Registered No: 992726

PRUDENTIAL PENSIONS LIMITED

Annual Report and Financial Statements for the year ended 31 December 2024

PRUDENTIAL PENSIONS LIMITED

Incorporated and registered in England and Wales. Registered No. 992726.
Registered office: 10 Fenchurch Avenue, London EC3M 5AG.

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Directors (in office at date of approval of the financial statements)

Mr C Bolton
Mr R S Bowie (Chairman)
Mr S Horgan
Mr S Paton Evans

Secretary

M&G Management Services Limited

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Principal activities

The principal activities of Prudential Pensions Limited ('the Company') in the course of 2024 were transacting long-term insurance business in the United Kingdom. This activity is expected to continue in 2025.

The Company is a wholly owned subsidiary undertaking of The Prudential Assurance Company Limited (PAC), a company registered in England and Wales, and a wholly owned indirect subsidiary of M&G plc. M&G is an international savings and investment business offering a range of financial products and services through its Asset Management and Life businesses. The Company's ultimate parent company is M&G plc.

The Company has taken advantage of disclosure exemptions under the Companies Act 2006 (the 'Act') and therefore group financial statements and a group business review are not prepared. Accordingly, the financial statements present information about the Company as an individual undertaking and are not consolidated.

Business review

The Company accepts reinsurance from both PAC, its immediate parent company, and external parties in respect of corporate pension schemes. In addition, the Company sells direct investment-only business to group pension schemes. Most of the Company’s products are unit-linked investment products. The Company has a small book of annuities reassured to PAC.

Reinsurance accepted consists of life insurance and pension products investing into the Company's unit linked life funds.

Direct investment-only clients largely invest money into the Company's unit linked solutions on behalf of defined benefit pension schemes. The key determinant of success and retention is delivery of good investment performance. The Company is further exposed to changes in the marketplace, such as competitors' fund offerings for the traditional defined benefit book, and actively monitors those changes.

The Company continues to make progress on its transformation programme to improve customer experiences and outcomes, support growth, boost efficiencies and bring greater stability. This involves modernising the business so that it is fit for the digital era through significant investment in new administration systems and digitalisation.

Strategic Direction and Corporate Transactions

Sustainability

As a subsidiary of M&G plc, the Company’s sustainability ambitions are in line with the wider Group - these are reflected through Group-level commitments and targets for both diversity and inclusion and climate change. The climate commitments are supported by interim targets set through PAC's membership of the Net Zero Asset Owners Alliance, which are now informing the investment policy and asset allocation decisions for the pension savings and annuity books for PAC and it's subsidiaries. Addressing thermal coal is an important component of Group’s climate strategy - as part of this, M&G plc has committed to phase out thermal coal from its public investment portfolios by 2030 for OECD and EU countries, and by 2040 for developing countries.

To keep customers informed about these developments the Company publishes a Task Force on climate-related financial disclosures (TCFD) report which can be found on the M&G plc website. Details of updates to interim climate targets will be covered in the Company's 2024 TCFD report that is due to be publised in June 2025. Product TCFD reports are also published, which are available online to all Prudential policyholders.

Key Performance Indicators and measurement

The following table sets out the key financial performance indicators for the Company.

Key Performance Indicators	**2024**	2023	**Change**
	£'000	£'000	**%**
Operating profit/(loss) on ordinary activities before tax	**4,600**	1,225	275.5 %
Shareholder funds	**77,877**	74,398	4.7 %
Assets held to cover linked liabilities	**7,273,188**	7,743,593	(6.1)%
Estimated Solvency II capital surplus	**57,098**	48,837	16.9 %

Profit on ordinary activities has increased from £1.2m for 2023 to £4.6m for 2024. The increased profit arises mainly due to a reduction in administrative expenses including the one-off accounting implementation cost experienced in 2023. This has been offset by higher unrealised losses on the UK gilt valuation.

The Company is regulated under Solvency II and supervised as an insurance company by the Prudential Regulation Authority ('PRA'). The Company has been granted approval by the PRA to calculate its Solvency Capital Requirement ('SCR') based on its Internal Model, which reflects the key risks the Company is exposed to, the most significant of which are insurance risk (primarily expense risk and persistency risk).

The Solvency II surplus allows for the Transitional Measure on Technical Provisions (TMTP). The TMTP as at 31 December 2024 remained at Nil following a material reduction in risk margin at 31 December 2023.

The increase in the estimated Solvency II capital surplus to £57m as at 31 December 2024 from £49m as at 31 December 2023 is driven by the increase in the Own Funds and a decrease in capital requirements. Operating items resulted in a £10m increase in surplus partially offset by a £2m reduction in surplus from market movements and restructuring costs. The Solvency II basis is covered in more detail in Note 15.

Clients are at the centre of our business. Our Life business model has been refined to enhance our customer focus, develop products that meets the needs of our customers, and improves service delivery across our product range. This is measured by the Group for the Life business using net promoter score showing our clients' willingness to recommend our products and services to others.

Section 172(1) Statement

Section 172 of the Act requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

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

In discharging the Board's section 172 duties, regard has been given to the factors applicable to PPL. The Board also recognises the matters it considers can often have unique characteristics. This can require the Board to consider additional factors, which are relevant to the specific matter under consideration. There is an acknowledgement from the Board that the relative importance of each factor they consider will vary depending on the decision being taken across all of the Board's decisions and that they are mindful of the Company's purpose, regulatory obligations, strategic priorities and alignment with the Group's overarching culture, vision and values.

Authority for day-to-day management of the Company is delegated to the Chief Executive who in turn charges management with execution of the business strategy and related policies. The Directors review at each regular Board meeting: financial and operational performance, risk, compliance and regulatory reporting. The Board also reviews other areas over the course of the financial year including the Company's business strategy; financial reporting; key risks; stakeholder-related matters; and governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The Company's key stakeholders are its parent, PAC, its ultimate beneficial owner M&G plc and its stakeholder groups. Details of additional stakeholder groups such as the Company's regulators, policyholders and corporate customers, are set out in M&G plc's Annual report. The views and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, for example, interaction with regulators, the size and spread of both the Company's stakeholders and the Group means that other stakeholder engagement takes place at Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

During the year the Board received information to help them understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on the Company's financial and operational performance, non-financial key performance indicators, risk, environmental, social and governance matters and the outcomes of specific pieces of engagement. As a result of this the Board has had an overview of engagement with stakeholders and other relevant factors which allow the Board to understand the nature of the stakeholders' concerns and to comply with the section 172 duty to promote the success of the Company.

Principal decisions

The Board sets out below the principal decisions they have made with regard to the matters set out in section 172(1)(a)-(f) when discharging their section 172 duties and the effect of that on decisions taken. The Board defines principal decisions as both those that are material to the Company, but also those that are significant to any of the Company's key stakeholders. In making the following principal decision the Board considered relevant impact on stakeholders as well as the need to maintain a reputation for high standards of business conduct:

Principal decision 1 – Decision to pay a Dividend

Each year the Board makes an assessment of the strength of the Company's balance sheet and future prospects relative to uncertainties in the external environment and makes decisions about the payment of dividends. In determining whether a dividend should be paid, considerations were made in respect of the current solvency position relative to its risk appetite, the resilience of the Company's balance sheet, allowing for the capital support arrangements in place; the quality of capital and liquidity and distributable reserves. In addition, further analysis was undertaken in respect of the Company's balance sheet sensitivity to expenses and persistency, and to ensure the stated risk appetite was appropriate. The base solvency and liquidity position of the Company continued to be strong. Recognising the high level of the Company's solvency at 30 September 2024 and the fact that the Company's liquidity position and level of distributable reserves were not a constraint on the payment of a dividend, the Board agreed the proposal to pay a dividend of £20m to the Company's parent, The Prudential Assurance Company Limited.

Principal risks and uncertainties

As a provider of savings and retirement solutions, the Company's business involves the managed acceptance of risk. The Company is subject to the Group's internal control and risk management processes as detailed in the Group Governance Framework (GGF) and associated Group Risk Management Framework (RMF). The control procedures and systems established within the Group are designed to manage, rather than eliminate, the risk of failure to meet business objectives. The Company takes on exposure to risks where such risks are adequately rewarded, and can be appropriately quantified and managed to safeguard the Company's ability to meet commitments to customers, comply with regulations, and protect its reputation.

The types of risk to which the Company is exposed have not changed significantly over the year.

The RMF requires all entities within the Group, including the Company, to establish processes for identifying, measuring, managing, monitoring and reporting key risks. The RMF is designed to manage risk within agreed appetite levels which are aligned to delivering the Group and Company strategy. The RMF is approved by the

Group Risk Committee and operates based on the concept of three lines of defence: (1) risk identification and management; (2) risk oversight, advice and challenge; and (3) independent assurance.

The Company's results and financial condition are exposed to both financial and non-financial risks from its core activities. The key risk factors, mentioned below, should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Financial and Insurance risks

(a) Market, Credit, Insurance and Liquidity Risk

As a unit-linked pensions business, the Company's profits are primarily driven by the income arising from the management charges taken, which are generally based on a percentage of Assets Under Management and Administration (AUMA), offset by the expenses incurred. The level of charges taken are dependent on the value of AUMA, which are exposed to market and credit risk and persistency risk (i.e. rates of policyholder exits). The Company is also exposed to unexpected changes in expenses (including expense inflation). Relative to the value of assets held on the balance sheet, the Company's exposure to financial risk is limited due to the nature of the unit-linked business where policyholder liabilities are directly linked to the value of assets backing those liabilities.

Under normal circumstances, policyholders bear most of the investment and fund liquidity risk for unit-linked business. However, if product terms and conditions are such that the deferral of claims is only permitted for a limited period of time, or not at all, the mismatch relative to fund mandates can give rise to risk to the Company.

The Company has a small amount of annuity business, but this is reinsured internally within the Group and as such, the financial risk resides with the reinsurer.

The financial and insurance risk factors affecting the Company are discussed further in Note 21.

(b) Investment risk

The investment objectives and risk profiles of funds and segregated mandates are agreed with customers. A failure to deliver against these objectives (including sustained underperformance of funds), to maintain risk profiles that are consistent with customers' expectations, or to ensure that fund liquidity profiles are appropriate may all lead to poor customer outcomes and result in fund outflows. If these risks materialise for funds or a range of funds then profitability, reputation and growth plans may be impacted.

The Treasury and Investment Office (T&IO) establishes the asset allocation and agrees investment mandates with fund managers for The Prudential Assurance Company Ltd (PAC) and its subsidiaries. Fund managers are accountable for the performance of the funds they manage and the management of the risks to the funds. There is regular monitoring to identify, measure and oversee investment performance, investment risk and fund liquidity risks. Such activities feed into established oversight and escalation forums.

Non-financial risks

The Company is exposed to a wide range of non-financial risks.

(a) Operational risk

Operational Risk is the risk of financial and non-financial impact resulting from inadequate or failed internal or outsourced processes, colleague errors, technology issues, or from external events. Operational failures can also give rise to financial risk exposures; for example, through process failures in the management of market and credit risk.

In particular, a material failure or operational disruption in the processes and controls supporting the Company's activities, that of third-party suppliers or of technology could result in poor customer outcomes, reputational damage, increased costs and regulatory censure. The Company's dependence on technology means the unavailability of key hardware or software, inadequate information security arrangements and ineffective use of digital solutions could impact the Company's ability to operate effectively. Additionally, serious failings in the delivery and/or persistent under performance of third-party supplier arrangements could impact the delivery of services to customers.

The Risk Management Framework defines the Group's approach to managing operational risks and associated controls including information technology, privacy and data protection and third party risk management. In particular, a Group Data Policy sets out the principles and requirements on the use of data and a Group Information Technology Risk Policy is in place to manage technology risks. Business continuity and crisis management requirements are applied across the Group to identify and manage Important Business Services and Critical Shared Services. The potential risks of artificial intelligence (AI) is recognised as AI is adopted in a considered manner, supported by an AI framework, established governance, and mandatory training.

(b) Business environment and market forces risk

Changing customer preferences and economic and political conditions could adversely impact the Company’s performance against its strategy. Economic factors may impact product demand and the Company’s ability to generate an appropriate return. Increased geopolitical risks and conflicts, and policy uncertainty, may impact products, investments and operating model.

The annual strategic planning considers the potential impact of the wider business environment and economy. The Company's strategy is aligned to the Group's strategy with the Business Plan incorporating the financial impact of the Company.

(c) Sustainability and ESG risk

A failure to address and embed sustainability considerations within the Company’s strategy, products, operating model and communication approach could adversely impact financial performance, reputation, and future growth. A broad range of issues are considered across the Group including those concerning greenwashing, climate impact, diversity and inclusion, and corporate governance.

The Group ESG Risk Policy sets out the key requirements for the management of ESG risk in a manner consistent with the Group’s RMF, non-financial risk appetite and Key Risk Indicators. In particular, the key requirements relate to the identification, assessment and management of ESG risks.

(d) Change risk

Failure to deliver on the significant Group change programmes within cost and capacity constraints may impact the Company's business model and ability to deliver against the business plan and strategy.

The Change Delivery Board, chaired by a Group Executive Committee Member, monitors and reports on a suite of metrics measuring the delivery progress, costs and benefits of transformation programmes. A Group project standard, to which all functions must follow and attest compliance, includes reporting and escalation of risks to management and the Board.

(e) People risk

Although the Company does not directly employ staff, as this is done through servicing companies within the wider Group, it is still exposed to people risk in relation to those employees that service the Company. The success of the Company's operations is highly dependent on the ability to attract, retain and develop highly qualified people with the right mix of skills and behaviours to support positive culture and growth. As the Group strategy continues to be implemented, people risk is heightened in areas including pay practices, workloads and morale, the conduct of colleagues or groups of colleagues and industrial relations.

People risk is managed through the HR Framework which is designed to align colleague objectives and remuneration to business strategy and culture. The framework includes policies for diversity and inclusion, employee relations, remuneration, talent, resourcing, performance and learning.

(f) Regulatory compliance risk

Regulatory risk can arise from potential failure to meet regulatory requirements or to adequately consider regulatory expectations, standards or principles. The Company operates in a highly regulated environment and is subject to a number of regulatory initiatives. There are wide-ranging consequences of regulatory non-compliance, including client detriment, reputational damage, fines and restrictions on operations or products.

Accountability for compliance with regulatory and legal requirements sits with senior management. The Risk and Compliance function provides guidance to, and oversight of, the Company in relation to regulatory compliance matters and carries out assurance activities to assess the adequacy of systems and controls designed to comply with regulations and legislation. Regulatory developments and consultations are regularly monitored.

(g) Reputational risk

The Company's reputation is the sum of its stakeholders' perceptions, which are shaped by the nature of their expectations and the Company's ability to meet them. Consequently, there is a risk that through activities, behaviours or communications, the Company fails to meet stakeholder expectations in ways which adversely impact trust and reputation in the Company. Failure to effectively manage reputational risk could result in poor stakeholder outcomes and could impact the Company's revenues and cost base, ability to attract and retain the best staff and potential regulatory intervention or action.

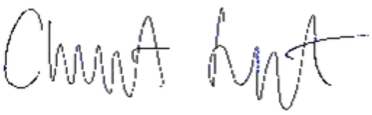
The Reputational Risk Management Framework and dedicated Reputational Risk team monitor and report on reputational risks using a suite of metrics to monitor stakeholder groups. The Group's Executive Reputation Risk Forum enables senior manage to oversee reputation risk management. In addition, embedded reputational risk champions perform an active role in the identification and monitoring of key reputational risks and drivers.

(h) Conduct risk

There is a risk that through the acts or omissions of individuals, the Company delivers poor outcomes for customers, colleagues, or other stakeholders, or affects market integrity.

Due to the broad nature of conduct risk, management is pervasive and reflected in Group policy and processes including but not limited to the Code of Conduct and the Conflict of Interest, Market Abuse and Investment Communications Recording policies.

By order of the Board



M&G Management Services Limited
Company Secretary
18 March 2025

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Incorporated and registered in England and Wales. Registered no. 992726

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

Likely developments, business strategies and prospects

Likely future developments in the business of the Company are discussed in the strategic report in accordance with Section 414C(11) of the Companies Act 2006.

Ultimate parent company

The Company is a wholly owned subsidiary undertaking of The Prudential Assurance Company Limited. The Company's ultimate parent company, M&G plc, is a public limited company, limited by shares, incorporated and registered in England and Wales.

Statement of corporate governance arrangements for large private companies

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018 the Board confirms that it has established and maintained its own corporate governance arrangements, supported and monitored by the Group Secretariat function to ensure that they are appropriate for a regulated subsidiary within a listed company group.

No specific governance code has been applied to the Company in the 2024 year, as it has an established set of governance procedures and practices. It is a regulated entity and so follows certain regulatory requirements and is working within the established system of internal controls and risk management. The overall risk appetite and tolerance set for the Company is set making reference to all relevant Group policies and limits.

The below describe some of the Company’s governance arrangements in place during the reporting year:

- Composition of Board - comprised of an independent Non-executive Chairman, alongside executives who are employees of the Group. The operational management of the Company is delegated to the CEO. Additionally, the Company has a joint audit committee and risk committee with its parent company, The Prudential Assurance Company Limited.

- Director Appointment - all directors are appointed only following regulatory approval and internal approval processes.

- Company Secretary - the Company Secretariat function comprises of appropriately qualified and experienced Company Secretaries who are responsible for ensuring that ongoing governance principles and processes are adhered to.

- Terms of Reference - The Board has in place Terms of Reference which have been followed in 2024 and are periodically reviewed.

Other disclosures

There have been no material issues of concern in relation to the Company’s governance arrangements and practices raised to the Board or its Company Secretary.

Stakeholder relationships and engagement

For details of the Company’s engagement with its stakeholders please see the Section 172 Statement on pages 3-4.

Corporate responsibility

The Company is a wholly owned subsidiary within the Group and Corporate Responsibility ('CR') is integral to the way the Group does business.

The Group, of which the Company is a part, has developed a Group Governance Framework which is underpinned by a Subsidiary Corporate Governance Manual. This encompasses all key policies and procedures.

As a business that provides savings, income, investment and protection products and services, social value is created through the day-to-day operations. The Group provides customers with ways to help manage uncertainty and build a more secure future. In seeking to match the long-term liabilities the Group has towards its customers with similarly long-term financial assets, it provides capital that finances businesses, builds infrastructure and fosters growth in both developed and developing markets.

The Group's sustainable approach to business is reinforced by the Group-wide CR strategy. Through our two strategic priorities, Building Confidence and Building Communities, we are committed to Building Better Futures.The Group do this by giving people the skills and opportunities to become financially secure and investing in essential needs for communities to have sustainable futures.

The Group's ambition is to build inclusive and resilient communities through urban regeneration, economic empowerment and community building. Social mobility is a core focus and we want to use community investment to help break down the barriers that prevent people from living the life they want. The Group does this by investing in essential needs for communities to thrive, strengthening social networks and equipping people with the skills, tools and opportunities to be financially secure.

The Group establishes long-term relationships with charity partners to improve lives, build communities and provide support, not only through funding, but also with the experience and expertise of colleagues. The projects we support are sustainable and partners are worked with closely to ensure that our programmes continuously improve.

These themes demonstrate the Group's CR commitments and principles to its stakeholders and provide clarity to its businesses, including the Company, on where they should focus their CR efforts and resources in the context of their individual markets.

The M&G plc Board discusses the Group's performance in the areas of social and environmental management at least once a year and also reviews and approves the Group's sustainability report and strategy on an annual basis.

Post balance sheet events

On 4 March 2025 the Company approved a final dividend of £20m to be paid to The Prudential Assurance Company Limited. This is not recognised in the 2024 financial statements. To the knowledge of the directors, there are no other material post balance sheet events which are required to be disclosed in the financial statements.

Financial performance and dividends

The state of affairs of the Company at 31 December 2024 is shown in the balance sheet on page 22. The profit and loss account appears on pages 19 to 20. No interim dividend was paid in the year (2023: nil). The directors have proposed a final dividend of £20m (2023: nil), on account of the Company's strong solvency and liquidity position at year end 2024.

Financial instruments

The Company's exposure to financial risk is limited due to the nature of the unit-linked business where policyholder liabilities are essentially the same as the net asset values backing those liabilities. The financial risk factors affecting the Company include expense risk, market risk, persistency risk, liquidity risk and credit risk. Information on the financial risk management objectives and policies of the Company and the exposure of the Company to the financial risk factors is given in Note 21.

Share capital

There were no changes in the Company's share capital during 2024.

Directors

The current directors are shown on page 1. There have been no changes during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure to the auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP (PwC) have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Group Annual General Meeting.

Directors' and officers' protection

M&G plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the M&G plc Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office. M&G plc also provides protections for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity. These include qualifying third party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of M&G plc, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities were in force during 2024 and remain in force.

Going concern

As described in the Basis of Preparation section of the Accounting Policies at note 1, an assessment of the Company's prospects has been carried out. The Board has also performed a robust assessment of the principal and emerging risks facing the Company, and is satisfied that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

Streamlined energy and Carbon reporting

The Company has availed itself of the exemption afforded at section 20A of Schedule 7A of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and relies on disclosures regarding greenhouse gas emissions and energy consumption made by the ultimate parent undertaking, M&G plc, in their consolidated financial statements.

By order of the Board

M&G Management Services Limited
Company Secretary
18 March 2025

Independent auditors' report to the members of Prudential Pensions Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prudential Pensions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2024; Profit and Loss Account and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Context

Prudential Pensions Limited ("PPL") transacts long-term business in the United Kingdom. In addition to forming this opinion, in this report we have also provided information on key audit matters we discussed with the Audit Committee, setting out a description of the matter, how we approached the audit in these areas, and our conclusion. In designing our audit, we have considered the impacts that climate change could have on PPL, including physical or transitional risks which could arise. In particular, we have assessed the impacts on financial statements of the commitments related to climate change which the PPL has made.

Overview

Audit scope

- Our audit scope has been determined to provide coverage of all material financial statement line items, and as part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- We tailored our scope based on our assessment of inherent risk and their financial significance to the financial results of PPL. In particular, we considered where Management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

- Valuation of assets held to cover linked liabilities and other financial investments

Materiality

- Overall materiality: £20,000,000 (2023: £20,000,000) equivalent to 0.27% of Total assets.
- Performance materiality: £13,000,000 (2023: £13,000,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of assets held to cover linked liabilities and other financial investments Refer to note 1 (section E, G, I), 8, 9 and 21 to the financial statements for disclosures of related accounting policies, valuation methodologies and balances. PPL's financial investments are largely held to back the unit-linked investment liabilities, and to meet regulatory capital requirements. The valuation of financial investments, specifically equity and debt securities and derivatives was a key area of audit effort given their magnitude. **Equity securities and debt securities** The fair value of these financial investments is predominantly determined using current market bid prices for quoted investments, or by using quotations from independent third-parties, such as brokers and other pricing services. For the level 3 fund(s), valuations are performed periodically by the fund manager(s). The investment(s) are included at the most recent Net Asset Value (NAV) provided by the fund manager adjusted for cash movements, where applicable. **Derivative assets and liabilities** The fair value of these financial investments is predominantly determined using standard market practices and making use of observable inputs to the extent available.	We performed the following audit procedures to test the valuation of the financial investments: ● Understood and evaluated the design effectiveness of key controls related to the valuation of investments; ● For equity and debt securities, performed independent repricing using external pricing sources using a defined tolerable threshold. ● For the material unlisted fund investment (classified as Level 3), we independently obtained the most recent NAV statement from the fund manager and agreed the valuation to underlying books and records and obtained and reviewed evidence supporting the NAV of the fund and recalculated the value of management's investment based on percentage holding. ● For derivative assets and derivative liabilities, performed an independent revaluation for a sample of derivatives. Based on the work performed and the evidence obtained, we consider the valuations for assets held to cover linked liabilities and financial investments to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company’s financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£20,000,000 (2023: £20,000,000).
Materiality benchmark	The materiality amount was selected judgementally and is equivalent to 0.27% of Total assets.
How we determined it	In determining our materiality we have considered financial metrics and benchmarks which we believe to be relevant to the primary users of the Company financial statements. Due to the disparate size of the Profit and Loss Account and Balance Sheet, the materiality amount was selected judgmentally by the PPL audit team having considered a range of relevant benchmarks including Operating Profit, Profit before tax, Total assets,and Solvency II own funds. A materiality amount was selected judgmentally and expressed as a percentage of total assets as an appropriate benchmark for materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 65% (2023: 65%) of overall materiality, amounting to £13,000,000 (2023: £13,000,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (2023: £1,000,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' going concern assessment and challenged the rationale for the downside scenarios adopted and material assumptions made using our knowledge of the Group's business performance, review of regulatory correspondence and obtaining further corroborating evidence;
- Agreed the PPL Solvency II information to the draft quantitative reporting templates prepared by Management;
- Considered information obtained during the course of the audit and publicly available market information to identity any evidence that would contradict Management's assessment of going concern; and
- Reviewed the disclosures included in the financial statements in relation to going concern, including the Basis of Preparation.

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgmental areas of the financial statements as shown in our 'Key audit matter' and journals. Audit procedures performed by the engagement team included:

- Attendance at Audit Committee meetings;
- Discussions with the Board, Senior Management, Internal Audit, senior management involved in the Risk and Compliance functions and Company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes including those of the Board of Directors and Audit Committees;
- Reviewing the Company's register of litigation and claims, Internal Audit reports, and compliance reports in so far as they related to non-compliance with laws and regulations and fraud;
- Assessment of matters reported on the Company's whistleblowing helpline and fraud register and the results of Management's investigation of such matters;
- Evaluation of the operating effectiveness of Management's key controls designed to prevent and detect irregularities;
- Identifying and testing journal entries based on risk criteria;
- Testing of judgements and assumptions in subjective areas as set out in the key audit matters;
- Testing transactions entered into outside of the normal course of the Company's business; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2022 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2022 to 31 December 2024.

Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 March 2025

Long-term Business Technical Account	**2024**	2023	
	£'000	£'000	**Note**
Investment income	**510,946**	258,597	3
Unrealised (losses)/gains on investments	**(142,888)**	411,577	3
Other technical income	**16,010**	17,322	3
Foreign exchange (losses)/gains	**(2,262)**	706	3
	381,806	688,202	
Claims			
Gross claims paid - insurance contracts	**(3,418)**	(3,664)	
Claims paid - intercompany reinsurance (ceded)	**3,418**	3,664	
	—	—	
Change in other technical provisions, net of reinsurance			
Long-term business provision, net of reinsurance			
- gross amount	**3,673**	2,955	
- reinsurers' share	**(3,673)**	(2,955)	
	—	—	14
Change in technical provisions for linked liabilities	**(364,929)**	(668,433)	14
	(364,929)	(668,433)	
Net Operating Expenses			
- Acquisition costs	**—**	—	
- Administrative expenses	**(3,202)**	(6,160)	
Investment expenses and charges	**(9,330)**	(11,588)	
Interest payable	**(242)**	(160)	
Tax attributable to long-term business	**(1,121)**	(1,603)	4
	(13,895)	(19,511)	
Balance on the long-term business technical account	**2,982**	258	

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

The accounting policies on pages 23 to 27 along with the accompanying notes on pages 28 to 49 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

Non-Technical Account	2024 £'000	2023 £'000	Note
Balance on the long-term business technical account	**2,982**	258	
Tax attributable to the balance on the long-term business technical account	**956**	407	4
Shareholders' pre-tax profit from long term business	**3,938**	665	
Investment income	**758**	636	3
Investment expenses and charges	**(96)**	(76)	
Operating profit on ordinary activities before tax	**4,600**	1,225	
Tax on profit on ordinary activities	**(1,121)**	(538)	4
Profit and total comprehensive income for the financial year	**3,479**	687	

There is no other income/ expenses other than the Profit and Loss Account above. Hence, no separate Statement of Comprehensive Income is required.

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

The accounting policies on pages 23 to 27 along with the accompanying notes on pages 28 to 49 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital £'000	Capital Redemption Reserve £'000	Profit & Loss Account £'000	Total £'000
Balance at 1 January 2023	**6,000**	**4,088**	**63,623**	**73,711**
Profit for the year	—	—	687	**687**
Total comprehensive income for the year	—	—	**687**	**687**
Balance at 31 December 2023	**6,000**	**4,088**	**64,310**	**74,398**
Balance at 1 January 2024	**6,000**	**4,088**	**64,310**	**74,398**
Profit for the year	—	—	3,479	**3,479**
Total comprehensive income for the year	—	—	**3,479**	**3,479**
Balance at 31 December 2024	**6,000**	**4,088**	**67,789**	**77,877**

The accounting policies on pages 23 to 27 along with the accompanying notes on pages 28 to 49 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2024

	2024 £'000	2023 £'000	Note
Assets			
Investments			
Other financial investments	**87,048**	68,733	8
Assets held to cover linked liabilities	**7,273,188**	7,743,593	9
Reinsurers' share of technical provisions			
Long-term business provision	**25,527**	29,200	16
Debtors			
Other debtors	**13,183**	24,739	10
Other assets			
Cash at bank and in hand	**19,407**	3,866	11
Deferred tax asset	**49**	53	4
Prepayments and accrued income	**222**	152	
Total assets	**7,418,624**	7,870,336	
Equity and liabilities			
Capital and reserves			
Share capital	**6,000**	6,000	13
Capital redemption reserve	**4,088**	4,088	
Profit and loss account	**67,789**	64,310	
Total shareholders' funds	**77,877**	74,398	
Technical provisions			
Long-term business provision	**25,607**	29,280	16
Technical provisions for linked liabilities	**7,273,188**	7,743,593	14
Creditors			
Other creditors including taxation and social security	**41,952**	23,065	17
Total equity and liabilities	**7,418,624**	7,870,336	

The accounting policies on pages 23 to 27 along with the accompanying notes on pages 28 to 49 form an integral part of these financial statements.

The financial statements on pages 19 to 49 were approved for issue by the board of directors on 18 March 2025 and were signed on its behalf by-

S Horgan
Director
18 March 2025

Registered No: 992726

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting Policies

A. Company information

Prudential Pensions Limited (the Company) is a private limited company, incorporated and registered in England and Wales.

The address of its registered office is 10 Fenchurch Avenue, London EC3M 5AG.

B. Basis of preparation

The financial statements are prepared in accordance with Part 15 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations). The financial statements are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103, Insurance Contracts (FRS 103), and have been prepared under the historical cost accounting rules, modified to include the revaluation of investments.

The Company has taken advantage of the exemption afforded by s400 of the Companies Act 2006 and not prepared consolidated accounts. This is on the basis the Company's ultimate parent undertaking, M&G plc includes the Company in its consolidated financial statements. Accordingly, the financial statements present information about the Company as an individual undertaking and are not consolidated.

The immediate parent company is The Prudential Assurance Company Limited. The Company's ultimate parent undertaking, M&G plc, includes the Company in its consolidated financial statements. Details of where to obtain copies of the consolidated accounts of M&G plc are disclosed in note 20.

In these financial statements, the Company is considered to be a qualifying entity under FRS 102 and has applied the exemptions available in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Related party transactions with wholly owned subsidiary undertakings of the M&G plc group;
- Disclosures in respect of the compensation of Key Management Personnel; and

The financial statements are prepared in pounds sterling (£) which is the functional currency of the Company and are rounded to the nearest thousand (£000).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The tables below set out the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

NOTES ON THE FINANCIAL STATEMENTS (continued)

Critical accounting judgements

Financial statement area	Key judgement	Accounting Policy
Classification of insurance and investment contracts	FRS 103 requires contracts that transfer significant insurance risk to be accounted for as insurance contracts. Judgement is required to determine whether contracts written by the Company transfer significant insurance risk. Judgement is also required in the case of certain contracts, both investment and insurance, which provide an additional benefit in addition to a guaranteed benefits to determine whether they meet the criteria to be considered as non discretionary participation features.	C

Sources of estimation uncertainty

Financial Statement asset or liability	Key estimate and assumptions	Accounting policy
Long term business provision	When measuring insurance contract liabilities, a number of assumptions are applied to estimate future amounts due to the policyholder. The areas where the assumptions could have a material impact are the assumed rates of policyholder mortality, maintenance expenses and the valuation rate of interest used when establishing policyholder liabilities [in particular the assumed allowances for credit risk] for annuities.	C
Financial Investments	The fair value of financial assets classified as level 3 in the fair value hierarchy are determined based on inputs which are not observable in the market requiring a high degree of estimation which could result in a significant change to the valuation.	E
Recognition of deferred tax asset	FRS 102 requires a deferred tax asset to be recognised to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised. Estimation is required to determine the extent to which future taxable profits emerge.	I

Going Concern

The directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months from the date of approval of these financial statements and thus continue to adopt the going concern basis of accounting. This conclusion has been based upon the following:

- The Company, is a subsidiary within the M&G plc group ('the Group') and its parent company and the ultimate parent company are continuing to trade profitably on an operating profit basis and there are no plans for liquidation. The Prudential Assurance Company Limited and the Company have put in place intra-group arrangements to formalise circumstances in which capital support would be made available to the Company. The drawdown of support would be triggered by a breach of pre-specified solvency conditions in the Company. While it is considered unlikely that such support will be required, the arrangements are intended to provide additional comfort to the Company and its policyholders.

- The Company has a satisfactory estimated capital surplus, well in excess of the regulatory capital requirement (as shown in Note 15) and no debt financing. In addition, consideration has also been given to the Company's performance, the market in which it operates, its strategy and risks and uncertainties, as set out in the Strategic Report, and the management of financial risk as set out in Note 21, including its exposure to liquidity risk and credit risk.

- To satisfy themselves of the appropriateness of the use of the going concern assumption in relation to these financial statements, the directors have assessed the future prospects of the Company, by considering the business plan that includes cash flow forecasts for at least the next 12 months from the date of signing these financial statements, various market scenarios as well as changes in the Company's principal risks. In addition, the directors have also considered the results of reasonably plausible severe downside scenarios to assess the potential implications on the Company's solvency and liquidity. The results of these assessments demonstrated the ability of the Company to meet all obligations and future business requirements. In addition, these assessments demonstrated that the Company was able to remain above its regulatory solvency requirements in reasonably plausible severe downside scenarios.

For these reasons, the directors continue to adopt the going concern basis in preparing these financial statements.

C. Long-term business

The measurement basis of long-term business contract liabilities is dependent upon the classification of the contracts under FRS 103 as either insurance contracts (if the level of insurance risk is significant), or investment contracts (if the risk is insignificant). Judgement is applied in assessing whether the features of a contract gives rise to the transfer of significant insurance risk. This assessment is based on if there is at least one scenario where the amounts that could be payable under the contract represent 10% or more than the amounts payable if the insured event does not occur. This judgement is made at inception and is not revisited.

A further distinction is made between investment contracts with and without discretionary participation features. Discretionary participation features (DPF) represent the contractual right to receive additional profit sharing benefits as a supplement to guaranteed benefits that: (i) are likely to be a significant portion of the total contract benefits; (ii) have amount or timing contractually at the discretion of the insurer; and (iii) are contractually based on asset or fund performance. The additional discretionary benefits are significant when they are expected to be at least 5% of the total contractual benefits. This judgement is made at inception and is not revisited.

The Company’s contracts are mainly unit-linked contracts which are investment contracts without discretionary participation features ('DPF'). The Company also has a small amount of non-profit annuity business.

Investment contracts without DPF are accounted for as financial liabilities under FRS 102.11 Basic Financial Instruments and, where relevant, the provisions of FRS 102.23 Revenue in respect of the attaching investment management features of the contracts. This treatment reflects the deposit nature of the arrangement, with premiums and claims reflected as deposits and withdrawals and recognised directly on the statement of financial position as movements in the financial liability. The liabilities for investment contracts without DPF are included in Technical Provisions for Linked Liabilities in the balance sheet.

The long-term business provision for insurance contracts is determined by the Company's directors based on advice from the Company’s actuarial function, who determined the provision using recognised actuarial methods.

Investment income and realised and unrealised gains in respect of long-term business are included in the long-term business technical account. Other investment income and realised and unrealised gains in respect of other investments not forming part of long-term business are included in the non-technical account. Realised gains are determined as the difference between net proceeds on disposal and the purchase price. Movements in unrealised gains comprise the change in the value of investments held at the balance sheet date and the reversal of unrealised investment gains and losses recognised in earlier accounting periods in respect of investment disposals.

D. Reinsurance

The Company seeks to reduce loss exposure by reinsuring certain levels of risk in various areas of exposure with other insurance companies or reinsurers. The measurement of reinsurance assets is consistent with the measurement of the underlying direct insurance contracts. An asset or liability is recognised in the balance sheet representing premiums due to or payments due from reinsurers and the share of benefits and claims recoverable from reinsurers.

E. Financial instruments - recognition and measurement

Financial assets

Recognition and initial measurement

A financial asset is initially measured at fair value plus, for a financial asset not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at either amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets include deposits and other receivables.

All financial assets that do not meet the criteria for being measured at amortised cost, as described above, are measured at FVTPL. This comprises assets designated by management as fair value through profit or loss on inception or assets that are part of a portfolio that is managed on a fair value basis and derivatives.

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

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

Impairment losses on financial assets measured at amortised cost are measured using an expected credit loss impairment model. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition, in which case, lifetime expected losses are recognised.

Financial liabilities

Financial liabilities are classified as measured at amortised cost (using the effective interest method) or FVTPL. A financial liability is classified as at FVTPL if it is in respect of an investment contract without participation features or a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

F. Premiums and claims

For unit-linked business, premiums are accounted for when the liabilities arising from the premiums are recognised. Premiums exclude any taxes or duties based on premiums.

Claims paid include maturities, annuities, surrenders and deaths. Maturity claims are accounted for on the policy maturity date. Annuity claims are accounted for when the annuity becomes due for payment. Surrender claims are accounted for when paid and death claims when notified.

Unit-linked business is accounted for as Investment contracts without DPF. Unit-linked premiums and claims are reflected as deposits and withdrawals and taken directly to the balance sheet as a movement on the Technical provisions for linked liabilities. Fee income, change in technical provisions for linked liabilities, expenses, and taxation on these contracts is included in the long-term technical account in the profit and loss account.

G. Securities lending and reverse repurchase agreements

The Company is party to various securities lending agreements and repurchase agreements under which securities are transferred to third parties on a short-term basis. The transferred securities are not de-recognised; rather, they continue to be recognised within the appropriate investment classification. The Company's policy is that collateral in excess of 100% of the fair value of securities loaned is required from all securities' borrowers and typically consists of cash, debt securities, equity securities or letters of credit.

In cases where the Company takes possession of the collateral under its securities lending programme, including cash collateral which is not legally separated from the Company, the collateral and corresponding obligation to return such collateral, is recognised as a financial liability in the balance sheet.

The Company is also party to various reverse repurchase agreements under which securities are purchased from third parties with an obligation to resell the securities. The securities are not recognised as investments in the balance sheet. The right to receive the return of any cash paid as purchase consideration plus interest is recognised as a financial asset in the balance sheet.

H. Tax

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

I. Foreign currencies

Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Exchange differences are included in the profit and loss account .

J. Cash at bank and hand

The Company applies the definitions of cash and cash equivalents as provided in FRS 102.7 Statement of cashflows (FRS 102.7) for amounts disclosed under cash at bank and in hand. This consists of cash at bank and in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

2. Analysis of premiums

Gross Premiums

The Company receives consideration in respect of corporate pension business written in the UK where investment risk is borne by policyholders. These are investment contracts without discretionary participation features and carry no significant insurance risk. Consideration received of £529.6m during the year (2023: £677.7m) is treated as customer deposits and taken directly to the statement of financial position (see note 14). There are no other premiums received by the Company.

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3. Revenue and investment return

The revenue and investment return derive from financial instrument classifications as follows:

	Technical Account		Non-technical account	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Investment income[1]				
Income from listed investments	**202,720**	186,201	**—**	—
Income from other investments	**39,098**	49,315	**758**	636
Profits on the realisation of investments at fair value through profit or loss other than derivatives	**240,976**	12,314	**—**	—
Profits on the realisation of derivatives	**28,152**	10,767	**—**	—
	510,946	258,597	**758**	636
Unrealised (losses)/gains on investments	**(142,888)**	411,577	**—**	—
Foreign exchange (losses)/gains	**(2,262)**	706	**—**	—
Fee income from investment contracts	**16,010**	17,322	**—**	—
Total revenue and investment return	**381,806**	688,202	**758**	**636**

[1] Income of £242m (2023: £236m) is from assets measured at fair value with the exception of income from other investments which was £19m for the year ended 31 December 2024 (2023:£9m).

NOTES ON THE FINANCIAL STATEMENTS (continued)

4. Tax on profit on ordinary activities

(a) Tax charged

	Long-term business technical account		Non-technical account	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Current tax				
UK Corporation tax	**976**	125	**165**	131
Adjustments in respect of previous years	**(24)**	277	**—**	—
	952	402	**165**	131
Foreign tax	**165**	1,196	**—**	—
Total current tax	**1,117**	1,598	**165**	131
Deferred tax				
Origination and reversal of temporary differences	**4**	5	**—**	—
Effect of changes in tax rate	**—**	—	**—**	—
Tax charge on profit on ordinary activities	**1,121**	1,603	**165**	131

Shareholders' attributable tax in respect of the long-term business

	2024	2023
	£'000	£'000
Current tax	**952**	402
Deferred tax	**4**	5
	956	407
Total	**1,121**	538

(b) Factors affecting tax charge for period

Tax assessed for the year is lower (2023: higher) than the weighted average rate on corporation tax in the UK of 25% (2023: 23.52%) due to the effects of permanent differences and adjustments in respect of previous periods. The differences are explained below:

	2024	2023
	£'000	£'000
Profit on ordinary activities before tax	**4,600**	1,225
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 25% (2023: 23.52%)	**1,150**	288
Effects of		
Adjustment to current tax in respect of previous periods	**(24)**	166
Permanent differences	**(5)**	84
Total tax charge for the period	**1,121**	538

Pillar 2

The M&G Plc Group ("the Group"), into which the results of Prudential Pensions Limited are consolidated, is subject to Pillar 2 global minimum top-up tax rules. The United Kingdom, where Prudential Pensions Limited is incorporated, has enacted domestic minimum top-up tax legislation so that Pillar 2 top-up tax due in respect of United Kingdom Group entities (i.e. where the local effective tax rate is less than 15%) is payable in the United Kingdom.

4. Tax on profit on ordinary activities (continued)

The Group has completed an assessment to estimate the top up tax that would be due for 2024, which indicates no Pillar Two top-up tax liability in respect of the Company. As the compliance, reporting and notification obligations become clear in the United Kingdom, Prudential Pensions Limited shall take appropriate steps to ensure compliance with any consequent relevant obligations under Pillar Two as enacted in the United Kingdom.

(c) Balance Sheet

Deferred tax asset	**2024** **£'000**	2023 £'000
Accelerated capital allowances	**49**	53
Undiscounted provision for deferred tax liability	**49**	53
Deferred tax asset at start of the period	**53**	58
Deferred tax charged in technical/non-technical account for the period	**(4)**	(5)
Deferred tax asset at the end of period	**49**	53

5. Staff costs

The Company has no employees (2023: nil). Included within net operating expenses are amounts paid in return for management services provided to the Company by other group companies. The majority of employees in the UK are employed by Prudential Distribution Limited, a service company within the Group.

6. Directors' emoluments

During the year the directors of the Company received the aggregate emoluments and benefits in respect of work on behalf of the Company amounting to Nil (2023: Nil).

Of the aggregate emoluments received from the Group by the Directors of the Company, no amounts were allocated to the Company. Having considered the services performed within the Group, the directors have concluded that they received no incremental emoluments for qualifying services as directors of the Company.

Contributions were made to a defined contribution pension scheme on behalf of two directors in 2024 (2023: two). Three directors (2023: two) exercised share options during the year. One director (2023: One[2]) was entitled to retirement funds under a defined benefit pension scheme.

Three directors were entitled to shares under M&G plc's long term incentive schemes in 2024 (2023: Four[2]).

[2] The disclosure in the financial statements for the year ended 31 December 2023 are restated in respect of the number of directors who were entitled to retirement funds under defined benefit pension schemes, with a change from nil to 1 and those entitled to shares under M&G plc's main long-term incentive scheme from 3 to 4. There is no impact on the profit / loss or net assets of the revised disclosures.

7. Auditors' remuneration

	2024	2023
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**711**	677

The above table shows the auditors' remuneration. Total fees payable to PwC and its network firms for services to the M&G plc group are disclosed in the consolidated 2024 M&G plc Annual Report Accounts which are publicly available. During the course of the year, the Company's auditors did not provide any non-audit services to the Company (2023: £Nil).

8. Other financial investments

	Cost		Carrying value	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Debt securities and other fixed income securities	**34,859**	21,102	**27,248**	15,653
Deposits with credit institutions	**59,800**	53,080	**59,800**	53,080
	94,659	74,182	**87,048**	68,733

All debt securities and other fixed income securities are listed on a recognised UK investment exchange.

9. Assets held to cover linked liabilities

	2024	2023
	£'000	£'000
Shares and other variable yield securities	**4,183,141**	4,000,517
British government securities - fixed income	**776,445**	804,180
British government securities - index-linked	**89,391**	129,680
Debentures and loan stocks	**1,459,167**	2,028,505
Provincial and municipal stocks	**120,569**	85,718
Deposits with credit institutions	**563,847**	615,430
Derivatives (liabilities)/assets	**(6,134)**	14,668
Other assets	**86,762**	64,895
Assets held to cover linked liabilities – carrying value	**7,273,188**	7,743,593
Assets held to cover linked liabilities - cost	**7,196,545**	7,517,616

Included within shares and other variable yield securities is a Fond commun de placement called M&G UK Property Fund FCP - FIS, which at 31 December 2024 was 97.58% owned by Prudential Pensions Limited (2023: 97.58%). The value of the investment in this fund at 31 December 2024 was £45.7m (2023: £94.4m). The registered office of this investment is 16 Boulevard Royal, L-2449 Luxembourg.

Included within other assets are derivatives owned by the fund to offset currency movements. These can have a negative valuation.

The above assets account for the bulk of investment income analysed in note 3. Deposits with credit institutions and other unlisted securities account for other investment income.

NOTES ON THE FINANCIAL STATEMENTS (continued)

10. Other debtors

All debtors are due within one year.

	2024	2023
	£'000	£'000
Sundry debtors	**3,607**	20,901
Debtors arising from reinsurance operations	**9,576**	3,838
	13,183	24,739

Sundry debtors includes seed capital of £6m (2023: £12m). The units held in the suspended funds are now treated as shareholder units. When the units are sold the cash is due to The Prudential Assurance Company Limited (PAC). See note 17 on page 36.

11. Cash in bank and in hand

Under the terms of the Company's arrangements with the Group's main UK banker, the bank has a right of set-off between credit balances (other than those of long-term business funds) and all overdrawn balances of those Group undertakings with similar arrangements.

Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks and other short term highly liquid investments with less than 90 day's maturity from the date of acquisition. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

12. Assets attributable to the long-term business fund

Of the total amount of assets shown on the Balance Sheet, £7,386m (2023: £7,839m) is attributable to the long-term business fund.

13. Share capital

	2024	2023
	£'000	£'000
Issued and fully paid:		
6 million ordinary shares (2023: 6 million) of £1 each	**6,000**	6,000

There has been no change to the share capital in the year. The shares have full voting, dividend and capital distribution rights attached to them (including upon winding up). They do not confer any rights of redemption.

14. Policyholders liabilities

	Long-term business provision net of reinsurance £'000	Provision for linked liabilities net of reinsurance £'000
Balance at 1 January 2023	80	7,285,909
Movement in technical provisions for year		
Gross amount	(2,955)	668,433
Reinsurers' share	2,955	—
Deposits received from policyholders under investment contracts	—	677,658
Payments made to policyholders of investment contracts	—	(888,407)
As at 31 December 2023/1 January 2024	**80**	**7,743,593**
Movement in technical provisions for year		
Gross amount	**(3,673)**	**364,929**
Reinsurers' share	**3,673**	**—**
Deposits received from policyholders under investment contracts	**—**	**529,616**
Payments made to policyholders of investment contracts	**—**	**(1,364,950)**
Balance at 31 December 2024	**80**	**7,273,188**

All of the reinsurer's share of technical provisions for long-term business relates to reinsurance agreements with other Group companies. There are no gains or losses arising from these reinsurance agreements. The long term business provision is fully reinsured and the technical provision for linked assets is asset backed, therefore neither are sensitive to risk and as such no sensitivity analysis is prepared.

15. Capital Requirements and Management

The Company is regulated under Solvency II within the UK's prudential regime,and supervised by the Prudential Regulation Authority. The Company manages Solvency II own funds as its measure of capital. The Company's estimated and unaudited Solvency II surplus at 31 December 2024 is £57m (2023: £49m), allowing for the Transitional Measure on Technical Provisions ('TMTP') basis.

The Solvency II surplus represents the capital (own funds) held by the Company less the solvency capital requirement (SCR). Own funds is the Solvency II measure of capital available to meet losses, and is based on the assets less liabilities of the Company. The SCR is calculated using the Company's Internal Capital Model, which calculates the SCR as the 99.5th percentile (or 1-in-200) worst outcome over the coming year, out of 100,000 equally likely scenarios, allowing for the dependency between the risks the business is exposed to.

The Company complied with externally imposed regulatory capital requirements throughout the year.

In 2020, the Government announced that it would undertake a review of the Solvency II regime. Following a consultation process, His Majesty's Treasury (HMT) published the final proposed Solvency II reform package and plans for implementing the changes to the UK's prudential regime. The final changes were implemented during 2024. The reforms have impacted a number of areas including the calculation of the risk margin and transitional measures, in the previous reporting period; reporting requirements and the matching adjustment in the current reporting period.

A. Regulatory capital position

The estimated and unaudited Solvency II capital position for the Company as at 31 December 2024 and 2023 before the payment of the dividend declared in February 2025 of £20m (2024 and 2023: £Nil) is shown below:

	2024	2023
	Unaudited	Unaudited
	£'000	£'000
Solvency II Own Funds	**83,647**	78,126
Solvency II SCR	**(26,549)**	(29,289)
Solvency II surplus	**57,098**	48,837
Solvency II capital ratio	**315%**	267%

The Company's Solvency II capital requirement has been met during the year and during the comparative.

The increase in the estimated Solvency II capital surplus is driven by the increase in the Own Funds, further compounded by the decrease in SCR requirement. The underlying movements resulted in a £5m increase in surplus; this is driven by unwind of surplus assets and the reduction in capital as the business runs off, which is partially offset by the increase in capital as new business is written.

Other Operating items resulted in a £5m increase in surplus, mainly due to impacts from assumption changes (£4m) and positive experience variance (£1m) over 2024. Restructuring and other items led to a £(2)m change in surplus.

The Company's transitional measure on technical provisions remains at nil following the material reduction in risk margin at 31 December 2023.

B. Meeting of capital management objectives

The Company manages its capital on a Solvency II basis to ensure that sufficient Own Funds are available on an ongoing basis to meet regulatory capital requirements. This is achieved by targeting a capital buffer significantly in excess of regulatory capital requirements. This buffer is intended to absorb the impact of stressed market conditions and thus make the Solvency II balance sheet resilient to stresses that affect the Company's business.

A range of stress and scenario testing is carried out across the business, including certain scenarios mandated by the regulator. The sensitivity of liabilities and other components of total capital vary, depending upon the type of business concerned, and this influences the approach to asset/liability management.

In addition, projections are performed to understand how the Own Funds and capital position is expected to develop and how this might be affected by adverse events taking place. Informed by the results of these projections there are a number of actions available to management to strengthen the Own Funds position, including (but not limited to) changes to investment strategy, dividend policy and risk transfer.

16. Long-term business provision

The majority of the policyholder liabilities in other non-linked business relate to annuity contracts. The annuity liabilities are calculated as the expected value of future annuity payments and expenses, discounted by a valuation interest rate, having prudent regard to the assumptions used. The assumptions are set by the Directors having regard to actuarial advice and based on analysis of relevant past and current data and information on anticipated future trends.

The reinsurers' share of the long-term business provision relates to cessions to The Prudential Assurance Company Limited, the immediate parent company. The valuation methodology for the reinsurance is in line with the underlying portfolio

The long-term business provision for the non-profit annuities is fully reinsured and the technical provisions for linked liabilities are asset backed; therefore neither are sensitive to risk and as such no sensitivity analysis is prepared.

Over the reporting period, valuation interest rates and expense inflation have been amended in line with changes in market yields. Renewal expenses, mortality rates and mortality improvement rates have also been amended.

The gross provision for annuity business, and the reinsurers share, has been calculated on the following bases:

Mortality

Mortality assumptions for annuity business are set in light of recent population and internal experience, with an allowance for expected future mortality improvements. Given the long-term nature of annuity business, annuitant mortality remains a significant assumption in determining policyholder liabilities.

The assumptions used reference recent England & Wales population mortality data consistent with the CMI mortality improvements model, with specific risk factors applied on a per policy basis to reflect the features of the Company's portfolio.

Best-estimate assumptions have been updated for 2024 to reflect new data and information on the key drivers of changes in future mortality. This update results in lower levels of future improvements than the previous year and a reduction in reserves.

The 2024 mortality improvements assumption is expressed in terms of the CMI 2022 model, updated from the CMI 2021 model used in 2023, Zero weight has been given to 2020 and 21 experience, in line with the broader industry approach, however some allowance has been made for 2022 data (15% weight applied within the CMI model) as 2022 mortality is likely to be partially reflective of future mortality.

The mortality improvement assumptions used are summarised in the table below, with other assumptions reflecting the core CMI projection.

Year Ended	Model Version (i) (ii)	Long Term Improvement Rate (iii)	Smoothing Parameter (iv)
31 December 2024	CMI 2022	For males: 2.10% p.a. For females: 2.10% p.a.	For males: 7.25 For females: 7.25
31 December 2023	CMI 2021	For males: 2.10% p.a. For females: 2.10% p.a.	For males: 7.25 For females: 7.75

i An Initial Addition 'A' parameter in the model to reflect socio-economic differences between the portfolio and population experience is also used. This adjusts initial mortality improvement rates and varies by age and gender. It is unchanged relative to 31 December 2023.
ii The tapering of improvements to zero is set to occur between ages 90–110 at 31 December 2024, which is unchanged from 31 December 2023.
iii As at 31 December 2024, the long-term improvement rates shown reflected a 0.5% increase to all future improvement rates relative to the best estimate used under Solvency II as a margin for prudence, which is unchanged from 31 December 2023.
iv The smoothing parameter controls the amount of smoothing by calendar year when determining the level of initial mortality improvements.

Valuation interest rates

Valuation interest rates used to discount the liabilities are based on the yields as at the valuation date on a portfolio of invested assets that could be held to back the policyholder liabilities. For fixed interest securities, the internal rate of return of the assets backing the liabilities is used. An adjustment is made to the yield on non risk-free fixed interest securities to reflect credit risk. The credit risk allowance comprises an amount for long-term best estimate defaults and downgrades, a provision for credit risk premium, and where appropriate an additional short-term overlay to reflect prospective outlook in respect of experience over the coming period, including any uncertainty in outlook.

The resulting assumptions are summarised as follows:

	31 December 2024	31 December 2023
Overall valuation interest rate	5.87%	5.16%
Credit Default allowance	55bps	53bps
Credit allowance as proportion of spread over swaps	24.2	21.6

Expenses

Maintenance expense assumptions are expressed as per policy amounts. They are set based on current expense levels, including an allowance for ongoing investment management expenses and are allocated between entities and product groups in accordance with the Group's internal cost allocation model. A margin for prudence is added to this amount. Expense inflation assumptions are set consistent with the economic basis and based on the inflation swap spot curve. These assumptions therefore take recent increases in inflation into account, and allow for the market-driven long-term view of future inflation. For the non-profit annuities the maintenance expense assumptions are £32.86 per policy p.a. plus third party (TCS) costs (£32.47 per policy p.a. plus third party (TCS) costs 2023).

17. Other creditors including taxation and social security

All creditors are due within one year.

	2024	2023
	£'000	£'000
Amounts owed to group undertakings	**1,587**	2,057
Tax payable	**1,124**	657
Sundry creditors	**39,241**	20,351
	41,952	23,065

Sundry creditors includes £24m of management fees payable (2023: £ 16m), £4m of outstanding settlements on investment securities (2023: £3m) and £12m of other creditors (2023: £2m).

18. Charges

In the normal course of business, certain reinsurance liabilities are secured by a floating charge, ranking these liabilities equally with amounts due under unsecured direct (non-reinsurance) policies, over the long-term insurance assets of the Company. Amounts secured by charges of this nature were £5,193.8m, £224.0m, £22.1m, £23.9m and £22.7m, representing liabilities to five different customers (2023: £5,054.2m, £260.8m, £46.6m, £33.6m and £25.5m representing liabilities to five different customers).

19. Guarantees and commitments

At present, the Company has not provided any guarantees or commitments to third parties that have been entered into in the normal course of business. From time to time the Company may enter into these arrangements, however the Directors do not consider the amounts to be significant.

20. Immediate and ultimate parent company

The immediate parent company is The Prudential Assurance Company Limited.

The ultimate parent of the Company is therefore M&G plc. M&G plc is the only group including the Company in its consolidated financial statements. Copies of its financial statements can be obtained from the Company Secretary at 10 Fenchurch Avenue, London EC3M 5AG.

21. Financial Assets and Financial Liabilities

A. Financial assets and financial liabilities – classification and measurement

All financial assets of the Company are designated as either fair value through profit and loss or amortised cost. Financial liabilities are designated as either fair value through profit and loss, amortised cost or investment contracts with discretionary participation features accounted for under FRS 103 as described in note 1 (accounting policies).

2024	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value where applicable
Financial Assets	**£'000**	**£'000**	**£'000**	**£'000**
Deposits with credit institutions	—	59,800	59,800	59,800
Debt securities	27,248	—	27,248	27,248
Assets held to cover linked liabilities	7,273,188	—	7,273,188	7,273,188
Other debtors	—	13,183	13,183	13,183
Cash at bank and in hand	—	19,407	19,407	19,407
Accrued investment income	—	222	222	222
Total	7,300,436	92,612	7,393,048	7,393,048
Financial Liabilities				
Investment contracts without discretionary participating features	7,273,188	—	7,273,188	7,273,188
Other creditors	—	41,952	41,952	41,952
Total	7,273,188	41,952	7,315,140	7,315,140

21. Financial Assets and Financial Liabilities (continued)

2023	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value where applicable
Financial Assets	£'000	£'000	£'000	£'000
Deposits with credit institutions	—	53,080	53,080	53,080
Debt securities	15,653	—	15,653	15,653
Assets held to cover linked liabilities	7,743,593	—	7,743,593	7,743,593
Other debtors	—	24,739	24,739	24,739
Cash at bank and in hand	—	3,866	3,866	3,866
Accrued investment income	—	152	152	152
Total	7,759,246	81,837	7,841,083	7,841,083
Financial Liabilities				
Investment contracts without discretionary participating features	7,743,593	—	7,743,593	7,743,593
Other creditors	—	—	—	—
Total	7,743,593	—	7,743,593	7,743,593

B. Financial assets and financial liabilities - determination of fair value

The fair values of the financial assets and liabilities as included in the table above have been determined on the following bases.

The fair values of the financial instruments are determined by the use of current market bid prices for quoted investments, or by using quotations from independent third-parties, such as brokers and pricing services or by using appropriate valuation techniques. Investments valued using valuation techniques include financial investments which by their nature do not have an externally quoted price based on regular trades and financial investments for which markets are no longer active as a result of market conditions e.g. market illiquidity. The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation. These techniques may include a number of assumptions relating to variables such as credit risk and interest rates. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments. When determining the inputs into the valuation techniques used priority is given to publicly available prices from independent sources, when available but overall, the source of pricing is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows and the credit standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realisation of unrealised gains or losses from selling the financial instrument being fair valued. In some cases the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realised in immediate settlement of the financial instrument.

Financial assets held at amortised cost have been shown net of provisions for impairment. The fair value of deposits has been estimated from discounted cash flows expected to be received. The rate of discount used was the market rate of interest.

The estimated fair value of derivative financial instruments reflects the estimated amount the Company would receive or pay in an arm's length transaction. This amount is determined using quoted prices if exchange listed, quotations from independent third-parties or valued internally using standard market practices.

The fair value of investment contracts is based on the fair value of the assets held within the linked funds.

21. Financial Assets and Financial Liabilities (continued)

The fair value of other financial liabilities is determined using discounted cash flows of the amounts expected to be paid.

Level 1, 2 and 3 fair value measurement hierarchy of financial instruments

The table below includes financial instruments carried at fair value analysed by level of the FRS 102.34 Specialist Activities Financial Institutions (FRS 102.34) paragraph 22 defined fair value hierarchy. This hierarchy is based on the inputs to the fair value measurement and reflects the lowest level input that is significant to that measurement. The Company's policy is to recognise transfers into and transfers out of levels at the end of each half year except for material transfers which are recognised as of the date of the event or change in circumstances that caused the transfer.

The classification criteria and its application to the Company can be summarised as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Where there is sufficient evidence that the instruments were trading in an active market at the period end they are classified as Level 1. Level 1 principally includes exchange listed equities, mutual funds with quoted prices, exchange traded derivatives such as futures and options, and certain national government and corporate bonds.

Level 2 – inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 2 principally includes corporate bonds and other less frequently traded national government debt securities which are valued using observable inputs, together with over-the-counter derivatives such as forward exchange contracts, certain loans that use observable inputs and non-quoted investment funds valued with observable inputs. It also includes investment contract liabilities without DPF that are valued using observable inputs.

Level 3: Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 3 principally includes investments in unlisted funds and debt securities which are exposed to bespoke properties or risks.

21. Financial Assets and Financial Liabilities (continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Unit-linked				
Equity securities	**4,104,053**	**14,173**	**64,914**	**4,183,140**
Debt securities	**706,753**	**1,734,474**	**4,345**	**2,445,572**
Derivative assets	**607**	**88,011**	**—**	**88,618**
Derivative liabilities	**(6,945)**	**(87,809)**	**—**	**(94,754)**
Total financial investments, net of derivative liabilities	**4,804,468**	**1,748,849**	**69,259**	**6,622,576**
Investment contracts without discretionary participation features held at fair value	**—**	**(7,273,188)**	**—**	**(7,273,188)**
Total	**4,804,468**	**(5,524,339)**	**69,259**	**(650,612)**
Non-linked				
Debt securities	**27,248**	**—**	**—**	**27,248**
Total	**27,248**	**—**	**—**	**27,248**
Company total				
Equity securities	**4,104,053**	**14,173**	**64,914**	**4,183,140**
Debt securities	**734,001**	**1,734,474**	**4,345**	**2,472,820**
Derivative assets	**607**	**88,011**	**—**	**88,618**
Derivative liabilities	**(6,945)**	**(87,809)**	**—**	**(94,754)**
Total financial investments, net of derivative liabilities	**4,831,716**	**1,748,849**	**69,259**	**6,649,824**
Investment contracts without discretionary participation features held at fair value	**—**	**(7,273,188)**	**—**	**(7,273,188)**
Total	**4,831,716**	**(5,524,339)**	**69,259**	**(623,364)**

21. Financial Assets and Financial Liabilities (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Unit-linked				
Equity securities	3,894,517	5,316	100,684	4,000,517
Debt securities	1,074,184	1,968,111	5,788 [3]	3,048,083
Derivative assets	15,522	2,883	—	18,405
Derivative liabilities	(3,400)	(337)	—	(3,737)
Total financial investments, net of derivative liabilities:	4,980,823	1,975,973	106,472	7,063,268
Investment contracts without discretionary participation features held at fair value	—	(7,743,593)	—	(7,743,593)
Total	4,980,823	(5,767,620)	106,472	(680,325)
Non-linked				
Debt securities	15,653	—	—	15,653
Total	15,653	—	—	15,653
Company total				
Equity securities	3,894,517	5,316	100,684	4,000,517
Debt securities	1,089,837	1,968,111	5,788	3,063,736
Derivative assets	15,522	2,883	—	18,405
Derivative liabilities	(3,400)	(337)	—	(3,737)
Total financial investments, net of derivative liabilities	4,996,476	1,975,973	106,472	7,078,921
Investment contracts without discretionary participation features held at fair value	—	(7,743,593)	—	(7,743,593)
Total	4,996,476	(5,767,620)	106,472	(664,672)

Additional disclosures required by IFRS 13 for items within Level 3

Reconciliation of movements in level 3 financial instruments measured at fair value

The following information reconciles the value of level 3 financial instruments at 1 January to that presented at 31 December. Total gains and losses recorded in the long-term technical account in the period represents realised gains and losses, including interest and dividend income, unrealised gains and losses on financial instruments classified at fair value through profit or loss and foreign exchange movements on overseas investments. All of these amounts are included within “investment income” and “unrealised gains/(losses)” in the long-term technical account. Level 3 items consist of a mixture of one property fund, securitised assets and equities.

[3] Debt securities amounting to £4,189k has been reclassified from Level 3 to Level 1 hierarchy as at 31 December 2023 to rectify the misstatement in the comparative period.

21. Financial Assets and Financial Liabilities (continued)

Reconciliation of Level 3 opening to closing balances 2024

2024	**At 1 Jan**	**Total losses in long-term technical account**	**Purchases**	**Sales**	**Transfers into level 3**	**Transfers out of level 3**	**At 31 Dec**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unit-linked							
Equity securities	**100,684**	**(48,942)**	**13,174**	**(2)**	**—**	**—**	**64,914**
Debt securities	**5,788**	**(1,252)**	**—**	**(191)**	**—**	**—**	**4,345**
Total	**106,472**	**(50,194)**	**13,174**	**(193)**	**—**	**—**	**69,259**

Reconciliation of Level 3 opening to closing balances 2023

2023	At 1 Jan	Total losses in long-term technical account	Purchases	Sales	Transfers into level 3	Transfers out of level 3	At 31 Dec
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unit-linked							
Equity securities	111,265	(16,828)	6,077	(4)	174	—	100,684
Debt securities	10,557	(572)	73	(4,270)	—	—	5,788
Total	121,822	(17,400)	6,150	(4,274)	174	—	106,472

As at 1 January 2024, £106.5m of level 3 assets were held (2023: £121.8m). During 2024, £0.0m of transfers were made into level 3 (2023: £0.2m) and there were sales of level 3 items of £0.2m (2023: £4.3m).

Of the total loss in the long-term technical account of £142.9m (2023: loss of £411.6m), the unrealised loss on level 3 equity securities for 2024 was £50.2m (2023: loss of £17.4m). As stated above this is included within "unrealised gains/(losses)" in the long-term technical account.

As at 31 December 2024, the Company held £64.9m (2023: £100.7m) of equity investments classified as level 3 in the fair value hierarchy of which £45.0m (2023: £94.0m) comprised of investments in a property fund.

As at 31 December 2024, the Company held £4m (2023: £5.8m) of debt securities classified as level 3 in the fair value hierarchy which comprise unquoted debt securities valued using broker quotes. For such instruments, the Company has determined that the unobservable input is the fair value itself, therefore sensitivity has been assessed by applying a reasonable discount/premium to the valuation. An increase of 10% would result in the fair value of these debt securities increasing by £0.4m (2023 : £0.6m) ; a decrease of 10% would have an equal, but opposite, effect.

C. Risk management

The Company's business involves the acceptance and management of risk. The Company has in place a risk management process, which is undertaken in accordance with the RMF.

A number of risk factors affect the Company's operating results and financial condition. The financial and insurance risk categories affecting the Company's financial assets, financial liabilities and customer liabilities are set out below:

21. Financial Assets and Financial Liabilities (continued)

Risk Type:	Definition:
Market risk	The risk of loss or adverse change in the financial health of the Company resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets, currencies, liabilities and financial instruments.
Credit risk	The risk of loss or of adverse change in the financial situation of the Company, or that of its customers and clients, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event (e.g. downgrade or spread widening).
Insurance risk	The risk of loss or of adverse change in the financial situation of the Company, or that of its customers and clients, resulting from changes in the level, trend or volatility of mortality, longevity, morbidity, persistency, expenses and margin pricing experience.
Liquidity risk	The risk that the Company is unable to meet its financial obligations (e.g. claims, creditors and collateral calls) as they fall due because they do not have or are unable to generate sufficient liquid assets.

As a unit-linked pensions business, the Company's profits are primarily driven by the income arising from the management charges taken, which are generally expressed as a percentage of Assets Under Management and Administration (AUMA), offset by the expenses incurred. The level of charges taken are dependent on the value of AUMA, which are exposed to market and credit risk and persistency risk (i.e. rates of policyholder exits). The Company is also exposed to unexpected changes in expenses (including expense inflation). Relative to the value of assets held on the balance sheet, the Company’s exposure to financial risk is limited due to the nature of the unit-linked business where policyholder liabilities are directly linked to the value of assets backing those liabilities.

D. Market risk

Within the Company’s risk taxonomy, market risk comprises six types of risk, namely:

- Interest rate risk: fluctuations in the level or volatility of interest rates or the shape or curvature of the yield curve or spread relationships;
- Inflation risk: fluctuations in actual or implied inflation rates;
- Equity risk: fluctuations in the level or volatility of equity investments.
- Property risk: fluctuations in the level or volatility of property investments.
- Currency risk: fluctuations, including translation risk, in the level or volatility of currency exposures; and
- Alternative investments risk: fluctuations in the level of volatility of alternative investment exposures (other than those detailed above).

Market risk primarily arises in relation to the income generated from management charges, which are generally expressed as a percentage of AUMA. Falls in the values of equities, property, and alternatives, changes in interest rates and fluctuations in currencies can negatively impact asset values, and therefore the value of charges. Market risk is managed through a robust market risk framework.

i. Interest rate risk and inflation risk

Due to the matching of policyholder liabilities to attaching asset value movements the unit-linked business within the Company is not directly sensitive to interest rate and inflation movements and so these assets are excluded from the tables below.

The following table shows an analysis of the classes of financial assets with direct exposure to interest rate and inflation risk where the Company still retains a risk. Each applicable class of the Company’s assets are analysed between those exposed to fair value interest rate risk and those exposed to cash flow interest rate risk.

21. Financial Assets and Financial Liabilities (continued)

2024	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Total**
Financial Assets	**£'000**	**£'000**	**£'000**
Deposits with credit institutions	**—**	**59,800**	**59,800**
Debt securities	**27,248**	**—**	**27,248**
Cash at bank and in hand	**—**	**19,407**	**19,407**
	27,248	**79,207**	**106,455**

2023	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Total**
Financial Assets	£'000	£'000	£'000
Deposits with credit institutions	—	53,080	53,080
Debt securities	15,653	—	15,653
Cash at bank and in hand	—	3,866	3,866
	15,653	56,946	72,599

The estimated sensitivity of the Company to a movement in interest rates (including assumed investment returns for all asset classes, market values of debt securities and all risk discount rates) of 1% and 2% is as follows:

	31 December 2024			
	Fall of 1%	**Fall of 2%**	**Rise of 1%**	**Rise of 2%**
	£'000	**£'000**	**£'000**	**£'000**
Carrying value of debt securities	**2,485**	**4,971**	**(2,485)**	**(4,971)**
Interest on deposits with credit institutions	**(792)**	**(1,584)**	**792**	**1,584**
Related tax effects	**(420)**	**(840)**	**420**	**840**
Net sensitivity of profit after tax and shareholders' funds	**1,273**	**2,547**	**(1,273)**	**(2,547)**

	31 December 2023			
	Fall of 1%	**Fall of 2%**	**Rise of 1%**	**Rise of 2%**
	£'000	£'000	£'000	£'000
Carrying value of debt securities	3,004	6,007	(3,004)	(6,007)
Interest on deposits with credit institutions	(570)	(1,139)	570	1,139
Related tax effects	(572)	(1,145)	572	1,145
Net sensitivity of profit after tax and shareholders' funds	1,862	3,723	(1,862)	(3,723)

ii. Currency risk

Due to the matching of policyholder liabilities to attaching asset value, movements in the unit-linked business are not directly sensitive to currency risk. Outside of the unit-linked business, no assets or liabilities are held in currencies other than the functional currency, Sterling.

iii. Other price risk

Due to the matching of policyholder liabilities to attaching asset value movements the unit-linked business is not directly sensitive to other price risk. The Company does not hold any investment property or equity securities outside of the unit-linked funds (2023: £nil), and so is not exposed to other price risk.

E. Credit risk

Due to the matching of policyholder liabilities to attaching asset value movements, the unit-linked business is not directly sensitive to credit risk. However, credit risk arises in relation to the income generated from fund management charges, which are generally expressed as a percentage of AUMA. Falls in asset values as a result

21. Financial Assets and Financial Liabilities (continued)

of credit defaults or credit spread widening could reduce the value of charges. The Company is directly exposed to credit-related losses in the event of non-performance by counterparties.

Credit risk is managed through a robust credit and counterparty framework which includes: policies, standards, risk appetite statements, limits and triggers (including relevant governance and controls); investment constraints; regular reviews of the investment strategy adopted for surplus assets; limits on the asset portfolios (in relation to credit rating, seniority, sector and issuer, and counterparties in particular for derivatives, reinsurance and cash); and a robust credit rating process.

Debtors arising from reinsurance operations relate principally to reinsurance agreements with The Prudential Assurance Company Limited, the immediate parent company. The Prudential Assurance Company Limited has a strong credit rating.

Debt securities

Debt securities are analysed below according to external credit ratings issued, with equivalent ratings issued by different ratings agencies grouped together. Standard & Poor's ratings have been used where available. For securities where Standard & Poor's ratings are not immediately available those produced by Moody's and then Fitch have been used as an alternative.

	AAA	**AA+ to AA-**	**A+ to A-**	**BBB+ to BBB-**	**Below BBB-**	**Other**	**Total**
As at 31 December 2024	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Unit-linked	**92,188**	**1,056,127**	**552,828**	**710,790**	**28,051**	**5,588**	**2,445,572**
Other	**—**	**13,490**	**—**	**—**	**—**	**13,759**	**27,249**
Total debt securities	**92,188**	**1,069,617**	**552,828**	**710,790**	**28,051**	**19,347**	**2,472,821**

	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Below BBB-	Other	Total
As at 31 December 2023	£000	£000	£000	£000	£000	£000	£000
Unit-linked	67,556	1,074,819	647,362	1,191,531	54,154	12,661	3,048,083
Other	—	15,653	—	—	—	—	15,653
Total debt securities	67,556	1,090,472	647,362	1,191,531	54,154	12,661	3,063,736

Reverse repurchase agreements

At 31 December 2024, the Company had entered into reverse repurchase transactions under which it purchased securities and had taken on the obligation to resell the securities. The value of these transactions at 31 December 2024 was £615.0m (2023: £656.6m). The fair value of the collateral held in respect of these transactions was £624.0m (2023: £670.0m).

During 2024 and 2023 the Company did not take possession of any other collateral held as security.

Impairment methodology

The impairment allowance calculation is based on Group's counterparty default risk calibration used for Solvency II. The counterparty default risk uses a default state model and a recovery rate model which is run through 1 million scenarios to generate a probability distribution of losses.

This produces a loss rate reflecting the default losses as a percentage of exposure for various stresses over a 12 month period. These rates have been applied to the balances as at 31 December 2024 to derive the Expected Credit Losses ('ECL').

21. Financial Assets and Financial Liabilities (continued)

The impact of collateral and financial guarantees has been considered, where relevant, in the determination of ECL.

The Company held cash and deposits with credit institutions balances of £59.8m at 31 December 2024 (2023: £53.1m). These balances are held with bank and financial institution counterparties.

A 12 month ECL has been calculated in respect of these balances. This reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

F. Insurance risk

The Company is primarily exposed to two types of insurance risk:

- Persistency risk: arises from unexpected changes in policyholder rates of exit; and
- Expense risk: arises from the risk that expenses (including expense inflation) could be higher than assumed.

Persistency risk arises in relation to the income generated from management charges. If actual levels of policyholder exits are higher than assumed, then the Company’s profitability could be negatively impacted due to a reduction in income from management charges. Similarly, the Company’s profitability could be negatively impacted if expenses are higher than assumed.

The Company fully reinsures its longevity risk and by virtue of the design features of most of the contracts which provide low levels of mortality cover, the profits are relatively insensitive to changes in mortality experience. Insurance risk is managed in accordance with requirements set out in the insurance risk policy and risk appetite statements. Persistency risk and expense risk are primarily managed through regular reviews of best estimate assumptions, supported by detailed assessments of actual experience and consideration of emerging trends.

G. Liquidity risk

Under normal circumstances, policyholders bear most of the investment and fund liquidity risk for unit-linked business. However, if product terms and conditions are such that the deferral of claims is only permitted for a limited period of time, or not at all, the mismatch relative to fund mandates can give rise to liquidity risk . Examples of situations where this could occur are:

- higher than expected customer withdrawals, and/or lower than expected market liquidity for assets in unit-linked funds which may be combined with a reduction in new business and/or reductions in asset values; and
- ineffective asset/liability matching leading to a mismatch between outgoing cash flows and incoming cash flows and/or asset liquidations.

Liquidity risk is managed through a robust Liquidity Risk Management Framework, including governance and controls, a liquidity risk policy, a Liquidity Contingency Plan, regular monitoring of exposures and asset and liability management programmes.

To mitigate liquidity risk in those unit-linked funds which may be inherently more illiquid, in particular property funds, deferral clauses are in place which allow the deferral of cash payments to withdrawing customers in extreme adverse liquidity scenarios. The Company's M&G Pooled Pensions UK Property Fund which was deferred in May 2019, was closed to new money in September 2021 and continues to sell down its holdings and paying out to investors ahead of closure.

21. Financial Assets and Financial Liabilities (continued)

Liquidity analysis - Contractual maturities

Maturity profile for investment contracts and durations of long-term business contracts on an undiscounted basis

The majority of the in force business consists of pooled investment vehicles used for pension scheme business which by nature do not have any contractual repricing or maturity dates, as the benefits are the realisation values of the units held in the internal linked funds and may be surrendered at any time. As a consequence, the contractual maturity would be classed as 1 year or less. The long-term business contracts are annuity contracts which have no maturity date. The liabilities for these contracts are wholly reassured so the maturity profile for the liability is matched by the profile for the asset and so no liquidity risk arises from these contracts. All remaining financial liabilities are held as creditors which will be settled within one year, as disclosed at note 17.

22. Related Undertakings

The related undertakings are presented in accordance with The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The following is a list of related undertakings of the Company at 31 December 2024.

Name	Class of Shares Held	Proportion Held	Country of Incorporation	Address
M&G UK Property Fund FCP - FIS	C' Units class	98%	Luxembourg	16 Boulevard Royal, L-2449 Luxembourg
M&G Investment Funds (10)- M&G Positive Impact Fund	GBP I Acc	29%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G (ACS) BlackRock Japan Equity Fund	Units	93%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G (ACS) Blackrock US Equity Fund	Units	43%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G Funds (1) - BlackRock Asia Pacific (ex Japan) Equity Fund	Units	88%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G Funds (1) - BlackRock Emerging Markets Equity Fund	Units	78%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G Funds (1) US Short Duration Corporate Bond Fund	Units	36%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK
M&G Funds (1) India Equity Fund	Units	22%	United Kingdom	10 Fenchurch Avenue, London, EC3M 5AG, UK

23. Post balance sheet events

On 4 March 2025 the Company approved a final dividend of £20m to be paid to The Prudential Assurance Company Limited. This is not recognised in the 2024 financial statements.