

Registered number: 01048359

M&G FA Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2023

M&G FA Limited

Company Information

Directors

M Howells
S Moffatt
L Bullen
S A Fitzgerald

Company secretary

M&G Management Services Limited

Registered number

01048359

Registered office

10 Fenchurch Avenue
London
EC3M 5AG

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

M&G FA Limited

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**Strategic Report
For the Year Ended 31 December 2023**

Business review

M&G FA Limited (the 'Company') is a member of the M&G plc group (the "Group"), the UK and international savings and investments business. The Company is a member of the sub-group headed by M&G Group Limited ("M&G Group") and is an indirect subsidiary of M&G plc.

The principal activity of the Company is the management of the operating subsidiaries of the M&G Group. The subsidiary undertakings undertake the management of collective vehicles (unit trusts, OEICs, SICAVs and investment trusts), investment management and related activities. The Company bears the costs of the M&G Group undertakings and recharges these to the operating subsidiaries. It also earns income from shareholdings in, and loans to, other group companies.

The profit before tax for the Company for the year was £10,927,000 (2022: £82,392,000). Further details of the results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income shown on page 16.

Principal risks and uncertainties

Overview

The Group has established and implemented a risk management framework (RMF) as part of a broader Group Governance Framework. The RMF is designed to manage risk within agreed appetite levels, aligned to delivering our strategy. It applies to all entities in the Group, including the Company, and sets risk governance arrangements that are based on a "three lines of defence" model and are consistent with individual accountabilities assigned under the FCA Senior Manager and Certification Regime (SMCR).

Under the three lines of defence model, first line business and support functions identify and manage risks and are overseen by second line Risk Management and Compliance function. The second line is structurally independent of the first line, and provides oversight, advice and challenge, as well as compliance monitoring and assurance. The third line Internal Audit function is structurally independent from, and provides independent assurance over, the first and second lines. The third line is empowered by the M&G plc and M&G Audit Committees to audit the design and effectiveness of internal controls, including governance, risk management and control processes.

The Company and the Group are exposed to a number of risks. Depending on the nature of the risks, some are managed at Group level and some are managed at Company level. Some are inherent in conducting the Company's principal activities and are not unique; others are unique and result from business strategy and structure. These principal risks and uncertainties faced by the Company are described below:

Operational risk and Resilience

A material failure or operational disruption in the processes and controls supporting the Company's activities, including that of third-party suppliers or technology, could result in poor client outcomes, reputational damage and increased costs. The Company's dependence on technology means the unavailability of key hardware or software, inadequate information security arrangements and ineffective use of digital solutions could impact its ability to operate effectively.

The Group's Risk Management Framework defines the approach to managing operational risks and associated controls, including IT, data and outsourcing arrangements. The Group has a Data Policy that sets out the principles and requirements on the use of data across the organisation and applies business continuity and crisis management requirements using a risk-based approach to identify and manage Important Business Services and Critical Shared Services. Strategies are then designed, implemented and tested to manage the risk of intolerable harm under 'Severe, but plausible' scenarios. The Group has an Information Technology Risk Policy in place to manage technology risks and is enhancing the existing third party risk management framework for its global operations, including the selection, on-boarding, management and termination.

Strategic Report
For the Year Ended 31 December 2023

Principal risks and uncertainties (continued)

Credit risk

Credit risk is the exposure to loss arising from counterparty's failure to meet its contractual obligations, either as a result of business failure or intentional withholding of amounts due.

The Group's Credit Risk Policy sets standards for the assessing, measuring and managing credit risk, monitored by a dedicated and independent team.

Market risk

The Company's profitability and solvency are sensitive to market fluctuations in the level or volatility of equities, properties, alternative investments, interest rates, currencies and inflation. Significant fluctuations could have material adverse effects on its revenues and returns. Exchange rate movements could impact fee and investment income denominated in foreign currencies. The Company has some direct exposure to market risk through its seed and other financial investments and currency positions as a result of overseas operations.

Market risk appetite is set and monitored to limit the Company's exposure to key market risks, and the Group has prescribed limits on the seed capital provided for new funds. The Group has procedures to respond to significant market events and disruptions, bringing together colleagues across the Group to provide an enhanced monitoring and decision-making capability.

Corporate liquidity risk

The Company must carefully manage the risk that it has insufficient cash resources to meet its obligations to creditors as they fall due. This includes ensuring the business has sufficient resources to cover outgoing cash flows under a range of severe but plausible scenarios.

Risk appetite is set such that the Company maintains adequate liquid resources and its liquidity position is regularly monitored and stressed. The Group has a detailed liquidity contingency funding plan in place to manage a liquidity crisis to which the Company is the party.

Climate change risk and Streamlined Energy and Carbon Reporting (SECR)

The Company, as part of the Group, recognises the risk climate change poses to its business and is committed to embedding climate-related risks and opportunities in decision making.

The identification, assessment and management of climate-related risks, along with other ESG-related risks, is managed at a group level and is integrated into the Group's ESG Risk Management framework. As climate change is a critical aspect of sustainability and ESG, a principal risk for the Group, it is a key area of oversight for our Risk and Compliance teams. Consideration of ESG and sustainability risk is being built into the Group's decision-making, with sustainability themes and risk factors being incorporated into the Group's general investment and risk management processes. Further information on how the Group approaches risks and opportunities related to climate change can be found on pages 72-74 of the M&G plc Annual Report and Accounts 2023.

As a subsidiary of a UK group that presents consolidated SECR reporting, the Company is exempt from disclosing an individual SECR. The Group's SECR is available on page 77 of the M&G plc Annual Report and Accounts 2023.

**Strategic Report
For the Year Ended 31 December 2023**

Principal risks and uncertainties (continued)

Capital requirements and conflict management

As required under MIFIDPRU 8, disclosure of the M&G Group's risk management objectives and policies, governance arrangements, capital adequacy of MIFIDPRU Investment Firms, and compliance with the provisions of the FCA's Remuneration Code is published on the internet at:

<https://www.mandg.com/who-we-are/mandg-investments/mandg-investments-business-policies>

The M&G Group operates administrative and organisational arrangements to identify and manage conflicts of interest that might adversely affect its clients including:

- effective procedures to restrict the exchange of information where such exchange might harm clients;
- effective segregation of duties with appropriate supervision; and
- charging and remuneration policies that are reasonably designed to align the long term interests of the Company, employees and clients.

Section 172(1) Statement

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

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

In discharging the section 172 duties the Directors have regard to the factors set out above. It is also recognised that the matters considered as a Board can have unique characteristics. It can be required 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 decisions, the Board is mindful of the Company's purpose, regulatory obligations, strategic priorities and alignment with the M&G plc overarching culture, vision and values.

As is normal for large companies, authority for day to day management of the Company is delegated to executives and management is then engaged with execution of the business strategy and related policies.

Financial and operational performance as well as risk are reviewed by the Board at each regular Board meeting. Other areas are also reviewed over the course of the financial year including the Company's business strategy; financial reporting; key risks; stakeholder related matters; diversity and inclusivity; environmental matters; corporate responsibility; material outsource partners and, governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board. The Company's key stakeholders are its ultimate beneficial owner, M&G plc, and the stakeholder groups set out in M&G plc's Annual Report. 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 Board itself judges that it should engage directly with certain stakeholder groups on certain issues, for example, interaction with regulators, the size and spread of both stakeholders and the M&G plc Group means that other stakeholder engagement takes place at Group level. It has been found that as well as being a more efficient and effective approach, this also helps to achieve a greater positive impact on environmental, social and other issues than by working alone as an individual Company. For details on the some of the engagement that takes place with the Company's stakeholders please refer to the M&G plc 2023 Annual Report.

Strategic Report
For the Year Ended 31 December 2023

Section 172(1) Statement (continued)

During the year, information has been provided to enhance the understanding of the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on financial and operational performance, non-financial key performance indicators, risk and environmental, social and governance matters. As a result of this, there has been an overview of engagement with stakeholders and other relevant factors which allows the Directors to understand the nature of the stakeholders' concerns and to comply with section 172 duty to promote the success of the Company.

Principal decisions

Set out below is an example of how the Directors have had regard to the matters set out in section 172(1)(a)-(f) have been regarded when discharging the section 172 duty and the effect of that on decisions taken. Principal decisions are defined as both those that are material to the Company, but also those that are significant to any key stakeholders. In making the following principal decision, the Board considered the relevant impact on stakeholders as well as the need to maintain a reputation for high standards of business conduct:

Principal decision 1 – Dividends to Parent

Each year the Board makes an assessment of the strength of the Company's balance sheet and future prospects relative to uncertainties in the external environment and makes decisions about the payment of dividends. In 2023, the Board decided to pay dividends totalling £128m to its parent, M&G Group Limited. In making these decisions the Board received detailed financial planning materials and considered a range of factors. These factors included any impact on the Company in the short to medium term as well as the long-term viability of the Company; its expected cash flow and financing requirements; and the ongoing need for strategic investment in the business, the activities of its subsidiaries, including the workforce and the expectations of its parent, M&G plc.

Principal decision 2 – Project Nina

The Board considered the proposed buy-in transaction of the non-active members of the M&G Group Pension Scheme (M&GGPS) with the Prudential Assurance Company (PAC) and the transfer of all remaining active members to the defined benefit section of the Prudential Staff Pension Scheme (PSPS DB). In doing so the Board considered the impact on the company, the relevant employees and members impacted by the buy-in. After due consideration, it was concluded that it was in the best interest of all parties.

Financial key performance indicators

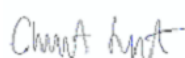
Administrative expenses

Administrative expenses decreased by 4% from £713,365,000 in 2022 to £687,289,000 in 2023, primarily driven by a decrease in staff remuneration and business running costs.

Net assets and financial position

The Company's net assets have decreased by 29% to £405,398,000 in 2023 from £572,346,000 in 2022 as a result of project costs in the entity, additionally the actuarial loss as a result of buy-in of pension scheme.

This report was approved by the Board and signed by order of the Board.



M&G Management Services Limited
Company Secretary

Date: 3 July 2024

**Directors' Report
For the Year Ended 31 December 2023**

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have 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, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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 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.

Results and dividends

The profit for the year, before taxation, amounted to £10,927,000 (2022: £82,392,000).

Dividends paid in the year amounted to £128,000,000 (2022: £76,000,000).

Subsequent to the year end, a dividend of £57,000,000 was recommended by the directors. This dividend has been paid and will be reflected in subsequent annual financial statements.

Future outlook

The Company will continue to act in the management of the operating subsidiaries of the M&G Group, although there is the intention to transfer the employees to another Group entity in future years. No other changes to the activities of the Company are planned for the foreseeable future.

Financial instruments

Descriptions of the Company's financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments (outlined in SI 2008/410 7 Sch 6), are set out in the Strategic Report on pages 4 to 7.

Directors' Report (continued)
For the Year Ended 31 December 2023

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Howells
S Moffatt
L Bullen
S A Fitzgerald

Political contributions

The Company made no political contributions during the year (2022: £nil)

Charitable donations

The Company made no charitable donations during the year (2022: £nil).

Employment policies

The M&G Group relies heavily on the quality of key talent and management in each of the regions and countries in which it operates. The success of M&G's operations is dependent on, amongst other things, the ability to attract and retain highly qualified professional people. Competition for highly qualified professional people in most countries in which the M&G Group operates is intense. The M&G Group's ability to attract and retain key people is dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent.

The Group is committed to providing all employees with a safe, healthy and engaging working environment. All of our leaders are accountable for ensuring our culture promotes diversity, inclusion and authenticity. To perform at their best for clients and customers, all employees need to enjoy working for the Company and be comfortable that the Company's culture is free from any form of bullying, harassment or victimisation.

In 2019 the Group launched new people policies with the simple aim of becoming a leading flexible employer which recognises that employees work to live. M&G supports all employees with the 'moments that matter' to them through either our market leading family leave policy or other types of paid leave that aim to support employees of all ages, family constructs or faiths. The policies include:

- The M&G Code of Conduct
- Our M&G values and behaviours
- Our Diversity & Inclusion strategy, policy and colleague networks
- Transitioning at Work policy (for transgender colleagues)
- Code of Ethics
- Our 'Speak Out' and 'Raising Concerns at Work' policies

Seeking feedback from employees on the Group's performance in this area is essential. There are a number of ways in which the Company achieves this including the ongoing and valued relationships with the M&G Colleague Forum, Union and through the quarterly One Voice colleague survey. This helps to ascertain engagement amongst colleagues and Leaders are tasked with action planning on key areas for concern.

M&G makes health and wellbeing a priority and as such have a specific Health and Wellbeing policy. This policy covers what you need to know if you are unwell and absent from work due to sickness. It also signposts the health and wellbeing initiatives we're proud to offer at M&G plc. At M&G plc we recognise that there will be times when colleagues have a change in their circumstances, due to acquiring a disability or health condition, that requires an adjustment to their workplace, to enable them to continue to achieve their career and personal goals. As such we have a Workplace Adjustment section accessible to all colleagues on the Peoplehub which sets out all the support M&G can provide.

Directors' Report (continued)
For the Year Ended 31 December 2023

Employment policies (continued)

The Group seeks to achieve an inclusive working environment and through our Diversity and Inclusion Policy embraces difference and removes barriers to inclusivity. All employees are treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. Every reasonable effort will be made to enable disabled persons to be employed by the Group by making adjustments to roles where possible.

Both internal and external training opportunities are provided where they are appropriate to an employee's current role and/or development. Where appropriate, the Human Resources and Learning and Talent Development teams ensure that suitable arrangements can be made with regard to the venue or format of the event to enable all employees to participate.

The company uses TAP an internal communication tool to communicate with all colleagues on issues that are important to them. That can include business change, policy change, company performance etc. This ensures all colleagues are receiving consistent messaging at the same time

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2023 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

To satisfy themselves of the appropriateness of the use of the going concern assumptions in relation to the financial statements, the Directors considered the expected level of income earned and expense incurred over the assessment period including the level of dividends expected to be received from the Company's subsidiary undertakings. The Directors concluded there was a sufficient excess of income over expense to enable the Company to trade as a going concern, in part reflecting that any future dividends payable by the Company would only be declared subject to the Company maintaining appropriate financial strength and liquidity at that point.

In respect of liquidity the Directors also considered the projected acquisitions and disposals of the Company's fixed asset and held for sale investments, and concluded there was sufficient cash available to meet the projections across the assessment period. Additionally the Company is party to the M&G Group's Contingency Funding Plan which enables the Company to access funding in a stress scenario.

For the above reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

Engagement with Stakeholders

Engagement with M&G's key stakeholder groups helps foster and maintain relationships and forms an important part of the wider Company's operation.

Not all stakeholder engagement is reported directly to the Board or takes place directly with the Board. However, the output of engagement across the Company informs business level decisions and proposals, with an overview of developments and relevant feedback being reported to the Board and/or its Committees. The purpose of this is to ensure that the Board can understand and consider the views of relevant stakeholders when making decisions.

Directors' Report (continued)
For the Year Ended 31 December 2023

Directors' confirmations


In the case of each Director in office at the date the Directors' Report is approved:

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

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP (PwC), have indicated their willingness to continue in office. Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually and PwC will assume office.

This report was approved by the Board and signed by order of the Board.



M&G Management Services Limited
Company Secretary

Date: 3 July 2024

Independent auditors' report to the members of M&G FA Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 Balance Sheet as at 31 December 2023; the Statement of Profit or Loss and Other 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.

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.

Independent auditors' report to the members of M&G FA Limited

Report on the audit of the financial statements

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 2023 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 Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of M&G FA Limited

Report on the audit of the financial statements

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 the calculation of performance related fees. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes including those of the Board and Audit Committee;
- Enquiries of management, including legal, compliance and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations including fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, unbalanced journal entries and entries posted with unusual amounts, where any such journal entries were identified;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Recalculating a sample of performance related fees and testing the inputs used; 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 M&G FA Limited

Report on the audit of the financial statements

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.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 July 2024

M&G FA Limited

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2023**

	Note	2023 £000	2022 £000
Revenue	3	547,669	636,823
Administrative expenses *	5,6,7	(687,289)	(713,365)
Operating loss	4	(139,620)	(76,542)
Income from other fixed asset investments **	8	141,596	165,983
Interest receivable and other similar income *	9	18,651	15,751
Interest payable and similar expenses **	10	(9,700)	(22,800)
Profit before tax		10,927	82,392
Tax on profit	11	28,868	17,606
Profit for the financial year		39,795	99,998
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme surplus	24	(111,861)	(45,675)
Income tax on items that will not be reclassified to profit or loss		27,957	11,389
		(83,904)	(34,286)
Total comprehensive (expense)/income for the year		(44,109)	65,712

*Net foreign exchange gains for the prior year of £3,429,000 have been reclassified from Interest receivable and other similar income to Administrative expenses.

**Net gain/loss on financial assets at fair value through profit or loss for the prior year of £(4,271,000) have been reclassified from Interest payable and similar expenses to Income from other fixed asset investments.

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

The notes on pages 21 to 62 form part of these financial statements.

M&G FA Limited
Registered number:01048359

Balance Sheet
As at 31 December 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	7,212	9,370
Tangible assets	14	30	30
Investments	15	306,208	344,937
Financial assets at fair value through profit or loss	15	138,672	124,179
Reimbursement right asset	24	298,070	—
Pension scheme surplus	24	3,456	126,657
		753,648	605,173
Current assets			
Deferred tax assets	21	20,858	26,783
Debtors: amount falling due within one year	16	190,060	194,890
Held for sale	17	139,849	161,009
Cash at bank and in hand	18	20,334	47,640
		371,101	430,322
Current liabilities			
Creditors: amounts falling due within one year	19	(393,776)	(394,389)
Net current (liabilities) / assets		(22,675)	35,933
Total assets less current liabilities			
		730,973	641,106
Creditors: amounts falling due after more than one year	20	(34,981)	(36,615)
Pension scheme deficit	24	(285,440)	—
		410,552	604,491
Provisions for liabilities			
Deferred tax	21	(5,154)	(32,145)
		(5,154)	(32,145)
Net assets		405,398	572,346

Balance Sheet (continued)
As at 31 December 2023

		2023	2022
	Note	£000	£000
Equity			
Called up share capital	22	19,360	19,360
Share premium account		85,115	85,115
Pension reserve		(93,205)	(9,301)
Foreign exchange reserve		(19)	(19)
Profit and loss account		394,147	477,191
Total equity		<u>405,398</u>	<u>572,346</u>

The financial statements on pages 16 to 62 were approved by the Board of Directors on 3 July 2024 and signed on its behalf by:

S A Fitzgerald

S A Fitzgerald
Director

Date: 3 July 2024

The notes on pages 21 to 62 form part of these financial statements.

M&G FA Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2023**

	Note	Share capital	Share premium account	Foreign exchange reserve	Pension reserve	Profit and loss account	Total equity
		£000	£000	£000	£000	£000	£000
At 1 January 2023		19,360	85,115	(19)	(9,301)	477,191	572,346
Comprehensive expense for the year							
Profit for the year		—	—	—	—	39,795	39,795
Remeasurement of defined benefit pension scheme surplus	24	—	—	—	(111,861)	—	(111,861)
Deferred tax on remeasurement of defined benefit pension scheme		—	—	—	27,957	—	27,957
Total comprehensive expense for the year		—	—	—	(83,904)	39,795	(44,109)
Dividends paid	12	—	—	—	—	(128,000)	(128,000)
Share-based payments		—	—	—	—	1,616	1,616
Deferred tax on share-based payments		—	—	—	—	(2,598)	(2,598)
Current tax movement		—	—	—	—	6,143	6,143
At 31 December 2023		19,360	85,115	(19)	(93,205)	394,147	405,398

The notes on pages 21 to 62 form part of these financial statements.

M&G FA Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Note	Share capital	Share premium account	Foreign exchange reserve	Pension reserve	Profit and loss account	Total equity
		£000	£000	£000	£000	£000	£000
At 1 January 2022		9,360	30,115	(19)	24,985	450,255	514,696
Comprehensive income/(expense) for the year							
Profit for the year		—	—	—	—	99,998	99,998
Remeasurement of defined benefit pension scheme surplus	24	—	—	—	(45,675)	—	(45,675)
Deferred tax on remeasurement of defined benefit pension scheme		—	—	—	11,389	—	11,389
Total comprehensive income/(expense) for the year		—	—	—	(34,286)	99,998	65,712
Dividends paid	12	—	—	—	—	(76,000)	(76,000)
Issue of share capital		10,000	55,000	—	—	—	65,000
Share-based payments		—	—	—	—	341	341
Deferred tax on share-based payments		—	—	—	—	2,545	2,545
Current tax movement		—	—	—	—	52	52
At 31 December 2022		19,360	85,115	(19)	(9,301)	477,191	572,346

The notes on pages 21 to 62 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies

1.1 Basis of preparation of financial statements

M&G FA Limited (the "Company") is a private limited company by shares, incorporated and domiciled in the England and Wales, United Kingdom.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.

The financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The preparation of financial statements in compliance with FRS 101 can require the use of certain critical accounting estimates, however, the Directors do not consider there to be any critical accounting estimates or judgements in the preparation of the Company's financial statements.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

1.2 Financial reporting standard 101 – reduced disclosure exemptions

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

- Paragraph 38 of IAS 1 'Presentation of Financial Statements' - comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of share capital in issue for the comparative period);
 - paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and
 - paragraph 118(e) of IAS 38 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows) ;
 - 16 (statement with compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.2 Financial reporting standard 101 – reduced disclosure exemptions (continued)

- IAS 7 ‘Statement of Cash Flows’
- Paragraphs 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).
- Paragraphs 45(b) and 46-52 of IFRS 2 ‘Share-based payment’ (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- Paragraph 17 and 18A of IAS 24 ‘Related Party Disclosures’ (key management compensation).
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.
- IFRS 7, ‘Financial instruments: Disclosures’; and
- Paragraphs 91 to 99 of IFRS 13, ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The material accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

To satisfy themselves of the appropriateness of the use of the going concern assumptions in relation to the financial statements, the Directors considered the expected level of income earned and expense incurred over the assessment period including the level of dividends expected to be received from the Company’s subsidiary undertakings. The Directors concluded there was a sufficient excess of income over expense to enable the Company to trade as a going concern, in part reflecting that any future dividends payable by the Company would only be declared subject to the Company maintaining appropriate financial strength and liquidity at that point.

In respect of liquidity the Directors also considered the projected acquisitions and disposals of the Company’s fixed asset and held for sale investments, and concluded there was sufficient cash available to meet the projections across the assessment period. Additionally the Company is party to the M&G Group’s Contingency Funding Plan which enables the Company to access funding in a stress scenario.

For the above reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

1.4 Foreign currency

Functional and presentation currency

The Company’s functional and presentational currency is Pounds Sterling (GBP).

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.4 Foreign currency (continued)

Transaction and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Revenue

Revenue principally represents the recharge of costs borne on behalf of other group undertakings and it is recognised when costs are incurred.

Carried interest revenue is based on an allocated share of semi-annual cash distributions over a hurdle rate of return and is based on the achievement of prescribed performance hurdles. It is only recognised when the performance obligations are satisfied or upon the crystallisation event occurring and when it is highly probable that a significant reversal will not occur.

1.6 Interest receivable and similar income

Interest income and net gains on financial assets designated at fair value through profit or loss or held for sale are recognised in the profit and loss account as they accrue.

1.7 Interest payable and similar charges

Net losses on financial assets designated at fair value through profit or loss or held for sale are recognised in the profit or loss account as they accrue.

1.8 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 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.8 Taxation (continued)

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge included in the financial statements if the Company considers it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition the provision is measured based on management's judgement and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgement as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgements and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgements.

1.9 Dividends paid

Interim dividends are recognised when paid and final dividends are recognised as a liability when they are approved by the members.

1.10 Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The estimated useful lives range as follows:

Placement agent fees	- 1 - 10 years
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1.11 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Motor vehicles	4 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.12 Pensions

The Company participates in the defined benefit M&G Group Pension Scheme ("M&GGPS"), the defined benefit section of the Prudential Staff Pension Scheme ("PSPS DB") and a small unfunded defined benefit pension plan which has two members. These schemes are all closed to new members. Additionally the Company participates in the defined contribution section of the Prudential Staff Pension Scheme.

Defined benefit plans

During 2023, the Trustees of the M&GGPS entered into a buy-in transaction as described in note 24. Under this arrangement the pension scheme obligations are matched by a reimbursement asset, with a small balance of other plan assets retained within the scheme. The reimbursement asset is shown as a separate asset on the balance sheet, and the pension obligations net of the other plan assets are shown within liabilities.

In respect of the PSPS DB and the M&GGPS, an asset is recognised to the extent that the Group is able to access the surplus either through an unconditional right of refund to the surplus or through reduced future contributions relating to ongoing services, which have been substantively enacted or contractually agreed. Neither M&G nor the wider M&G plc Group has any unconditional right of refund to any surplus in the PSPS DB and accordingly the net economic pension surplus is restricted up to the present value of the net economic benefit, which is calculated as the difference between the estimated future cost of service for active members and the estimated future ongoing contributions. The PSPS DB scheme is a multi-employer scheme within the M&G plc Group and the figures recognised in these financial statements reflect an apportionment to M&G Group. M&G Group have rights to the surplus in M&GGPS scheme.

Remeasurements of the above assets and liabilities arising from actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in Other Comprehensive Income. An amount is charged or credited to finance costs in the Statement of Profit and Loss for the net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past service costs are recognised immediately in the Operating expenses.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Company in connection with the settlement.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.12 Pensions (continued)

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Short term employee benefit

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

1.14 Long term incentive plans (LTIP)

Long-term incentive plans are long-term bonus schemes earned over more than one year, linked to business or fund performance. Long-term incentive plans are measured on an undiscounted basis and are expensed over the amortisation period. A liability is recognised for the amount expected to be paid under long term incentive plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.15 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 or a Monte Carlo simulation where appropriate, taking into account the terms and conditions of the award.

For equity-settled share-based payments, the fair value of service rendered is based on the fair value of the equity instrument at 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
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.16 Provisions for liabilities

A provision is recognised on the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.17 Assets held for sale

The Company classifies assets as held for sale when the carrying amount is expected to be recovered through a sale transaction usually within one year and management are committed to the sale.

Assets held for sale are shown separately on the balance sheet and are measured at the lower of their carrying amount and their fair value less costs to sell. No depreciation or amortisation is charged on an asset which is classified as held for sale.

1.18 Financial instruments

(i) Recognition and initial measurement

Trade receivables issued 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 assets are classified into three categories: fair value through profit or 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 flows of these assets.

Financial 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

1. Accounting policies (continued)

1.18 Financial instruments (continued)

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit and loss.

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management.

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

(b) Subsequent measurement and gains and losses

- Financial assets at fair value through profit or loss – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by an allowance for expected credit losses (ECLs) based on the difference between contractual cash flow due in accordance with the contract and all cash flows expected to be received, discounted at an approximation of the original effective interest rate. 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 liabilities are classified as measured at amortised cost or fair value through profit or loss.

1.19 Adopted IFRS not yet applied

The following new accounting pronouncement that is relevant to the Company has been issued and adopted by the UK Endorsement Board, but is not yet effective: IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-Current.

The Company is not expecting these pronouncements to have a significant impact on the Company's financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Accounting estimates and judgements

In the process of applying the accounting policies listed above, key assumptions and judgements have been made at the balance sheet date. The estimates and judgements that could have a significant effect on the carrying amounts of assets and liabilities are:

Estimates

Pension schemes

The costs and obligations under defined benefit pension plans are determined using actuarial valuations. Actuarial valuations contain assumptions including expected returns on assets, future salary increases, mortality rates, future pension increases and discount rates. Due to the long-term nature of the defined benefit plans, such estimates are subject to significant uncertainty. The Group employs a projected unit credit method using unbiased assumptions, in accordance with IAS 19 requirements, in respect of M&G GPS and PSPS DB schemes. Further assumptions have been used to calculate the allowance for guaranteed minimum pension equalisation. The M&G plc annual accounts provide further details regarding the defined benefit pension plan assumptions and estimates.

During 2024 the Trustees of the M&GGPS entered into a buy-in transaction as described in note 10. Under this arrangement the pension scheme obligations are matched by a reimbursement asset and therefore the net financial exposure to M&G Group of the M&GGPS has been significantly reduced. The reimbursement asset is measured in accordance IAS19 and so is determined with equivalent assumptions and estimates as the defined benefit obligation that has been insured.

The Directors have considered the High Court ruling in the case of Virgin Media v NTL Pension Trustees II Limited (and others), whereby the Court ruled that certain amendments to contracted-out defined benefit schemes should not be considered binding in the absence of written actuarial confirmation. The judgement has been subject to appeal, the result of which is currently awaited. As part of the due diligence process in respect of the above buy-in transaction, certain instances were identified that may be impacted if the ruling is upheld. Under the terms of the buy-in it was agreed that any incremental liability arising from the outcome of the ruling would be excluded from the buy-in transaction and hence borne by M&G Group. Having assessed the potential financial impact and the likelihood of any liability arising, no allowance has been made within the assumptions for the M&G GPS defined benefit obligations based on the Director's view of the probable outcome.

Subsidiaries

Subsidiaries are assessed for impairment at least on an annual basis by comparing the recoverable amount of each cash-generating unit with its carrying value. Recoverable amount is defined as the higher of fair value less costs to sell and the value in use where the value in use is based on the present value of future cashflows. The determination of the value in use requires the use of various assumptions around future cash flows, future growth rates and appropriate discount rates based on the risks associated with the cash-generating unit which can have a material impact on the calculation.

During the year to 31 December 2023 an impairment of £9.99m has been recognised in respect of the responsAbility Investments AG cash-generating unit to bring the carrying value down to its recoverable amount. All of the impairment has been recorded in administrative expenses in the consolidated income statement. The key assumptions in determining the value in use were a discount rate of 10.5%, a long-term growth rate of 1.6% and a terminal value EBITDA margin of 31.5%.

Notes to the Financial Statements
For the Year Ended 31 December 2023

2. Accounting estimates and judgements (continued)**Judgements**

Seed capital investments are investments issued by the Group for the purpose of supporting new investment strategies. The Group undertakes a full assessment of individual investments to determine the correct treatment within the Group financial statements. Where there is determined to be an intention to divest within 12 months of the balance sheet date, these investments are classified as held for sale under IFRS 5. If the conditions of IFRS 5 are not satisfied then a full IFRS 10 consolidation assessment is undertaken.

In assessing control, the Group determines whether it is acting as principal or agent. This includes an assessment of the scope of its decision-making authority, including rights held by third parties, which may provide these parties substantive removal rights that may affect the Group's ability to direct the relevant activities and indicate that the Group does not have power. In addition, the assessment considers the aggregate economic interest of the Group, which includes both direct holding and expected management fee if the fund manager is a Group company, however, the management fee in most cases forms an immaterial part of the aggregate economic interest of the Group.

If it is determined the Group has control the investment will be fully consolidated on a line by line basis into the Group financial statements. If it is concluded that the Group does not control the fund then the investment will be treated as a fair value through profit or loss investment under IFRS 9.

3. Revenue

An analysis of revenue by class of business is as follows:

	2023	2022
	£000	£000
Intercompany recharges	540,154	631,558
Other income	11	1,722
Carried interest	7,504	3,543
	547,669	636,823

All revenue arose within the United Kingdom.

4. Operating loss

Included in profit or loss are the following:

	2023	2022
	£000	£000
Depreciation of tangible fixed assets	—	1
Amortisation of intangible assets	2,135	2,494
Impairment of subsidiary	9,994	—

During the year an impairment of £9.99m (2022: nil) has been recognised in respect of the investment in responsAbility Investments AG. The charge primarily reflects a revised view regarding the timing of revenue synergies anticipated at the date of acquisition.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

5. Auditors' remuneration

	2023	2022
	£000	£000
Audit of these financial statements	171	126

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, M&G plc, in accordance with The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 Part 6(2)(b).

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£000	£000
Wages and salaries	274,434	278,553
Social security costs	41,845	39,280
Other pension cost	23,936	22,412
Share-based payments	10,473	16,602
	350,688	356,847

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Employees	1,578	1,487

7. Directors' remuneration

	2023	2022
	£000	£000
		Restated
Wages and salaries		
Directors' emoluments	272	144
Aggregate contributions to company pension schemes	22	13
	294	157

The financial statements for the year ended 31 December 2022 Directors' emoluments disclosures have been updated to separately disclose aggregate contributions to Company pension schemes, with a total of £13,163 reclassified from aggregate emoluments or identified as contribution to company pension scheme. There has also been an update to include emoluments in relation to services to subsidiaries, as such an update to disclosures required for highest paid Director. The disclosures are restated in this respect. There is no impact on the profit or loss or the net assets of the revised disclosure.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

7. Directors' remuneration (continued)

The aggregate emoluments of the Directors of the Company were 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. No apportionment is made to companies where Directors are deemed to spend an inconsequential amount of time providing qualifying services.

The emoluments of the highest paid director was £271,868 (2022 restated: £113,115) and related aggregate contributions to pension schemes were £21,751 (2022 restated: £10,503). During the year, the highest paid director exercised share options.

Retirement benefits are accruing to the following number of directors under:

	2023 No.	2022 No.
Defined contribution schemes	3	3
Defined benefit schemes	1	1

	2023 No.	2022 No.
The number of directors who exercised share options was	4	—
The number of directors for whom shares were received or receivable under long term incentive schemes was	4	5

8. Income from other fixed asset investments

	2023 £000	2022 £000
Dividends received from subsidiaries	133,679	170,255
Net gain on financial assets designated at fair value through profit or loss *	8,902	3,102
Net loss on financial assets designated at fair value through profit or loss *	(985)	(7,373)
	141,596	165,984

*Net gain/loss on financial assets at fair value through profit or loss for the prior of year £(4,271,000) have been reclassified from Interest payable and similar expenses to Income from other fixed asset investments.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

9. Interest receivable and other similar income

	2023	2022
	£000	£000
Interest receivable from group companies	1,087	1,009
Net gain on financial instruments *	7,324	11,163
Net interest on net defined benefit pension plan assets	4,746	3,116
Interest income from unimpaired financial assets	5,494	463
	18,651	15,751

*Net foreign exchange gains for the prior year of £3,429,000 have been reclassified from Interest receivable and other similar income to Administrative expenses.

10. Interest payable and similar expenses

	2023	2022
	£000	£000
Research & development expenditure credit	(490)	7
Net loss on financial instruments *	6,925	21,598
Loans from group undertakings	3,265	1,195
	9,700	22,800

*Net foreign exchange gains have been reclassified from Interest receivable and similar income to Administrative expenses.

11. Tax on profit

	2023	2022
	£000	£000
Corporation tax		
Current tax on profits for the year	(34,637)	(19,255)
Adjustments in respect of previous periods	1,477	(666)
	(33,160)	(19,921)
Total current tax	(33,160)	(19,921)
Deferred tax		
Origination and reversal of timing differences	5,368	3,458
Changes to tax rates	(317)	(577)
Adjustments in respect of previous periods	(759)	(566)
Total deferred tax	4,292	2,315
Total tax charge for the year	(28,868)	(17,606)

Notes to the Financial Statements
For the Year Ended 31 December 2023

11. Tax on profit (continued)

	2023	2022
	£000	£000
Profit before tax	10,927	82,393
Profit multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	2,570	15,655
Effects of:		
Adjustments in respect of previous periods	718	(1,232)
Expenses not deductible	59	462
Non-taxable income	(31,642)	(32,406)
Adjustments arising due to a change in tax rates	(317)	(577)
Foreign tax recoverable	—	(19)
Bond fund adjustments	—	(786)
Share options	(256)	1,297
Current tax charge / (credit) on the profits for the year	(28,868)	(17,606)

Factors affecting tax charge for the year

An increase in the standard rate of Corporation Tax in UK from 19% to 25% with effect from 1st April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the Company accordingly.

Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the expected increase in the tax rate is therefore recognised in the deferred tax movement for the year.

12. Dividends paid

	2023	2022
	£000	£000
On 19,359,999 ordinary shares of £1 each (2022: 19,359,999)	128,000	76,000

Notes to the Financial Statements
For the Year Ended 31 December 2023

13. Intangible assets

	Placement agent fees £000
Cost	
At 1 January 2023	40,059
Effect of movements in foreign exchange	(23)
At 31 December 2023	<u>40,036</u>
Accumulated Amortisation	
At 1 January 2023	30,689
Change during year	2,135
At 31 December 2023	<u>32,824</u>
Net book value	
At 31 December 2023	<u><u>7,212</u></u>
At 31 December 2022	<u><u>9,370</u></u>

Notes to the Financial Statements
For the Year Ended 31 December 2023

14. Tangible assets

	Motor vehicles £000	Total £000
Cost or valuation		
At 1 January 2023	73	73
At 31 December 2023	<u>73</u>	<u>73</u>
Accumulated depreciation		
At 1 January 2023	43	43
Charge for the year	—	—
At 31 December 2023	<u>43</u>	<u>43</u>
Net book value		
At 31 December 2023	<u><u>30</u></u>	<u><u>30</u></u>
At 31 December 2022	<u><u>30</u></u>	<u><u>30</u></u>

Notes to the Financial Statements
For the Year Ended 31 December 2023

15. Fixed assets investments

	Investments in subsidiary companies £000	Financial assets at fair value through profit or loss £000	Total £000
Cost or valuation			
At 1 January 2023	344,937	124,179	469,116
Additions	25,100	47,163	72,263
Disposals	(142)	(33,529)	(33,671)
Impairment	(9,994)	—	(9,994)
Revaluations	—	859	859
Transfer between classes	(53,693)	—	(53,693)
At 31 December 2023	<u>306,208</u>	<u>138,672</u>	<u>444,880</u>
Net book value			
At 31 December 2023	<u><u>306,208</u></u>	<u><u>138,672</u></u>	<u><u>444,880</u></u>
At 31 December 2022	<u><u>344,937</u></u>	<u><u>124,179</u></u>	<u><u>469,116</u></u>

Refer to next page for full list of subsidiary undertakings.

Financial assets

Financial assets designated at fair value through profit or loss consist of equity securities.

Notes to the Financial Statements
For the Year Ended 31 December 2023

15. Fixed assets investments (continued)**15 (a) Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
Digital Infrastructure Investment Partners GP1 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	10713853	Ordinary shares	100%	100%
Digital Infrastructure Investment Partners SLP GP1 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	10715067	Ordinary shares	100%	100%
Digital Infrastructure Investment Partners SLP GP2 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	10715126	Ordinary shares	100%	100%
Embankment GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	10747140	Ordinary shares	100%	100%
EUREV CI GP S.à r.l.	Rue de la Poste 20, 2346 Luxembourg	B271018	Ordinary shares	100%	—%
Genny GP 2 Limited	Luxembourg	SC547302	Ordinary shares	100%	100%
Genny GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC536481	Ordinary shares	100%	100%
George Digital GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC577098	Ordinary shares	100%	100%
George Digital GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC576789	Ordinary shares	100%	100%
GGE GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC504237	Ordinary shares	100%	100%
Green GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC569021	Ordinary shares	100%	100%
Highcross Leicester (GP) Limited	Marble Arch House, 66 Seymour Street, London, England, W1H 5BX	10530428	Ordinary shares	50%	50%
ICP (Finch) GP 1 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	13716580	Ordinary shares	100%	100%
ICP (Finch) GP 2 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	13716590	Ordinary shares	100%	100%
Infracapital (AIRI) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC553164	Ordinary shares	100%	100%
Infracapital (Belmond) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC576332	Ordinary shares	100%	100%
Infracapital (Bio) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC516021	Ordinary shares	100%	100%
Infracapital (Churchill) GP 1 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	11460502	Ordinary shares	100%	100%
Infracapital (GC) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC500778	Ordinary shares	100%	100%
Infracapital (Gigaclear) GP 1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC602700	Ordinary shares	100%	100%
Infracapital (Gigaclear) GP 2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC602698	Ordinary shares	100%	100%
Infracapital (IT PPP) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC550062	Ordinary shares	100%	100%
Infracapital (Leo) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC611979	Ordinary shares	100%	100%
Infracapital (Novos) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC636445	Ordinary shares	100%	100%
Infracapital (Sense) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC553170	Ordinary shares	100%	100%
Infracapital (TLSB) GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC486888	Ordinary shares	100%	100%
Infracapital DF II Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC389185	Ordinary shares	100%	100%
Infracapital Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC347134	Ordinary shares	100%	100%
Infracapital F1 GP2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9180200	Ordinary shares	100%	100%
Infracapital F2 GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9180249	Ordinary shares	100%	100%

M&G FA Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

15 (a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
Infracapital F2 GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9183883	Ordinary shares	100%	100%
Infracapital GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	5455448	Ordinary shares	100%	100%
Infracapital Greenfield Partners 1 SLP GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC554629	Ordinary shares	100%	100%
Infracapital Greenfield Partners 1 SLP GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC554631	Ordinary shares	100%	100%
Infracapital Greenfield Partners I GP Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	9901632	Ordinary shares	100%	100%
Infracapital Greenfield Partners I Subholdings GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC578139	Ordinary shares	100%	100%
Infracapital Greenfield Partners II GP S.à r.l.	6, rue Eugène Ruppert, L-2453, Luxembourg	B231185	Ordinary shares	100%	100%
Infracapital Greenfield Partners II Subholdings GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	12338577	Ordinary shares	100%	100%
Infracapital Greenfield Partners II Subholdings GP2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	12338790	Ordinary shares	100%	100%
Infracapital Partners II Subholdings GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC578127	Ordinary shares	100%	100%
Infracapital Partners III GP S.à r.l.	6, rue Eugène Ruppert, L-2453, Luxembourg	B217179	Ordinary shares	100%	100%
Infracapital Partners III Subholdings GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	11347638	Ordinary shares	100%	100%
Infracapital Partners III Subholdings GP2 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	11347641	Ordinary shares	100%	100%
Infracapital SLP Limited	c/o Buckingham Corporate Services Limited, First Floor, 85 Great Portland Street, London, W1W 7LT, UK	5455461	Ordinary shares	100%	100%
London Green Investments SLP GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC648885	Ordinary shares	100%	—%
London Green Investments SLP GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC648886	Ordinary shares	100%	—%
London Green Investments II SLP GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC648885	Ordinary shares	100%	100%
London Green Investments II SLP GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC648886	Ordinary shares	100%	100%
London Green Investments II SLP2 GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC648887	Ordinary shares	100%	100%
London Stone Investments F3 I Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC583847	Ordinary shares	100%	100%
London Stone Investments F3 II Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC583856	Ordinary shares	100%	100%
M&G (Guernsey) Limited	Dorey Court, Admiral Park, St Peter Port, GY1 2HT, Guernsey	21432	Ordinary shares	100%	100%
M&G (Lux) Reserved Investment Funds (2) GP S.à r.l.	16, Boulevard Royal, L-2449, Luxembourg	B257339	Ordinary shares	100%	100%
M&G (Lux) Sustainable Optimal Income Bond Fund	16, Boulevard Royal, L-2449, Luxembourg	B210615	Units	98%	57%
M&G Alternatives GP S.à r.l.	8, rue Lou Hemmer, L-1748, Senningerberg, Luxembourg	B240017	Ordinary shares	100%	100%
M&G Alternatives Investment Management Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	2059989	Ordinary shares	100%	100%
M&G European Value Add GP S.à r.l.	16, Boulevard Royal, L-2449, Luxembourg	B280237	Ordinary shares	100%	—%

M&G FA Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

15 (a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
M&G Financial Services Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	923891	Ordinary shares	100%	100%
M&G Founders 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	4401042	Ordinary shares	100%	100%
M&G General Partner Inc.	190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands	151319	Ordinary shares	100%	100%
M&G IMPPP 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	4382172	Ordinary shares	100%	100%
M&G International Investments Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	4195540	Ordinary shares	100%	100%
M&G Investment Management Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	936683	Ordinary shares	100%	100%
M&G Investments (Americas) Inc.	251 Little Falls Drive, Wilmington, DE 19801, USA	6843211	Ordinary shares	100%	100%
M&G Investments (Australia) Pty Limited	Level 6, 60 Martin Place, Sydney NSW 2000, Australia	629 169 160	Ordinary shares	100%	100%
M&G Investments (Hong Kong) Limited	6th Floor, Alexander House, 18 Chater Road, Central, Hong Kong	1730458	Ordinary shares	100%	100%
M&G Investments (Singapore) Pte. Limited	138 Market Street, CapitaGreen #35-01, 048946, Singapore	201131425R	Ordinary shares	100%	100%
M&G Investments Japan Co., Limited	Tokyo Toranomon Global Square 13F, 1-3-1 Toranomon, Minatoku, Tokyo 105-0001, Japan	010401 124078	Ordinary shares	100%	100%
M&G Luxembourg S.A.	16, Boulevard Royal, L-2449, Luxembourg	B170483	Ordinary shares	100%	100%
M&G Management Services Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	5286403	Ordinary shares	100%	100%
M&G Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	3469213	Ordinary shares	100%	100%
M&G PFI 2018 GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	10954144	Ordinary shares	100%	100%
M&G PFI 2018 GP2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	10954003	Ordinary shares	100%	100%
M&G Platform Nominees Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9581702	Ordinary shares	100%	100%
M&G Real Estate Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	3852763	Ordinary shares	100%	100%
M&G RED II Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC430540	Ordinary shares	100%	100%
M&G RED II GP Limited (In liquidation)	1 Royal Plaza, Royal Avenue, St Peter Port, GY1 2HL, Guernsey	55378	Ordinary shares	100%	100%
M&G RED II SLP GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC430535	Ordinary shares	100%	100%
M&G RED III Employee Feeder GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC434132	Ordinary shares	100%	100%
M&G RED III GP Limited (In liquidation)	1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL, Guernsey	55393	Ordinary shares	100%	100%
M&G RED III SLP GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC434193	Ordinary shares	100%	100%
M&G Securities Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	90776	Ordinary shares	100%	100%
M&G SFF (CIP GP) S.à r.l.	Heienhaff 5, 1736 Senningerberg, Luxembourg	B220304	Ordinary shares	100%	100%
M&G SFF (GP) S.à r.l.	Heienhaff 5, 1736 Senningerberg, Luxembourg	B219359	Ordinary shares	100%	—%
M&G SIF Management Company (Ireland) Limited	IPC House, 35 Shelbourne Road, Dublin, D, D04 A4E0, Ireland	511747	Ordinary shares	100%	100%
M&G Sustainable Global Corporate Bond Fund	10 Fenchurch Avenue, London, EC3M 5AG	IC000841	Ordinary shares	100%	99%

Notes to the Financial Statements
For the Year Ended 31 December 2023

15 (a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
M&G Trustee Company Limited (formerly known as Prudential Trustee Company Limited)	10 Fenchurch Avenue, London, EC3M 5AG, UK	1863305	Ordinary shares	100%	100%
MandG Investments Southern Africa (Pty) Limited	Protea Place, 40 Dreyer Street, Claremont, 7708, South Africa	1993/004503/07	Ordinary shares	50%	50%
Mole GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC664317	Ordinary shares	100%	100%
Mole GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC664318	Ordinary shares	100%	100%
PPM Capital (Holdings) Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	3852755	Ordinary shares	100%	100%
PPM Managers GP Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC452033	Ordinary shares	100%	100%
Prudential GP Limited	5 Central Way, Kildean Business Park, Stirling, FK8 1FT, UK	SC206683	Ordinary shares	100%	100%
Prudential Greenfield GP1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9183905	Ordinary shares	100%	100%
Prudential Greenfield GP2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	9183939	Ordinary shares	100%	100%
Prudential Loan Investments GP S.à r.l.	5 Heienhaff, L-1736 Senningerberg, Luxembourg	B212677	Ordinary shares	100%	100%
Prudential Unit Trusts Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	1796126	Ordinary shares	100%	100%
ResponsAbility Investments AG	Zollstrasse 17, 8005 Zürich, Switzerland	CHE-110.061.297	Ordinary shares	100%	93%
ResponsAbility (Thailand) Ltd	1102, 11th Floor, 62 Thaniya BTS Building, Silom Road, Suriyawongse, Bangrak, Bangkok, 10500	105558043210	Ordinary shares	100%	100%
Rads Gamma Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC662801	Ordinary shares	100%	100%
Rads Omega Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC662796	Ordinary shares	100%	100%
Selly Oak Shopping Park (General Partner) Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	11104396	Ordinary shares	100%	100%
Stableview Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	5506654	Ordinary shares	100%	100%
The First British Fixed Trust Company Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	255830	Ordinary shares	100%	100%
Aqua GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC445805	Limited Partnership	100%	—%
London Fenchurch GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC760959	Ordinary shares	100%	—%
London Fenchurch GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC760958	Ordinary shares	100%	—%
Infracapital Partners IV Subholdings GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC760932	Ordinary shares	100%	—%
Infracapital Partners IV Subholdings GP2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC760954	Ordinary shares	100%	—%
M&G Investments (Taiwan) Limited	Floor.33 (Unit B-1), No.7, Sec.5, Road.Xinyi, 110, Taipei, Ta, Taiwan	93368656	Ordinary shares	100%	—%
Infracapital Partners IV GP S.à r.l.	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B270031	Ordinary shares	100%	100%
M&G Black Seed GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307747	Limited Partnership	100%	—%
M&G Catalyst Sustainable Agriculture GP Member No 2 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC752888	Ordinary shares	100%	100%
M&G Real Estate Debt GP S.à r.l.	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B272778	Ordinary shares	100%	—%
M&G Real Estate Debt Carried Interest GP S.à r.l.	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B279984	Ordinary shares	100%	—%
M&G Secure Income S.à r.l.	16, Boulevard Royal, L-2449, Luxembourg	B278758	Ordinary shares	100%	—%
M&G SFF 2 (GP) S.à r.l.	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B257458	Ordinary shares	100%	—%

Notes to the Financial Statements
For the Year Ended 31 December 2023

15 (a) Direct subsidiary undertakings (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
M&G SFF 2 (CIP GP) S.à r.l.	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B257456	Ordinary shares	100%	—%
Ox GP1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC677634	Limited Partnership	100%	100%
Radler GP2 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	14827410	Ordinary shares	100%	—%
Radler GP1 Limited	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	14827389	Ordinary shares	100%	—%
Luxembourg Specialist Investment Funds (3) SICAV	16, Boulevard Royal, L-2449, Luxembourg	B279869	Units	100%	—%
Luxembourg Specialist Investment Funds (4)	16, boulevard Royal L - 2449 Luxembourg	B278675	Units	100%	—%
M&G Corporate Credit Opportunities S.à r.l.	16, boulevard Royal L - 2449 Luxembourg	B280145	Ordinary shares	100%	—%
Dudok GP2 Ltd	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	15319284	Ordinary shares	100%	—%
Dudok GP1 Ltd	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	15319336	Ordinary shares	100%	—%
M&G Lux (Global Funds) S.A.	16, Boulevard Royal, L-2449, Luxembourg	B272806	Units	100%	100%
M&G Sustainable Global Corporate Bond Fund L Acc	10 Fenchurch Avenue, London, EC3M 5AG	IC000841	Units	100%	—%

15 (b) Indirect subsidiary undertakings

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
Canada Property Holdings Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	4415746	Ordinary shares	100%	100%
Canada Property (Trustee) No 1 Limited	Lime Grove House Green Street St Helier Jersey, JE1 2ST	1060750-9	Ordinary shares	100%	100%
Cathedral Approach Estate Management Company Limited	7 Albemarle Street, London, United Kingdom, W1S 4HQ	10817079	Ordinary shares	50%	—%
Digital Infrastructure Investment Partners GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC416887	Limited Partnership	65%	65%
Digital Infrastructure Investment Partners SLP GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306056	Limited Partnership	100%	100%
Embankment Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	10749686	Ordinary shares	100%	100%
Embankment Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	10750266	Ordinary shares	100%	100%
Genny GP 1 LLP	2346 Luxembourg	OC414130	Limited Partnership	100%	100%
George Digital GP 1 LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306174	Limited Partnership	100%	100%
ICP (Finch) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC439806	Limited Partnership	100%	100%
Infracapital (Churchill) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC423386	Limited Partnership	100%	100%
Infracapital (Gigaclear) GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306478	Limited Partnership	100%	100%
Infracapital DF II GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO305002	Limited Partnership	100%	100%
Infracapital Employee Feeder GP 1 LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO305006	Limited Partnership	100%	100%
Infracapital GP 1 LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC395042	Limited Partnership	100%	100%
Infracapital Greenfield DF GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306200	Limited Partnership	100%	100%
Infracapital Greenfield Partners I Employee Feeder LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL030887	Limited Partnership	76%	73%
Infracapital Greenfield Partners I SLP EF GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO305944	Limited Partnership	100%	100%

Notes to the Financial Statements
For the Year Ended 31 December 2023

15 (b) Indirect subsidiary undertaking (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
Infracapital Greenfield Partners I SLP LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL029954	Limited Partnership	36%	37%
Infracapital Greenfield Partners I SLP2 LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL032352	Limited Partnership	100%	100%
Infracapital Greenfield Partners II Subholdings (Euro) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC429843	Limited Partnership	100%	100%
Infracapital Greenfield Partners II Subholdings (Sterling) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC429842	Limited Partnership	100%	100%
Infracapital Partners III Subholdings (Euro) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC422333	Limited Partnership	100%	100%
Infracapital Partners III Subholdings (Sterling) GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC422334	Limited Partnership	100%	100%
Infracapital SLP II LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL008358	Limited Partnership	40%	40%
London Green Investments II SLP1 Employee Feeder GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306860	Limited Partnership	100%	100%
London Stone Investments F3 Employee Feeder GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306260	Limited Partnership	100%	100%
London Stone Investments F3 SP GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306261	Limited Partnership	100%	100%
M&G (Lux) Reserved Investment Fund (2), SCA SICAV-RAIF	16, Boulevard Royal, L-2449, Luxembourg	B257808	Units	100%	—%
M&G Alternatives CV SCSp	8, rue Lou Hemmer, L-1748, Senningerberg, Luxembourg	B245282	Limited Partnership	100%	—%
M&G International Investments Switzerland AG	Zollstrasse 17, 8005 Zürich, Switzerland	CHE-286.542.158	Ordinary shares	100%	100%
M&G Investments (USA) Inc	251 Little Falls Drive, Wilmington, DE 19801, USA	7520082	Ordinary shares	100%	100%
M&G PFI 2018 GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306178	Limited Partnership	100%	100%
M&G PFI Carry Partnership 2016 LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL028237	Limited Partnership	25%	25%
M&G RE Espana, 2016, S.L.	Calle Fortuny, 6 - 4 A, 28010, Madrid, Spain	B8767696	Ordinary shares	100%	100%
M&G RE UKEV (GP1) LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC420581	Limited Partnership	100%	100%
M&G Real Estate UKEV (GP) LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC418419	Limited Partnership	100%	—%
M&G RE UKEV (SLP) General Partner LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC420257	Limited Partnership	100%	50%
M&G RE UKEV 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	11163869	Ordinary shares	100%	100%
M&G Real Estate Asia Holding Company Pte Limited	138 Market Street, CapitaGreen #35-01, 048946, Singapore	201543062C	Ordinary shares	67%	67%
M&G Real Estate Asia PTE Limited	138 Market Street, CapitaGreen #35-01, 048946, Singapore	200610218G	Ordinary shares	67%	67%
M&G Real Estate France SAS	8 Avenue Hoche, 75008, Paris, France	893 124 842	Ordinary shares	100%	100%
M&G Real Estate Funds Management S.à r.l.	16, Boulevard Royal, L-2449, Luxembourg	B175545	Ordinary shares	100%	100%
M&G Real Estate Japan Co Limited	Tokyo Toranomon Global Square 13F, 1-3-1 Toranomon, Minatoku, Tokyo 105-0001, Japan	0100-01-148048	Ordinary shares	67%	67%
M&G Real Estate Korea Co Limited	Jongno 1-ga, Kyobo Building, Seoul, Korea	110111-4931831	Ordinary shares	67%	67%
M&G RPF GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8407747	Ordinary shares	100%	100%
M&G RPF Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8409413	Ordinary shares	100%	100%
M&G RPF Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8410027	Ordinary shares	100%	100%

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

15 (b) Indirect subsidiary undertaking (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
M&G UK Property GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8462545	Ordinary shares	100%	100%
M&G UK Property Nominee 1 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8494699	Ordinary shares	100%	100%
M&G UK Property Nominee 2 Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8494704	Ordinary shares	100%	100%
M&G Shared Ownership GP Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	12416522	Ordinary shares	100%	100%
MandG Investment Managers (Pty) Limited	Protea Place, 40 Dreyer Street, Claremont, 7708, South Africa	2013/051515/07	Ordinary shares	100%	50%
MandG Investments (Namibia) (Pty) Limited	Unit 3, 2nd Floor, Ausspänn Plaza, Dr Agostinho Neto Road, Private Bag 12012, Ausspännplatz, Windhoek, Namibia	1996/185	Ordinary shares	75%	50%
MandG Investments Life South Africa (RF) Limited	Protea Place, 40 Dreyer Street, Claremont, 7708, South Africa	2008/013338/06	Ordinary shares	100%	50%
MandG Investments Unit Trusts (Namibia)Limited	Unit 3, 2nd Floor, Ausspänn Plaza, Dr Agostinho Neto Road, Private Bag 12012, Ausspännplatz, Windhoek, Namibia	2007/609	Ordinary shares	75%	50%
MandG Investments Unit Trusts South Africa (RF) Limited	Protea Place, 40 Dreyer Street, Claremont, 7708, South Africa	1999/05242/06	Ordinary shares	100%	50%
Mole GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306971	Limited Partnership	100%	100%
Pesca GP LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC442242	Limited Partnership	100%	100%
PPM Managers Partnership CI VII (A) LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL013387	Limited Partnership	25%	25%
PPM Ventures (Asia) Limited (In liquidation)	13/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong	663554	Ordinary shares	100%	100%
Prudential Greenfield GP LLP	10 Fenchurch Avenue, London, EC3M 5AG, UK	OC394904	Limited Partnership	60%	60%
Prudential Property Investment Managers Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	8732334	Ordinary shares	100%	100%
ResponsAbility Next Billion Growth I (GP) S.à r.l.	15, boulevard F.W. Raiffeisen L - 2411 Luxembourg	B279641	Ordinary shares	100%	—%
ResponsAbility America Latina SAC	Av. 28 de Julio 753, Miraflores, Provincia de Lima, 15074, Peru	12603021	Ordinary shares	100%	100%
ResponsAbility Africa Ltd	Merchant Square, Block D, 5th Floor Riverside Drive, Rivers, P.O. Box 293, Nairobi, Kenya, 00623	CPR/2010/ 34319	Ordinary shares	100%	100%
ResponsAbility Georgia LLC	4 Tamar Chovelidze St, Tamar Chovelidze Street, Tbilisi, 0108	405339931	Ordinary shares	100%	100%
ResponsAbility Sustainable Food - Latam I (GP) S.à r.l.	15, boulevard F.W. Raiffeisen L - 2411 Luxembourg	B270733	Ordinary shares	100%	—%
ResponsAbility India Business Advisors Pvt. Ltd.	31 Green Acre, Union Park Road Number 5, Mumbai, Mumbai Suburban, MH, 400052, India	U74120MH2011PTC 222484	Ordinary shares	100%	100%
ResponsAbility France SAS	5 Rue du Helder, Paris, Département de Paris, IDF, 75009, France	523 326 056	Ordinary shares	100%	100%
ResponsAbility Sustainable Food - Asia II (GP) S.à r.l.	Unit 28-105, MYP Centre, 9 Battery Road, Singapore, 049910, Singapore, +65 8839	B270734	Ordinary shares	100%	—%
ResponsAbility (Singapore) PTE. LTD	80 ROBINSON ROAD, #02-00, Singapore 068898	202314201D	Ordinary shares	100%	—%
ResponsAbility Ventures I Services AG	Zollstrasse 17, 8005 Zürich, Switzerland	CHE 116.008.143	Ordinary shares	100%	100%
ResponsAbility Agriculture (GP) Sàrl	15 Bd Friedrich Wilhelm Raiffeisen, Boulevard Friedrich Wil, Luxembourg, 1224	B211804	Ordinary shares	100%	100%
ResponsAbility BOP Sàrl	5 Rue Jean Monnet, Luxembourg, 2180	B132075	Ordinary shares	100%	100%
Selly Oak Shopping Park (Nominee 1) Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	11105117	Ordinary shares	100%	100%

Notes to the Financial Statements
For the Year Ended 31 December 2023

15 (b) Indirect subsidiary undertaking (continued)

Subsidiaries	Registered Office	Registered Number	Class of Equity Held	Ownership %	
				2023	2022
Selly Oak Shopping Park (Nominee 2) Limited	10 Fenchurch Avenue, London, EC3M 5AG, UK	11105380	Ordinary shares	100%	100%
London Fenchurch F4 Employee Feeder SP GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307733	Limited Partnership	100%	—%
Infracapital Partners IV Subholdings Nominee Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC760953	Ordinary shares	100%	—%
Infracapital Partners IV Subholdings GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307732	Limited Partnership	100%	—%
London Fenchurch SLP LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL036278	Limited Partnership	100%	—%
Infracapital Partners IV Subholdings SLP LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL036289	Limited Partnership	100%	—%
London Fenchurch Employee Feeder F4 SP LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL036279	Limited Partnership	100%	—%
M&G Catalyst Sustainable Agriculture LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SL036133	Limited Partnership	100%	—%
M&G Catalyst Sustainable Agriculture GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307679	Limited Partnership	100%	—%
M&G Catalyst Sustainable Agriculture GP Member No 1 Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SC752887	Ordinary shares	100%	100%
M&G European Living Property Fund (GP) S.à r.l	16, Boulevard Royal, L-2449, Luxembourg	B262005	Ordinary shares	100%	100%
M&G European Living Property Fund SCSp	16, Boulevard Royal, L-2449, Luxembourg	B262167	Limited Partnership	100%	—%
M&G European Living Holding S.à r.l	16, Boulevard Royal, L-2449, Luxembourg	B263830	Ordinary shares	100%	—%
M&G European Secured Property Income Fund FCP-FIS	16, Boulevard Royal, L-2449, Luxembourg	K917	Ordinary shares	100%	—%
M&G European Secured Property Holding Company S.à r.l	16, Boulevard Royal, L-2449, Luxembourg	B193079	Ordinary shares	100%	100%
M&G Real Estate Debt Fund SCSp SICAV-RAIF	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B277059	Ordinary shares	100%	—%
M&G REDF 7 S.à r.l	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B277224	Ordinary shares	100%	—%
M&G REDF 8 S.à r.l	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B277231	Ordinary shares	100%	—%
M&G REDF 9 S.à r.l	5 Heienhaff, Nidderaanwen, 1736, Luxembourg	B277234	Ordinary shares	100%	—%
Infracapital Partners III (Sterling) SCSp	5, Heienhaff L - 1736 Senningerberg	B217901	Limited Partnership	100%	—%
Infracapital Partners III (Euro) S CSp	5, Heienhaff L - 1736 Senningerberg	B217915	Limited Partnership	100%	—%
Ox GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307059	Limited Partnership	100%	100%
CONDOR F3 GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307382	Limited Partnership	100%	—%
KESTREL F4 GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO307381	Limited Partnership	100%	—%
Merlin D5 GP LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK	SO306962	Limited Partnership	100%	—%
Dudok GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC450154	Limited Partnership	100%	—%
Radler GP LLP	First Floor, 85 Great Portland Street, London, W1W 7LT, UK	OC447342	Limited Partnership	100%	—%
M&G Secure Income Fund E Acc	16, boulevard Royal L - 2449 Luxembourg	K917	Units	100%	—%

Notes to the Financial Statements
For the Year Ended 31 December 2023

16. Debtors: amounts falling due within one year

	2023	2022
	£000	£000
Trade debtors	1,804	4,402
Amounts owed by group undertakings*	132,713	163,252
Other debtors	25,128	9,865
Prepayments and accrued income	5,425	7,591
Corporation tax due to group undertakings	24,990	9,780
	190,060	194,890

*Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

17. Held for sale

	2023	2022
	£000	£000
Balance at 1 January	161,009	143,961
Additions	25,356	75,776
Disposals	(100,538)	(42,787)
Transfers in from other balance sheet categories	53,693	—
Transfers out to other balance sheet categories	—	(19,650)
Revaluation	329	3,709
Balance at 31 December	139,849	161,009

Current financial assets designated at fair value through profit or loss consist of equity securities. Financial assets held for sale are seed capital investments which are expected to be held for a short term.

18. Cash at bank and in hand

	2023	2022
	£000	£000
Cash at bank and in hand	20,334	47,640

Notes to the Financial Statements
For the Year Ended 31 December 2023

19. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Amounts owed to group undertakings *	220,016	198,562
Corporation tax due to group undertakings	13	—
Taxation and social security	287	478
Other creditors	13,376	8,301
Accruals and deferred income	160,084	187,048
	<u>393,776</u>	<u>394,389</u>

*Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

20. Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Accruals and deferred income	<u>34,981</u>	<u>36,615</u>

21. Deferred taxation

	2023 £000	2022 £000
Asset - falling due after more than one year	20,858	26,783
Liability – falling due after more than one year	<u>(5,154)</u>	<u>(32,145)</u>
	<u>15,705</u>	<u>(5,362)</u>
	2023 £000	2022 £000
At 1 January	5,362	(16,981)
Charged to profit or loss	5,050	(2,881)
Charged to other comprehensive income for the year	(27,957)	11,419
Charged to equity for the year	2,599	2,545
Adjustments in respect of prior year	(759)	536
At 31 December	<u>(15,705)</u>	<u>(5,362)</u>

Notes to the Financial Statements
For the Year Ended 31 December 2023

21. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2023	2022
	£000	£000
Fixed assets	(489)	489
Carried interest and bond funds	613	—
Holiday pay	(615)	619
Bonus	(11,579)	13,764
Defined benefit pension scheme	4,540	(32,156)
Unfunded pension scheme	(488)	461
Share options	(7,687)	11,461
	<u>(15,705)</u>	<u>(5,362)</u>

Factors that may affect future tax charges

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.

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The company did recognise deferred tax assets of £Nil (2022: £304,615) in respect of losses amounting to £Nil (2022: £1,603,236) that can be carried forward against future taxable income.

22. Called up share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
19,359,999 (2022 - 19,359,999) Ordinary shares of £1.00 each	<u>19,360</u>	<u>19,360</u>

23. Share-based payments**a) Description of the plans**

The Group operates various share-based payment schemes that award M&G plc schemes to participants upon meeting the required vesting conditions. Details of those schemes are stated below:

Discretionary schemes:

Long-term Incentive Plan (LTIP)

Long-term incentive plans are long-term bonus schemes earned over three years, linked to business performance.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

23. Share-based payments (continued)
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. If performance conditions are not achieved in full, the unvested portion of any award lapses.

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. Other than the service condition, there are no other performance conditions associated with this plan.

Approved schemes:

Save As You Earn (SAYE) plans

The Group operates Save-as-you-earn (SAYE) plans, which allow eligible employees the opportunity to save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in M&G plc at a predetermined price subject to the employee remains in employment for three years after the grant date of the options and that the employee satisfying the monthly savings requirement.

Share Incentive Plan (SIP)

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

b) Outstanding options and awards

As at 31 December 2023 and 31 December 2022 movements in outstanding options and awards under the Group's share-based compensation plans.

	Outstanding options under SAYE schemes	
	2023	2022
Outstanding as at 1 January	8,871,609	8,679,942
Granted	2,312,264	925,467
Exercised	(3,780,019)	(183,301)
Lapsed	(1,999,605)	(550,499)
Outstanding as at 31 December	<u>5,404,249</u>	<u>8,871,609</u>

Notes to the Financial Statements
For the Year Ended 31 December 2023

23. Share-based payments (continued)**b) Outstanding options and awards (continued)**

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 2023	Weighted average remaining contractual life (years) 2023	Weighted average exercise prices (£) 2023	Number exercisable 2023
£1 - £2	5,404,249	1.55	1.41	3,992,347

	Number outstanding 2022	Weighted average remaining contractual life (years) 2022	Weighted average exercise prices (£) 2022	Number exercisable 2022
£1 - £2	8,871,609	1.55	1.43	212,328.00

c) Fair value of options and awards

The fair value of all awards, except for the LTIP TSR award and the SAYE options, is based on the M&G plc share price at the date of grant.

The determination of the fair value of the LTIP TSR award and the SAYE options requires the use of various assumptions which are disclosed below:

	Awards granted in 2023		Awards granted in 2022	
	LTIP	SAYE options	LTIP	SAYE options
Dividends yield (%)	—	9.88 %	—	11.37 %
Expected volatility (%)	— %	20.97 %	— %	48.51 %
Risk-free interest rate (%)	— %	4.40 %	— %	4.37 %
Expected option life (years)	0	0.0325	0	3.45
Weighted average exercise price (£)	—	0.02	—	1.61
Weighted average share price at grant date (£)	0.02	0.02	2.17	1.67
Weighted average fair value at grant date (£)	0.02	—	2.17	0.33

The Company uses the Black-Scholes model to value the SAYE options whereas the TSR performance conditions are valued using a Monte-Carlo model. In determining the fair value of options granted the historic volatility of the share price of suitable peers and a risk-free rate determined by reference to swap rates was also considered.

Notes to the Financial Statements
For the Year Ended 31 December 2023

23. Share-based payments (continued)

d) Share-based payment expense charged to the income statement

Total expenses recognised in the year in the financial statements relating to share-based compensation is as follows:

	As at 31 December 2023 £000	As at 31 December 2022 £000
Equity settled share-based payment expense	<u>10,473</u>	<u>16,602</u>

24. Pension schemes

24.1 Background and summary economic and IAS 19 financial positions

The M&G Group operates defined contribution and defined benefit pension schemes for the benefit of staff.

M&G Group Pension Scheme 'Defined Benefit Scheme'

The M&G Group Pension Scheme ("the Scheme" or "M&GGPS") is a defined benefit pension scheme that provides benefits to its members based on final pensionable salary. The Scheme has been closed to new members since 2003. A surplus is recognised to the extent that the Group is able to access the surplus either through an unconditional right of refund to the surplus or through reduced future contributions relating to ongoing services, which have been substantively enacted or contractually agreed.

Prudential Staff Pension Scheme 'Defined Benefit Scheme'

On 18 September 2023, the M&GGPS Trustees executed a buy-in transaction with the Prudential Assurance Company ("PAC") covering all deferred and pensioner member liabilities. A premium of £331.6m was transferred to PAC as part of the transaction. As a result of the buy-in the relevant plan assets transferred were replaced with an insurance policy reimbursement right asset, which is shown separately on the Balance Sheet. The value of this insurance policy at 31 December 2023 was £298.1 million. The reimbursement right asset is an asset of the M&GGPS and therefore in the table beneath has been added in assessing the economic position of the scheme.

In addition, on 30 September 2023, M&GGPS agreed to transfer the liability related to all active members to the defined benefit element of the Prudential Staff Pension Scheme ("PSPS DB"). This resulted in a premium of £50.4million and related liability £29.0 million being transferred to PSPS DB. As M&G now participates in a multi-employer defined benefit scheme, an allocation of that scheme's assets and pension obligations is reflected in the Group's financial statements. The transfer of the active member liability is accounted for as a settlement, with M&GGPS recording a loss of £21.4 million on derecognition and PSPS DB recording a corresponding gain.

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.1 Background and summary economic and IAS 19 financial positions (continued)**

Under IAS 19 Employee Benefits and IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, the Company can only recognise a surplus to the extent that it is able to access the surplus either through an unconditional right of refund or through reduced future contributions relating to ongoing service of active members. Neither the Company nor the Group have any unconditional right of refund to any surplus in PSPS. Accordingly, PSPS's net economic pension surplus is restricted up to the present value of the net economic benefit, which is calculated as the difference between the estimated future cost of service for active members and the estimated future ongoing contributions. The level of the restriction is set out in the table below.

M&G Unfunded Pension Scheme "Defined Benefit Scheme"

The M&G Group operates an unfunded pension scheme which has two members. An actuarial valuation took place as at 31 December 2023 by Willis Tower Watson, Actuaries to the Scheme.

Prudential Staff Pension Scheme 'Defined Contribution Scheme'

The Prudential Staff Pension Scheme 'Defined Contribution Scheme' is a defined contribution scheme, with charges made to the profit and loss account representing the contributions payable in respect of the accounting period.

The pension assets and liabilities for the defined benefit pension schemes are as follows:

	2023		2022
	MGGPS	PSPS	MGGPS
	£m	£m	£m
Fair value of plan assets	15	4,611	4,626
Present value of defined benefit obligation	(298)	(4,259)	(4,557)
Effect of restriction on surplus	—	(339)	(339)
Reimbursement right asset	298	—	298
Net pension surplus*	15	13	28
Attributable to:			
Company	15	3	18
The Prudential Assurance Company Limited & M&G Corporate Services Limited	—	10	10
Net pension surplus	15	13	28

*The economic basis reflects the position of the defined benefit scheme from the perspective of the pension scheme, adjusted for the effect of IFRIC14 for the derecognition of PSPS's unrecognisable surplus and before adjusting for any non-qualifying assets.

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.2 Triennial actuarial valuations**

A full actuarial valuation is required for defined benefit pension schemes every three years in order to assess the appropriate level of funding for schemes in relation to their commitments. These valuations include assessments of the likely rate of return on the assets held within the separate trustee administered funds. The actuarial valuation differs from the IAS 19 accounting basis valuation in a number of respects, including the discount rate assumption where IAS 19 prescribes a rate based on high-quality corporate bonds while a more prudent assumption is typically used for the actuarial valuation. Summary information on the latest completed actuarial valuation for each of the schemes, as at 31 December 2023, is shown in the table below.

	PSPS	M&G GPS
Last completed actuarial valuation date	05 April 2020	31 December 2020
Funding level at the last valuation	108 %	116 %
Deficit funding arrangement agreed with the trustees based on the last completed valuation	No deficit funding required	No deficit funding required
Current level of employer contributions for active members	Are at the minimum level required under the scheme rules (approximately £3m per annum)	Zero contribution: no active members remaining post-buy-in
Contribution to cover ongoing administration and other expenses	approximately £7m per annum until April, 2023 then falling to approximately £6.25m per annum	Approximately £1.5m per annum

24.3 Risks to which the defined benefit schemes expose the Company

The plans are subject to the statutory funding objective requirements of the Pensions Act 2004, which require that plans be funded to at least the level of their technical provisions (an actuarial estimate of the assets needed to provide for the benefits already built up under the plan). Where there is a deficit, the employers of the schemes would agree a deficit recovery plan. Accordingly, the pension schemes expose the Company to a number of risks, the most significant of which are interest rate risk, equity risk, inflation risk, credit risk and mortality risk.

24.4 Corporate governance

The Company's pension schemes are established under trust and are subject to UK legal requirements; this includes being subject to regulation by the Pensions Regulator in accordance with the Pensions Act 2021. Each scheme has a corporate trustee to which some Directors are appointed by Company employers with the remaining Directors nominated by members in accordance with UK legal requirements. The Trustees have the ultimate responsibility to ensure that each scheme is managed in accordance with its Trust Deed and Rules. The Trustees act in the best interests of the schemes' beneficiaries; this includes taking appropriate account of each employer's legal obligation and financial ability to support the schemes when setting investment strategy and when agreeing funding with the employers. The employers' contribution commitments are formally updated at each triennial valuation; between valuations funding levels and employer strength continue to be monitored, with the Trustees being able to bring forward the next triennial valuation if they consider it appropriate to do so.

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.4 Corporate governance (continued)**

All of the Company's defined benefit pension schemes are final salary schemes, which are closed to new entrants. The Trustee of each scheme sets the general investment policy and specifies any restrictions on types of investment and the degrees of divergence permitted from the benchmark, but delegates the responsibility for selection and realisation of specific investments to the investment managers. The Trustees consult with the principal employer for each scheme on the investment principles, but the ultimate responsibility for the investment of the assets of the schemes lies with the Trustees.

The Trustees of each of the schemes manage the investment strategy of the scheme to achieve an acceptable balance between investing in the assets that most closely match the expected benefit payments and assets that are expected to achieve a greater return in the hope of reducing the contributions required or providing additional benefits to members. For all three schemes, and especially PSPS, a significant portion of the scheme assets are invested in liability matching assets such as bonds and gilts, including index-linked gilts, to partially hedge against inflation. In addition, the schemes maintain portfolios of interest rate and inflation swaps to match more closely the duration and inflation profiles of their assets to their liabilities.

As noted above, the Trustees of M&GGPS executed a buy-in transaction with PAC, whereby the longevity and investment risk in respect of all deferred and pensioner members was transferred to PAC. Furthermore, liabilities relating to all active members of the scheme were transferred to PSPS during the year which further de-risks the scheme.

All three schemes have invested in a mix of both return-seeking assets, such as equities and property, and matching assets, including leveraged liability-driven investment portfolios to reflect the liability profile of the scheme. They manage the risks of the return-seeking exposure by investing in a diversified mix of investments.

24.5 Assumptions**24.5.1 Demographic assumptions***Post-retirement mortality*

The calculation of the defined benefit obligation for the Group's schemes requires assumptions to be set for both current mortality and the allowance for future mortality improvements. The table below sets out the mortality tables and mortality improvement model used for the Groups schemes, along with the associated life expectations.

As at	Scheme	Mortality table (with scaling factors applied to reflect experience)	Mortality improvements model	Expectation of life from retirement at aged 60			
				Male currently aged 60	Male currently aged 40	Female currently aged 60	Female currently aged 40
31 December 2023	PSPS	S2PMA/S2PFA for males/ females	CMI 2021	26.50	28.60	28.30	30.30
	M&GGPS	SAPS2 Light	CMI 2021	28.50	30.60	30.40	32.40
31 December 2022	M&GGPS	S3PMA/S3PFA Light for males/ females	CMI 2020	28.40	30.50	30.20	32.30

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.5 Assumptions (continued)****24.5.2 Economic assumptions**

The actuarial assumptions used in determining defined benefit obligation and the net periodic benefit costs for the defined benefit pension schemes are as follows:

For the year ended 31 December	2023		2022
	PSPS	M&GGPS	M&GGPS
Discount rate *	4.60 %	4.60 %	4.80 %
Salary inflation **	3.40 %	N/A	N/A
Retail price index (RPI)	3.00 %	2.90 %	3.20 %
Consumer price index (CPI)	2.70 %	2.70 %	3.00 %
Rate of increase of pensions in payment for inflation ***			
CPI (maximum 5%)	2.80 %	N/A	N/A
CPI (maximum 2.5%)	2.50 %	N/A	N/A
Discretionary	2.90 %	N/A	N/A
RPI (maximum 5%)	N/A	2.90 %	2.90 %
RPI (maximum 2.5%)	N/A	2.50 %	2.50 %

*The discount rate has been determined using a cash flow matching approach based on an 'AA' corporate bond index. The single equivalent rates in the table above are illustrative as the full yield curve is used in the calculation of the liability.

** Due to the scheme changes during 2019, a cap to future pensionable salary increase came into effect and, as result, salary growth inflation is only applied for certain levels of pensionable salary which represent a very small proportion of the total liability.

*** The long-term margin between RPI and CPI reflects expected changes in RPI from 2030 as a result of the UK Statistics Authority stated intention to align RPI with CPI including owner occupiers' housing costs (CPIH). The rate of inflation used reflects the long-term assumption for UK RPI or CPI, depending on the particular tranches of scheme benefits, with caps and floors applied in accordance with the scheme rules. Certain tranches of scheme benefits within PSPS have statutory pension increases in line with the higher of CPI up to maximum level, or a discretionary level determined by the employer. Other tranches are not guaranteed and determined by the employer on a discretionary basis. The single equivalent rates in the table above are illustrative as the full yield curve is used in the calculation of the liability.

24.5.3 Other assumptions

In October 2018, the High Court ruled that pension schemes are required to equalise benefits for the effect of guaranteed minimum pensions (GMPs). GMPs are a minimum benefit that schemes that were contracted-out on a salary-related basis between 1978 and 1997 are required to provide. There was a further Court ruling in November 2020 which required benefits in respect of past transfers out of the schemes to also be equalised. In light of these Court rulings, at 31 December 2023 and 31 December 2022, the Group has recognised an estimated allowance for GMP equalisation within the IAS 19 valuation for all the UK schemes - comprising £32m for PSPS and £3m for M&GGPS as at 31 December 2023 (2022: £3m for M&GGPS).

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.6 Sensitivity of the pension scheme liabilities to key variables**

The sensitivity information below is based on the core scheme liabilities and assumptions at the balance sheet date. The sensitivities are calculated based on a change in one assumption with all other assumptions being held constant. As such, interdependencies between the assumptions are excluded. The impact of the rate of inflation assumption sensitivity includes the impact of inflation on the rate of increase in salaries, where applicable, and on the rate of increase of pensions in payment. The sensitivities of the underlying pension scheme liabilities as shown below do not directly equate to the impact on the Group's comprehensive income due to the effect of restriction on surplus for PSPS and the allocation of a share of the interest in the financial position of PSPS as described above. In addition, the sensitivities shown do not include the impact on assets, which for all schemes would significantly offset the impact of the discount rate and inflation sensitivities on the IAS 19 surplus or deficit. For the PSPS scheme, the mortality rate sensitivity impact would also be partially mitigated by the longevity swap asset held.

As at 31 December	Sensitivity of change in assumptions	Increase/(decrease) in the present value of the scheme's defined benefit obligation			
		2023	2023	2023	2022
		PSPS £m	M&GGPS £m	Total £m	M&GGPS £m
Base position	N/A	4,260	298	4,558	313
Discount rate	Decrease by 0.2%	100	10	110	12
	Increase by 0.2%	(97)	(10)	(107)	(11)
Rate of inflation with consequent reduction in salary increases (where applicable)	Decrease by 0.2% (with consequent reduction in salary increase)	(55)	(7)	(62)	(6)
Mortality rate	Increase in life expectancy by 1 year	146	7	153	8

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.7 Plan assets and other assets of the scheme**

	PSPS £m	2023 M&GGPS £m	Total £m	2022 M&GGPS £m
Equities				
UK	29	—	29	1
Overseas	10	—	10	—
Bonds *				
Government	3,124	1	3,125	325
Corporate	1,145	3	1,148	70
Asset-backed securities	344	—	344	—
Derivatives **	(526)	—	(526)	—
Properties	238	—	238	2
Other assets	247	12	259	43
Reimbursement right asset ***	—	298	298	—
	4,611	314	4,925	441

* As at 31 December 2023 90% of the bonds were investment grade (2022: 88%).

** Included within derivatives is a £3m liability in respect of the longevity swap transaction with Pacific Life Re Limited (2022: £10m), valued at fair value as per IAS19 and based on the principles of IFRS13.

*** Although available to the scheme, under IAS 19 the reimbursement right asset does not constitute part of the plan assets.

**** As at 31 December 2023, 84% of the total value of the scheme assets were derived from quoted prices in an active market (2022: 86%), while the value of the remaining assets is derived from the use of various observable and unobservable inputs. None of the scheme assets included property occupied by the Company or the Group.

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.8 Reconciliation in movement of schemes' surplus/deficit****PSPS**

	Fair value of plan and other assets	Present value of benefit obligation	Effect of asset ceiling	Net economic pension surplus	Attributable to related Group undertakings	Attributable to the Company
	£m	£m	£m	£m	£m	£m
Net defined benefit pension asset at 1 January 2023	4,641	(4,050)	(581)	10	10	—
Total expense recognised in income statement:						
Current service cost	—	(5)	—	(5)	(5)	—
Net interest	219	(191)	(28)	—	—	—
Administration expenses	(6)	—	—	(6)	(6)	—
Remeasurements:						
Remeasurements gains and losses	(60)	(227)	271	(16)	3	(19)
Benefit payments	(242)	242	—	—	—	—
Employers' contributions	9	—	—	9	8	1
Settlements or curtailments	50	(29)	—	21	—	21
Net defined benefit pension asset at 31 December 2023	4,611	(4,260)	(338)	13	10	3

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.8 Reconciliation in movement of schemes' surplus/deficit (continued)****MGGPS**

	Fair value of plan and other assets	Present value of benefit obligation	Effect of asset ceiling	Net economic pension surplus	Attributable to related Group undertakings	Attributable to the Company
	£m	£m	£m	£m	£m	£m
Net defined benefit pension asset at 1 January 2023	442	(313)	—	129	—	129
Total expense recognised in income statement:						
Current service cost	—	(1)	—	(1)	—	(1)
Net interest	19	(15)	—	4	—	4
Administration expenses	(3)	—	—	(3)	—	(3)
Remeasurements:						
Return on the scheme assets less amount included in interest income	(83)	—	—	(83)	—	(83)
Gains/(losses) on changes in financial assumptions	—	(5)	—	(5)	—	(5)
Experience gains on scheme liabilities	—	(5)	—	(5)	—	(5)
Benefit payments	(12)	12	—	—	—	—
Employee contributions	—	—	—	—	—	—
Settlements or curtailments	(50)	29	—	(21)	—	(21)
Net defined benefit pension asset at 31 December 2023	313	(298)	—	15	—	15

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.8 Reconciliation in movement of schemes' surplus/deficit (continued)****MGGPS (continued)**

	Fair value of plan and other assets	Present value of benefit obligation	Effect of asset ceiling	Net economic pension surplus	Attributable to related Group undertakings	Attributable to the Company
	£m	£m	£m	£m	£m	£m
Net defined benefit pension asset at 1 January 2022	754	(581)	—	173	—	173
Total expense recognised in income statement:						
Current service cost	—	(3)	—	(3)	—	(3)
Net interest	14	(11)	—	3	—	3
Administration expenses	(2)	—	—	(2)	—	(2)
Remeasurements:						
Return on the scheme assets less amount included in interest income	(312)	—	—	(312)	—	(312)
Gains/(losses) on changes in demographic assumptions	—	8	—	8	—	8
Gains/(losses) on changes in financial assumptions	—	280	—	280	—	280
Experience gains on scheme liabilities	—	(22)	—	(22)	—	(22)
Benefit payments	(16)	16	—	—	—	—
Employers' contributions	4	—	—	4	—	4
Net defined benefit pension asset at 31 December 2022	442	(313)	—	129	—	129

Notes to the Financial Statements
For the Year Ended 31 December 2023

24. Pension schemes (continued)**24.9 Maturity analysis of benefit obligations**

The following table provides an expected maturity analysis of the scheme's undiscounted defined benefit obligations which are attributable to the Company:

	1 year or less	After 1 year to 5 years	After 5 years to 10 years	After 10 years to 15 years	After 15 years to 20 years	Over 20 years	Total
	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2023	256	1046	1340	1270	1132	3165	8209
As at 31 December 2022	244	1030	1304	1226	1107	3271	8182

The weighted average duration of the scheme's defined benefit obligations is 12 years as at 31 December 2023 (2022: 12 years).

24.10 Defined contribution plans

The M&G Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £19,024,391 (2022: £17,248,229).

25. Financial instruments

The carrying value of trade and other debtors, trade and other creditors, loans and cash is a reasonable approximation of their fair value.

	2023 £000	2022 £000
Financial assets		
Equity securities- financial assets designated at fair value through profit or loss	278,523	273,107
	<u>278,523</u>	<u>273,107</u>

The fair value of financial assets and financial liabilities are determined as follows:

Equity securities

The carrying value of equity securities at fair value through profit or loss is determined from published trading prices for fund units and shares or the portion of the underlying entity's net asset value attributable to the Company.

26. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned group companies and the exemption under paragraph 8(j) of FRS101 not to disclose key management personnel compensation and amounts incurred for the provision of key management personnel services by a separate entity.

**Notes to the Financial Statements
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27. Post balance sheet events

Subsequent to the year end, a dividend of £57,000,000 was recommended by the directors. This dividend has been paid and will be reflected in subsequent annual financial statements.

28. Immediate and ultimate parent company

The Company's immediate parent company is M&G Group Limited.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statement in M&G plc and copies of M&G plc consolidated financial statements can be obtained from the Company Secretary at 10 Fenchurch Avenue, London, EC3M 5AG.