Aberdeen Asset Management PLC

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Registration number: SC082015

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## Contents

# Company Information

**Directors**

Patrick Bartlett

Fiona McGowan

Brett Tollman

**Company Secretaries**

Kenneth Gilmour

Hilary Staples

**Registered office**

10 Queens Terrace
Aberdeen
Scotland
AB10 1XL

**Auditors**

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

# Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report of Aberdeen Asset Management PLC (the "Company") for the year ended 31 December 2021, in accordance with section 414A of the Companies Act 2006.

**Business review and future developments**

The Company's principal activity is to be an intermediate investment holding company in the abrdn plc group (formerly "Standard Life Aberdeen plc") ("abrdn plc" or, together with its subsidiaries, "the abrdn Group"). The Company also provides staff and support services to other companies within the Group. There are no plans to change the principal activities of the Company.

During the year the Company carried out the following transactions in relation to its investment in subsidiaries:

**Tritax Management LLP (Tritax)**

On 1 April 2021, the Company purchased 60% of the membership interests in Tritax, a specialist logistics real estate fund manager. The initial cash consideration payable at the completion of the acquisition was £64.5 million. Subject to the satisfaction of certain conditions, an additional contingent deferred earn-out is expected to be payable to acquire the remaining 40% of membership interests in Tritax should the selling Tritax partners choose to exercise three put options in each of years ended 31 March 2024, 2025 and 2026. The amount payable is linked to the EBITDA of the Tritax business in the relevant period. The Company will also have the right to purchase any outstanding membership interests at the end of the five-year period through exercising a call option.

**Finimize Limited (Finimize)**

On 29 October 2021, the Company purchased 100% of the issued share capital of Finimize, a modern investing insights platform. The initial cash consideration payable by the Company at the completion of the acquisition was £75.0 million. The acquisition of Finimize is aligned with the abrdn group's strategy to invest in technology to accelerate the pace and focus on innovation to meet changing investor needs.

**Parmenion Capital Partners LLP (Parmenion)**

On 30 June 2021, the Company completed the sale of its entire shareholding in Parmenion. The gain on sale before tax, which is included in profit on disposals of subsidiaries in the income statement, was £16.6m.

**Other**

On 26 August 2021 the Company increased its investment in Murray Johnstone Holdings Limited (MJH) for a cash consideration of £3.9 million and MJH was subsequently impaired by £3.9 million. MJH was placed into liquidation on 24 September 2021.

On 1 October 2021 the Company increased its investment in Aberdeen do Brasil Gestao de Recursos Ltda for £0.4 million.

## Strategic Report for the Year Ended 31 December 2021 (continued)

The Company performed a review of the carrying value of its investment in subsidiary balances. This has resulted in the Company recognising an impairment of £153.9 million, as shown below:

| Entity | Impairment £m |
|---|---|
| Aberdeen Asset Managers Limited | 137.0 |
| Aberdeen Asset Investment Group Limited | 8.8 |
| abrdn Private Fund Management (Shanghai) Company Limited | 4.2 |
| Murray Johnstone Holdings Limited | 3.9 |
| **Total impairment** | **153.9** |

**Key performance indicators ("KPIs")**

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

| | 2021 £m | 2020 £m |
|---|---|---|
| Turnover | 308.4 | 564.9 |
| Operating profit before restructuring and amortisation | 150.2 | 402.3 |

*Turnover*
Turnover has decreased by £256.5 million (45%) primarily due to a decrease in dividend income received from subsidiaries and cost allocation changes.

*Operating profit before restructuring and amortisation*
Operating profit before restructuring and amortisation has reduced by £252.1 million (63%). This is due to the decrease in turnover noted above offset by a modest decrease in administrative expenses following cost saving initiatives.

## Strategic Report for the Year Ended 31 December 2021 (continued)

### Section 172 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:

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

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

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

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

**The likely consequence of any decision in the long term** - The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall abrdn plc business plan, which considers the long term success of the Company and the abrdn Group as a whole, and the likely long term consequences of any decisions by the company are taken into account. During 2021, the Board approval of the acquisition of Finimize took into account longer term considerations for the Company and the abrdn Group.

**The interests of the company's employees** - The Company has direct employees. Within the abrdn Group, engagement with employees is considered at group level and employee engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Company's employee involvement is also set out in the Directors' report on page 10. The Directors have determined that there are no other company specific matters appropriate to disclose in relation to engagement with employees.

**The need to foster the company's business relationships with suppliers, customers and others** - Supplier relationships within the abrdn Group are managed under the Procurement, Outsourcing and Third Party Management Policy, which applies to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report.

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

## Strategic Report for the Year Ended 31 December 2021 (continued)

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

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

**Corporate governance arrangements**

The Company did not apply a corporate governance code during the year, as it is a wholly owned direct subsidiary of abrdn plc. abrdn plc applies the UK Corporate Governance Code 2018, and details of the abrdn plc corporate governance arrangements are disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Company's corporate governance arrangements operate within the abrdn plc framework, amended to take into account that the Company is a wholly owned subsidiary with one shareholder. The Board is an executive Board comprising senior abrdn plc employees, which operates within the framework of the Company's Articles and Board Charter. Certain matters are reserved for the abrdn plc Board and its Committees, as detailed in the abrdn plc Board Charter. The Board meets regularly and considers relevant matters within its remit, and there are no Board committees in place.

**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 first being day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls; the second being oversight from the abrdn Group Risk and Compliance function, which reports to the Chief Risk Officer; and the third being the Internal Audit function, reporting to the Chief Internal Auditor, which independently verifies systems of control.

The ERM framework underpins risk management throughout the abrdn Group, including the Company, and has evolved to ensure it keeps pace with industry best practice and the risk profile of the abrdn Group. Improvements in 2021 include strengthening the risk appetite framework by introducing new risk tolerances to support governance and risk management, extending and refining risk taxonomy to help describe risk more accurately and reviewing the abrdn Group policy framework and policy register.

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:

*Coronavirus (COVID-19)*

COVID-19 has continued to impact the operating environment of the abrdn Group during 2021. Great resilience has been shown in dealing with the effects of the pandemic and the continued management of its market, operational and financial impacts in order to deliver the vector business plans, of which the Company is a part of, and enhancement of client focus.

The further lifting of restrictions in the UK has allowed the abrdn Group to take the next step towards 'blended working' as the default arrangement for employees. Offices will remain the primary place to go when physical interaction with colleagues is required to collaborate and connect.

## Strategic Report for the Year Ended 31 December 2021 (continued)

*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. Geopolitical unrest and associated risks continue to be a key strategic risk and can impact the market in which we operate, impact our reputation and increase our capital exposure. Risks are mitigated by ongoing Board consideration of strategic risks.

The current conflict between Russia and Ukraine is impacting financial markets and operations is likely to have substantial economic consequences. Events in Ukraine continue to evolve and are monitored through the enterprise risk management framework

*Financial risk*

This is the risk of having insufficient resources, suffering losses from adverse markets or the failure or default of counterparties. Capital is held against identified risks which are reviewed on an ongoing basis and costs continue to be managed closely in order to identify opportunities for further cost reduction.

*Conduct risk*

This is the risk that fair client outcomes are not delivered through strategic goals, decisions and actions. This could lead to customer and client harm, reputational damage and loss of income. In response to COVID-19 a key priority was running the business with minimal client impact while maintaining an effective control environment for remote working. The ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2021 the Global Code of Conduct was refreshed for all employees. Drawing on the UK Senior Manager and Certification Regime, training was rolled out to teams to understand how to apply conduct rules in their roles.

*Regulatory and legal risk*

High volumes of regulatory change can create risk by presenting implementation and interpretation challenges. Failing to comply with, or meet changes in legislation, contractual requirements or regulations, can lead to sanctions, reputational damage and income loss. During 2021 the abrdn Group managed a heavy programme of regulatory implementation, including in relation to ESG investment and operational resilience. The regulatory landscape is monitored regularly so that potential areas of change can be impact assessed early and there continues to be investment in compliance and monitoring activity. Relationships with key regulators are based on trust and transparency and in house legal teams support senior managers.

*People*

People engagement, and supporting their wellbeing, is critical to achieving strategic goals and running a successful business. However, there is a risk of resources and employment practices failing to align with strategic objectives. New risks that continued to emerge over the course of the pandemic have been monitored with steps taken to mitigate these, which have included impacts on people's physical and emotional wellbeing and impacts on the operation of teams. Since the onset of the pandemic the business has successfully adapted, providing online tools to support collaboration and moving learning and development offerings online. Support for wellbeing, such as counselling, has been made available and colleagues have been asked to use their full leave allocation.

## Strategic Report for the Year Ended 31 December 2021 (continued)

*Technology*

There is a risk that technology fails to adapt to business needs, as well as unauthorised users accessing systems and carrying out cyber attacks. This risk is relevant to a wide range of potential threats to the business including weather events, internal failure, external intrusion and supplier failure. The current IT estate is complex, and dependence on third party suppliers needs to be managed in a dedicated way. During 2021 there were only minor disruptions to service and improvement plans are in place. There is an ongoing programme to invest in, and enhance, IT infrastructure controls. The IT systems environment is benchmarked to identify areas for improvement and IT resilience is monitored at senior executive committees. Heightened vigilance is maintained for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. There is 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. Business continuity and contingency planning processes are regularly reviewed and tested, and have resulted in minimal disruption for our people as the balance between home and hybrid working has shifted over the course of the year.

***Fraud and financial crime***

Engagement with 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 2021 there was extensive work to define and implement consistent anti-money laundering standards across the abrdn Group 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***

This is the risk of failing to manage strategic and operational change initiatives effectively. Major regulatory change was implemented by the abrdn Group during 2021 including embedding ESG principles. Major milestones were delivered on the transformation of investment platforms, while maintaining a focus on managing the impact of transformation activity and the associated costs. Change projects are managed centrally, with clear governance processes and consolidation of change workload. Second and third lines have clear roles in overseeing progress and projects are delivered in ways that help protect client outcomes.

***Third party management***

Activities are outsourced to suppliers with specialist capabilities which means there is exposure to the risk of third parties failing to deliver in line with contractual obligations. It is the abrdn Group's responsibility to make sure these firms deliver with continued focus to streamline delivery and reduce complexity. In 2021 there were extensive preparations to adopt the European Banking Authority's guidelines on outsourcing across the supplier base. Maintaining strong relationships with suppliers is key and during 2021 a programme to rationalise the supplier base and strengthen the oversight of suppliers was completed. The abrdn Group's Third Party Code of Conduct requires third parties to acknowledge their best practice responsibilities.

## Strategic Report for the Year Ended 31 December 2021 (continued)

*Financial management process*

Sound financial reporting influences the Company's performance, planning and disclosures to external stakeholders. Failures in these processes would expose the business and shareholders to the risk of making poorly informed decisions. Financial reporting activities align to external reporting standards and industry best practice. The abrdn Group Audit Committee reviews, and where necessary challenges, reporting conclusions.

*Investment impairment*

As an intermediate investment holding company the Company is exposed to the risk of investment impairments in underlying subsidiary companies. The risk of impairment is dependant upon a number of internal and external factors that could impact the operating environment of the subsidiary companies. Management review the operating results of underlying subsidiary companies to determine if any indicators of impairment exist. Details of any investment impairments in the year can be found in note 13.

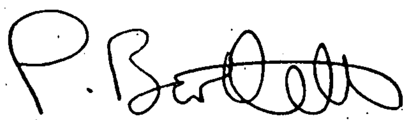
*Pension scheme assets and liabilities*

The Company is exposed to specific risks in relation to adverse movements in the underlying assumptions used to value the scheme assets and liabilities. Many of these risks are outwith the direct control of management and are dependent upon macro-economic events. The Company meets regularly with the Company's actuaries to monitor key macro-economic assumptions impacting the valuation of the scheme assets and liabilities.

**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 and signed on its behalf by



Patrick Bartlett
Director
16 June 2022

# Directors' Report for the Year Ended 31 December 2021

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2021.

**Directors of the Company**

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

Patrick Bartlett

Fiona McGowan

Brett Tollman

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

**Company Secretary**

Kenneth Gilmour served as Company Secretary during the period and at the date of this report. Hilary Staples was also appointed as company secretary on 12th August 2021.

**Result for the year**

The result for the year ended 31 December 2021 is a loss after tax of £18.4 million (2020: profit after tax of £118.2 million).

**Going concern**

The Company has substantial financial resources and a strong cash position. The Board's assessment of going concern took into account recent market developments and reasonably possible possible downside scenarios. 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 provided in Note 1.

**Dividends**

No interim ordinary dividend was paid in the year (2020: £nil). The Directors do not recommend a final dividend (2020: nil).

**Political donations**

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

**Charitable donations**

The Company made donations during the year of £0.1 million (2020: £0.3 million).

**Independent auditor**

The Independent Auditor, KPMG LLP, has indicated their willingness to continue in office as auditor and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

## Directors' Report for the Year Ended 31 December 2021 (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.

**People**

The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, religious belief, sex, sexual orientation, marital status or disablement. Reasonable adjustments are made to train and enable employees who become disabled while working for the Company to allow them to continue and progress in their careers. The Company communicates with its employees on a regular basis, with an emphasis on listening and responding to staff aspirations and development needs, making it clear how their role contributes to the abrdn Group's goals, either through the Group's intranet facility or through regular meetings with management. All employees are encouraged to participate in the Group's share schemes.

The Company is committed to engaging with employee representatives on a broad range of issues, including consultation on any major business change.

Additional details relating to employees are disclosed within the abrdn plc Annual Report and Accounts which does not form part of this report.

**Disclosure of information to the auditor**

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.

## Directors' Report for the Year Ended 31 December 2021 (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 the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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

By order of the Board:

P. Bartlett

Patrick Bartlett
Director
16 June 2022

## Independent Auditor's Report to the Members of Aberdeen Asset Management PLC

**Opinion**

We have audited the financial statements of Aberdeen Asset Management PLC ("the company") for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Going concern**

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

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- the impact of a significant reduction in dividends received from subsidiary companies; and
- the impact of stresses on liquidity available to the Company.

## Independent Auditor's Report to the Members of Aberdeen Asset Management PLC (continued)

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

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; and
- we found the going concern disclosure in note 1 to be acceptable.

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

**Fraud and breaches of laws and regulations - ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

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

- 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;
- Reading Board minutes to assess for any discussion of fraud; and
- Considering remuneration incentive schemes and performance targets for management.

## Independent Auditor's Report to the Members of Aberdeen Asset Management PLC (continued)

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

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

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

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

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

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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. 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.

## Independent Auditor's Report to the Members of Aberdeen Asset Management PLC (continued)

**Strategic Report and Directors' Report**

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's 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 11, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

## Independent Auditor's Report to the Members of Aberdeen Asset Management PLC (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.

HM Walsh

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**Hannah Walsh**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date: 16 June 2022

## Income Statement for the Year Ended 31 December 2021

| | Note | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|---|
| Turnover | 3 | 308.4 | 564.9 |
| Administrative expenses | | (158.2) | (162.6) |
| **Operating profit before restructuring and amortisation** | | **150.2** | **402.3** |
| Amortisation and impairment of intangible assets | 11 | (5.7) | (17.3) |
| Restructuring and acquisition related costs | 5 | (22.4) | (22.3) |
| **Operating profit** | 4 | **122.1** | **362.7** |
| Net finance cost | 7 | (3.5) | (0.6) |
| Gain on investments | 8 | 13.7 | 4.1 |
| Impairment of investments | 8, 13, 14 | (153.9) | (250.9) |
| Impairment of right-of-use assets | 12 | (0.6) | (2.7) |
| **(Loss)/profit before tax** | | **(22.2)** | **112.6** |
| Tax credit | 9 | 3.8 | 5.6 |
| **(Loss)/profit for the year** | | **(18.4)** | **118.2** |

The above results were derived from continuing operations.

The notes on pages 23 to 72 form an integral part of these financial statements.

## Statement of Comprehensive Income for the Year Ended 31 December 2021

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| **(Loss)/profit for the year** | **(18.4)** | **118.2** |
| **Items that will not be reclassified subsequently to income statement** | | |
| Remeasurement loss on defined benefit pension plan | (0.6) | (9.5) |
| Tax on items that will not be reclassified to income statement | 3.7 | 1.8 |
| Losses on financial assets at fair value through other comprehensive income | (0.8) | (5.4) |
| **Other comprehensive income/(loss), net of tax** | **2.3** | **(13.1)** |
| **Total comprehensive (loss)/income for the year** | **(16.1)** | **105.1** |
| **Attributable to:** | | |
| Equity shareholders of the Company | (16.1) | 100.1 |
| Other equity holders | - | 5.0 |

The notes on pages 23 to 72 form an integral part of these financial statements.

# Balance Sheet as at 31 December 2021

**Registered number SC082015**

| | Note | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 1.0 | 6.5 |
| Property, plant and equipment | 12 | 21.4 | 33.1 |
| Investments in subsidiaries | 13 | 1,994.5 | 1,912.6 |
| Investments in joint ventures | 14 | 16.0 | 5.4 |
| Non-current financial investments | 15 | 50.8 | 64.5 |
| Deferred tax assets | 18 | 14.5 | 9.4 |
| Trade and other receivables | 19 | 13.4 | 62.4 |
| Deferred contingent consideration asset | 17 | 8.7 | - |
| Pension surplus | 21 | 22.6 | 18.7 |
| **Total non-current assets** | | **2,142.9** | **2,112.6** |
| **Current assets** | | | |
| Deferred contingent consideration asset | 17 | 10.1 | - |
| Trade and other receivables | 19 | 194.6 | 283.4 |
| Current financial investments | 16 | 77.6 | 83.3 |
| Cash and cash equivalents | 20 | 58.8 | 65.2 |
| **Total current assets** | | **341.1** | **431.9** |
| **Total assets** | | **2,484.0** | **2,544.5** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Called up share capital | 25 | 165.0 | 159.8 |
| Share premium reserve | 26 | 1,620.6 | 1,460.5 |
| Other reserves | 26 | 59.4 | 60.2 |
| Retained earnings | 26 | 380.6 | 395.8 |
| **Total equity** | | **2,225.6** | **2,076.3** |

The notes on pages 23 to 72 form an integral part of these financial statements.

## Balance Sheet as at 31 December 2021 (continued)

**Registered number SC082015**

| | Note | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Trade and other payables | 23 | 8.4 | 100.3 |
| Leases | 24 | 35.1 | 40.6 |
| Deferred contingent consideration liability | 22 | 147.6 | - |
| **Total non-current liabilities** | | **191.1** | **140.9** |
| **Current liabilities** | | | |
| Trade and other payables | 23 | 59.0 | 327.3 |
| Deferred contingent consideration liability | 22 | 8.3 | - |
| **Total current liabilities** | | **67.3** | **327.3** |
| **Total liabilities** | | **258.4** | **468.2** |
| **Total equity and liabilities** | | **2,484.0** | **2,544.5** |

Approved by the Board and signed on its behalf by

P. Bartlett

Patrick Bartlett
Director
16 June 2022

The notes on pages 23 to 72 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2021

| | Share capital £m | Share premium £m | Capital redemption reserve £m | Merger reserve £m | Foreign currency translation reserve £m | Fair value reserve £m | Other non-distributable reserves £m | Retained earnings £m | Other equity £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2020 | 159.6 | 1,455.4 | 32.5 | 137.6 | (0.8) | (28.7) | 3.0 | 212.1 | 100.0 | 2,070.7 |
| Profit for the year | - | - | - | - | - | - | - | 113.2 | 5.0 | 118.2 |
| Other comprehensive income | - | - | - | - | - | (5.4) | - | (7.7) | - | (13.1) |
| Total comprehensive income | - | - | - | - | - | (5.4) | - | 105.5 | 5.0 | 105.1 |
| Issue of share capital | 0.2 | 5.1 | - | - | - | - | - | - | - | 5.3 |
| Preference dividends | - | - | - | - | - | - | - | - | (5.0) | (5.0) |
| Utilisation of merger reserve | - | - | - | (78.0) | - | - | - | 78.0 | - | - |
| Share based payment transactions | - | - | - | - | - | - | - | 0.2 | - | 0.2 |
| Redemption of preference shares | - | - | - | - | - | - | - | - | (100.0) | (100.0) |
| **At 31 December 2020** | **159.8** | **1,460.5** | **32.5** | **59.6** | **(0.8)** | **(34.1)** | **3.0** | **395.8** | **-** | **2,076.3** |

The notes on pages 23 to 72 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2021 (continued)

| | Share capital £m | Share premium £m | Capital redemption reserve £m | Merger reserve £m | Foreign currency translation reserve £m | Fair value reserve £m | Other non-distributable reserves £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2021 | 159.8 | 1,460.5 | 32.5 | 59.6 | (0.8) | (34.1) | 3.0 | 395.8 | 2,076.3 |
| Loss for the year | - | - | - | - | - | - | - | (18.4) | (18.4) |
| Other comprehensive expense | - | - | - | - | - | (0.8) | - | 3.1 | 2.3 |
| Total comprehensive income | - | - | - | - | - | (0.8) | - | (15.3) | (16.1) |
| Issue of share capital | 5.2 | 160.1 | - | - | - | - | - | - | 165.3 |
| Share based payment transactions | - | - | - | - | - | - | - | 0.1 | 0.1 |
| **At 31 December 2021** | **165.0** | **1,620.6** | **32.5** | **59.6** | **(0.8)** | **(34.9)** | **3.0** | **380.6** | **2,225.6** |

The notes on pages 23 to 72 form an integral part of these financial statements.

# Notes to the Financial Statements for the Year Ended 31 December 2021

## 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 2021 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("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:

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

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

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and IFRS 7 Financial Instrument Disclosures.

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 1 Accounting policies (continued)

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

**Going concern**

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

The Company has made losses in the financial year, however is forecast to make profits and has sufficient financial resources. In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focussing specifically on:

• The Company has significant liquid resources including interests in pooled investment funds;
• Cash flow projections over the next 12 months including expected dividend receipts and expected cash outflows in a potential downside scenario, and the Company's access to liquid resources held by subsidiary undertakings;
• 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. Group companies have put in place additional processes to monitor key external outsource providers during recent market developments;
• Consideration of the going concern assessment of the abrdn Group.

Based on a review of the above factors the Board is satisfied that the Company has sufficient liquidity to withstand reasonably possible downside scenarios.

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.

**New interpretations and amendments to existing standards that have been adopted by the Company**

No new standards, interpretations and amendments effective for the first time from 1 January 2021 have had an impact on the Company.

**Revenue recognition**

The Company's primary source of revenue is dividend income from subsidiaries and is recognised as received, as explained further in the Dividends section.

The Company also provides services to other group companies, with associated revenue recognised as other revenue in the accounting period when the services are rendered at an amount that reflects the consideration to which the Company expects to be entitled in exchange for fulfilling its performance obligations to other group companies.

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 1 Accounting policies (continued)

**Restructuring and acquisition-related items**
Where the Company incurs significant expenditure or earns significant income arising from an acquisition or from a reorganisation of a function or team, and which are sufficiently material to warrant separate disclosure, then the expenditure incurred is separately recognised on the face of the income statement. Restructuring costs are recognised on an accruals basis.

**Dividends**
Dividend income from subsidiaries is recognised as received. Dividend income from securities is recognised when the Company's right to receive payment is established. In the case of listed securities, this is the ex-dividend date.

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

Where the Company receives payments from subsidiaries following capital reductions by the subsidiaries, these distributions are accounted for as dividend income.

**Net finance income / (cost)**
All interest income is derived from cash and cash equivalents and is recognised using the effective interest rate method.

Finance costs comprise interest payable on borrowings recognised using the effective interest rate method.

The unwinding of the discount on deferred contingent consideration is classified within finance costs.

**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 functional currency of the primary economic environment in which the entity operates. The financial statements are presented in millions of GBP, 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 income statement.

## 1 Accounting policies (continued)

**Financial assets**

The Company classifies its financial assets in the following categories:

- Fair value through income statement (FVTIS)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost

**(i) Fair value through income statement**

Financial assets are initially recognised at their fair value. Subsequently all equity securities and interests in investment funds and derivative instruments are measured at fair value. All equity securities and interests in investment funds are classified as FVTPL except instruments which have been designated as FVOCI.

Fair values are determined by reference to active markets or using valuation techniques where no active market exists. Changes in fair value of financial instruments classified as FVTIS and derivative instruments are recognised in the income statement.

In limited circumstances, the Company enters into short-term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments.

Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis.

Open future contacts are valued at the exchange quoted price at close of business on the balance sheet date.

**(ii) Financial assets at fair value through other comprehensive income**

Financial instruments classified as FVOCI include equity securities which the Company has irrevocably elected at initial recognition to recognise in this category. Changes in fair value of financial instruments classified as FVOCI are recognised in other comprehensive income. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investment.

**(iii) Amortised cost**

The company's trade and other receivables, other financial assets, cash and other debt securities are measured at amortised cost.

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest..

Subsequent to initial recognition these are measured at amortised cost using the effective interest rate method.

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

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**1 Accounting policies (continued)**

**Impairment of financial assets**
Impairment is determined using an expected credit loss (ECL) impairment model which is applied to all financial assets measured at amortised cost.

Financial assets measured at amortised cost attract a loss allowance equal to either:

- 12 month expected credit losses (losses resulting from possible default within the next 12 months);
- Lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset).

Financial assets attract a 12 month ECL allowance unless the asset has suffered a significant deterioration in credit quality or the simplified approach for the calculation of ECL has been applied. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**Financial liabilities**

**(i) Fair value through income statement**
These instruments include liabilities which are designated as fair value through income statement. Fair value changes are recognised through income statement. 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. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

In limited circumstances, the Company enters into short term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments.

Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis.

Open future contacts are valued at the exchange quoted price at close of business on the balances sheet date.

**(ii) Amortised cost**
These instruments include trade and other payables, amounts owed to group undertakings and accruals. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

**Intangible assets**

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

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 1 Accounting policies (continued)

**(i) Management contracts (continued)**
All management contracts are considered to have a finite life and are therefore amortised on a straight line basis over their estimated useful lives. Management contracts are amortised over a period of between five and ten years.

**(ii) Internally developed software**
Intangible assets relating to internally developed software are recognised in the statement of financial position if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or arising from contractual or other legal rights, regardless of whether those rights are transferable or separable. These are carried at cost less accumulated amortisation and any accumulated impairment losses.

Internally developed software is considered to have a finite life and is therefore amortised on a straight line basis over their estimated useful lives. Internally developed software is amortised over a period of between two and five years.

**Impairment of non-financial assets**
The Company performs annual impairment reviews in respect of goodwill. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs to sell.

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

**Cash and cash equivalents**
Cash and cash equivalents include cash at bank, money at call and short notice with banks, investments in money market funds, and any highly liquid investments, and are measured at amortised cost. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

**Current & deferred tax**
The tax expense comprises both current tax and deferred tax expense.

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

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 1 Accounting policies (continued)

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

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

Deferred tax is recognised on temporary differences arising from investments in subsidiaries and associates unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

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

### Employee benefits

**Defined contribution pension obligation**
The Company contributes to a group personal pension plan operated by abrdn Group. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting year.

**Defined benefit plan**
The Company operates a legacy defined benefit pension scheme which arose on acquisition of the Murray Johnstone Group. The scheme is closed to new membership and to future service accruals. The Company's net obligation in respect of this scheme is calculated separately by estimating the amount of future benefit that members have earned in return for their service in prior years; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The benefits are discounted at a rate equal to the yield on high credit rated corporate bonds that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The surplus or liability in respect of defined benefit scheme is expressed as the excess or shortfall of the fair value of the assets of the scheme compared to the present value of the scheme liabilities and is recognised as an asset or liability of the Company. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Company considers that it has an unconditional right to a refund of the surplus from the plan. For the Company's scheme, the Company considers that under the scheme rules it has an unconditional right to a refund of the surplus. The amount of surplus recognised will be limited by tax and expenses. Our judgement is that, in the UK, an authorised surplus tax charge is not an income tax. Consequently, the surplus is recognised net of this tax charge rather than the tax charge being included within deferred taxation.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 1 Accounting policies (continued)

### Defined benefit plan (continued)

Interest costs on the defined benefit obligation, interest income on plan assets and administration expenses are recognised in the income statement. The expected return on plan assets and the impact of changes in assumptions are recognised in other comprehensive income during the year in which they occur. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan. Contributions to the scheme are paid according to the advice of an actuary.

### Share based payments and deferred fund awards

The abrdn Group grants equity-based deferred share awards in abrdn plc and cash-settled deferred fund awards (for awards in abrdn Group funds) to certain employees.

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

Where abrdn plc makes awards under the deferred share schemes to employees of its subsidiaries, the cost is recharged based on the value at award date.

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

### Leases

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. In 2019, on adoption of IFRS 16, the Company used the practical expedient permitted under IFRS 16 to apply the new standard at transition solely to leases previously identified in accordance with IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are presented in property, plant and equipment (refer Note 12). The Company does not revalue its right-of-use assets. This applies to all right-of-use assets, including those that are assessed as meeting the definition of investment property. The cost comprises the amount of the initial measurement of the lease liability plus any initial direct costs and expected restoration costs not relating to wear and tear. Costs relating to wear and tear are expensed over the term of the lease. Depreciation is charged on right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company assesses right-of-use assets for impairment when such indicators exist, and where required, reduces the value of the right-of-use asset accordingly.

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

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**1 Accounting policies (continued)**

**Leases (continued)**

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

Where a leased property has been sublet, the Company assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance leases is recognised, calculated as the present value of the future lease payments receivable under the sublease. Where a property is only partially sublet, only the portion of the right-of-use asset relating to the sublet part of the property is derecognised and recognised as a net investment in finance leases.

Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised in the income statement (within other revenue or expenses). Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the income statement as interest income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease, the Company continues to recognise the right-of-use asset. The sublease is accounted for as an operating lease with the lease payments received recognised as property rental income in other revenue in the income statement. Lease incentives granted are recognised as an integral part of the property rental income and are spread over the term of the lease.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases (less than 1 year from inception) and leases where the underlying asset is of low value.

**Property, plant and equipment**

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

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

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

Heritable property: 50 years;
Leasehold property: over the period of lease;
Property improvements: shorter of five years or the period of the lease; and
Computers, fixtures and fittings: three to ten years.

**Investment in subsidiaries**

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

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 1 Accounting policies (continued)

**Interests in structured entities**
A structured entity is an entity that has been designated so that voting or similar rights are not the dominant factor in deciding control, such as when voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Company's interests in unconsolidated structured entities are described in note 29.

**Investment in joint ventures**
Joint ventures are strategic investments where the Company has agreed to share control of an entity's financial and operating policies through a shareholders' agreement and decisions can only be taken with unanimous consent. Investments in joint ventures are held at cost less accumulated impairment losses.

**Provisions**
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

No provision is established where a reliable estimate of the obligation cannot be made.

**Deferred contingent consideration**
Contingent consideration assets and liabilities recognised on acquisition are recognised at fair value using appropriate valuation techniques.

Valuation of deferred contingent consideration involves significant accounting judgement around assessing the fair value of the asset or liability. Deferred contingent consideration is valued based on forecast revenues appropriate to each earn out agreement. This includes assumptions based on revenue growth to date, market performance, the probability of returns and the appropriate discount rate.

**Share capital**
Ordinary shares are classified as equity and detailed in note 25. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Preference shares**
The 5.0% non-voting, perpetual, non-cumulative, redeemable preference shares are classified as an element of equity as the securities are irredeemable, except at the Company's discretion and dividends are discretionary and non-cumulative.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 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 income statement for the year. Key estimates and judgements are disclosed below:

**Critical estimates:**

*Impairment of investment in subsidiaries* - Investments in subsidiaries are assessed for indicators of impairment each year which requires management to assess the future strategic direction of these investments. This is completed through review of both quantitative factors, such as net assets exceeding the investment carrying value and future profitability, as well as qualitative factors, such as macroeconomic conditions and relationships with key suppliers and customers. Where there are indicators of impairment the determination of the recoverable amount involves the use of estimates, such as future profit projections, discount rates and multiples to determine fair values (refer note 13 for conclusions).

*Valuation of contingent consideration asset and liabilities* - The determination of the fair value of contingent consideration liabilities relating to the acquisition of Tritax is considered a critical area of estimation uncertainty (refer note 22 for further details). This includes amounts in relation to the fair value of the earn out payments (under the put and call options) and the fair value of the expected non-discretionary allocation of profit payments to the holders of the 40% membership interests up to the expected date of the exercise of the options.

*Defined benefit pension liability* - The defined benefit liability is an area requiring management estimation to determine future benefits to be paid and is considered to be a critical accounting estimate. The defined pension liability is underpinned by a number of actuarial assumptions as detailed in note 21.

*Valuation of Level 3 investments* - Fair values measured using inputs that are not based on observable market data (unobservable inputs), for investments in other long term infrastructure, property and private equity investments disclosed in note 15.

**Critical judgements:**

*Recognition of the defined benefit pension surplus* - Recognition of the defined benefit surplus requires judgement from management to assess whether the Company has an unconditional right to a refund of the surplus, and there is also judgement relating to the treatment of tax relating to the surplus, as detailed in note 1 and 21.

*Capital reductions* - Where a subsidiary pays a distribution to the Company following a capital reduction, the Company accounts for the distribution as dividend income within Turnover, including where the distribution is not in the legal form of a dividend. The Company does not account for the distribution as a reduction in the Investment in subsidiary, but does consider whether the capital reduction is an indicator of impairment.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Dividends received from subsidiaries | 161.0 | 391.0 |
| Other revenue | 147.4 | 173.9 |
| | 308.4 | 564.9 |

Dividends received from subsidiaries includes £nil (2020: £93.2 million) of distributions from subsidiaries following capital reductions which were not in the legal form of a dividend.

## 4 Operating profit

**Operating profit is arrived after charging:**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Operating lease charge | - | 0.1 |
| Depreciation expense (see note 12) | 9.8 | 11.5 |
| Amortisation expense (see note 11) | 5.3 | 15.6 |
| Impairment losses on intangible assets (see note 11) | 0.4 | 1.7 |
| Foreign exchange gains/(losses) | 0.1 | (1.3) |
| Audit of the financial statements | 0.2 | 0.1 |

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

## 5 Restructuring and acquisition-related items

Restructuring expenses mainly relate to transformation costs in respect of asset management integration as well as severance costs associated with achieving integration efficiencies. Transaction and deal costs relate to the acquisitions of Tritax and Finimize.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 5 Restructuring and acquisition-related items (continued)

Restructuring costs incurred during the year are as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Redundancy and other severance costs | 17.6 | 16.2 |
| Transaction & deal costs | 2.0 | 1.4 |
| Migration & integration costs | 2.8 | 4.2 |
| | 22.4 | 21.8 |
| Other costs | - | 0.5 |
| **Total restructuring and acquisition-related costs** | **22.4** | **22.3** |

£2.0 million has been recognised as a tax credit in the income statement in respect of restructuring and acquisition costs that are deductible for tax purposes (2020: £3.4 million).

## 6 Employees and directors

The average number of persons employed by the company (including directors) during the year, was as follows:

| | 2021 number | 2020 number |
|---|---|---|
| The average number of persons employed by the Company (including directors) during the year | 923 | 799 |

The aggregate payroll costs (including directors' remuneration) were as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Salaries and cash element of variable pay | 60.3 | 47.4 |
| Share-based payment expenses | 3.3 | 12.4 |
| Other employee expense | 1.5 | 0.2 |
| Social security costs | 9.5 | 7.3 |
| Pension costs | 8.5 | 7.0 |
| | 83.1 | 74.3 |

The Director's remuneration for the year was as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Aggregate remuneration | 0.4 | 1.2 |

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 6 Employees and directors (continued)

During the year 1 (2020: 2) director accrued retirement benefits from the Company under a personal pension plan. During the year 1 (2020: 2) director was rewarded under the share-based payment schemes.

**Highest paid director**

The aggregate emolument of the highest paid Director during the year was £0.4 million (2020: £1.1 million). Company pension contributions of £0.1 million (2020: £0.1 million) were made to a personal pension plan on their behalf. The highest paid Director was awarded deferred shares under the ultimate parent company's deferred compensation scheme as described in note 27.

The remuneration of Directors paid by abrdn plc or any other abrdn Group company are not included in the disclosure above and are considered for disclosure in the respective financial statements.

### 7 Net finance costs

| | Note | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|---|
| **Finance income** | | | |
| Interest income | | 0.9 | 1.6 |
| Unwinding of discount on deferred contingent consideration asset | 17 | 0.2 | - |
| Finance income | | 1.1 | 1.6 |
| **Finance expense** | | | |
| Interest on overdrafts, revolving credit facilities, leases and other interest bearing accounts | | (1.7) | (2.2) |
| Unwinding of discount on deferred contingent consideration liability | 22 | (2.9) | - |
| Finance expense | | (4.6) | (2.2) |
| **Net finance costs** | | **(3.5)** | **(0.6)** |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 8 Gains/(losses) on investments

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Gain on equity securities and long term co-investments | 1.3 | 1.8 |
| (Losses)/gains on derivative instruments | (4.2) | 2.3 |
| Gain on disposal of subsidiaries | 16.6 | - |
| Gain on investments | 13.7 | 4.1 |
| Impairment of investments in joint ventures and subsidiaries | (153.9) | (250.9) |
| | **(140.2)** | **(246.8)** |

Losses/(gains) on derivative instruments relate to realised and unrealised gains and losses on forward foreign exchange contracts used to hedge market risk on certain seed capital investments. Gain on disposal of subsidiaries comprises a £16.6m gain relating to the sale of Parmenion.

## 9 Taxation

Analysis of tax credit in the year:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | (3.2) | (1.9) |
| UK corporation tax adjustment to prior periods | 1.0 | (2.6) |
| | (2.2) | (4.5) |
| Foreign tax | 0.2 | 0.3 |
| **Total current income tax** | **(2.0)** | **(4.2)** |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | 1.2 | (2.0) |
| Arising from adjustments in respect of prior year | (0.5) | 1.3 |
| Effect of tax rate change | (2.5) | (0.7) |
| Total deferred taxation | (1.8) | (1.4) |
| **Total tax credit in income statement** | **(3.8)** | **(5.6)** |

The deferred tax credit is analysed in note 18. In addition to current tax amounts recognised in the income statement, a credit of £0.1 million (2020: credit £0.2 million) has been recognised directly in equity in respect of share based payments and a credit of £3.7 million (2020: nil) has been recognised in other comprehensive income in respect of pensions.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 9 Taxation (continued)

**Reconciliation of the tax credit in the year**
The tax charge assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| (Loss)/profit before tax | (22.2) | 112.6 |
| Corporation tax at standard rate | (4.2) | 21.4 |
| Expenses not deductible | 31.7 | 49.4 |
| Non-taxable income | (30.1) | (74.1) |
| Change in UK tax rates on deferred tax balances | (2.5) | (0.7) |
| Share of partnership profits/ (losses) | 1.4 | (0.6) |
| Withholding and other tax | 0.2 | 0.3 |
| Adjustments in respect of previous years | 0.5 | (1.3) |
| Other | (0.8) | - |
| **Total tax credit** | **(3.8)** | **(5.6)** |

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. The effect of this change in the rate of UK Corporation Tax at 24 May 2021 was to increase the deferred tax assets in the statement of financial position by £2.5 million and increase the tax credit in the income statement by £2.5 million.

## 10 Dividends and coupons payable

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| **Preference dividends** | | |
| 5.0% Preference shares | - | 5.0 |

On 8 July 2020, the Company redeemed all of its Non-Voting Preference Shares.

**Proposed dividends**
The proposed final dividend for the year is £nil (2020: £nil)

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 11 Intangible assets

| | Software £m | Management contracts £m | Total £m |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 January 2021 | 57.4 | 25.7 | 83.1 |
| Additions | 0.2 | - | 0.2 |
| Disposals | (4.8) | - | (4.8) |
| At 31 December 2021 | 52.8 | 25.7 | 78.5 |
| **Amortisation** | | | |
| At 1 January 2021 | 51.4 | 25.2 | 76.6 |
| Amortisation charge | 4.8 | 0.5 | 5.3 |
| Amortisation eliminated on disposals | (4.8) | - | (4.8) |
| Impairment losses recognised | 0.4 | - | 0.4 |
| At 31 December 2021 | 51.8 | 25.7 | 77.5 |
| **Net book value** | | | |
| **At 31 December 2021** | **1.0** | - | **1.0** |
| At 31 December 2020 | 6.0 | 0.5 | 6.5 |

### 12 Property, plant and equipment

| | Heritable Property £m | Short leasehold property £m | Right-of-use assets property £m | Computers, fixtures and fittings £m | Total £m |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2021 | 2.4 | 4.2 | 99.5 | 26.0 | 132.1 |
| Additions | - | - | 1.9 | 4.9 | 6.8 |
| Disposals | - | (1.8) | (39.3) | (0.7) | (41.8) |
| At 31 December 2021 | 2.4 | 2.4 | 62.1 | 30.2 | 97.1 |
| **Depreciation** | | | | | |
| At 1 January 2021 | 1.0 | 3.3 | 79.6 | 15.1 | 99.0 |
| Charge for year | 0.1 | 0.2 | 3.6 | 5.9 | 9.8 |
| Eliminated on disposal | - | (1.5) | (31.7) | (0.5) | (33.7) |
| Impairment | - | - | 0.6 | - | 0.6 |
| At 31 December 2021 | 1.1 | 2.0 | 52.1 | 20.5 | 75.7 |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 12 Property, plant and equipment (continued)

| | | | | | |
|---|---|---|---|---|---|
| **Net book value** | | | | | |
| **At 31 December 2021** | **1.3** | **0.4** | **10.0** | **9.7** | **21.4** |
| At 31 December 2020 | 1.4 | 0.9 | 19.9 | 10.9 | 33.1 |

Included in property right-of-use assets, are right-of-use assets that meet the definition of investment property. Their carrying amount at 31 December 2021 is £3.5 million (31 December 2020: £9.7 million). During the year to 31 December 2021 there were additions of £nil (31 December 2020: £nil), depreciation of £0.5 million (31 December 2020: £0.7 million) and de-recognition related to new subleases classified as finance leases of £5.7 million (31 December 2020: £nil).

The fair value of these right-of-use assets at 31 December 2020 is £3.5 million (31 December 2020: £9.7 million). The valuation technique used to determine the fair value considers the rental income expected to be received under sub-leases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. It is not based on valuations by an independent valuer.

## 13 Investments in subsidiaries

| | **Year ended 31 December 2021 £m** | **Year ended 31 December 2020 £m** |
|---|---|---|
| As at 1 January | 1,912.6 | 2,103.0 |
| Additions | 294.3 | - |
| Disposals | (62.8) | (0.7) |
| Impairment | (153.9) | (199.9) |
| Additional investment in existing subsidiaries | 4.3 | 10.2 |
| As at 31 December | 1,994.5 | 1,912.6 |

The particulars of the Company's subsidiary undertakings as at the statement of financial position date are listed in note 33. The Company's investments in subsidiary undertakings are measured at cost less provision for impairment.

Additions primarily comprise £219.3 million related to Tritax and £75.0 million related to Finimize.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**13 Investments in subsidiaries (continued)**

On 1 April 2021, the Company purchased 60% of the membership interests in Tritax, a specialist logistics real estate fund manager. The initial cash consideration payable at the completion of the acquisition was £64.5 million. Subject to the satisfaction of certain conditions, an additional contingent deferred earn-out is expected to be payable to acquire the remaining 40% of membership interests in Tritax should the selling Tritax partners choose to exercise three put options in each of years ended 31 March 2024, 2025 and 2026. The amount payable is linked to the EBITDA of the Tritax business in the relevant period. The Company will also have the right to purchase any outstanding membership interests at the end of the five-year period through exercising a call option. As detailed in note 22 a deferred consideration liability has been recognised at fair value in relation to the earn-out payments (under the put and call options) and the expected non-discretionary allocation of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options.

On 29 October 2021, the Company purchased 100% of the issued share capital of Finimize, a modern investing insights platform. The initial cash consideration payable by the Company at the completion of the acquisition was £75.0 million.

Disposals primarily relates to the sale of Parmenion. On 30 June 2021, the Company completed the sale of its entire shareholding in Parmenion. The gain on sale before tax, which is included in profit on disposals of subsidiaries in the income statement, was £16.6m.

An assessment is made at each reporting date as to whether there is an indication that the carrying value of the Company's investment in subsidiaries has become impaired. If any indication of impairment exists then the recoverable amount of the investment is determined. The recoverable amounts are defined as the higher of fair value less costs to sell and the value in use where the value in use is based on the present value of future cash flows. Where the carrying value exceeds the recoverable amount then the carrying value is written down to the recoverable amount. At 31 December 2021 the Company impaired its investments by £153.9 million (2020: £199.9 million).

| Entity | Investment carrying value at 31 December 2021 pre impairment | Recoverable amount | Impairment |
|---|---|---|---|
| | £m | £m | £m |
| Aberdeen Asset Managers Limited (AAML) | 827.0 | 690.0 | 137.0 |
| Aberdeen Asset Investment Group Limited (AAIGL) | 51.2 | 42.4 | 8.8 |
| abrdn Private Fund Management (Shanghai) Company Limited | 6.0 | 1.8 | 4.2 |
| Murray Johnstone Holdings Limited (MJH) | 3.9 | - | 3.9 |
| **Total impairment** | | | **153.9** |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**13 Investments in subsidiaries (continued)**

The impairment of AAML primarily resulted from dividends paid during 2021 and the impairment of MJH resulted from a capital injection during 2021. Other impairments resulted from lower expectations of future profits.

The recoverable amount for AAML was based on fair value less costs to sell. The fair value was determined using a discounted cash flow approach, based on management approved profit forecasts for the three years to end 2024, and assuming 7% revenue growth and flat expenses in 2025 and 2026. Profits were adjusted to a cash flow basis, e.g. amortisation and depreciation removed. A post tax discount rate of 12.6% and long term growth rate of 2% were used. The discount rate was based on abrdn Group / peer companies cost of equity and a market participant risk premium. The growth rate was based on long term UK inflation. The valuation was categorised as level 3 under the IFRS 13 fair value hierarchy. As the year end carrying value is the recoverable amount any downside sensitivity will lead to further future impairment loss. Key areas of estimation uncertainty relate to future cashflows and the discount rate.

The recoverable amount for AAIGL was based on value in use. In assessing value in use (VIU), expected future cash flows are discounted to their present value using a pre-tax discount rate. The VIU calculation used a pre-tax discount rate of 11.45%. The discount rate was based on abrdn Group / peer companies cost of equity adjusted for forecasting risk. Future profits of AAIGL were modelled taking into account the withdrawal of LBG assets in 2022.

**14 Investments in joint ventures**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| At 1 January | 5.4 | 51.0 |
| Impairment | - | (51.0) |
| Additions | 10.6 | 5.4 |
| As at 31 December | 16.0 | 5.4 |

The Company has a 50% interest in Virgin Money Unit Trust Managers (VMUTM). No impairment of the Company's interest in VMUTM was recognised in 2021 (2020: £51.0 million impairment following review of recoverable amount).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 15 Non-current financial investments

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| At 1 January | 64.5 | 84.9 |
| Additions | 1.7 | 3.1 |
| Realised gains/(losses) - income statement | 0.5 | (3.3) |
| Unrealised gains- income statement | 1.6 | 2.7 |
| Fair value losses - other comprehensive income | (0.8) | (5.4) |
| Disposals | (15.4) | (17.3) |
| Exchange movement | (1.3) | (0.2) |
| | 50.8 | 64.5 |

Non-current financial investments include £6.4 million (2020: £17.7 million) investment in abrdn plc shares and other long term infrastructure, property and private equity investments of £44.4 million (2020: £46.8 million).

All financial investments are accounted for as fair value through profit and loss and that fair value is based on the net asset value of the underlying funds invested in. Where net asset values are not available at the same date as the reporting date, these valuations are reviewed and, where appropriate, adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. Other unlisted equity securities are generally valued at indicative share prices from off market transactions.

## 16 Current financial investments

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Financial instruments at fair value through income statement: | | |
| Seed capital investments | 31.4 | 35.5 |
| Investments in funds to hedge deferred fund awards | 45.2 | 47.8 |
| Investments in other equity securities | 1.0 | - |
| | 77.6 | 83.3 |

Seed capital investments consist of amounts invested to enable the launch or development of funds where the intention is to withdraw the investment once the fund has achieved a sustainable scale of third party investment.

The Company also holds investments in certain abrdn managed funds to hedge against liabilities from variable pay awards that are deferred and settled in cash by reference to the share price of those funds.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 17 Deferred contingent consideration asset

| | Year ended 31 December 2021 £m |
|---|---|
| At 1 January | - |
| Addition | 18.6 |
| Discount unwinding | 0.2 |
| At 31 December | 18.8 |

The addition relates to a deferred consideration earn out agreement following the sale of Parmenion. The earn out is based on revenue for the years ended 31 December 2021 and 2022 and is calculated using a discounted probability-weighted pay out approach.

The amount of deferred consideration expected to be settled after more than 12 months is £8.7 million (2020: £nil).

## 18 Deferred tax

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| As at 1 January | 9.4 | 6.0 |
| Credit through profit and loss account | 1.8 | 1.4 |
| Net credit through equity & OCI | 3.3 | 2.0 |
| Deferred tax assets | 14.5 | 9.4 |

**The deferred tax asset can be analysed as follows:**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Employee benefits | 4.4 | 2.4 |
| Accelerated capital allowances | 14.2 | 8.6 |
| Unrecognised gains on Investments | (2.8) | (2.1) |
| Losses carried forward | - | 0.4 |
| Temporary differences - other | (1.3) | 0.1 |
| | 14.5 | 9.4 |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 18 Deferred tax (continued)

The Company has tax losses of £62.0 million (2020: £62.0 million). Deferred tax assets of £nil (2020: £nil) have been recognised in respect of these losses, reflecting the inability to use these losses to offset taxable profits forecast in future years.

## 19 Trade and other receivables

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| **Non-current trade and other receivables:** | | |
| Amounts due from subsidiary undertakings | - | 61.9 |
| Net investment in finance leases | 13.4 | 0.5 |
| **Total non-current trade and other receivables** | **13.4** | **62.4** |

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| **Current trade and other receivables:** | | |
| Trade receivables | 1.1 | 0.3 |
| Amounts due from subsidiary undertakings and other abrdn plc group companies | 100.8 | 138.6 |
| Amounts due from parent undertaking | 72.6 | 124.2 |
| Net investment in finance leases | 0.6 | 0.3 |
| Other receivables | 9.2 | 9.7 |
| Prepayments | 10.3 | 10.3 |
| **Total current trade and other receivables** | **194.6** | **283.4** |

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

## 20 Cash and cash equivalents

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Cash at bank | 46.9 | 65.1 |
| Short term money market funds | 11.9 | 0.1 |
| | 58.8 | 65.2 |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 20 Cash and cash equivalents (continued)

The Company's bank balance and overdraft are part of a group working capital facility in support of which cross guarantees are provided by the Company and certain subsidiary undertakings. At 31 December 2021, the net amount guaranteed under this arrangement was £2.8 million (2020: £7.8 million).

## 21 Retirement benefits

The total contributions charged to the income statement in respect of the schemes operated by the Company were as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Defined contribution scheme | 8.3 | 7.2 |
| Defined benefit scheme | 0.2 | (0.2) |
| Total pension expense | 8.5 | 7.0 |

**Defined Benefit Plan**

The Company is the principal employer of the Murray Johnstone Retirement Benefits Plan. The plan is final salary based, with benefits depending on members' length of service and salary prior to retirement. At the last statutory valuation date, the plan was in deficit and the Company agreed a funding plan which aims to eliminate the deficit, with the plan's trustees. The funding valuation was last completed as at 30 June 2019 and a recovery plan has been agreed. This scheme is closed to new membership and closed to future service accruals. At 31 December 2021, the scheme is in surplus on an IAS 19 basis.

**Plan regulations**

The plans are administered according to local laws and regulations in the United Kingdom. Responsibility for the governance of the plans rests with the trustee board.

The contributions to the defined benefit plan for the year ended 31 December 2021 were £7.3 million (2020: £7.3 million), the Company expects to contribute at the same rate next year.

The net pension asset recognised at 31 December 2021 is £22.6 million (2020: £18.7 million). The Company considers that under the scheme rules it has an unconditional right to a refund of the surplus which is considered to be recoverable. The recoverable surplus is reduced to reflect an authorised surplus payments charge that would arise on a refund. An analysis of the movement in the pension asset is given below.

An IAS19 valuation was carried out at 31 December 2021 by a qualified independent actuary.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**21 Retirement benefits (continued)**

The amounts recognised in the Balance Sheet are as follows:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Fair value of scheme assets | 159.1 | 152.1 |
| Present value of funded defined benefit obligations | (124.3) | (133.4) |
| Effect of limit on plan surplus | (12.2) | - |
| Defined benefit pension scheme surplus | 22.6 | 18.7 |

**Movements in fair value of plan assets**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| At 1 January | 152.1 | 139.5 |
| Interest income | 2.2 | 3.0 |
| Employer contributions | 7.3 | 7.3 |
| Benefits payments from scheme | (4.6) | (3.4) |
| Administrative expenses | (0.4) | (0.4) |
| Re-measurement gains | 2.5 | 6.1 |
| At 31 December | 159.1 | 152.1 |

**Movements in present value of defined obligations**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| At 1 January | (133.4) | (118.7) |
| Effects of changes in demographic assumptions | - | (0.8) |
| Effects of change in financial assumptions | 5.4 | (14.8) |
| Effects of experience adjustments | 1.0 | - |
| Interest cost | (1.9) | (2.4) |
| Benefits payments from scheme | 4.6 | 3.3 |
| At 31 December | (124.3) | (133.4) |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 21 Retirement benefits (continued)

**Effect of limit on plan surplus**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| At 1 January | - | - |
| Interest cost | (0.1) | - |
| Change in effect of limit on plan surplus | (9.5) | - |
| Employer contributions | (2.6) | - |
| At 31 December | (12.2) | - |

**Amounts recognised in the income statement**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Administrative expenses | (0.4) | (0.4) |
| Net interest income | 0.2 | 0.6 |
| | (0.2) | 0.2 |

**Gains/(losses) recognised in the statement of comprehensive income**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Changes in demographic assumptions | - | (0.8) |
| Changes in financial assumptions | 5.4 | (14.8) |
| Experience adjustments | 1.0 | - |
| Change in effect of limit on plan surplus | (9.5) | - |
| Re-measurement gains/(losses) on plan assets | 2.5 | 6.1 |
| | (0.6) | (9.5) |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 21 Retirement benefits (continued)

**Defined benefit plan assets**
Investment strategy is directed by the Trustee Board, whose key objective is to meet the obligations to the beneficiaries of the plan. Assets and liabilities are managed holistically to create a portfolio with the dual objectives of return generation and liability management. This is achieved through an investment strategy which aims to improve the plan's funding position towards the ultimate target of funding on a "gilts flat" basis, and hedging techniques which protect liabilities against movements arising from changes in interest rates and inflation expectations. Derivative financial instruments support both of these objectives and may lead to increased or decreased exposures to the physical asset categories disclosed below.

**Assets measured at fair value**

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Cash and cash equivalents | 1.7 | 1.2 |
| Equity instruments | 2.2 | 13.0 |
| Debt instruments | 98.6 | 77.9 |
| Derivatives | (0.3) | (0.1) |
| Assets held by insurance company | (0.4) | (0.1) |
| Absolute return | 57.3 | 60.2 |
| | 159.1 | 152.1 |

**Principal actuarial assumptions**
The principal assumptions used by the scheme actuaries are detailed below:

**Weighted average assumptions used to determine defined benefit obligation**

| | Year ended 31 December 2021 % | Year ended 31 December 2020 % |
|---|---|---|
| Discount rate | 1.87 | 1.46 |
| Rate of salary increase | 3.47 | 2.95 |
| Rate of pension increases (LPI 5%) | 3.25 | 2.82 |
| Rate of price inflation (RPI) | 3.47 | 2.95 |
| Rate of price inflation (CPI) - pre-retirement | 2.67 | 2.05 |
| Rate of price inflation (CPI) - post-retirement | 3.27 | 2.65 |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 21 Retirement benefits (continued)

### Mortality assumptions

The mortality assumptions for the UK defined benefit scheme at 31 December 2021 and 31 December 2020 follow the 103/106% of S3PMA CMI light tables for male pensioners/non-pensioners and 101/103% of S3PFA CMI 2018 light tables for female pensioners/non-pensioners. Mortality improvements follow the CMI 2018 model (SK parameter of 7.5) with a long-term improvement rate of 1.5% pa. The implied life expectancy at age 60 assumptions are shown in the table below:

| | Year ended 31 December 2021 Years | Year ended 31 December 2020 Years |
|---|---|---|
| Male currently aged 60 | 28.3 | 28.3 |
| Female currently aged 60 | 30.1 | 30.0 |
| Male currently aged 40 | 29.9 | 29.8 |
| Female currently aged 40 | 31.6 | 31.5 |

### Risk

### Risks and mitigating actions

The Company's statement of financial position is exposed to movements in the defined benefit plans' net asset. In particular, the statement of financial position could be materially sensitive to reasonably likely movements in the principal assumptions. By offering post retirement defined benefit pension plans the Company is exposed to a number of risks. An explanation of the key risks and mitigating actions in place is given below.

### Asset volatility

Investment strategy risks include underperformance of the investment strategy and underperformance of the liability hedging strategy. As the trustees set investment strategy to protect their own view of plan strength (not the IAS 19 position), changes in the IAS 19 liabilities (e.g. due to movements in corporate bond prices) may not always result in a similar movement in plan assets.

Failure of the asset strategy to keep pace with changes in plan liabilities would expose the plan to the risk of a deficit developing, which could increase funding requirements for the Company.

### Yields/discount rate

Falls in yields would in isolation be expected to increase the defined benefit plan liabilities. The plan uses both bonds and derivatives to hedge out yield risks on the plan's funding basis, rather than the IAS19 basis, which is expected to minimise the plan's need to rely on support from the Company.

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**21 Retirement benefits (continued)**

**Inflation**
Increases in inflation expectations would in isolation be expected to increase the defined benefit plan liabilities.

The plan uses both bonds and derivatives to hedge out inflation risks on the plan's funding basis, rather than the IAS19 basis, which is expected to minimise the plan's need to rely on support from the Company.

Pensions in payment are generally linked to RPI with some linked to CPI, however inflation risks are hedged using RPI instruments due to lack of availability of CPI linked instruments. Therefore, the plan is exposed to movements in the actual and expected long-term gap between RPI and CPI.

A House of Lords report in 2019 raised the potential for changes to the RPI measure of inflation, which was followed by recommendations from the UK Statistics Authority. The results of the consultation on the reform of RPI (announced on 25 November 2020) confirmed that RPI will be aligned to CPIH (CPI excluding owner occupiers' housing costs) as proposed, but not before 2030. While uncertainty remains, there is a risk that future cash flows from, and thus the value of, the plan's RPI-linked assets fall without a corresponding reduction in the plan's CPI-linked liabilities. While not directly observable from market data, the plan's RPI-linked asset values may already reflect an element of the expected changes and risk of such changes.

**Life expectancy**
Increases in life expectancy beyond those currently assumed will lead to an increase in plan liabilities. Regular reviews of longevity assumptions are performed to ensure assumptions remain appropriate.

**Sensitivity analysis**
The sensitivity of the plan's obligation and assets to the key assumptions is disclosed below:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | Change in assumption | (Increase)/decrease in present value of obligation £m | Increase/(decrease) in present value of plan assets £m | (Increase)/decrease in present value of obligation £m | Increase/(decrease) in present value of plan assets £m |
| **Discount rate** | Decrease by 0.1% | (2.3) | 2.2 | (2.5) | 2.2 |
| | Increase by 0.1% | 2.2 | (2.2) | 2.5 | (2.2) |
| **Inflation rate** | Decrease by 0.1% | 0.9 | (0.6) | 1.0 | (0.5) |
| | Increase by 0.1% | (0.9) | 0.6 | (1.0) | 0.5 |
| **Life expectancy** | Increase by 1 year | (6.0) | n/a | (6.5) | n/a |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 22 Deferred contingent consideration liability

| | Year ended 31 December 2021 £m |
|---|---|
| At 1 January | - |
| Addition | 154.8 |
| Profit payments to holders of 40% membership interests | (1.8) |
| Discount unwinding | 2.9 |
| At 31 December | 155.9 |

On 1 April 2021, the Company purchased 60% of the membership interests in Tritax, a specialist logistics real estate fund manager. The initial cash consideration payable at the completion of the acquisition was £64.5 million. Subject to the satisfaction of certain conditions, an additional contingent deferred earn-out is expected to be payable to acquire the remaining 40% of membership interests in Tritax should the selling Tritax partners choose to exercise three put options in each of years ended 31 March 2024, 2025 and 2026. The amount payable is linked to the EBITDA of the Tritax business in the relevant period. The Company will also have the right to purchase any outstanding membership interests at the end of the five-year period through exercising a call option.

The deferred consideration liability has been recognised at fair value in relation to the earn-out payments (under the put and call options) and the expected non-discretionary allocation of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options. These are calculated by reference to earnings before interest, taxes, depreciation, and amortisation (EBITDA). The earn-out payments could range from £nil to £140 million. The expected distribution of profit payments to the holders of the 40% membership interests up to the date of the exercise of the options could range from £nil and have no maximum value. A number of scenarios were prepared, around a base case, with probabilities assigned to each scenario (based on an assessment of the likelihood of each scenario). The value of the contingent consideration was determined for each scenario, and these were then probability weighted, with this probability weighted valuation then discounted from the payment date to the balance sheet date. It was assumed that the timing of the exercise of the earn out put options would be that which is most beneficial to the holders of the put options.

The amount of deferred consideration liability expected to be settled after more than 12 months is £147.6 million.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 23 Trade and other payables

| Current trade and other payables: | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Trade payables | 1.3 | 2.0 |
| Amounts due to subsidiary undertakings and other abrdn plc group companies | 10.1 | 149.5 |
| Amounts due to Parent undertaking | - | 110.1 |
| Taxes and social security | 10.5 | 7.7 |
| Accruals and deferred income | 31.6 | 51.5 |
| Other payables | 5.5 | 6.5 |
| **Total current trade and other payables** | **59.0** | **327.3** |

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

| Non-current trade and other payables | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Amounts due to parent undertaking | - | 100.3 |
| Other payables | 8.4 | - |

Non-current amounts in the year ended 31 December 2020 relating to amounts due to parent undertakings represents an intra-group loan which was unsecured, attracted interest at a rate per annum equal to the Bank of England Base Rate plus 0.86% and was settled during 2021.

## 24 Leases

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

The Company leases various offices used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The remaining period for current leases range from 1 year to 13 years. The Company reviews its property use on an ongoing basis.

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

**24 Leases (continued)**

**(i) Leases where the Company is lessee (continued)**

The Company has recognised the following assets and liabilities in relation to these leases where the Company is a lessee:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Property | 10.0 | 19.9 |
| Total right-of-use assets | 10.0 | 19.9 |
| Lease liabilities | 35.1 | 40.6 |

**Lease liabilities maturity analysis**

The following table provides analysis of the maturity analysis of the contractual undiscounted cash flows for the lease liabilities:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Less than one year | 5.9 | 5.6 |
| 1-2 years | 6.9 | 7.4 |
| 2-3 years | 5.1 | 7.2 |
| 3-4 years | 2.1 | 5.0 |
| 4-5 years | 2.1 | 2.1 |
| 5-10 years | 10.7 | 10.7 |
| Between 10 to 15 years | 5.9 | 8.1 |
| Total lease liabilities (undiscounted) | 38.7 | 46.1 |

Details of the movements in the Company's right-of-use assets including additions and depreciation are included in Note 12. The interest on lease liabilities for the year ended 31 December 2021 was £0.8 million (2020: £0.9 million).

The Company does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2021 was £nil (2020: £nil). The Company lease commitment for short-term leases was £nil at 31 December 2021 (2020: £nil).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 24 Leases (continued)

**(ii) Leases where the Company is lessor**

Where the Company no longer requires a leased property, the property may be sublet to a third party. The sublease may be for the full remaining term of the Group's lease or only part of the remaining terms.

At 31 December 2021, the Group had net investment in finance leases of £14.0 million (2020: £0.7 million) for subleases which had transferred substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease. All other sub-leases are accounted for as operating leases.

**Finance leases**

During the year ended 31 December 2021, the Company received finance income on its net investment in finance leases of £0.2 million (2020: £0.1 million).

The following table provides the maturity analysis of the future contractual undiscounted cash flows for the net investment in finance leases and a reconciliation to the net investment in finance leases:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Less than one year | 0.8 | 0.3 |
| One to two years | 1.3 | 0.2 |
| Two to three years | 1.4 | 0.2 |
| Three to four years | 1.3 | 0.1 |
| Four to five years | 1.3 | - |
| Five to ten years | 6.1 | - |
| Ten to fifteen years | 3.1 | - |
| Unearned finance income | (1.3) | (0.1) |
| **Total net investment in finance leases** | **14.0** | **0.7** |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 24 Leases (continued)

### (ii) Leases where the Company is lessor (continued)

**Operating leases**
During the year ended 31 December 2021, the Company received property rental income from operating leases of less than £0.1 million (2020: £0.1 million).

The following table provides the maturity analysis of the future contractual undiscounted cash flows from its subleases classified as operating leases:

| | Year ended 31 December 2021 £m | Year ended 31 December 2020 £m |
|---|---|---|
| Less than one year | 0.3 | - |
| One to five years | 1.5 | 0.2 |
| More than five years | 0.5 | 0.6 |
| Total contractual undiscounted cash flows under operating leases | 2.3 | 0.8 |

## 25 Share capital

| | 2021 £m | 2020 £m |
|---|---|---|
| **Authorised, allotted, called up and fully paid:** | | |
| 1,649,807,097 (2020: 1,598,143,997) ordinary shares of 10p each | 165.0 | 159.8 |

| | 2021 No. of ordinary shares millions |
|---|---|
| As at 1 January | 1,598.1 |
| Shares issued in period | 51.7 |
| | 1,649.8 |

In order to fund strategic investments the Company issued shares on 5 January 2021 (1,031,250 10p ordinary shares), 26 March 2021 (21,350,600 10p ordinary shares), 1 July 2021 (1,718,750 10p ordinary shares) and 27 October 2021 (27,562,500 10p ordinary shares).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 26 Reserves

The statement of changes in equity provides details of movements in equity for the Company.

**Nature and purpose of reserves**

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

**Merger reserve**
The merger reserve is used to record share premium on shares issued by way of consideration for acquisitions. The merger reserve can be used to offset impairments of investments in subsidiaries charged to the income statement. This reserve is not distributable. Following impairment of the Company's investments in subsidiaries balance, £nil (2020: £78.0 million) was transferred from the merger reserve to retained earnings.

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

**Capital redemption reserve**
The capital redemption reserve is created on the cancellation of share capital and the balance reflects the value of preference share capital redeemed by the Company. This reserve is not distributable.

**Fair value reserve**
This reserve records fair value gains and losses on financial assets recognised at fair value through other comprehensive income. There is no subsequent reclassification of these gains and losses to the income statement following derecognition of the investment.

**Retained earnings**

Retained earnings comprise:
• all realised gains and losses through the income statement less dividend distributions;
• actuarial gains and losses recognised in the pension liability, and related deferred tax;
• transactions relating to equity-settled share-based payments, and related deferred tax movements; and
• the purchase and sale of own shares in respect of share-based payments;

**Employee Benefits Trust**
The Company has an Employee Benefits Trust ("EBT") which owns shares in abrdn plc for the purposes of administering the abrdn Group's deferred share scheme.

The EBT is consolidated into the Company's financial statements, with any shares held by the EBT recognised as an investment in the shares of abrdn plc at fair value (see note 15).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 26 Reserves (continued)

The shares held by the EBT, where the Company is the sponsor, for the purpose of satisfying deferred share variable pay awards that will vest in future periods are as follows:

| | Year ended 31 December 2021 No. of abrdn plc shares | Year ended 31 December 2020 No. of abrdn plc shares |
|---|---|---|
| Aberdeen Asset Management Employee Benefit Trust 2003 | 2,468,960 | 6,213,300 |

### 27 Commitments

The Company has contractual commitments in respect of expenditure on long term investments which will be payable in future periods. These commitments are not recognised on the Company's statement of financial position at the year end but are disclosed to give an indication of the Company's future committed cash flows.

**Unrecognised financial instruments**

As at 31 December 2021, the Company has committed to investing an additional £8.4 million (2020: £9.6 million) into funds in which it holds a co-investment interest and £2.0 million (2020: £7.2 million) into joint ventures.

### 28 Employee share-based payments

| | 12 months ended 31 December 2021 £m | 12 months ended 31 December 2020 £m |
|---|---|---|
| **Employee expense** | | |
| Deferred fund awards - cash settled | 0.6 | 1.9 |
| Deferred share awards - equity settled | 2.7 | 10.5 |
| **Total expense recognised as employee costs** | **3.3** | **12.4** |

**(i) Deferred awards – Cash settled**

An element of variable pay awards will be settled in cash by reference to the share prices of certain abrdn Group managed funds. These are accounted for as cash settled awards and are revalued to market price at the end of each reporting period.

At 31 December 2021, the value of liabilities recognised from cash settled awards was £8.0 million (2020: £8.5 million).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 28 Employee share-based payments (continued)

### (ii) Deferred awards – Equity settled

All equity settled awards relate to shares in the Company's parent company abrdn plc, rather than the Company. The options granted under the deferred share plans were made throughout the year ended 31 December 2021 with a main grant date of 9 April 2021 and had a £nil exercise price. Awards made in 2012 to 2022 reach their earliest vesting dates in equal tranches over a three, four or five year period, subject to the continued employment of the participant. On reaching the earliest vesting date, participants may require immediate exercise or may choose to defer exercise until a later date; if deferred, participants may thereafter require exercise, without condition, at any time until the end of the exercise period. Performance conditions are set out in the abrdn plc annual report and accounts.

The weighted average share price of awards exercised:

| | Year ended 31 December 2021 pence | Year ended 31 December 2020 pence |
|---|---|---|
| Deferred awards – Equity settled | 289.5 | 259.6 |

The weighted average remaining contractual life of awards outstanding:

| | Year ended 31 December 2021 years | Year ended 31 December 2020 years |
|---|---|---|
| Deferred awards – Equity settled | 6 | 7 |

**Outstanding share awards**

Details of share awards outstanding at the end of the year are as follows:

| | Year ended 31 December 2021 No. of abrdn plc shares | Year ended 31 December 2020 No. of abrdn plc shares |
|---|---|---|
| Outstanding at 31 December | 6,199,932.00 | 10,790,113.00 |

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 29 Unconsolidated 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 has assessed whether the funds it provides services for are structured entities, through review of the above factors. The Company considers the following as structured entities - Open ended investment companies ("OEICs"), Unit Trusts, Sociétés d'Investissement à Capital Variable ("SICAVs") and certain other pooled funds.

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.

In certain cases, the Company will also purchase units or shares for the purpose of providing seed capital or to hedge against liabilities from deferred variable pay awards. There are no differences in the rights attached to the equity held by the Company from those held by other investors. The Company may also commit to invest capital in certain property, infrastructure and private equity funds.

The carrying value of the Company's investments in structured entities are disclosed in Note 15 (other long term infrastructure, property and private equity investments), and Note 16 (Seed capital investments and Investments in funds to hedge deferred fund awards).

### Maximum exposure to loss

The Company does not have a direct exposure to the AuM over which it provides services to other group entities, with the associated risks and rewards residing with external investors, except where the Company holds an equity interest. The Company's maximum exposure to loss is therefore limited to future fee income received via other group entities and the carrying value of investments in structured entities held by the Company at each reporting date.

In addition, £8.2 million (2020: £9.4 million) of the Company's unfunded capital commitments described in note 27 relate to unconsolidated structured entities invested in property, private equity and infrastructure projects.

### Financial support

The Company does not ordinarily provide financial support to any consolidated or unconsolidated structured entity through guarantees over the repayment of borrowings, or otherwise. However, in limited circumstances the Company will consider supporting structured entities by way of short term financing to manage the timing of cash flows. At 31 December 2021, the financial support provided by the Company was £nil (2020: £nil).

# Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 30 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.

See note 6 for disclosure of directors' remuneration.

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

During the year the Company recharged expenses of £1.6 million (2020: £2.0 million) to Virgin Money Unit Trust Managers Limited in which the company has a 50% ownership (note 14). At the year end £nil was outstanding and included within trade and other receivables (2020: £0.1 million).

In the normal course of business the Company made a number of investments into/divestments from investment vehicles managed by abrdn plc group companies. The Company paid amounts for the issue of shares or units and received amounts for the cancellation of shares or units.

## 31 Parent and ultimate parent undertaking

The company's immediate Parent and its ultimate parent is abrdn plc, which is 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

## 32 Events after the balance sheet date

On 11 March 2022, the Company subscribed to 12,442,906 ordinary shares of £0.0001 per share at a premium of £0.9999 per share, in Finimize.

## 33 Related undertakings

The Company's interests in related undertakings as at 31 December 2021 are provided below. Limited partnerships in which the Company has no interest but whose general partner is controlled by the Company are also considered to be related undertakings under Companies Act 2006 and are included below. Where the Company has no interest in a limited partnership that is considered a related undertaking, the interest held is disclosed as 0%.

The registered office of all related undertakings is 10 Queens Terrace, Aberdeen, AB10 1XL unless otherwise stated.

| Related Undertaking | Ownership | Percentage interest held |
|---|---|---|
| | Indirect | 0% |
| 21ASI Long Term Fund I SCS [17] | Indirect | 0% |
| Aberdeen ACM Team LP | Indirect | 0% |
| Aberdeen ACP LLP | Indirect | 100% |
| Aberdeen Alternatives (Holdings) Limited | Indirect | 100% |
| Aberdeen Asia IV (General Partner) S.a.r.l. [9] | Indirect | 100% |
| Aberdeen Asia Pacific Fund II, LP [32] | Indirect | 0% |
| Aberdeen Asia Pacific Fund, LP [32] | Indirect | 0% |
| Aberdeen Asia Pacific II (Offshore), LP [32] | Indirect | 0% |
| Aberdeen Asia Pacific III Ex-Co-Investment (Offshore), LP [32] | Indirect | 0% |
| Aberdeen Asia Pacific III Ex-Co-Investment, LP [32] | Indirect | 0% |
| Aberdeen Asia Pacific III, LP [32] | Indirect | 0% |
| Aberdeen Asia Partners III, LP [34] | Indirect | 0% |
| Aberdeen ASIF Carry LP | Indirect | 25% |
| Aberdeen Asset Investment Group Limited [27] | Direct | 100% |
| Aberdeen Asset Investments Limited [27] | Indirect | 100% |
| Aberdeen Standard Asset Management (Thailand) Limited [25] | Indirect | 100% |
| Aberdeen Asset Management Cayman Limited [32] | Direct | 100% |
| Aberdeen Asset Management Denmark A/S [51] | Indirect | 100% |
| Aberdeen Asset Management Finland Oy [29] | Indirect | 100% |
| Aberdeen Asset Management US GP Control LLC [30] | Indirect | 100% |
| Aberdeen Asset Managers Limited | Direct | 100% |
| Aberdeen Asset Middle East Limited [44] | Direct | 100% |
| Aberdeen Capital Management LLC [30] | Indirect | 100% |
| Aberdeen Capital Managers GP LLC [34] | Indirect | 100% |
| Aberdeen Claims Administration, Inc. [31] | Indirect | 100% |
| Aberdeen Co-Investment Mandate LP | Indirect | 0% |
| Aberdeen Direct Property (Holding) Limited [27] | Indirect | 100% |
| Aberdeen Emerging Asia Fund, LP [32] | Indirect | 0% |
| Aberdeen Emerging Asia Pacific II (Offshore), LP [32] | Indirect | 0% |
| Aberdeen Emerging Asia Pacific III Ex-Co-Investments, LP [32] | Indirect | 0% |
| Aberdeen Energy & Resource Company IV, LLC [30] | Indirect | 73% |

| | | |
|---|---|---|
| Aberdeen Energy & Resources Company V, LLC [30] | Indirect | 100% |
| Aberdeen Energy & Resources Partners II, LP [30] | Indirect | 0% |
| Aberdeen Energy & Resources Partners III, LP [30] | Indirect | 0% |
| Aberdeen Energy & Resources Partners IV, LP [30] | Indirect | 1% |
| Aberdeen Energy & Resources Partners V, LP [30] | Indirect | 2% |
| Aberdeen European Infrastructure Carry GP Limited | Indirect | 100% |
| Aberdeen European Infrastructure Carry Limited | Indirect | 100% |
| Aberdeen European Infrastructure Co-Invest II LP [27] | Indirect | 0% |
| Aberdeen European Infrastructure GP II Limited [27] | Indirect | 100% |
| Aberdeen European Infrastructure GP III Limited [27] | Indirect | 100% |
| Aberdeen European Infrastructure GP Limited [27] | Indirect | 100% |
| Aberdeen European Infrastructure III A Limited [27] | Indirect | 100% |
| Aberdeen European Infrastructure III B Limited [27] | Indirect | 100% |
| Aberdeen European Infrastructure IV Ltd [27] | Indirect | 100% |
| Aberdeen European Infrastructure Partners Carry II LP | Indirect | 25% |
| Aberdeen European Infrastructure Partners Carry III LP | Indirect | 25% |
| Aberdeen European Infrastructure Partners Carry LP | Indirect | 25% |
| Aberdeen European Infrastructure Partners II LP [27] | Indirect | 3% |
| Aberdeen European Infrastructure Partners III LP [27] | Indirect | 5% |
| Aberdeen European Infrastructure Partners LP [27] | Indirect | 3% |
| Aberdeen European Residential Opportunities Fund SCSp [13] | Indirect | 0% |
| Aberdeen France S.A. [10] | Direct | 100% |
| Aberdeen Fund Distributors LLC [31] | Indirect | 100% |
| Aberdeen Fund Management II Oy [40] | Indirect | 100% |
| Aberdeen Fund Management Ireland Limited [15] | Direct | 100% |
| Aberdeen General Partner 1 Limited | Indirect | 100% |
| Aberdeen General Partner 2 Limited | Indirect | 100% |
| Aberdeen General Partner CAPELP Limited [32] | Direct | 100% |
| Aberdeen General Partner CGPLP Limited [32] | Direct | 100% |
| Aberdeen General Partner CMENAPELP Limited [32] | Direct | 100% |
| Aberdeen General Partner CPELP II Limited [32] | Direct | 100% |
| Aberdeen General Partner CPELP Limited [32] | Direct | 100% |
| Aberdeen Global ex-Japan FoF's LP [32] | Indirect | 5% |
| Aberdeen Global ex-Japan GP Limited [32] | Indirect | 100% |
| Aberdeen Global Infrastructure Carry GP Limited | Indirect | 100% |
| Aberdeen Global Infrastructure GP II Limited [53] | Indirect | 100% |
| Aberdeen Global Infrastructure GP Limited [53] | Indirect | 100% |
| Aberdeen Global Infrastructure Partners Carry LP | Indirect | 25% |
| Aberdeen Global Infrastructure Partners II Carry LP | Indirect | 25% |
| Aberdeen Global Infrastructure Partners II LP [46] | Indirect | 0% |
| Aberdeen Global Infrastructure Partners III Carry LP [2] | Indirect | 25% |
| Aberdeen Global Infrastructure Partners LP [46] | Indirect | 0% |
| Aberdeen Global Partners, LP [30] | Indirect | 0% |
| Aberdeen GP 1 LLP | Indirect | 100% |
| Aberdeen GP 2 LLP | Indirect | 100% |
| Aberdeen GP 3 LLP | Indirect | 100% |

| | | |
|---|---|---|
| Aberdeen Infrastructure Feeder GP Limited | Indirect | 100% |
| Aberdeen Infrastructure Finance GP Limited [53] | Indirect | 100% |
| Aberdeen Infrastructure GP II Limited [27] | Indirect | 100% |
| Aberdeen Infrastructure Partners II Carry LP | Indirect | 25% |
| Aberdeen Infrastructure Partners II LP | Indirect | 0% |
| Aberdeen Infrastructure Partners LP Inc [53] | Indirect | 0% |
| Aberdeen International Partners II (Offshore), LP [34] | Indirect | 0% |
| Aberdeen International Partners II, LP [34] | Indirect | 0% |
| Aberdeen International Partners III (Offshore), LP [34] | Indirect | 0% |
| Aberdeen International Partners III, LP [34] | Indirect | 0% |
| Aberdeen Investment Company Limited | Direct/Indirect | 100% |
| Aberdeen Investment Solutions Limited | Indirect | 100% |
| Aberdeen Investments Jersey Limited [6] | Direct | 100% |
| Aberdeen Investments Limited [27] | Direct | 100% |
| Aberdeen Keva Asia IV Property Partners SCSp [9] | Indirect | 0% |
| Aberdeen Next Generation Partners V, LP [34] | Indirect | 0% |
| Aberdeen Pension Trustees Limited | Indirect | 100% |
| Aberdeen Pooling II GP AB [28] | Indirect | 100% |
| Aberdeen Private Equity Company VII, LLC [30] | Indirect | 62% |
| Aberdeen Private Equity Company VIII, LLC [30] | Indirect | 77% |
| Aberdeen Property Fund Finland I Feeder Ky [40] | Indirect | 0% |
| Aberdeen Property Fund Finland LP [40] | Indirect | 0% |
| Aberdeen Property Fund Management (Jersey) Limited [41] | Indirect | 100% |
| Aberdeen Property Fund Management Estonia Ou [38] | Indirect | 100% |
| Aberdeen Property Investors (General Partner) S.a.r.l. [11] | Indirect | 100% |
| Aberdeen Property Investors Estonia Ou [38] | Indirect | 100% |
| Aberdeen Property Investors France SAS [10] | Indirect | 100% |
| Aberdeen Property Investors Limited Partner Oy [40] | Indirect | 100% |
| Aberdeen Property Investors The Netherlands BV [54] | Indirect | 100% |
| Aberdeen Property Secondaries Partners II [13] | Indirect | 2% |
| Aberdeen Real Estate Fund Finland LP [43] | Indirect | 10% |
| Aberdeen Real Estate Operations Limited | Indirect | 100% |
| Aberdeen Real Estate Partners II, LP [34] | Indirect | 0% |
| Aberdeen Real Estate Partners III, LP [34] | Indirect | 0% |
| Aberdeen Residential JV Feeder Limited Partner Oy [40] | Indirect | 100% |
| Aberdeen Secondaries II GP S.a.r.l. [13] | Indirect | 100% |
| Aberdeen Sidecar LP Inc [53] | Indirect | 0% |
| Aberdeen SP 2013 A/S [51] | Indirect | 100% |
| Aberdeen Standard (Jersey) Limited [16] | Indirect | 100% |
| Aberdeen Standard Carlsbad Carry LP | Indirect | 25% |
| Aberdeen Standard Carlsbad GP Limited [53] | Indirect | 100% |
| Aberdeen Standard Carlsbad LP | Indirect | 0% |
| Aberdeen Standard Core Infrastructure III LTP LP [2] | Indirect | 100% |
| Aberdeen Standard European Infrastructure GP IV Limited [27] | Indirect | 100% |
| Aberdeen Standard European Infrastructure Partners Co-invest IV LP [27] | Indirect | 0% |
| Aberdeen Standard European Property Growth Fund LP [27] | Indirect | 0% |

| | | |
|---|---|---|
| Aberdeen Standard Fund Managers Limited [27] | Direct | 100% |
| Aberdeen Standard Global Infrastructure GP III Ltd [53] | Indirect | 100% |
| Aberdeen Standard Global Infrastructure Partners I (2021) Carry LP [2] | Indirect | 25% |
| Aberdeen Standard Greater China Value Fund [23] | Indirect | 71% |
| Aberdeen Standard Gulf Carry GP Limited | Indirect | 100% |
| Aberdeen Standard Investments (Switzerland) AG [48] | Direct | 100% |
| Aberdeen Standard Investments Beteiligungs GmbH [26] | Indirect | 94% |
| Aberdeen Standard Investments Colombia SAS [24] | Indirect | 100% |
| Aberdeen Standard Investments Deutschland AG [26] | Indirect | 90% |
| Aberdeen Standard Investments ETFs (US) LLC [20] | Indirect | 100% |
| Aberdeen Standard Investments ETFs Advisors LLC [20] | Indirect | 100% |
| Aberdeen Standard Investments ETFs Sponsor LLC [20] | Indirect | 100% |
| Aberdeen Standard Investments Ireland Limited [8] | Direct | 100% |
| Aberdeen Standard Investments Luxembourg Corporate Manager S.a.r.l. [9] | Indirect | 100% |
| Aberdeen Standard Investments Luxembourg S.A. [22] | Direct | 100% |
| Aberdeen Standard Investments Sweden AB [28] | Direct | 100% |
| Aberdeen Standard Pan European Residential Property Fund SICAV-RAIF [13] | Indirect | 0% |
| Aberdeen Standard Private Equity Company IX, LLC [30] | Indirect | 80% |
| Aberdeen Standard Private Real Assets Co-Investment Fund I GP, LLC [30] | Indirect | 80% |
| Aberdeen Standard Private Real Assets Co-investment Fund I GP, LP [5] | Indirect | 0% |
| Aberdeen Standard Private Real Assets Co-Investment Fund I, LP [30] | Indirect | 1% |
| Aberdeen Standard U.S. Private Equity IX, LP [5] | Indirect | 0% |
| Aberdeen Standard Venture Company XII, LLC [30] | Indirect | 91% |
| Aberdeen Trust Limited | Direct/Indirect | 100% |
| Aberdeen U.S. Private Equity III (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity IV (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity IV SPV-A, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity IV, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity V (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity V SPV-A, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity V, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VI (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VI SPV-A, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VI, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VII (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VII, LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VIII (Offshore), LP [30] | Indirect | 0% |
| Aberdeen U.S. Private Equity VIII, LP [30] | Indirect | 0% |
| Aberdeen UK Infrastructure Carry GP Limited | Indirect | 100% |
| Aberdeen UK Infrastructure Carry Limited | Indirect | 100% |
| Aberdeen Unit Trust Managers Limited | Direct | 100% |
| Aberdeen Venture Company X, LLC [30] | Indirect | 63% |
| Aberdeen Venture Company XI, LLC [30] | Indirect | 87% |
| Aberdeen Venture Partners IX (Offshore), LP [30] | Indirect | 0% |
| Aberdeen Venture Partners IX, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VII (Offshore), LP [30] | Indirect | 0% |

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|---|---|---|
| Aberdeen Venture Partners VII SPV-A, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VII, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VIII (Offshore), LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VIII SPV-A, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VIII SPV-B, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VIII SPV-C, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners VIII, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners X (Offshore) LP [30] | Indirect | 0% |
| Aberdeen Venture Partners X SPV-A, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners X SPV-B, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners X, LP [30] | Indirect | 1% |
| Aberdeen Venture Partners XI (Offshore), LP [30] | Indirect | 0% |
| Aberdeen Venture Partners XI SPV-A, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners XI SPV-B, LP [30] | Indirect | 0% |
| Aberdeen Venture Partners XI, LP [30] | Indirect | 1% |
| Aberdeen Venture Partners XII, LP [30] | Indirect | 1% |
| Aberdeen Standard Investments (Asia) Limited [7] | Direct | 100% |
| Aberdeen Standard Investments Australia Limited [42] | Indirect | 100% |
| Aberdeen do Brasil Gestao de Recursos Ltda [47] | Direct | 100% |
| Aberdeen Standard Investments (Canada) Limited [1] | Indirect | 100% |
| abrdn Founder Co Limited [2] | Indirect | 100% |
| Aberdeen Standard Investments (Hong Kong) Limited [18] | Direct | 100% |
| Aberdeen Standard Investments Inc. [30] | Direct | 100% |
| Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd. [49] | Indirect | 100% |
| Aberdeen Standard Investments (Japan) Limited [45] | Direct | 100% |
| Aberdeen Standard Investments Korea Co. Ltd [3] | Indirect | 100% |
| ASI Korea GP 2 Pte. Ltd [21] | Indirect | 100% |
| ASI Korea Separate Account 2 LP [21] | Indirect | 1% |
| Aberdeen Standard Investments Life and Pensions Limited [27] | Direct | 100% |
| Aberdeen Standard Investments (Malaysia) Sdn. Bhd [49] | Direct | 100% |
| Aberdeen Standard Investments Nominees Services (HK) Limited [18] | Indirect | 100% |
| Aberdeen Standard Asset Management (Shanghai) Co., Ltd [52] | Indirect | 100% |
| Aberdeen Standard Overseas Investment Fund Management (Shanghai) Co., Ltd [52] | Indirect | 100% |
| Aberdeen SPV 2021 A GP, LLC [30] | Indirect | 79% |
| Aberdeen Standard Investments Taiwan Limited [23] | Direct | 100% |
| Aberdeen Venture Company XIII, LLC [30] | Indirect | 91% |
| ACM Carry LP | Indirect | 40% |
| AEROF (Luxembourg) GP S.a.r.l. [13] | Indirect | 100% |
| AERP V-A Master, LP [30] | Indirect | 0% |
| AIA Series T Holdings LLC [5] | Indirect | 0% |
| AIPP Folksam Europe II Kommanditbolag [50] | Indirect | 0% |
| AIPP Pooling I SA [13] | Indirect | 100% |
| Airport Industrial GP Limited [27] | Indirect | 100% |
| Airport Industrial Limited Partnership [27] | Indirect | 0% |
| Aldwych Capital Partners, LP [2] | Indirect | 0% |
| Andean Social Infrastructure (No. 1) limited [27] | Indirect | 100% |

| | | |
|---|---|---|
| Andean Social Infrastructure Fund I LP [32] | Indirect | 1% |
| Andean Social Infrastructure GP Limited [32] | Indirect | 100% |
| Arden Garden State NJ Fund, LP [5] | Indirect | 1% |
| Arden Institutional Advisers, LP [5] | Indirect | 0% |
| Arden Institutional Fund LP [5] | Indirect | 0% |
| Arthur House (No.6) Limited [27] | Indirect | 100% |
| Artio Global Investors Inc. [31] | Indirect | 100% |
| ASI (Gold) Limited [12] | Direct | 100% |
| ASI Core Private Equity Fund GP, LLC [30] | Indirect | 94% |
| ASI Direct RE GP LLP [2] | Indirect | 100% |
| ASI European Private Equity 2019 B LP [2] | Indirect | 0% |
| ASI Han Co-Investment LP [2] | Indirect | 90% |
| ASI Little Mill Carry LP | Indirect | 0% |
| ASI Little Mill LP | Indirect | 0% |
| ASI Mid-Market 1 LP | Indirect | 0% |
| ASI MM Executive Co Investment LP | Indirect | 0% |
| ASI PE 1 Carry LP | Indirect | 40% |
| ASI Private Equity 1 LP | Indirect | 0% |
| ASI REMM GP LLP | Indirect | 100% |
| ASI Shin Co-Investment LP | Indirect | 100% |
| ASI Shin Global Investment GP Limited [32] | Indirect | 100% |
| ASI000 GP I S.àr.l. [13] | Indirect | 100% |
| ASPER (Luxembourg) GP S.a.r.l. [13] | Indirect | 100% |
| Ballentine Core Private Equity Fund, LP [30] | Indirect | 25% |
| BoS Mezzanine Partners Fund LP [37] | Indirect | 0% |
| BOSEMP Feeder LP | Indirect | 0% |
| C.C. U.S. Private Equity Fund GP II, LLC [30] | Indirect | 84% |
| C.C. U.S. Private Equity Fund GP, LLC [30] | Indirect | 81% |
| C.C. U.S. Private Equity Fund II, LP [30] | Indirect | 0% |
| C.C. U.S. Private Equity Fund, LP [5] | Indirect | 1% |
| Concession Infrastructure Investments Manager Limited [33] | Indirect | 50% |
| Coutts Asian Private Equity Limited Partnership [32] | Indirect | 0% |
| Coutts Global Property Limited Partnership [32] | Indirect | 0% |
| Coutts Middle East and North Africa Private Equity Limited Partnership [32] | Indirect | 0% |
| Coutts Private Equity Limited Partnership II [32] | Indirect | 0% |
| Coutts Private Equity Limited Partnership [32] | Indirect | 0% |
| Edinburgh Fund Managers Group Limited | Direct | 100% |
| Edinburgh Fund Managers Plc [2] | Direct | 100% |
| Edinburgh Unit Trust Managers Limited | Direct | 100% |
| Flag Asia Company III, LLC [30] | Indirect | 100% |
| Flag Asia Company III, LP [30] | Indirect | 0% |
| Flag Energy & Resource Company II, LLC [30] | Indirect | 100% |
| Flag Energy & Resource Company III, LLC [30] | Indirect | 100% |
| Flag GG Opportunity Company, LLC [30] | Indirect | 100% |
| Flag Global Company, LLC [30] | Indirect | 100% |
| Flag International Company II, LLC [30] | Indirect | 100% |

| | | |
|---|---|---|
| Flag International Company II, LP [30] | Indirect | 0% |
| Flag International Company III, LLC [30] | Indirect | 100% |
| Flag International Company III, LP [30] | Indirect | 0% |
| Flag International Company, LLC [30] | Indirect | 100% |
| Flag International Company, LP [30] | Indirect | 0% |
| Flag Offshore GP, Ltd [36] | Indirect | 100% |
| Flag Private Equity Company II, LLC [30] | Indirect | 100% |
| Flag Private Equity Company III, LLC [30] | Indirect | 100% |
| Flag Private Equity Company III, LP [30] | Indirect | 0% |
| Flag Private Equity Company IV, LLC [30] | Indirect | 100% |
| Flag Private Equity Company IV, LP [30] | Indirect | 0% |
| Flag Private Equity Company V, LLC [30] | Indirect | 100% |
| Flag Private Equity Company V, LP [30] | Indirect | 0% |
| Flag Private Equity Company VI, LLC [30] | Indirect | 100% |
| Flag Private Equity Company, LLC [30] | Indirect | 100% |
| Flag Real Assets Company LLC [30] | Indirect | 100% |
| Flag Real Estate Company II, LLC [30] | Indirect | 100% |
| Flag Real Estate Company III, LLC [30] | Indirect | 100% |
| Flag Squadron Asia Pacific III GP LP [32] | Indirect | 0% |
| Flag Venture Company II, LLC [30] | Indirect | 100% |
| Flag Venture Company III, LLC [30] | Indirect | 100% |
| Flag Venture Company IV, LLC [30] | Indirect | 100% |
| Flag Venture Company IX, LLC [30] | Indirect | 100% |
| Flag Venture Company V, LLC [30] | Indirect | 100% |
| Flag Venture Company VI, LLC [30] | Indirect | 100% |
| Flag Venture Company VI, LP [30] | Indirect | 0% |
| Flag Venture Company VII, LLC [30] | Indirect | 100% |
| Flag Venture Company VII, LP [30] | Indirect | 0% |
| Flag Venture Company VIII, LLC [30] | Indirect | 100% |
| Flag Venture Company VIII, LP [30] | Indirect | 0% |
| FOF III Venture Company, LLC [30] | Indirect | 100% |
| FOF IV Venture Company, LLC [30] | Indirect | 100% |
| FOF V Venture Company, LLC [30] | Indirect | 100% |
| FSA III EA SPV, LP [32] | Indirect | 0% |
| FSA III Pacific SPV, LP [32] | Indirect | 0% |
| Griffin Nominees Limited [27] | Indirect | 100% |
| KFAS Real Estate Limited Partnership [2] | Indirect | 0% |
| Murray Johnstone Holdings Limited [19] | Direct | 100% |
| Murray Johnstone Limited | Direct | 100% |
| Next Generation Associates III, LLC [30] | Indirect | 100% |
| Next Generation Associates IV, LLC [30] | Indirect | 100% |
| Next Generation Associates V, LLC [30] | Indirect | 100% |
| Next Generation Associates V, LP [30] | Indirect | 0% |
| Orion Partners CLP Inc. [35] | Indirect | 100% |
| Orion Partners Services Inc. [35] | Direct | 100% |
| Ostara China Real Estate Fund LP [35] | Indirect | 0% |

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|---|---|---|
| Ostara Japan Fund 3 LP [35] | Indirect | 1% |
| Ostara Korea GP 2 Pte. Ltd [21] | Indirect | 100% |
| Ostara Korea Separate Account LP [21] | Indirect | 0% |
| Ostara Partners Inc. China [35] | Indirect | 100% |
| Ostara Partners Inc. Japan 3 [35] | Indirect | 100% |
| PE1 LP | Indirect | 0% |
| PE1A LP | Indirect | 0% |
| PE 2 Carry LP | Indirect | 40% |
| PE2 LP | Indirect | 0% |
| PT Aberdeen Standard Investments Indonesia [4] | Indirect | 99% |
| PURetail Luxembourg Management Company S.a.r.l. [22] | Indirect | 50% |
| Regent Property Partners (Retail Parks) Limited [27] | Indirect | 100% |
| SG Commercial LLP [14] | Indirect | 60% |
| Shin Global Investment Partners LP [32] | Indirect | 50% |
| Squadron Asia Pacific Fund II, LP [32] | Indirect | 0% |
| Squadron Asia Pacific Fund, LP [32] | Indirect | 0% |
| Squadron Capital Asia Pacific GP, LP [32] | Indirect | 100% |
| Squadron Capital Asia Pacific II GP LP [32] | Indirect | 100% |
| Squadron Capital Partners Limited [32] | Indirect | 100% |
| Squadron GP Participation II, LP [32] | Indirect | 0% |
| Squadron GP Participation, LP [32] | Indirect | 0% |
| Tenon Nominees Limited | Direct | 100% |
| Tritax Assets LLP [14] | Indirect | 60% |
| Tritax Management LLP [27] | Indirect | 60% |
| Tritax Securities LLP 1[4] | Indirect | 60% |
| Two Rivers One Limited [41] | Indirect | 100% |
| Two Rivers Two Limited [41] | Indirect | 100% |
| UK PRS Opportunities General Partner Limited [27] | Indirect | 100% |
| UK PRS Opportunities LP [27] | Indirect | 0% |
| Virgin Money Unit Trust Managers Limited [39] | Direct | 50% |
| VZWL Private Equity GmbH & Co geschlossene Investment KG [26] | Indirect | 0% |
| Waverley Healthcare Private Equity Limited | Indirect | 100% |

**Registered office address:**

1 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada

2 1 George Street, Edinburgh, EH2 2LL

3 13th Fl., B Tower (Seocho-dong, Kyobo Tower Building), 465, Gangnam-daero, Seocho-gu, Seoul, Korea

4 16th Floor, Menara DEA Tower 2, 16th Floor, Kawasan Mega Kuningan, Jl Mega Kuningan Barat Kav. E4.3 No. 1-2, 12950 Jakarta, Indonesia

5 1900 Market St, Suite 200, Philadelphia, PA 19103, USA

6 1st Floor, Sir Walter Raleigh House, Esplanade, St Helier, JE2 3QB, Jersey

7 21 Church Street, #01-01, Capital Square Two, 049480, Singapore

8 24 Merrion Row, Dublin 2, Ireland

9 2-8 avenue Charles De Gaulle, L-1653 Luxembourg, Luxembourg

10 29 Rue De Berri, Paris, 75008, France

11 2B rue Albert Borschette, L-1246 Luxembourg , Luxembourg

12 30 Finsbury Square, London, EC2A 1AG

13 35a Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

14 3rd Floor, 6 Duke Street St James's, London, SW1Y 6BN

15 40 Upper Mount Street, Dublin 2, Ireland

16 44 Esplanade, St Helier, Jersey, JE4 9WG

17 6, rue Gabriel Lippmann L - 5365 Munsbach, Luxembourg

18 6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong

19 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN

20 712 5th Ave, New York, NY 10019, USA

21 80 Robinson Road, #02-00, 068898, Singapore

22 80, route d'Esch, L-1470 Luxembourg, Luxembourg

23 8F-1, No. 101, Songren Road, Taipei City, 110, Taiwan, Republic of China

24 AC 82 NO. 10 60 P 5 Bogota DC, Columbia

25 Bangkok City Tower, 28th Floor, 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand

26 Bockenheimer Landstrasse 25, 60325 Frankfurt am Main, Germany

27 Bow Bells House, 1 Bread Street, London, EC4M 9HH

28 Box 3039, Stockholm, 103 63, Sweden

29 c/o Asianajotoimisto DLA Piper Finland Oy, Fabianinkatu 23, FI-00130 Helsinki, Finland

30 c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, USA

31 c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE, 19808, USA

32 c/o Maples Corporate Services Limited ,Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands

33 c/o Paget-Brown Trust Company Ltd, Boundary Hall, Cricket Square, P.O. Box 1111, Grand Cayman, KY1-1102, Cayman Islands

34 c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA

35 Campbells Corporate Services Limited, 4th Floor, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands

36 Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

37 Fourth Floor, 7 Castle Street, Edinburgh, EH2 3AH

38 Harju maakond, Tallinn, Kesklinna linnaosa, Ahtri tn 6a, 10151, Estonia

39 Jubilee House, Gosforth, Newcastle-Upon-Tyne, NE3 4PL

40 Kaivokatu 6, FI-00100, Helsinki, Finland

41 Level 1, 1FC1, Esplanade, St Helier, JE2 3BX, Jersey

42 Level 10, 255 George Street, Sydney, NSW 2000, Australia

43 Mikonkatu 9 Fin 00100, Helsinki, Finland

44 Office Unit 8, 6th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Marya Island, PO Box 764605, Abu Dhabi, United Arab Emirates

45 Otemachi Financial City Grand Cube 9F, 1-9-2 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan

46 P.O. Box 406, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 3GG

47 Rua Joaquim Floriano, 913 – 7th floor – Cj. 71, Itaim Bibi, São Paulo, 04534-013, Brasil

48 Schweizergasse 14, Zurich, 8001, Switzerland

49 Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing No.1, Leboh Ampang 50100 Kuala Lumpur, Malaysia

50 Sveavägen 24, 111 57 Stockholm, Sweden

51 Tuborg Havnevej 15, DK-2900 Hellerup, Denmark

52 West Area, 2F, No.707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone

53 Western Suite, Ground Floor Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ

54 WTC, H-Tower, 20th Floor, Zuidplein 166, 1077 XV Amsterdam, Netherlands

**Other related undertakings arising from the Company's short-term interest in funds**

The funds presented below are related undertakings of the Company at 31 December 2021, by way of seed capital investments and other short term investments:

| Related undertaking | Ownership | Percentage interest held |
|---|---|---|
| ASI Sterling Bond Fund [1] | Indirect | 22% |
| ASI Sterling Long Dated Government Bond Fund [1] | Indirect | 49% |
| Aberdeen Standard SICAV I - Asian Credit Bond Fund [2] | Direct | 47% |
| Aberdeen Standard SICAV I - Emerging Markets Local Currency Corporate Bond Fund [2] | Direct | 90% |
| Aberdeen Standard SICAV I - Europe ex UK Sustainable and Responsible Investment Equity Fund [2] | Indirect | 24% |
| Aberdeen Standard SICAV I - German Equity Fund [2] | Direct | 34% |
| ASI Diversified Growth Fund [1] | Direct | 47% |

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2 35a Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg