Registered number 02448335

Prudential Portfolio Management Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2024

Incorporated and Registered in England
Registered Office: 10 Fenchurch Avenue, London, EC3M 5AG

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Company Information

Directors	S Iversen C Mulligan
Company Secretary	M&G Management Services Limited
Registered Office	10 Fenchurch Avenue London EC3M 5AG
Registered Number	02448335
Independent Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX

Strategic Report

The Directors present their strategic report for the year ended 31 December 2024.

Principal activity

The principal activity of Prudential Portfolio Management Group Limited (the ‘’Company’’) is the provision of investment management and advisory services to other entities within the M&G plc group (the "Group"). The Group is an internationally recognised active asset manager and established life business, with a well capitalised With-Profits Fund.

Business review and key performance indicators

During the year ended 31 December 2024, the Company continued to perform its role providing investment management and advisory services to the Group.

Key performance indicators, for an understanding of the development, performance and position of the Company, are outlined below:

	2024	2023
	£’000	£’000
Revenue	**28,877**	30,464
Operating expenses	**(29,527)**	(31,211)
Profit / (Loss) before tax	**4**	(104)
Net assets	**1,315**	1,215

The Company’s objective is to provide investment management and advisory services to the Group without a profit margin; remuneration for the services provided is determined on a cost transfer basis of operating expenses without mark-up.

Operating expenses have decreased in the year to £29,527k (2023: £31,211k) primarily due to a decrease in other operating expenses of recharges to the Company from related Group undertakings, though these are partially offset by an increase in staff costs driven by higher headcount and salary increases effective from 1 April 2024. Revenue has also then decreased to £28,877k (2023: £30,464k) due to the recovery of the Company's lower cost base from related Group undertakings. The profit before tax for the year was £4k (2023: loss of £104k). As a service entity, the Company recharges its cost base, other than investment management losses and expenses related to approved share-based compensation schemes, for which the latter cost is recovered via equity contributions from the Company's ultimate parent, M&G plc.

The Company's net assets increased to £1,315k as at 31 December 2024 (2023: £1,215k) as a result of the profit for the year in addition to equity contributions and tax credits relating to approved share-based compensation schemes.

Principal risks and uncertainties

The Company is a wholly owned subsidiary of M&G plc and 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 (GRMF). The control procedures and systems established within the Group are designed to manage, rather than eliminate the risk of failure to meet business objectives. As such, they can only provide reasonable rather than absolute assurance against material misstatement or loss, and focus on optimising the levels of risk and reward within a clearly defined risk appetite, with the aim of achieving the business objectives. The GRMF is approved by the Group Board Risk Committee and operates based on the concept of three lines of defence: risk identification and management, risk oversight, advice and challenge and independent assurance. The Company's results and financial condition are exposed to both financial and non-financial risks.

The Company provides investment management and advisory services to various Group undertakings under an Investment Services Management Agreement (“ISMA”). The remuneration for the services provided by the Company under the ISMA is determined on a cost transfer basis of operating expenses. The Company is only liable to the

Strategic Report (continued)

Principal risks and uncertainties (continued)

Group undertakings for any losses incurred by them to the extent that the losses are the direct result of any act or omission by the Company which constitutes service failure, negligence, wilful default or fraud by the Company, its Directors, officers or employees in providing any of the services under the ISMA.

Therefore, the Company has limited exposure to financial risk through its financial assets and liabilities. From a credit risk perspective, the primary exposures are ISMA service fees receivable from related group undertakings, and cash at bank. From a liquidity risk perspective, cash inflow is managed through collection of fees from material service recipients as they accrue, thereby allowing the Company to settle external third party invoices, payroll and group overhead costs as and when required. The financial risks affecting the Company and the management thereof are further discussed in Note 14. The Company has no significant direct interest rate or currency risk.

The key risk factors mentioned above should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Statement by the Directors in Performance of their Statutory Duties in Accordance with Section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 requires Directors of the 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 Directors 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 Section 172 duties the Company has regard to the factors set out above. The Company also recognises the matters considered by the Directors can have unique characteristics. This can require the Board to have regard to 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 considered will vary depending on the decision being taken. Across all the Board’s decisions, the Company is mindful of its purpose, strategic priorities and alignment with the Group’s regulatory obligations, overarching culture, vision and values.

The Board delegates authority for day-to-day management to an Executive Committee (‘Investment Office Executive Committee’) who in turn charges management with the execution of the business strategy and related policies. The Investment Office Executive Committee reviews at each regular meeting, the financial and operational performance of the investments within the scope of the ISMA as well as related risk, and compliance matters. This is done through the consideration and discussion of reports which are sent in advance of each respective meeting and through decision making in various Group forums. There are other matters, including diversity and inclusivity, environmental matters, corporate responsibility and governance, legal and some stakeholder engagement, where the Board and the Investment Office Executive Committee have judged that policy and decision-making are best undertaken at a Group level. As well as being a more efficient and effective approach, this also helps the Company achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

Strategic Report (continued)

Statement by the Directors in Performance of their Statutory Duties in Accordance with Section 172(1) of the Companies Act 2006 (continued)

The Company's key stakeholders are its ultimate beneficial owner, M&G plc and related Group entities, in particular the ISMA service recipients, its employees and third-party suppliers. The views and impact of the Company's activities on those stakeholders are an important consideration for the Board when making relevant decisions. While there are cases where the Directors engage directly with stakeholders on certain issues, the size and spread of Group stakeholders means other stakeholder engagement takes place at various Group committees.

During the year, the Directors received information to help understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This has allowed the Directors to understand the nature of the Company stakeholders' concerns and to comply with Section 172 of the Companies Act 2006 to promote the success of the Company.

Principal decisions

Set out below are some examples of how the Company has had regard to the matters set out in Section 172(1)(a)-(f) when discharging its Section 172 duty and the effect of that on decisions taken by the Company. The Company defines principal decisions as both those that are material to the Company, but also those that are significant to any key stakeholders. Through making the principal decisions outlined below, the Directors were focused on protecting and developing the Company's long-term success:

During 2024, the primary principal decisions included the strategic asset allocation and investment mix recommendations agreed by the Investment Office Executive Committee, and subsequently tabled for final decision at relevant Boards and committees of the ISMA service recipients. The annual strategic asset allocation review is a significant component of the Company's service offering, and of strategic importance to the performance of the investment portfolios within the scope of the ISMA.

Furthermore, the Company continued to provide ISMA service recipients with advice on their underlying fund manager selection, with a view to maximising investment portfolio returns in the most efficient manner, while remaining within risk appetite and achieving desired strategic objectives (including environmental, social and governance targets). This advisory service included the ongoing monitoring and review of fund managers' performance, and the Company continued to actively provide recommendations on fund manager changes where the ISMA service recipients are expected to benefit.

Approved by the Board and signed on its behalf by:

Ciaran Mulligan
Director
5 June 2025

Directors' Report

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

Directors

The Directors who served during the year and up to the date of signing were:

S Iversen
R Monnington (resigned 30 May 2025)
C Mulligan

Financial highlights

The results for the year are shown in the Statement of Comprehensive Income on page 14. This shows a profit before tax of £4k (2023: loss of £104k). Generally the Company makes a small loss before tax due to expenses relating to approved share-based compensation schemes, which are not recharged, in addition to any investment management losses incurred, which are also not recharged. The profit that arose in 2024 was as a result of the recharge of project costs incurred in the prior year which are then mostly offset by the items not recharged.

The Statement of Financial Position is set out on page 15. At 31 December 2024, the net assets of the Company were £1,315k (2023: £1,215k). The increase is as a result of the profit for the year in addition to equity contributions and tax credits relating to approved share-based compensation schemes.

Dividends

Interim dividends paid in the year were £nil (2023: £nil). The Directors do not recommend the payment of a final dividend (2023: £nil).

Subsequent events

There have been no subsequent events requiring disclosure at the date of this report.

Future developments

During 2025, the Company expects to continue to provide investment management and advisory services to other related Group undertakings.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. The key method for assessing going concern is through the Group's business planning process which considers profitability, liquidity and solvency. The business planning process considers the Company's business activities, together with factors likely to affect its future development, successful performance and position, and key risks in the current economic climate.

The Directors gave particular attention to the strength of the Company's net current asset position, liquidity and resilience of the Company's operations. Expenses incurred by the Company will (except in rare circumstances) continue to be recharged and recovered from other statutory entities within the Group. The Company maintains a net current asset position, and the Directors are satisfied that the Company will not have any liquidity issues arising over the 12 months from the date of signing the financial statements.

On the basis of the assessment described, the Directors have adopted the going concern basis of accounting in preparing the Company's financial statements for the year ended 31 December 2024.

Directors' Report (continued)

Political and charitable donations

There were no political or charitable contributions during the year (2023: £nil).

Financial risk management

Risk management is outlined within the Strategic Report.

Streamlined Energy and Carbon Reporting (SECR)

The Company participates in Group initiatives toward sustainability objectives, including carbon emission reduction strategies. Details of the Group's approach to sustainability, including the Group's revised Sustainability Framework, are provided in the Group's Annual Report and Accounts which can be found on the website: https://www.mandg.com/investors/annual-report

Qualifying third party indemnity provisions

The ultimate parent company, M&G plc, has arranged appropriate insurance cover in respect of legal action against Directors and senior managers of companies within the 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. The ultimate parent company also provides protections for Directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third-party indemnity provisions (as defined by the relevant Companies Act) for the benefit of Directors of the ultimate parent company, 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 as at the date of approval of the financial statements.

Disclosure of information to the Independent Auditor

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

Ciaran Mulligan
Director
5 June 2025

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

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 101 "Reduced Disclosure Framework", 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 101 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.

Independent Auditors' Report to the members of Prudential Portfolio Management Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prudential Portfolio Management Group 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 101 “Reduced Disclosure Framework”, 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: the Statement of Financial Position as at 31 December 2024; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

Independent Auditors' Report to the Members of Prudential Portfolio Management Group Limited (continued)

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 in respect of the Strategic Report, the Directors' Report and the financial statements, 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.

Independent Auditors’ Report to the Members of Prudential Portfolio Management Group Limited (continued)

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 the Companies Act 2006, 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 posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- Reviewing relevant board meeting minutes;
- Identifying and testing journal entries, in particular journals posted by unexpected users, without appropriate approvers, or with unusual amounts; 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.

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.

Independent Auditors' Report to the Members of Prudential Portfolio Management Group Limited (continued)

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.

Morbeen Ahmad (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
5 June 2025

Statement of Comprehensive Income
for the year ended 31 December

	Note	2024 £'000	2023 £'000
Revenue	2	**28,877**	30,464
Operating expenses	3	**(29,527)**	(31,211)
Other income		**442**	492
Operating loss		**(208)**	(255)
Interest income	5	**209**	145
Foreign exchange gains		**3**	6
Profit / (Loss) before taxation		**4**	(104)
Tax credit / (charge)	9	**35**	(29)
Profit / (Loss) for the year		**39**	(133)
Other comprehensive income for the year		**—**	—
Total comprehensive income / (loss) for the year		**39**	(133)

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

The accounting policies and accompanying notes on pages 17 to 28 form an integral part of these financial statements.

Statement of Financial Position as at 31 December

	Note	**2024** **£'000**	2023 £'000
Non-current assets			
Deferred tax assets	*9*	**609**	542
Total non-current assets		**609**	542
Current assets			
Current tax assets	*9*	**194**	236
Trade and other receivables	*10*	**5,754**	9,225
Cash and cash equivalents	*11*	**4,406**	2,255
Total current assets		**10,354**	11,716
Total assets		**10,963**	12,258
Current liabilities			
Accruals and other liabilities	*12*	**9,648**	11,043
Total current liabilities		**9,648**	11,043
Total liabilities		**9,648**	11,043
Net assets		**1,315**	1,215
Equity			
Share capital	*13*	**1,000**	1,000
Retained earnings		**315**	215
Total equity		**1,315**	1,215

These financial statements on pages 14 to 28 were approved by the Board of Directors on 5 June 2025 and were signed on its behalf by:

Ciaran Mulligan
Director

Company registered number: 02448335

The accounting policies and accompanying notes on pages 17 to 28 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2024		**1,000**	**215**	**1,215**
Profit for the year		—	**39**	**39**
Total comprehensive income for the period		**—**	**39**	**39**
SAYE share-based payments		—	**36**	**36**
Deferred tax on share-based payments	*9*	—	**(23)**	**(23)**
Current tax on share-based payments	*9*	—	**48**	**48**
Balance at 31 December 2024		**1,000**	**315**	**1,315**

		Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023		1,000	82	1,082
Loss for the year		—	(133)	(133)
Total comprehensive loss for the period		**—**	(133)	(133)
SAYE share-based payments		—	104	104
Deferred tax on share-based payments	*9*	—	(149)	(149)
Current tax on share-based payments	*9*	—	311	311
Balance at 31 December 2023		1,000	215	1,215

The accounting policies and accompanying notes on pages 17 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

1.1 Basis of preparation of financial statements

Prudential Portfolio Management Group Limited (the "Company") is a private company limited by shares, incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 02448335 and the address of its registered office is 10 Fenchurch Avenue, London, EC3M 5AG.

These financial statements present information about the undertaking as an individual undertaking and not about its Group. The consolidated financial statements of M&G plc are prepared in accordance with UK-adopted International Accounting Standards (IAS) and the legal requirements of the Companies Act 2006 and are available to the public from the Company Secretary, at 10 Fenchurch Avenue, London, EC3M 5AG.

These financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards comprising Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the legal requirements of the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of *IAS 1 Presentation of Financial Statements*:
    - 10(d), (statement of cash flows),
    - 16(a) (statement of compliance with all UK-adopted IAS),
    - 38 in respect of paragraph 79(a)(iv) (outstanding shares comparative),
    - 38A (requirement for a minimum of two primary statements, including cash flow statements),
    - 38B–D (additional comparative information),
    - 111 (cash flow statement information), and
    - 134–136 (capital management disclosures);
- *IAS 7 Statement of Cash Flows*;
- *IFRS 7 Financial Instrument Disclosures*;
- Paragraph 30 and 31 of *IAS 8 Accounting Policies*, Changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirements in *IAS 24 Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group and key management compensation.

The financial statements have been prepared in pounds sterling ("£") which is the functional currency of the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Various amendments to accounting standards and pronouncements became effective on 1 January 2024, but none of these had a material impact on the financial statements.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. The key method of assessing going concern is through the Group's business planning process which considers profitability, liquidity and solvency. The business planning process considers the Company's business activities, together with factors likely to affect its future development, successful performance and position, and key risks in the current economic climate.

The Directors gave particular attention to the strength of the Company’s net current asset position, liquidity and resilience of the Company’s operations. Expenses incurred by the Company will (except in rare circumstances) continue to be recharged and recovered from other statutory entities within the Group. The Company maintains a net current asset position, and the Directors are satisfied that the Company will not have any liquidity issues arising over the 12 months from the date of signing the financial statements.

On the basis of the assessment described, the Directors have adopted the going concern basis of accounting in preparing the Company’s financial statements for the year ended 31 December 2024.

1.3 Key judgements and estimates

The preparation of these financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. The Directors have determined that there are no critical accounting judgements or estimates in applying these accounting policies.

1.4 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

(a) Classification

On initial recognition, financial instruments are classified into three categories: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost. The classification is based on the business model in which the financial assets are managed and the contractual cash flows of these assets.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company 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.

A financial instrument is measured at amortised cost if it meets both of the following conditions:

– 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.

All financial instruments that do not meet the criteria for being measured at amortised cost, as described above, are measured at FVTPL. This includes assets that are held for trading or are part of a portfolio that is managed on a fair value basis. The Company has no financial instruments classified as FVPTL or FVOCI.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.4 Financial instruments (continued)

Cash and cash equivalents comprise cash balances held at bank.

(b) Subsequent measurement and gains and losses

Financial instruments at amortised cost - These assets are subsequently measured at amortised cost using the Effective Interest Rate method, less allowance for impairment. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

(c) Impairment

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.

(d) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(e) Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

– they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

– where the instrument will or may be settled in the group’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group’s own equity instruments or is a derivative that will be settled by the group’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group’s own shares, the amounts presented in these Company financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Revenue recognition

Management fees earned from Group undertakings are recognised in relation to providing investment management and advisory services to Group undertakings. Management fees are determined on a cost transfer basis of operating expenses with no profit margin. Revenue is only recognised when the Company satisfies its performance obligation to provide the asset management services. It is recognised in the accounting period in which the services are rendered.

Revenue from recharges to Group undertakings is recognised in relation to the Group's central cost allocation model.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.6 Other income

Other income comprises recoverable VAT and is recognised in the Statement of Comprehensive Income on an accruals basis.

1.7 Interest income

Interest income is recognised as it accrues using the effective interest rate method.

1.8 Expense recognition

Operating expenses comprise employee-related costs and other expenses, and are recognised in the Statement of Comprehensive Income when incurred.

1.9 Taxation

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 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. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

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.

1.10 Share-based payments

All share-based payments made to employees for services rendered, are measured based on the fair value of the equity instrument granted. The fair value takes into account the impact of market-based vesting conditions and non-vesting conditions, but excludes any impact of non-market-based vesting conditions. The related share-based payment expense is recognised over the vesting period. The fair value may be determined using an option pricing model such as Black-Scholes, where appropriate, taking into account the terms and conditions of the award.

For equity-settled share-based payments, the fair value of services rendered is based on the fair value of the equity instrument at the grant date, which is not remeasured subsequently. The share-based payment expense is recognised over the vesting period and is based on the number of equity instruments expected to vest, with the corresponding entry to equity.

A cancellation of an award without the grant of a replacement equity instrument is accounted for as an acceleration of vesting. Accordingly, any share-based expense that would have been recognised over the remaining vesting period is recognised immediately.

Where replacement equity instruments are granted to employees in place of the cancelled equity instruments, the replacement award is treated as a modification of the original award. At the point of replacement, the awards are remeasured to the fair value at the date of replacement, which forms the basis of recognising the expense over the remaining vesting period.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.10 Share-based payments (continued)

The Company offers share award and option plans for certain key employees and a Save As You Earn (SAYE) plan for all UK and certain overseas employees. Share options and awards of the ultimate parent company's equity instruments, for which the ultimate parent company has the obligation to settle, are valued using the fair value at the date of grant and accounted for as equity-settled i.e. recognised in equity as a capital contribution from the ultimate parent company. Share options and awards for which the Company has the obligation to settle are valued using the fair value at the balance sheet date and accounted for as cash-settled i.e. an obligation of the Company to transfer the equity instruments of the ultimate parent company. The compensation costs for all awards and options are recognised in comprehensive income over the plans' respective vesting periods.

1.11 Pension costs

Certain employees of the Company are members of the Prudential Staff Pension Scheme ("PSPS") defined benefit scheme which is operated by the Group. Contributions are payable at the minimum level of contributions required under the scheme rules and are charged to the Statement of Comprehensive Income as contributions become due. The net surplus or deficit of the PSPS defined benefit scheme is recognised in the financial statements of The Prudential Assurance Company Limited, M&G Corporate Services Limited and M&G FA Limited, which are all related Group undertakings.

For those employees who are not members of the defined benefit schemes, contributions are made by the Company to the Prudential Staff Pension Scheme defined contribution plan which is also operated by the Group. Contributions to the Group's defined contribution pension scheme are expensed by the Company when due.

1.12 Share capital

Amounts recorded in share capital represent the nominal value of shares issued with any difference between proceeds received on issue of shares, net of issue costs, and the nominal value of shares issued being credited to the share premium reserve.

Incremental costs directly attributable to the issue of new ordinary shares are shown as a deduction to equity, net of tax, from the proceeds.

Notes to the Financial Statements (continued)

2. Revenue

	2024	2023
	£'000	£'000
Management fees earned from Group undertakings	**24,842**	24,937
Revenue from recharges to Group undertakings	**4,035**	5,527
Total revenue	**28,877**	30,464

Analysis of revenue by geography:

	2024	2023
	£'000	£'000
United Kingdom	**27,915**	29,497
Ireland	**962**	967
Total revenue	**28,877**	30,464

3. Operating expenses

		2024	2023
	Note	**£'000**	£'000
Staff costs	*4*	**15,016**	14,866
Recharges from Group undertakings		**14,326**	15,112
Investment management losses		**15**	—
Other		**170**	1,233
Total operating expenses		**29,527**	31,211

4. Staff costs

	2024	2023
	£'000	£'000
Wages and salaries	**11,881**	11,453
Share based payments	**592**	784
Social security costs	**1,526**	1,734
Other pension costs	**1,017**	895
Total staff costs	**15,016**	14,866

At 31 December 2024 61 (2023: 59) staff were employed by the Company. The average number of staff employed by the Company during the year was 60 (2023: 58).

Two (2023: two) of the Directors were employed by the Company during the year. The other Director is employed by a related undertaking within the Group. See Note 6 for further detail.

Notes to the Financial Statements (continued)

5. Interest income

	2024	2023
	£'000	£'000
Bank interest income	**209**	145
Total interest income	**209**	145

All interest income was in relation to cash at bank.

6. Directors' emoluments

Two (2023: two) of the Directors were employed by the Company during the year. The aggregate emoluments for the other Director of the Company are borne by a related Group undertaking.

The value of Directors' emoluments is based upon the apportionment of time spent providing qualifying services as Directors for the Company. No apportionment is made to companies where Directors are deemed to spend an inconsequential amount of time providing qualifying services.

	2024	2023
The number of Directors with retirement benefits accruing under the defined benefit schemes	**—**	1
The number of Directors on whose behalf contributions were made to defined contribution pension schemes during the year	**3**	3
The number of Directors who exercised share options during the year	**—**	4
The number of Directors in respect of whose services shares were received or receivable under long term schemes	**2**	4

7. Auditors' remuneration

Fees payable to the Company's external auditors, PricewaterhouseCoopers LLP, its member firms and its associates have been paid by M&G Corporate Services Limited, a related Group undertaking, and recharged to the Company. Auditors' remuneration amounted to £43k (2023: £41k) in respect of the audit of the Company's financial statements.

No non-audit services were provided to the Company by the Company's auditor during the year (2023: none).

8. Share based payments

(a) Share-based payment expense charged to the income statement

Share-based compensation expenses recognised during the year are disclosed in Note 4.

(b) Description of the plans

The Company participates in various share-based payment schemes operated by the Group that award M&G plc shares to participants upon meeting the required vesting conditions. All discretionary and approved schemes are accounted for as equity-settled. Details of those schemes are stated below:

Notes to the Financial Statements (continued)

8. Share based payments (continued)

(b) Description of the plans (continued)

Discretionary Schemes	Description
Performance Share Plan ("PSP")	The PSP is a conditional share plan: the shares awarded will ordinarily be released to participants after a predetermined period, usually three years, to the extent that performance conditions have been met.
Deferred Incentive Plan ("DIP")	Under these plans, part of the participant's annual bonus is paid in the form of a share award that vests after three or four years. There are no performance conditions associated with this plan.

Approved Schemes	Description
Save As You Earn ("SAYE") plans	The Company participates in SAYE plans operated by the Group, which allow eligible employees the opportunity to save a monthly amount from their salaries, over either a three or five year period. This can then be used to purchase shares in M&G plc at a predetermined price subject to the employee remaining in employment for three years after the grant date of the options and the employee satisfying the monthly savings requirement.
Share Incentive Plan ("SIP")	The Company also participates in SIPs operated by the Group, which allow eligible employees to invest a monthly or annual amount from their salaries in M&G plc shares; M&G plc will then contribute a share for every two the employee purchases.

All approved schemes are accounted for as equity-settled as the awards will be settled in M&G plc shares.

(c) Outstanding options and awards

The following table provides a summary of the range of exercise prices for the SAYE options. The awards under the other schemes do not have an exercise price:

	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise prices (£)	Number exercisable
2024				
£1 - £2	**341,251**	**1.74**	**1.53**	**—**
2023				
£1 - £2	380,063	1.62	1.44	—

Notes to the Financial Statements (continued)

9. Tax

(a) Analysis of tax credit / (charge) for the year and tax taken to equity

	2024	2023
	£000	£000
Current tax:		
Current tax on profit / loss for the year	**(57)**	(109)
Adjustments in respect of prior years	**2**	(2)
Total current tax charge	**(55)**	(111)
Deferred tax:		
Origination and reversal of timing differences	**92**	66
Adjustments in respect of prior years	**(2)**	—
Effect of changes in tax rates	**—**	16
Total deferred tax credit	**90**	82
Total tax credit / (charge) for the year	**35**	(29)
Tax taken to equity:		
Current tax credit on share-based payments	**48**	311
Deferred tax charge on share-based payments	**(23)**	(149)
Total tax taken to equity	**25**	162

(b) Factors affecting the total tax (charge) / credit for the year

The tax assessed for the year is lower (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 23.52%). An increase in the standard UK corporation tax rate in the UK from 19% to 25% came into effect on 1 April 2023 so a blended rate of 23.52% has been used for the year ended 31 December 2023.

Reconciliation of effective tax rate

	2024	2023
	£'000	£'000
Profit / (Loss) before tax for the year	**4**	(104)
Tax (charge) / credit based on the standard UK corporation tax rate of 25% (2023: 23.52%)	**(1)**	24
Effects of:		
Share-based payments	**48**	(55)
Tax rate changes	**—**	16
Transfer pricing adjustments	**(12)**	(11)
Expenses not deductible	**—**	(1)
Adjustments in respect of prior years	**—**	(2)
Total tax credit / (charge) for the year	**35**	(29)

Notes to the Financial Statements (continued)

9. Tax (continued)

(c) Current tax

	2024	2023
	£'000	£'000
Group relief debtor	**194**	236
Net current tax assets	**194**	236

(d) Deferred tax

	2024	2023
	£'000	£'000
Opening balance at 1 January	**542**	609
Adjustments in respect of prior years	**(2)**	—
Deferred tax credit to income statement	**92**	82
Deferred tax charged to equity for the year	**(23)**	(149)
Net deferred tax assets	**609**	542

	2024	2023
The deferred tax balance is attributable to the following:		
Employee benefits	**223**	212
Share-based payments	**385**	329
Capital allowances	**1**	1
Net deferred tax assets	**609**	542

Deferred tax assets are recognised to the extent that they are regarded as recoverable. On the assessment of all available evidence, the asset is recognised if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. The assessment of future taxable profits includes the availability to surrender tax losses to other Group companies in the M&G plc UK tax group.

10. Trade and other receivables

	2024	2023
	£000	£000
Amounts due from Group undertakings	**5,754**	9,216
Prepayments and accrued income	**—**	9
Total trade and other receivables	**5,754**	9,225

Amounts owed by Group undertakings are unsecured, interest free and are repayable upon demand with no fixed date of repayment.

Notes to the Financial Statements (continued)

11. Cash and cash equivalents

	2024	2023
	£000	£000
Cash at bank	**4,406**	2,255
Total cash and cash equivalents	**4,406**	2,255

All cash and cash equivalents are held with financial institutions in the United Kingdom.

12. Accruals and other liabilities

	2024	2023
	£'000	£'000
Amounts due to Group undertakings	**3,787**	5,122
Accrued expenses and other payables	**5,861**	5,921
Total accruals and other liabilities	**9,648**	11,043
Analysed as:		
No contractual maturity	**5,828**	5,995
Expected to be settled within one year	**3,820**	5,048
Total accruals and other liabilities	**9,648**	11,043

Amounts owed to Group undertakings are unsecured, interest free and are repayable upon demand with no fixed date of repayment.

13. Share capital

	2024		2023	
As at 31 December	**Number of ordinary shares**	**Share capital £'000**	Number of ordinary shares	Share capital £'000
Issued shares of £1	**1,000,000**	**1,000**	1,000,000	1,000

Amounts recorded in share capital represent the nominal value of shares issued with any difference between proceeds received on issue of shares, net of issue costs, and the nominal value of shares issued being credited to the share premium reserve. The share premium reserve at 31 December 2024 was £nil (2023: £nil).

14. Financial risk management

The Company's exposure to financial risks associated with financial instruments held in the ordinary course of business includes:

Liquidity risk
Liquidity risk is the risk that the Company, although solvent on a balance sheet basis, does not have sufficient resources available to meet its obligations as they fall due, or can secure them only at excessive cost.

Notes to the Financial Statements (continued)

14. Financial risk management (continued)

Liquidity risk (continued)

This risk is managed through careful management of bank balances and cash-flow forecasting. This includes collection of fees from material service recipients as they accrue, thereby allowing the Company to settle external third-party invoices, payroll and group overhead costs as and when required.

Credit risk

Credit risk is the risk of loss to the Company or of adverse change in the financial position, resulting from fluctuations in the credit standing of counterparties and any debtors in the form of default or other significant credit event.

The carrying value of amounts due from Group undertakings and cash at bank represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

15. Contingent liabilities

Investment management losses

The Company provides investment management and advisory services to other entities within the Group. During the normal course of its activities, the Company can experience operational events or service failures that result in a service recipient making an investment management loss ("IML"). Therefore the Company may be required to provide compensation equal to the loss incurred. The compensation to be paid would be absorbed by the Company (i.e. it would not be recoverable through management fee recharges), thereby directly reducing the Company's net asset position.

The Company paid compensation of £14,639 in relation to an IML which occurred during the year ended 31 December 2024 (2023: £nil). The IML arose due to a manual error in relation to the processing of a transaction for a service recipient.

There are no further contingent liabilities for potential IML claims as at 31 December 2024 (2023: £nil).

16. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 from disclosing transactions with other subsidiary undertakings of the M&G plc Group.

There were no other related party transactions in the years ended 31 December 2024 and 31 December 2023 other than those with wholly owned subsidiary undertakings of the Group and those disclosed in Note 6.

17. Immediate and ultimate parent company

The Company is a wholly owned subsidiary undertaking of M&G Corporate Holdings Limited.The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is M&G plc. Both the immediate and ultimate parent are registered at 10 Fenchurch Avenue, London, EC3M 5AG, and are incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and can be obtained from the registered office.