Registered No: 11554878

M&G Corporate Holdings Limited

Annual Report and Financial Statements

For the year ended
31 December 2022

Incorporated and registered in England & Wales.
Registered office: 10 Fenchurch Avenue, London EC3M 5AG

Contents

Company Information

Directors	S Horgan A Porter E White
Secretary	M&G Management Services Limited
Independent Auditors	PricewaterhouseCoopers LLP 144 Morrison Street Edinburgh EH3 8EB
Registered office	10 Fenchurch Avenue London EC3M 5AG
Company number	11554878 (registered in England and Wales)

Strategic Report

The Directors present their strategic report for the year ended 31 December 2022.

Principal activity

M&G Corporate Holdings Limited (the "Company") is a direct subsidiary of M&G plc and acts as an intermediate holding company for non-regulated entities of the M&G plc Group (the "Group"), including M&G Corporate Services Limited and M&G Global Services Private Limited. The Group is a UK and international savings and investments business.

Business review and key performance indicators

In the year ended 31 December 2022, the Company continued to perform its role as an intermediate holding company for the Group.

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

	2022	2021
	£	£
Dividend income	**3,535,365**	5,429,048
Profit for the year before tax	**3,549,315**	5,429,046
Net assets	**71,662,307**	66,108,070

The Company made a profit before tax of £3,549,315 (2021: £5,429,046). The profit is primarily related to dividend income of £3,535,365 (2021: £5,429,048) received from its subsidiary M&G Global Services Private Limited during the year.

Net assets have increased to £71,662,307 (2021: £66,108,070). As well as making a profit in the year, the Company also received cash of £2,71,455 in relation to the disposal of an investment. Further details on this disposal are outlined within Principal decisions below.

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's financial risks primarily relate to the future performance of its subsidiary undertakings and any future acquisitions. These risks are managed and monitored at a Group level, and the Group's risk management and internal frameworks are described in the M&G plc Annual Report and Accounts (ARA). Due to the current financial strength of the M&G plc group, the directors consider that there is minimal level of risk associated with the Company.

The Directors understand the risks associated with acquisitions and funding requirements of subsidiaries, and subsequent impairment of those entities. Through the review of management information, they make appropriate decisions or approve relevant actions accordingly.

The Company has no significant direct interest rate, credit, currency or liquidity risk. The key risk factors mentioned above should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Strategic Report (continued)

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 they consider, 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.

There are some matters, including diversity and inclusivity, environmental matters, corporate responsibility and governance, legal and some stakeholder engagement, where the board has judged that policy and decision-making is best undertaken at a 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.

The Company's key stakeholders are its parent, M&G plc and related Group entities. The Company has no direct customers or clients, but acknowledges the part it has to play as part of the Group in relation to relationships with customers and suppliers and the levels of conduct is should adhere to. The Company has no direct employees; instead, there are various services agreements in place with other entities within the Group, details of how the Group engage colleagues is in the 2022 ARA. The views and 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 directors engage directly with stakeholders on certain issues, the size and spread of the Group's 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 is an example 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:

Strategic Report (continued)

Principal decision 1 – Disposal of investment

The Directors approved the sale of a minority interest equity investment. The M&G plc group demerged from Prudential plc group on 21 October 2019. Subsequent demerger activity in February 2022 resulted in the Company receiving a minority stake in a UK technology from the Prudential plc group for nil consideration. This equity investment was then sold in May 2022, resulting in the Company receiving cash proceeds of £2,721,455.

As the Company's parent, M&G plc, was the entity entitled to the shares under the demerger agreement, the transfer of shares to the Company was deemed a capital contribution by its parent.

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

E White
Director
18 May 2023

Directors' Report

The Directors present their annual report and the financial statements for the year ended 31 December 2022.

Directors

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

P Cooper	(resigned 25 April 2022)
S Horgan	(appointed 25 April 2022)
A Porter	(appointed 25 April 2022)
E White	(appointed 25 April 2022)

Financial highlights

The results for the year are shown in the Statement of Comprehensive Income on page 14. This shows a profit after tax of £2,676,052 (2021: £4,886,140). The profit for the year is primarily related to dividend income from its subsidiary, M&G Global Services Private Limited.

The Statement of Financial Position is set out on page 15. At 31 December 2022, the net assets of the Company were £71,662,307 (2021: £66,108,070). As well as making a profit in the year, the Company also received cash of £2,271,455 in relation to the disposal of an investment. Further details on this disposal is outlined within the Strategic Report's principal decisions.

Dividends paid

Interim dividends paid in the year were £nil (2021: £nil). On 18 May 2023 the Directors approved a final dividend of £7,500,000 (2021: £nil) to be paid to the Company's parent, M&G plc.

Future developments

During 2023, the primary focus of the Company will continue to be that of a holding company.

Subsequent events

On 18 May 2023 the Directors approved a final dividend of £7,500,000 to be paid to the Company's parent, M&G plc. This is not recognised in the 2022 financial statements.

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.

As a holding company, the Company has no recurring revenue apart from dividend income. The Company also has no expense base: the only expenses it can incur are impairments of its investments (which are non-cash items) and occasionally minor bank fees.

The Company has not issued any guarantees and has not entered into any commitments or other obligations beyond the purchase of share capital in its subsidiaries. The Company continues to hold a favourable net current asset position, and the Directors are satisfied the Company will not have any liquidity issues arising over the 12 months from the date of signing the accounts.

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 2022.

Directors' Report (continued)

Political and charitable contributions

There were no political or charitable contributions during the year (2021: £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. The Group's goal is to reduce carbon emissions from corporate operations to net zero by 2030, at the latest. Details of the Group's approach to sustainability are provided in the M&G plc ARA which can be found on the website: https://www.mandgplc.com/investors/annual-report.

Qualifying third party indemnities

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 benefits 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 2022 and remained in force as at the date of approval of the accounts.

Disclosure of Information to 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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is 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 by:

Elizabeth White

E White
Director

18 May 2023

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the audited 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 M&G Corporate Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, M&G Corporate Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 2022; the Statement of Comprehensive Income and the 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.

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 Auditor's Report to the members of M&G Corporate Holdings 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 2022 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 Auditor's Report to the members of M&G Corporate Holdings 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 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 and management bias within the impairment assessment of investment in subsidiaries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board meeting minutes;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations, posted by unexpected users or without appropriate approvers, or during unusual times;
- Challenging assumptions and judgements made by management in relation to the impairment assessment of investment in subsidiaries; 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 Auditor’s Report to the members of M&G Corporate Holdings 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.

Iain Kirkpatrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
18 May 2023

Statement of Comprehensive Income
for the year ended 31 December

	Note	**2022**	2021
		£	£
Dividend income	*3*	**3,535,365**	5,429,048
Operating expenses	*4*	**(87,074)**	(2)
Interest receivable	*7*	**101,024**	—
Profit before taxation		**3,549,315**	5,429,046
Tax charge	*8*	**(873,263)**	(542,906)
Profit for the year		**2,676,052**	4,886,140
Other comprehensive income		**—**	—
Total comprehensive income for the year		**2,676,052**	4,886,140

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying Notes on pages 17 to 26 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December

	Note	**2022** £	2021 £
Fixed assets			
Investment in subsidiaries	*9*	**60,250,068**	60,093,337
Current assets			
Debtors	*10*	**100,000**	100,000
Cash and cash equivalents	*11*	**12,081,970**	6,164,737
Creditors: amounts falling due within one year	*12*	**(769,731)**	(250,004)
Net current assets		**11,412,239**	6,014,733
Total assets less current liabilities		**71,662,307**	66,108,070
Net assets		**71,662,307**	66,108,070
Capital and reserves			
Share capital	*14*	**25,320,000**	25,320,000
Share premium	*14*	**33,737,289**	33,737,289
Capital contribution reserve		**4,715,231**	1,837,046
Retained earnings		**7,889,787**	5,213,735
Total shareholders' funds		**71,662,307**	66,108,070

These financial statements were approved by the Board of Directors on 18 May 2023 and were signed on its behalf by:

E White
Director

Company registered number: 11554878

The accompanying Notes on pages 17 to 26 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2021	320,000	33,737,289	—	327,595	34,384,884
Profit for the year	—	—	—	4,886,140	4,886,140
Total comprehensive income for the year	—	—	—	4,886,140	4,886,140
Issue of share capital	25,000,000	—	—	—	25,000,000
Capital contribution	—	—	1,837,046	—	1,837,046
Balance at 31 December 2021	25,320,000	33,737,289	1,837,046	5,213,735	66,108,070

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2022	**25,320,000**	**33,737,289**	**1,837,046**	**5,213,735**	**66,108,070**
Profit for the year	**—**	**—**	**—**	**2,676,052**	**2,676,052**
Total comprehensive income for the year	**—**	**—**	**—**	**2,676,052**	**2,676,052**
Capital contribution	**—**	**—**	**2,878,185**	**—**	**2,878,185**
Balance at 31 December 2022	**25,320,000**	**33,737,289**	**4,715,231**	**7,889,787**	**71,662,307**

The accompanying Notes on pages 17 to 26 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

M&G Corporate Holdings 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 11554878 and the registered address 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 Company has taken advantage of the exemption not to prepare Group financial statements under Section 400 of the Companies Act 2006, since it is included in the consolidated financial statements of M&G plc, a company registered in England and Wales. 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 basis in accordance with UK Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and Part 15 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 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

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 2023, but none of these had a material impact on the financial statements.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.1 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.

As a holding company, the Company has no recurring revenue apart from dividend income. The Company also has no expense base: the only expenses it can incur are impairments of its investments (which are non-cash items) and occasionally minor bank fees.

The Company has not issued any guarantees and has not entered into any commitments or other obligations beyond the purchase of share capital in its subsidiaries. The Company continues to hold a favourable net current asset position, and the Directors are satisfied the Company will not have any liquidity issues arising over the 12 months from the date of signing the accounts.

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 2022.

1.2 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

Financial assets

(a) Classification

On initial recognition, financial assets 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 on which the financial assets are managed and the contractual cash flow of these assets.

Financial assets 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 asset 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

Other financial assets are classified as 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 assets classified as FVTPL or FVOCI.

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost: These assets 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.

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 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.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

1.3 Investment in subsidiaries

Investment in subsidiaries are stated at cost less, where appropriate, allowances for impairment.

The cost of investments acquired from related parties where consideration is met by issuing shares in the Company is the fair value of the investments at the time of the transaction.

Impairment

Investments in subsidiaries are reviewed annually to assess whether there are indicators of impairment. Where indicators of impairment exist, the carrying value of the investment is compared against the recoverable amount, which is higher of fair value less costs of disposal or value in use, with any resulting impairment recorded in the income statement.

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.

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.

1.3 Dividend income

Dividend and distribution income is recognised in the profit and loss account on the date the entity’s right to receive payments is established.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Finance income

Finance income in the statement of comprehensive income comprises interest income, realised gains on investments designated as FVTPL and foreign exchange losses. Interest income is recognised as it accrues on an effective interest basis for instruments held at amortised cost.

1.5 Expense recognition

All expenses are recognised in the profit and loss account as a cost when incurred.

1.6 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 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 will be provided where there are temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

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.

1.7 Share capital and share premium

An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Shares are classified as equity when their terms do not create an obligation to transfer assets. The nominal value of shares issued is recorded in share capital.

Where the consideration received from the issue or sale of existing shares exceeds the nominal value recorded in share capital, the difference is recorded in share premium. Share premium is recorded net of share issue costs.

2. Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically requires such estimates is the determination of impairment of investments in subsidiaries. The accounting policy for subsidiary impairment measurement is outlined in note 1.2.

Notes to the financial statements (continued)

3. Dividend income

	2022	2021
	£	£
Dividends received from subsidiaries	**3,535,365**	5,429,048
Total dividend income	**3,535,365**	5,429,048

All dividend income is received from M&G Global Services Private Limited which is an overseas domiciled subsidiary of the Company.

4. Operating expenses

	2022	2021
	£	£
Write-off of liquidated subsidiaries	—	2
Foreign exchange losses	**87,074**	—
Total operating expenses	**87,074**	2

No staff were employed by the Company during the year (2021: none). Directors emoluments are detailed in Note 6.

5. Auditor's remuneration

Fees payable to the Company's external auditor, PricewaterhouseCoopers LLP, its member firms and its associates (exclusive of VAT) have been paid by M&G Corporate Services Limited, a subsidiary of the Company. This expense is ultimately borne by its ultimate parent company, M&G plc. Fees paid in respect of the Company for the audit of the financial statements were £30,576 (2021: £10,000).

No non-audit services have been provided to the Company by the Company's auditor during the year (2021: £nil).

6. Directors' emoluments

The aggregate emoluments for the Directors of the Company are borne by related Group undertakings.

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

The financial statements for the year ended 31 December 2021 disclosed Directors' emoluments that comprised the value attributable to prior year time allocations, subsequently been deemed to be inconsequential, and the value of incentive plan awards settled via shares, which are no longer included in the total value of emoluments. There is no impact on the primary statements of the revised disclosure.

Notes to the financial statements (continued)

6. Directors' emoluments (continued)

	2022	2021
The number of Directors with retirement benefits accruing under the Group's defined benefit schemes	—	—
The number of Directors who exercised share options during the period	—	—
The number of Directors in respect of whose services shares were received or receivable under long term schemes	4	3

7. Interest receivable

	2022	2021
	£	£
Interest receivable	101,024	—
Total interest receivable	**101,024**	—

All interest income was in relation to cash at bank.

8. Tax

(a) Analysis of tax charge for the year

	2022	2021
	£	£
Current tax on profit for the year	873,263	542,906
Taxation on profit on ordinary activities	**873,263**	542,906

(b) Reconciliation of effective tax rate

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

	2022	2021
	£	£
Profit on ordinary activities before tax	3,549,315	5,429,046
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	674,370	1,031,519
Effects of:		
Tax rates in foreign jurisdictions	(318,183)	(488,613)
Disposal of investments	517,076	—
Total tax charge for the year	**873,263**	542,906

Notes to the financial statements (continued)

8. Tax

(c) Factors affecting the tax charge

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. The impact of this change in future periods will be dependent on the level of taxable profits in those periods.

9. Investments in subsidiaries

	2022	**2021**
	£	£
Cost as at 1 January	**61,044,337**	34,207,293
Disposals	**—**	(2)
Capital contributions into subsidiaries	**156,731**	26,837,046
Cost at 31 December	**61,201,068**	61,044,337
Impairment at 1 January	**(951,000)**	(951,000)
Impairment of subsidiaries	**—**	—
Impairment at 31 December	**(951,000)**	(951,000)
Investment in subsidiaries at 31 December	**60,250,068**	60,093,337

(a) Capital contributions

Capital contributions in the current year arise from share-based payments to employees of subsidiaries.

On 20 December 2021, the Company increased its investment in M&G Corporate Services Limited through the purchase of 25,000,000 100p ordinary shares for cash consideration of £25,000,000. The other additions in the prior year relate to capital contributions arising from share-based payments to employees of subsidiaries.

(b) Disposals

In the prior year, two dormant subsidiaries, Prudential Portfolio Managers Limited and Prudential Venture Managers Limited were liquidated.

(c) Impairment

An impairment assessment was undertaken on the direct subsidiaries by comparing their recoverable amount with the carrying value. The recoverable amounts of the subsidiaries were based on their value in use or net asset value. The value in use, where applicable, was determined based on discounted cashflow with inputs from management forecasts. Based on the comparison of the recoverable amount with the carrying value of each subsidiary, no additional impairment was required as at 31 December 2022.

Notes to the financial statements (continued)

9. Investments in subsidiaries (continued)

Details of the Company's subsidiaries are as follows:

Subsidiaries	Principal Activity	Registered Office	Class of Equity Held	Ownership % 2022	Ownership % 2021
M&G Corporate Services Limited	Service company	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
M&G Global Services Private Limited	Service company	Prudential House, Central Avenue, Hiranandani Business Park, Powai, Mumbai, India	Ordinary shares	99.974%	99.974%
M&G Group PCC Limited	Service company	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET,	Ordinary shares	100%	100%
PGDS (UK One) Limited	Service company	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
Prudential Financial Planning Limited	Dormant	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
Prudence Limited	Dormant	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
Pru Limited	Dormant	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
Prudential Portfolio Management Group Limited	Service company	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%
Prudential Staff Pensions Limited	Dormant	10 Fenchurch Avenue, London, EC3M 5AG	Ordinary shares	100%	100%

10. Debtors

	2022	2021
	£	£
Amounts owed by Group undertakings	**100,000**	100,000
Total debtors	**100,000**	100,000

Amounts owed by Group undertakings consists of unpaid share capital. This is unsecured and interest free. The unpaid share capital has no contractual maturity and is repayable on demand.

11. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	**12,081,970**	6,164,737
Total cash and cash equivalents	**12,081,970**	6,164,737

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

Notes to the financial statements (continued)

12. Creditors

	Note	2022	2021
		£	£
Corporation tax liabilities	13	**519,727**	—
Amounts owed to Group undertakings		**250,004**	250,004
Total creditors		**769,731**	250,004

Amounts owed to Group undertakings consists of unpaid share capital. This is unsecured and interest free. The unpaid share capital has no contractual maturity and is repayable on demand.

13. Corporation tax liabilities

	2022	2021
	£	£
Corporation tax payable	**519,727**	—
Total corporation tax liabilities	**519,727**	—
Analysed as:		
Expected to be settled within one year	**519,727**	—
Total corporation tax liabilities	**519,727**	—

14. Issued share capital and share premium

	2022		2021	
As at 31 December	**Number of ordinary shares**	**Share capital (£)**	Number of ordinary shares	Share capital (£)
Issued shares of £1	**25,320,000**	**25,320,000**	25,320,000	25,320,000

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 2022 is £33,737,289 (2021: £33,737,289).

15. Related party transactions

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

There were no other related party transactions in the years ended 31 December 2022 and 31 December 2021 other than those with wholly owned subsidiary undertakings of the Group.

Notes to the financial statements (continued)

16. Immediate and ultimate parent company

The Company's immediate and ultimate parent company is M&G plc, registered at 10 Fenchurch Avenue, London, EC3M 5AG, and incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and can be obtained from the registered office.

17. Post balance sheet events

On 18 May 2023 the Directors approved a final dividend of £7,500,000 to be paid to the Company's parent, M&G plc. This is not recognised in the 2022 financial statements.