abrdn Private Equity (Europe) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Registration number: SC184076

Contents

Company Information

Directors	A Shanks J R Bryden M McKay
Company secretary	abrdn Corporate Secretary Limited
Registered office	1 George Street Edinburgh Scotland EH2 2LL
Auditor	KPMG LLP Chartered Accountants and Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Strategic Report for the Year Ended 31 December 2022

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

Business review and future developments

The Company's principal activity is to hold a controlling interest in the private equity investment management business undertaken by abrdn Capital Partners LLP ("the LLP") and to provide private markets investment management and advisory services. The Company is part of abrdn plc ("abrdn plc" or, together with its subsidiaries, "the abrdn Group"). The Company is the principal private equity management company in the abrdn Group.

Currently a strategic review of the private equity investment management business is being undertaken with a view to considering a partial or full sale of this business. At this stage, no final decisions have been taken and the ongoing review will continue to progress during 2023.

The Company is regulated by the Financial Conduct Authority and acts as manager to a number of funds governed under the Alternative Investment Fund Managers Directive. From 1 January 2022 a new Investment Firm Directive and Investment Firm Regulation, also known as IFPR, replaced the Capital Requirements Directive ("CRD").

Key performance indicators ("KPIs")

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

	2022 £ 000	2021 £ 000
Assets under management ("AUM")	1,852,594	1,504,077
Revenue	6,477	4,943
Operating profit	9,747	1,879
Equity attributable to equity holders of the parent	14,342	29,963
Regulatory capital surplus	3,387	26,192

AUM

AUM contracted with the Company has increased by £348,517k (23%) as a result of investment performance and also adding three new funds under management in the year.

Revenue

Revenue has increased by £1,534k (31%) as a result of positive NAV adjustments in the underlying funds plus the aforementioned three new funds and an increase in the current year performance fee.

Operating profit

Operating profit has increased by £7,868k (419%) as a result of receiving a £6m distribution from the LLP, the aforementioned increase in revenue and lower cost allocations from other abrdn Group companies.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has decreased by £15,621k (52%) as a result of paying a £23m dividend from prior year reserves to the Company's parent entity, offset by current year profits.

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

Regulatory capital surplus
The regulatory capital surplus at 31 December 2022 has decreased by £22,805k (87%) predominantly as a result of paying the aforementioned £23m dividend, which was partially offset as a result of including 2021 profits in the capital base plus a decrease in the capital requirement due to the reduction in the global cost allocation. From 1 January 2022 the Company was subject to the new investment firm directive and investment firm regulation, also known as IFPR, which resulted in a change to the regulatory capital calculations. Using the new methodology there would not have been a material change to the surplus reported in the comparative amount.

Enhancing our governance

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

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

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

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

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

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

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

Enhancing our governance (continued)

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

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

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

Principal risks and uncertainties

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

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

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

Business Risk Environment

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

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

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

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

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

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

Principal risks and uncertainties (continued)

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

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

Strategic risk

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

Financial risk

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

Conduct risk

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

Regulatory and legal risk

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

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

Principal risks and uncertainties (continued)

Process execution and trade errors

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

Technology

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

Business resilience and continuity

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

Fraud and financial crime

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

Change management

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

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

Principal risks and uncertainties (continued)

Financial management process

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

Environmental matters

The Company follows the environmental strategy of the abrdn Group which is disclosed within the abrdn plc Annual Report and Accounts.

Approved by the Board on 25 April 2023 and signed on its behalf by:

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J R Bryden

Director

Directors' Report for the Year Ended 31 December 2022

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

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

A Shanks

J R Bryden

M M Redman (resigned 4 March 2022)

C Demetriou (appointed 4 March 2022 and resigned 20 June 2022)

M McKay (appointed 20 June 2022)

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

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

abrdn Corporate Secretary Limited.

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

Dividends
The Directors recommended and paid a dividend of £23m in 2022 (2021: £nil) to the Company's immediate parent, namely abrdn Investment Management Limited.

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

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

Disclosure of information to the auditors
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Modern slavery act

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

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

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

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

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

• select suitable accounting policies and 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;

• asses the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

• use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Approved by the Board on 25 April 2023 and signed on its behalf by:

....
J R Bryden
Director

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

• we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

• we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited (continued)

Fraud and breaches of laws and regulations - ability to detect
Identifying and responding to risks of material misstatement due to fraud

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

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

• Reading Board minutes to assess for any discussion of fraud;

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited (continued)

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

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

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

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

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

Strategic Report and Directors' Report

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

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

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

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited (continued)

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

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

We have nothing to report in these respects.

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

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

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

Independent Auditor's Report to the Members of abrdn Private Equity (Europe) Limited (continued)

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

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

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

25 April 2023

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	3	6,477	4,943
Distributions received		6,000	-
Gross profit		**12,477**	**4,943**
Administrative expenses		(2,730)	(3,064)
Operating profit		**9,747**	**1,879**
Net finance income	5	185	12
Profit before tax		**9,932**	**1,891**
Current tax expense	6	(2,553)	(1,626)
Profit for the year		**7,379**	**265**

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

The notes on pages 19 to 28 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Investments in subsidiaries	7	2,517	2,517
Current assets			
Trade and other receivables	8	2,105	2,802
Cash and cash equivalents		14,180	28,014
Total current assets		**16,285**	**30,816**
Total assets		**18,802**	**33,333**
Equity and liabilities			
Equity			
Called up share capital	9	5	5
Retained earnings		14,337	29,958
Equity attributable to equity holders of the parent		**14,342**	**29,963**
Current liabilities			
Trade and other payables	10	4,460	3,370
Total liabilities		**4,460**	**3,370**
Total equity and liabilities		**18,802**	**33,333**

Approved by the Board on 25 April 2023 and signed on its behalf by:

....
J R Bryden
Director

Registration number: SC184076

The notes on pages 19 to 28 form an integral part of these financial statements.

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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	5	29,693	29,698
Profit for the year	-	265	265
At 31 December 2021	**5**	**29,958**	**29,963**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	5	29,958	29,963
Profit for the year	-	7,379	7,379
Dividends	-	(23,000)	(23,000)
At 31 December 2022	**5**	**14,337**	**14,342**

The notes on pages 19 to 28 form an integral part of these financial statements.

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

1 Accounting policies

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

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

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 (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital;

- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;

- IAS 7 Statement of Cash Flows and related notes;

- IAS 8 Accounting Polices requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS");

- IFRS 15 Revenue from Contracts with Customers; and

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

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

- Certain disclosures required by IFRS 7 Financial Instruments Disclosures.

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

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

1 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 profits in the financial year and has sufficient financial resources. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts and future developments, focussing specifically on:

• the current level of regulatory capital, which was £3.4m in excess of capital requirements at 31 December 2022;
• the level of liquid resources, including cash and cash equivalents, which far exceed the level of creditors;
• the potential impact of downside scenarios on revenue, assets, flows and costs including potential management actions;
• the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services;
• consideration of the going concern assessment of the abrdn plc Group; and
• consideration of the strategic review of the private equity investment management business.

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

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

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

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

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

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

Dividends
Distribution income from subsidiaries is recognised as received.

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

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

1 Accounting policies (continued)

Net finance income
All interest income is derived from cash and cash equivalents and is recognised on an accruals basis.

Administrative expenses
Administrative expenses are recognised on an accruals basis.

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

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

Financial assets

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

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

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

Financial liabilities

(i) Amortised cost
These instruments include amounts owed to abrdn Group undertakings and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

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

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

1 Accounting policies (continued)

Current tax
The Company’s tax expense comprises current tax only.

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

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

Investment in subsidiaries
Investments in subsidiaries are held at held at cost less accumulated impairment losses.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the period. In the process of applying the Company’s accounting policies, management has made no key estimates or judgements.

3 Revenue

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

	2022 £ 000	2021 £ 000
Management fees	5,735	4,372
Performance fees	742	571
Total revenue	**6,477**	**4,943**

4 Operating profit

Arrived at after charging

	2022 £ 000	2021 £ 000
Foreign exchange losses	136	178
Audit of the financial statements	19	16

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

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

5 Net finance income

	2022 £ 000	2021 £ 000
Finance income		
Interest income	185	12
Net finance income	**185**	**12**

6 Tax expense

Analysis of tax charge in the year:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	2,553	1,626

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	9,932	1,891
Corporation tax at standard rate	1,887	359
Decrease due to dividends from UK companies	(1,140)	-
Increase due to income from subsidiary undertakings	1,806	1,267
Total tax expense	**2,553**	**1,626**

The standard UK Corporation Tax rate for the accounting period is 19%. On 3 March 2021, the UK Government announced its intention to increase the rate of UK Corporation Tax from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. This will impact the current tax in the UK going forward.

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

7 Investments in subsidiaries

	2022 £ 000	2021 £ 000
As at 1 January	2,517	2,517
As at 31 December	**2,517**	**2,517**

The particulars of the Company's subsidiary undertakings as at the statement of financial position date are in note 15.

8 Trade and other receivables

Current trade and other receivables:	2022 £ 000	2021 £ 000
Trade receivables	413	375
Amounts owed by abrdn Group undertakings	1,616	2,351
Prepayments and accrued income	39	56
Other receivables	37	20
	2,105	**2,802**

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

9 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	5	5	5	5

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

10 Trade and other payables

	2022	2021
Current trade and other payables:	**£ 000**	**£ 000**
Amounts owed to abrdn Group undertakings	4,446	3,366
Other payables	14	4
Total current trade and other payables	**4,460**	**3,370**

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

11 Related party transactions

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

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. There is therefore no related party disclosure for the current year (2021: nil).

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

12 Parent and ultimate parent undertaking

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

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

13 Events after the balance sheet date

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

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

14 Contingent liabilities

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

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

15 Investment holdings

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLIPC (General Partner Infrastructure II) SARL [3]	Luxembourg	Direct	
SLIPC (General Partner Infrastructure II LTP 2017) Limited [2]	United Kingdom	Direct	
SLIPC (General Partner PMD Co-invest 2017) Limited [2]	United Kingdom	Direct	
SLIPC (General Partner SCF I) Limited [2]	United Kingdom	Direct	
ASI (General Partner PFF 2018) SARL [3]	Luxembourg	Direct	
ASI (General Partner SOF IV) Limited [2]	United Kingdom	Direct	
ASI (General Partner 2019 European PE B) Limited [2]	United Kingdom	Direct	
ASI (General Partner PE2) Limited [2]	United Kingdom	Direct	
abrdn Capital Partners LLP [2]	United Kingdom	Direct	60%
SL Capital Ignis Private Equity Founder LP [2]	United Kingdom	Indirect	65%
SLCP (General Partner ESP 2006) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner ESP 2008) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner ESP 2008 Coinvestment) Limited [2]	United Kingdom	Indirect	60%

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

15 Investment holdings (continued)

Name of subsidiary	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (General Partner ESP CAL) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner NASP 2006) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner NASP 2008) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner II) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner ESP 2004) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner CPP) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Edcastle) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Tidal Reach) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner ESF I) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner ESF II) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner NASF I) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner USA) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner SOF I) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner SOF II) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner SOF III) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Pearl Private Equity) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Pearl Strategic Credit) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Europe VI) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner EC) Limited [2]	United Kingdom	Indirect	60%
Ignis Cayman GP2 Limited [1]	Cayman Islands	Indirect	60%
Ignis Cayman GP3 Limited [1]	Cayman Islands	Indirect	60%
abrdn CP (Holdings) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner Infrastructure I) Limited [2]	United Kingdom	Indirect	60%

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

15 Investment holdings (continued)

Name of subsidiary	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (General Partner Infrastructure Secondary I) Limited [2]	United Kingdom	Indirect	60%
SLCP (Founder Partner Ignis Private Equity) Limited [2]	United Kingdom	Indirect	60%
SLCP (Founder Partner Ignis Strategic Credit) Limited [2]	United Kingdom	Indirect	60%
SLCP (General Partner 2016 Co-Investment) Limited [2]	United Kingdom	Indirect	60%
ASI (General Partner 2019 European PE A) SARL [3]	Luxembourg	Direct	
Aberdeen Standard MSPC General Partner SARL [3]	Luxembourg	Direct	
ASI (General Partner 2019 European PE A Carry) Limited [2]	United Kingdom	Direct	
ASI (SOF E GP) Limited [2]	United Kingdom	Direct	
ASI (General Partner ECF II) Limited [2]	United Kingdom	Direct	
SLIPC (General Partner Infrastructure III) SARL [3]	Luxembourg	Direct	

Registered Office
[1] C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands
[2] 1 George Street, Edinburgh, EH2 2LL
[3] 35a Avenue John F Kennedy, Luxembourg 1855

The underlying Limited Partners of the Company meet the definition of subsidiary undertakings under the Companies Act but these have not been disclosed in the table above.