, amounts due to Aberdeen Group undertakings, prepayments and accrued income and cash at bank and in hand. 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.

Other debtors are short-term and repayable on demand, therefore their carrying value reflects its fair value.

Assets held to cover linked liabilities

This category comprises investments made pursuant to unit-linked policies under which the benefits payable to the policyholder are wholly or partly determined by reference to the value of the associated investments. Purchases and sales are recognised on the trade date, and transaction costs are recognised immediately in the Profit and Loss Account. Assets are originally recognised at cost, being the fair value of the consideration given, and are subsequently re-measured at fair value through profit or loss. The fair values of investments are based on current bid prices. If the market for a financial asset is not active, or in respect of unlisted securities, fair value is established using valuation techniques. These assets include cash and cash equivalents held to cover linked liabilities.

This does not include assets under management for the segregated investment mandates which are not held on the balance sheet of this Company.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash at bank and highly liquid investments.

Fair value methodology

The fair values of financial assets and financial liabilities at fair value through profit and loss are determined as follows:

Level 1 – fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – fair value is derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as price) or indirectly (derived from prices); and
Level 3 – fair value is derived from valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

Financial Liabilities

Amortised cost

These instruments include creditors arising out of direct insurance operations, amounts owed to Aberdeen Group undertakings, other creditors and accruals. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. In practice the carrying value equates to the fair value due to the short nature of the amounts.

Technical provisions for linked liabilities

The Company issues unit-linked long-term investment contracts without fixed terms. The fair value of the liabilities is calculated by multiplying the number of units attributed to the policyholders by the bid price of the units. The liabilities under the contracts are accounted for as financial liabilities at fair value through profit and loss. This matches the accounting treatment of the underlying assets within the funds as referred to above. The value of the liabilities is impacted by, inter alia, policyholder premiums and claims.

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

Technical provisions for linked liabilities *(continued)*

Long-term contracts can either be classified as insurance or investment contracts. Contracts which transfer significant insurance risk are categorised as insurance contracts, and any long-term contracts not considered to be insurance contracts are classified as investment contracts. The Company's long-term contracts do not transfer significant insurance risk and hence are classified as investment contracts.

Investment income

Investment income in the Technical account includes dividends from shares and collective investments, interest income and net realised fair value gains and losses from investments. Dividend income is recorded on the date on which the underlying stock is quoted ex dividend. Interest income is earned from deposits with credit institutions and is accounted for on an accruals basis.

Investment income in the Non-Technical account includes interest income similar in nature to the Technical account.

Other income

Other income in the Non-Technical account includes interest income on bank deposits.

Unrealised gains on investments

Unrealised gain on investments are net gains and losses on investments recognised at fair value.

Other technical income

Other technical income comprises of management fee income which is stated net of rebates for the TIP, reinsurance and segregated investment mandated clients, and is recognised as services are provided.

Investment expenses

Expenses are accounted for on an accruals basis and include fees for investment management payable to fellow Aberdeen Group undertakings.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the profit and loss account in the reporting year. Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with adjustments to tax payable in respect of prior years.

Tax attributable to the long-term business is included in the technical account for long-term business. Other tax is included in the non-technical account. Within the non-technical account the balance transferred from the long-term business technical account is grossed up for attributable tax using the appropriate enacted or substantively enacted tax rate. The tax on profit on ordinary activities, which appears in the non-technical account, comprises the tax attributable to the balance on the long-term business technical account and tax relating to the Investment income, Other Expenses and Other income which appear in the non-technical account.

Foreign currency translation

(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 pounds sterling, which is the Company's presentational and functional currency.

(ii) Transactions and balances
Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

Foreign currency translation *(continued)*

exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account. Revenue transactions are translated at rates of exchange ruling at the time of the respective transactions.

Critical accounting estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates. There are no critical accounting estimates which are material to the financial statements.

3. Investment return

	2024	2023
	£'000	£'000
Interest income and dividends from shares and collective investments	17,275	19,548
Realised gains on investments	43,185	15,922
Investment income	60,460	35,470
Unrealised gains/(losses) on investments	(3,589)	30,631
Investment management expenses	(804)	(2,634)
Realised foreign exchange losses	(21)	(18)
Total investment return – Technical account	56,046	63,449
Investment income – Non-Technical account	730	616
Total investment return	56,776	64,065

4. Other technical income

	2024	2023
	£'000	£'000
Fee income from assets held to cover linked liabilities	1,295	1,363
Fund management fee income	221	2,050
Fee income	1,516	3,413

5. Other income

	2024	2023
	£'000	£'000
Interest income on bank deposits	35	34
Other income	35	34

Notes to the financial statements (continued)

6. Other expenses and charges

	2024 **£'000**	2023 £'000
Amount paid to Aberdeen Group undertakings	209	286
Other expenses	502	453
Bank charges	-	5
	711	744

Other expenses predominantly relate to professional and regulatory fees paid by the Company. The Company has no employees and therefore has incurred no direct staff costs.

7. Auditor's remuneration

	2024 **£'000**	2023 £'000
Statutory audit	156	120

During the year the Company's auditor, PKF Littlejohn LLP, have not provided any non-audit related services. In 2023, the amounts receivable by the Company's previous auditor, KPMG, in respect of services to the Company other than the audit of the Company's financial statements, were not disclosed as this information was required instead to be disclosed on a consolidated basis in the consolidated financial statements of Aberdeen Group plc.

8. Directors' emoluments

	2024 **£'000**	2023 £'000
Directors' emoluments	106	102

Directors' emoluments consist of fees payable to Non-Executive Directors. Those directors have not received any other form of remuneration for their services. For those directors who are employees of the Aberdeen Group, 1 is employed by abrdn Investment Management Limited and 2 are employed by abrdn Holdings Limited. None of these directors receive any incremental remuneration for being a director of the Company and there are no significant recharges to the Company for their services. None of the Directors who held office during the year ending 31 December 2024 had any interest in the shares of the Company (2023: none).

9. Taxation

Analysis of the tax charge / (credit)

	Technical Account	Technical Account	**Non-technical Account**	Non-technical Account
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Overseas withholding tax charge/(credit)	(1,416)	1,221	-	-
Deferred tax	-	-	-	-
Adjustments in respect of prior periods	(11)	22	-	-
	(1,427)	1,243	-	-
Current tax charge/(credit) for the year	173	179	14	(22)
Tax charge attributable to balance on long-term business technical account	-	-	176	172
Tax charge/(credit) on the profit on ordinary activities	(1,254)	1,422	190	150

Notes to the financial statements (continued)

9. Taxation *(continued)*

Reconciliation of tax charge/(credit)

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are explained below:

	Technical Account 2024 £'000	Technical Account 2023 £'000	**Non-technical Account 2024 £'000**	Non-technical Account 2023 £'000
Profit/(loss) before taxation	(725)	1,983	759	639
Current tax (2024: 25%, 2023: 23.5%)	(181)	466	190	150
Effects of:				
Overseas withholding tax	(1,416)	1,221	-	-
Foreign tax deducted as an expense	354	(287)	-	-
Adjustments in respect of prior year	(11)	22	-	-
Impact of tax rate change	-	-	-	-
Tax charge/(credit) on the profit on ordinary activities	(1,254)	1,422	190	150

10. Financial investments

	2024 £'000	2023 £'000
Short-term money market funds	14,193	13,468
Seed capital investments	46	22
	14,239	13,490

11. Assets held to cover linked liabilities

	2024 £'000	2023 £'000
Listed investments – equities	317,629	396,009
Listed investments – debt securities	30,422	-
Unit trust and OEICs	300,653	273,389
Cash and cash equivalents	13,911	12,954
Other debtor / creditor positions	2,079	1,226
	664,694	683,578

Notes to the financial statements (continued)

12. Debtors

	2024	2023
	£'000	£'000
Direct insurance debtors	1,947	1,936
Amounts owed by Aberdeen Group undertakings	182	88
Other	337	198
Other debtors	519	286
	2,466	2,222

Amounts owed by Aberdeen Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The amount of debtors expected to be recovered after more than 12 months is £nil (2023: £nil).

13. Prepayments and accrued income

	2024	2023
	£'000	£'000
Accrued income	423	768
Prepayments	6	5
	429	773

14. Share capital

	2024	2023
	£'000	£'000
Authorised:		
50,000,000 (2023: 50,000,000) ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
6,500,002 (2023: 1,500,002) ordinary shares of £1 each	6,500	1,500

On 17 December 2024, the Company issued 5,000,000 Ordinary shares at a nominal value of £1.00 per share.

15. Technical provisions for linked liabilities

	2024	2023
	£'000	£'000
Balance at 1 January	683,578	773,262
Change in technical provisions for the year - Gross amount	58,287	64,879
Deposits received from policyholders under investment contracts	59,642	53,488
Payments made to policyholders under investment contracts	(136,321)	(207,379)
Management and operating expenses from the fund	(492)	(672)
Balance at 31 December	664,694	683,578

Notes to the financial statements (continued)

16. Creditors

	2024	2023
	£'000	£'000
Creditors arising out of direct insurance operations	1,947	1,936
Amounts owed to Aberdeen Group undertakings	851	479
Accruals	206	330
Other	209	19
Other creditors	1,266	828
	3,213	2,764

Amounts owed by Aberdeen Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The amount of creditors expected to be settled after more than 12 months is £nil (2023: £nil).

17. Capital management

The Company manages its capital to ensure that sufficient available capital resources are held to cover its capital resources requirements. The capital management policy is designed to ensure that all capital requirements relating to the existing business are met out of retained profits. Dividends will only be paid provided that, following any payment, the Company will continue to hold a level of cover above the appropriate regulatory requirement as deemed appropriate by the Board.

The key risk to regulatory capital relates to the inability of the business to earn enough revenue to cover the costs of administration in the event of closure to new business or adverse economic conditions. The Company manages this risk by having an expense structure that is sensitive to the ability of the business to generate revenue from policy charges and by holding sufficient capital to allow a solvent exit, in meeting policyholder liabilities and subsequently closing the Company, over a relevant timeframe.

Since 1 January 2016 the Company has been subject to the capital requirements of the Solvency II directive. The balance of available capital resources is monitored against the Company's Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR"). The SCR is calculated in accordance with the Solvency II Directive Standard Formula, and the MCR is based on the £3.5m (2023: €4.0m) monetary minimum set out in the regulations.

The following Solvency II information in the remainder of this note is not audited by PKF Littlejohn LLP.

As at 31 December 2024 the Company MCR was £3.5 million (2023: £3.5 million) and the SCR was £0.7 million (2023: £1.0 million). As the MCR is higher than the SCR, this MCR position is adopted as the capital requirement for the Company.

All of the Company's own funds are classified as Tier 1 basic own funds comprised of equity and retained earnings and are available to provide cover for both the SCR and the MCR without restriction.

This Company's own funds position was £20.2 million at 31 December 2024 (2023: £14.6 million).

18. Financial instruments

The table below sets out financial assets and liabilities held at fair value categorised using the fair value hierarchy detailed in Note 2.

Equity instruments (including UK government bonds) listed on a recognised exchange valued using prices sourced from their primary exchange are categorised as level 1. Pooled investment funds where daily unit prices are available and reference is made to observable market data, are categorised as level 2.

Notes to the financial statements (continued)

18. Financial instruments *(continued)*

Interests in real estate funds which are valued at net asset value are categorised as level 3, with the underlying real estate investments generally valued in accordance with independent professional valuation reports.

For technical provisions for linked liabilities, the underlying assets are predominantly categorised as level 1 or 2 and, as such, the inputs into the valuation of liabilities are observable and these liabilities are predominantly categorised within level 2 of the fair value hierarchy. Where the underlying assets are categorised as level 3, the liabilities are also categorised as level 3.

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial Investments	-	14,239	-	14,239
Assets held to cover linked liabilities	348,052	309,203	-	657,255
Total financial assets	**348,052**	**323,442**	**-**	**671,494**
Technical provisions for linked liabilities	-	664,694	-	664,694
Total financial liabilities	**-**	**664,694**	**-**	**664,694**

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial Investments	-	13,490	-	13,490
Assets held to cover linked liabilities	396,009	277,833	-	673,842
Total financial assets	**396,009**	**291,323**	**-**	**687,332**
Technical provisions for linked liabilities	-	683,578	-	683,578
Total financial liabilities	**-**	**683,578**	**-**	**683,578**

The fair value of financial assets and liabilities not held at fair value approximates to their carrying value at 31 December 2024 and 31 December 2023. Assets held to cover linked liabilities in 2024 not held at fair value include cash at bank which are included in cash and cash equivalents, and other debtor / creditor positions (see Note 11).

Notes to the financial statements (continued)

18. Financial instruments *(continued)*

Financial Investments refers to Note 10 in these accounts. Within Assets held to cover linked liabilities the Company considers listed investments and UK Government Bonds to be level 1, collective investments (excluding property) to be level 2, and real estate pooled investment vehicles to be level 3. The movements during the year of level 3 assets and liabilities held at fair value are analysed below.

	Assets held to cover linked liabilities		**Technical provisions for linked liabilities**	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
At start of year	-	551	-	551
Total gains/(losses) recognised in the Profit and Loss Account	-	38	-	38
Sales	-	(589)	-	(589)
At end of period	**-**	-	**-**	-

Unit-linked level 3 assets related to holdings in real estate funds which were disposed of in 2023. No individual unobservable input is considered significant. Changing unobservable inputs to reasonably possible alternative assumptions would have no impact on profit for the financial year and would not have a significant impact on total assets.

19. Financial risk management

The Company is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market price risk;
- foreign exchange risk; and
- interest rate risk.

In general, the vast majority of the Company's assets are held in unit-linked funds. The risks and rewards of those assets fall to the benefit of, or are borne by, the underlying policyholders and the value of the investment contract liabilities shown in the Company's balance sheet varies in line with the value of the assets held. The Company has no direct exposure to fluctuations in the value of assets which are held on behalf of policyholders, including fluctuations in the value of the assets arising from changes in market prices or credit default. The Company's exposure to these assets is limited to the revenue earned, which varies according to movements in the value of the assets.

Governance framework

The Board is responsible for the management and oversight of all risks affecting the Company. To achieve this, the Company uses the detailed risk management framework established by the Aberdeen Group with specific arrangements where necessary to address the requirements of the Company as a UK insurance undertaking.

Day to day governance and risk control is delegated by the Company to aIL via a formal management services agreement. Investment management is delegated to aIL via a separate Investment Management Agreement ("IMA"). The Board considers the current system of governance appropriate for its business model, which is limited to offering unit-linked pension policies and investment management contracts to trustees of approved UK pension schemes and unit-linked pension reinsurance policies to UK insurance companies. Oversight of those services is carried out by a combination of committees within the risk control framework, and the dedicated committees established by the Company Board noted below. Board committees receive input from functional committees established by Aberdeen Group as part of its group-wide risk management framework.

Notes to the financial statements (continued)

19. Financial risk management *(continued)*

Governance framework *(continued)*

Risk Committee

The Risk Committee of the Company is responsible for reviewing risk management information relating to the Company. The Committee keeps under review in particular:

- The alignment of the risk appetite and policy, approved by the Company's Board, with the Group's strategy for the Company.
- Quality of the Aberdeen Group's enterprise risk management framework and operating structure as a mitigation and key control to the Company's risks.
- The extent to which the risk assessment framework is in line with industry best practice and regulatory requirements.

Audit Committee

The Audit Committee of the Company monitors the integrity of the financial statements of the Company, reviewing significant financial reporting issues and judgements. The Committee reviews and challenges as appropriate:

- The consistency of, and any changes to, accounting policies.
- Whether the Company has followed appropriate accounting standards and made appropriate estimates, assumptions and judgements, taking into account the view of the external auditor and the Chief Actuary.
- The clarity of disclosure in the Company's financial reports.
- The annual internal audit plan.

Client and Fund Governance Committee (Executive Committee)

The Client and Fund Governance Committee of the Company assists the Chief Executive Officer in their responsibilities for oversight of any activity which has a direct impact on customer outcomes. This includes, but is not limited to:

- Investment performance;
- Client facing documents and communications;
- Product changes; and
- Complaints.

The Committee is also responsible for reviewing decisions around unit dealing and pricing.

The CEO is responsible for keeping the Board informed of any relevant matters. There were no material changes to the governance arrangements of the Company during the reporting period.

Market price risk

Market price risk is the risk that the fair value or future cash flows of financial instruments will change due to movements in market prices, other than foreign exchange rates or interest rates.

The Company does not hold any non-linked assets which are exposed to material market price risk, nor does it directly bear the risk of market price movements in respect of assets within the unit-linked funds. However the Company is exposed to price risk indirectly, as its management fees earned are calculated as a percentage of assets under management which will be impacted by changes in the value of assets in the underlying funds.

Notes to the financial statements (continued)

19. Financial risk management *(continued)*

Market price risk *(continued)*

The Company pays a proportion of its net fees to a fellow Aberdeen Group company in respect of asset management services. The risk of market price movements is managed through a capping mechanism arrangement which reduces this amount, potentially to zero, in circumstances where the level of net fees falls to an unsupportable level.

In relation to financial instruments, the sensitivity of profit after tax and equity of the Company was 13% (2023: 13%). This sensitivity relates only to the direct impact on financial instruments and excludes indirect impacts on fee income and related costs. The company is protected by the capping mechanism from reporting a loss before interest and tax, excluding the impact of foreign exchange risk from non-linked assets.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk in respect of its assets held outside the unit-linked funds, and in its exposure to clients. The Company aims to maintain an un-collateralised counterparty limit of £2.0 million for non-linked assets except for holdings in Undertakings for Collective Investment in Transferable Securities ("UCITS") qualifying liquidity funds. This balances the need for diversification with the need for a practical level of bank balances to be operated.

The Company is exposed to a degree of counterparty risk with clients as its business model operates with a delay between dealing and settlement. This risk is managed by making an individual assessment during each client take-on. For large initial premiums, or where the investment represents a significant part of the client's total assets, the Company may require investments to be prefunded to limit credit risk.

The Company is exposed to amounts recognised in fee income which have not yet been settled by clients. The credit quality of outstanding balances is monitored and there has been no significant level of default. As such, there are no concerns over the credit quality of these assets.

An expected credit loss ("ECL") 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 or contract assets in which case lifetime expected credit losses are recognised.

The Company applies the simplified approach, as allowed under IFRS 9, to calculate the ECL allowance for trade receivables and contract assets. Under the simplified approach, the ECL allowance is calculated over the remaining life of the asset.

An analysis of relevant financial assets by ageing is given below:

2024	**Cash at bank and in hand £'000**	**Debtors £'000**	**Total £'000**
Neither past due nor impaired	6,279	2,352	**8,631**
Past due but not impaired	-	114	**114**
Total	**6,279**	**2,466**	**8,745**

2023	**Cash at bank and in hand £'000**	**Debtors £'000**	**Total £'000**
Neither past due nor impaired	910	2,176	**3,086**
Past due but not impaired	-	46	**46**
Total	**910**	**2,222**	**3,132**

Past due is any financial assets which are aged one month from the date of receipt due.

Notes to the financial statements (continued)

19. Financial risk management *(continued)*

Credit risk *(continued)*

An analysis of cash at bank and in hand by credit rating is given below:

	2024	2023
	£'000	£'000
AA-	6,279	910

The balance of debtors primarily consists of short-term amounts due in respect of unit cancellations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its cash commitments as they fall due. Liquidity risk may result from the inability to sell financial assets quickly at their fair values; or from a counterparty defaulting on repayment of a contractual obligation; or from the inability to generate cash inflows as anticipated.

In respect of non-linked assets, the Company's policies require those assets to be held substantially in cash or short-term deposits with approved credit institutions or holdings in UCITS liquidity funds.

In respect of unit-linked assets held to match TIP and reinsurance scheme liabilities, these are managed to provide appropriate liquidity, in normal circumstances, to allow policyholder redemptions to be met as they fall due. In addition, the Company has the contractual ability to suspend transactions where this is considered to be in the interests of policyholders. As unit-linked policyholders can choose to surrender, in part or in full, their unit-linked contracts at any time, no analysis by maturity date of unit-linked liabilities is provided.

In respect of segregated investment mandates, liquidity requirements depend upon client-specific requirements, noting that the assets managed under these contracts remain the legal property of the client.

Foreign exchange risk

The Company undertakes transactions in a number of currencies and foreign currency risk arises through fluctuations in foreign currency rates changing the fair value or future cash flows of financial instruments. The Company is exposed to a very small element of direct foreign currency risk from non-linked assets. The vast majority of foreign currency transactions are within the unit-linked funds where the direct currency risk is borne by the policyholders.

However, the Company is exposed indirectly to this source of risk as its management fees earned are calculated as a percentage of assets under management, some of which will be impacted by foreign exchange movements.

The Company pays a proportion of its net fees to a fellow Aberdeen Group company in respect of asset management services. The risk of foreign exchange movements is managed through an arrangement which reduces this amount, potentially to zero, in circumstances where the level of net fees falls to an unsupportable level.

In relation to financial instruments, the sensitivity of profit after tax and equity of the Company to a 10% foreign exchange rate movement is not material. This sensitivity relates only to the direct impact on financial instruments and excludes indirect impacts on fee income and related costs.

Notes to the financial statements (continued)

19. Financial risk management *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will change due to movements in market interest rates.

Direct interest rate risk

The Company's direct exposure to interest rate risk is in respect of non-linked interest-earning assets, where the Company's policy is to hold investable assets in cash or UCITS liquidity funds. The Company does not hold interest-bearing liabilities.

A decrease of 1.0 percentage points in interest rates would reduce profit before tax by approximately £205k per annum for current year 2024 (2023: 1.0 percentage points: £144k).

An increase of 1.0 percentage points in interest rates would increase profit before tax by approximately £205k per annum for current year 2024 (2023: 1.0 percentage points: £144k).

Indirect interest rate risk

The Company is exposed to interest rate risk indirectly, as its management fees earned are calculated as a percentage of assets under management, some of which will be impacted by changes to interest rates. The level of fees earned which are linked to the value of such investments is a small proportion of the Company's revenue.

In relation to linked funds' financial instruments, the sensitivity of profit after tax and equity of the Company to interest rate movements is not material. This sensitivity relates only to the direct impact on financial instruments and excludes indirect impacts on fee income and related costs.

20. Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Company's interests in structured entities are holdings in Open ended investments companies (including short-term money market funds) and unit trusts. The Company does not sponsor these structured entities.

The structured entities are generally financed by the purchase of units or shares by investors, although some funds are able to obtain external debt financing, and allow clients to invest in a portfolio of assets in order to provide a return through capital appreciation and/or investment income. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

The carrying value of the Company's investments in structured entities are disclosed in Notes 10 and 11.

The Company's maximum exposure to loss in respect of its investments in unconsolidated structured entities is the balance sheet carrying value and loss of future fee income. As noted in Note 19, the shareholder is not directly exposed to market or credit risk in respect of investments held in unit-linked funds.

The Company has not provided financial support to any unconsolidated structured entity through guarantees over the repayment of borrowings, or otherwise, and has no contractual obligations or current intention of providing financial support in the future.

Notes to the financial statements (continued)

21. Related party transactions

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

Particulars of the Company's related undertakings at 31 December 2024 are listed below. Related undertakings are subsidiaries, joint ventures and other significant holdings. In this context significant means either a shareholding greater than or equal to 20% of the nominal value of any class of shares, or a book value greater than 20% of the Company's assets.

Name of related undertaking	Share class	% interest held
abrdn OEIC I		
abrdn Multi-Sector Credit Fund	OEIC	67%

OEIC = Open-ended investment company

All related undertakings are incorporated in the UK with registered office 280 Bishopsgate, London, EC2M 4AG.

In the normal course of business, the Company made a number of investments into/disinvestments from investment vehicles managed by the Aberdeen Group including the above related parties. The Company paid amounts for the issue of units and received amounts for the cancellation of units.

22. Ultimate parent company and parent company of larger group

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

The results of the Company are consolidated in the Group accounts of Aberdeen Group plc, the smallest group that the results are consolidated within, which are available to the public and may be obtained from 1 George Street, Edinburgh, EH2 2LL, or available to download from the website www.aberdeenplc.com.

23. Events after the balance sheet date

On 28th March 2025, the Company completed on the transaction to acquire from the Phoenix Group, by way of an insurance business transfer, the SLAL TIP business. The total assets of the SLAL TIP business on transfer were £2.9bn. Further information regarding the transaction is given in the Strategic Report.