Company No. SC176097

PRUDENTIAL UK SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

PRUDENTIAL UK SERVICES LIMITED
Incorporated and registered in Scotland. Registered no. SC176097
Registered office: 5 Central Way, Kildean Business Park, Stirling, United Kingdom, FK8 1FT

DIRECTORS AND OFFICERS

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

L Bullen
M Howells
S Moffatt
S Horgan

Company Secretary

M&G Management Services Limited

Independent Auditors

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Principal activities and future developments

The principal activities of Prudential UK Services Limited ('the Company') is to employ staff whose services are charged to the insurance business unit on the M&G plc Group, to act as intermediate holding company and as provider of finance to some of the companies within the Group. The costs of the staff employed by the Company and other service entities such as Prudential Distribution Limited (“PDL”) supporting the insurance business are recharged by PDL, being the service company for the insurance business unit. In line with the agreement between the Company and PDL, all costs relating to the employment of staff are borne by PDL. These costs are recharged and recovered by PDL from the product companies to whom the services are provided.

Business review

The Company is a wholly owned subsidiary of Prudential Financial Services Limited, which is a wholly owned subsidiary of M&G plc. The Company's ultimate parent company, M&G plc (the “Group”) is a public limited company, limited by shares, incorporated and registered in England and Wales. The Group is an international financial services group providing investment management and insurance services, with significant operations in the United Kingdom and overseas.

Key Performance Indicators	**2023**	2022	Change
	£'000	£'000	%
Profit before tax	**2,503**	989	153
Retained profit for the year	**1,914**	801	139
Total shareholders’ funds	**42,242**	39,467	7

The primary source of income for the Company is interest receivable on loans issued to group undertakings.The Company generated a pre-tax profit of £2,503k (2022: £989k). The pre-tax profit is higher compared to 2022 due to increase in interest income for the year resulting from an increase in the SONIA interest rates.

Section 172(1) Statement

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

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

In discharging the Board’s section 172 duties, regard has been given to the factors set out above. The Board also recognises the matters it considers can often have unique characteristics. This can require the Board to consider additional factors, which are relevant to the specific matter under consideration.

There is an acknowledgement from the Board that the relative importance of each factor they consider will vary depending on the decision being taken across all the Board’s decisions and that they are mindful of the Company’s purpose, regulatory obligations, strategic priorities and alignment with the Group’s overarching culture, vision and values.

Board decisions are made as and when appropriate. Over the course of the financial year they reviewed the financial reporting. This is done through the consideration and discussion of reports which are sent in advance of each Board decision and/or through presentations to the Board.

The Company’s key stakeholders are its ultimate beneficial owner M&G plc, related M&G plc group entities and the stakeholder groups set out in M&G plc’s Annual Report. The views and the impact of the Company’s activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that other stakeholder engagement takes place at Group level. The directors find that as well as being a more efficient and effective approach, this also helps them achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

Risks & uncertainties

The Company is a wholly owned subsidiary of Prudential Financial Services Limited, which is a wholly owned subsidiary of M&G plc. The Company is subject to the Group's internal control and risk management processes as detailed in the Group Governance Framework ('GGF') and associated Group Risk Management Framework ('RMF'). The control procedures and systems established within the Group, are designed to manage, rather than eliminate, the risk of failure to meet business objectives. The Company takes on exposure to risks where there is adequate reward, and risks can be appropriately quantified and managed to safeguard the Company's ability to meet commitments to customers, comply with regulations, and protect its reputation.

The RMF requires all entities within the Group, including the Company, to establish processes for identifying, measuring, managing, monitoring and reporting key risks. The RMF is designed to manage risk within agreed appetite levels which are aligned to delivering the Group and Company strategy. The RMF is approved by the Group Risk Committee and operates based on the concept of three lines of defence: (1) risk identification and risk management, (2) risk oversight, advice and challenge; and (3) independent assurance.

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

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

Financial risk

The Company is exposed to limited financial risk through its financial assets and financial liabilities, but as the Company does not have any complex financial assets or financial liabilities and as the exposures are primarily within the Group the risk exposure is limited.

Non-financial risk

The Company is exposed to a range of non-financial risks including:

a. Operational risk

The risk of financial and non-financial impact resulting from inadequate or failed internal or outsourced processes, colleague errors, technology issues, or from external events. The Company's primary exposure to operational risk arises from business processes, people capabilities, operation of systems and financial reporting activity. In addition, as the Company is reliant on a range of shared services provided across the Group (including finance and capital management, compliance, risk, HR, actuarial, internal audit and IT services) operational risks that arise in these areas can also impact the Company.

b. Regulatory compliance risk

The risk of financial or non-financial impact resulting from a failure to meet regulatory requirements or a failure to adequately consider regulatory expectations, standards or principles. Changes in UK government policy, legislation, regulation or regulatory interpretation may adversely affect the Company.

c. Sustainability and ESG risk

The risk that the Group fails to address and embed sustainability considerations within strategy, operating model, communication approach and an internal/external changing landscape could adversely impact on the financial performance, reputation and future growth of the Company.

d. People Risk

The risk to the Company that the Group does not attract, retain and develop highly qualified professional people with the right mix of skills and behaviours to support the business strategy and culture.

e. Reputational risk

The risk that through activities, behaviours or communications, the Company fails to meet stakeholder expectations in ways which adversely impact trust and reputation.

f. Conduct risk

The risk that through acts or omissions of individuals, the Company deliver poor outcomes for customers, colleagues, or other stakeholders, or affect market integrity.

These are predominantly managed at group level the RMF and additional underlying frameworks and processes.

By order of the Board

Christopher Smyth
On behalf of the M&G Management Services Limited
Company Secretary
12 June 2024

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Incorporated and registered in Scotland. Registered no. SC176097

Introduction

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

Future developments

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

Corporate responsibility

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

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

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

The Group's sustainable approach to business is reinforced by the Group-wide CR strategy. The Group has a clearly defined overarching social purpose with flagship programmes (urban regeneration; economic empowerment; and skills and education) to support each pillar of the Group's strategy.

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

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

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

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

Financial Statements

The state of affairs of the Company as at 31 December 2023 is shown in the Statement of Financial Position on page 12. The Statement of Comprehensive Income appears on page 11.

Post balance sheet events

There have been no post balance sheet events up to the date of approving this report.

Dividends

No dividends were declared or paid during the year (2022: Nil).

Share Capital

There have been no changes to the Company's share capital during the year.

Directors

The directors holding office during the year are shown on page 1.

There were no changes during the year and up to the date of the report being authorised for issue.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Employees

The following information is given in respect of the employees of the Company in the United Kingdom:

- Equal opportunity

The Company's policy is to recruit, develop and employ staff on the basis of suitability of their qualifications and experience to the work to be performed, regardless of sex, marital status, creed, race, nationality or disability. Full consideration is given to continuing the employment of staff who become disabled and to providing training and career development opportunities to disabled employees. The requirements of the Disability Discrimination Act 1995 have been put into effect.

- Employee involvement

Employees are invited to participate in the M&G plc Savings Related Share Option Scheme and can also participate in the M&G plc Share Incentive Plan. It is the Company's policy to communicate with employees on issues that concern them and to provide information to them through employee reports and regular manager briefings. Views of employees are sought through a number of channels including consultation through the medium of a staff consultative group.

Stakeholder relationships and engagement

For details of the Company's engagement with its stakeholders please see the Section 172 Statement on pages 2-3. Being a wholly owned subsidiary of M&G plc stakeholder engagement also takes place at a Group level.

Financial risk management objectives, policies and exposure

The Company is exposed to limited financial risk through its financial assets and financial liabilities. The financial risk factors affecting the Company are credit and liquidity risk on balances with other group companies.

Disclosure of information to auditors

In the case of each Director in office at the date the Directors' report is approved:
• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006

Directors' and Officers' Protection

M&G plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the M&G plc group. In addition, the Articles of Association of the Company permit the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office. M&G plc also provides protections for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity. These include qualifying third party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of M&G plc, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities were in force during 2023 and remain in force.

Going concern

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

Streamlined energy and Carbon reporting

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

By order of the Board

Chwt Smyt

Christopher Smyth
On behalf of M&G Management Services Limited
Company Secretary
12 June 2024

Independent auditors' report to the members of Prudential UK Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prudential UK Services 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 Statement of Financial Position as at 31 December 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 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 Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK Tax Law. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Testing journal entries where we identified particular fraud risk criteria; 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.

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.

Eleanor Hall

Eleanor Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 June 2024

PRUDENTIAL UK SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022	Note
	£'000	£'000	
Interest receivable	**2,786**	1,109	5
Interest payable	**(283)**	(120)	6
Profit before tax	**2,503**	989	
Tax on profit	**(589)**	(188)	7
Total comprehensive income for the financial year	**1,914**	801	

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

The accounting policies on pages 14 to 17 along with the accompanying notes on pages 17 to 20 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023	2022	Note
	£'000	£'000	
Investments			
Shares in group undertakings	1	1	8
	1	1	
Deferred tax asset	1,171	1,301	7
Current assets			
Trade and other debtors	35,227	45,526	9
Cash at bank and in hand	4,928	5,013	10
Corporation tax receivable	915	197	7
	41,070	50,736	
Current Liabilities			
Trade and other creditors: amounts falling due within one year	—	(12,571)	11
	—	(12,571)	
Net current assets	41,070	38,165	
Total assets less current liabilities	42,242	39,467	
Net assets	42,242	39,467	
Capital and reserves			
Called up share capital	185,900	185,900	12
Profit and loss account	(153,935)	(155,849)	
Capital reserve	10,277	9,416	13
Total shareholders' funds	42,242	39,467	

The accounting policies on pages 14 to 17 along with the accompanying notes on pages 17 to 20 form an integral part of these financial statements.

The financial statements on pages 11 to 20 were approved and were authorised for issue by the Board of directors on 11 June 2024 and were signed on its behalf by

S Horgan
Director
12 June 2024

Registered no. SC176097

PRUDENTIAL UK SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Called Up Share Capital	Profit and Loss Account	Capital Reserves	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2023	**185,900**	**(155,849)**	**9,416**	**39,467**
Deferred tax charged to Capital Reserve	**—**	**—**	**(130)**	**(130)**
Current tax credited to Capital Reserve	**—**	**—**	**991**	**991**
Profit for the financial year	**—**	**1,914**	**—**	**1,914**
Total comprehensive income for the year	**—**	**1,914**	**—**	**1,914**
Balance at 31 December 2023	**185,900**	**(153,935)**	**10,277**	**42,242**
Balance at 1 January 2022	185,900	(156,650)	9,309	38,559
Deferred tax charged to Capital Reserve	—	—	(209)	(209)
Corporation tax credited to Capital Reserve	—	—	316	316
Profit for the financial year	—	801	—	801
Total comprehensive income for the year	—	801	—	801
Balance at 31 December 2022	185,900	(155,849)	9,416	39,467

The accounting policies on pages 14 to 17 along with the accompanying notes on pages 17 to 20 form an integral part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting policies

A. Company Information

Prudential UK Services Limited is a company limited by shares, incorporated, domiciled and registered in Scotland. The address of its registered office is 5 Central Way, Kildean Business Park, Stirling, United Kingdom, FK8 1FT.

B. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), Part 15 of the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared under the historical cost basis except certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value through profit or loss ("FVTPL").

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

The Company's ultimate parent undertaking, M&G plc, includes the Company in its consolidated financial statements. The consolidated financial statements of M&G plc are available to the public and may be obtained from the Company Secretary, 10 Fenchurch Avenue, London, England, EC3M 5AG.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Disclosure related to capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries within the Group;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures required by IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*;
- The effect of new but not effective IFRSs; and
- Disclosures in respect of revenue from contracts with customers.

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

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

- The Company is a subsidiary within the M&G plc group and its parent company and the ultimate parent company are continuing to trade and there are no plans for liquidation. Also, there are no plans to novate the employment contracts in 12 months from the date of signing.

- Consideration has also been given to the Company's performance, the market in which it operates, its strategy and risks and uncertainties, as set out in the Strategic Report on pages 2 to 4.

- To satisfy themselves of the appropriateness of the use of the going concern assumption in relation to these financial statements, the directors have assessed the future prospects of the Company, by considering the business plan that includes the cash flow forecasts, for at least the next 12 months from the date of signing these financial statements, various market scenarios as well as changes in the Company's principal risks. The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

C. Classification of instruments issued by the Company

Having adopted FRS 101, International accounting standard (IAS 32) is being applied to the financial instruments issued by the Company and these are treated as equity only to the extent that they meet the following two conditions:

(i) 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

(ii) 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.

D. Financial instruments - recognition and measurement

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at either amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL').

A financial asset is measured at amortised cost if it meets both of the following conditions and is not recognised as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if the objective is collecting contractual cash flows and selling financial assets.

All financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes assets that are held for trading or are part of a portfolio that is managed on a fair value basis. Derivatives are included in this category.

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

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

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost (using the effective interest method) or FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading or a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

E. Financial instruments - Impairment

Financial assets impairment

Impairment is recognised on financial assets measured at amortised cost based on expected credit losses ('ECL'). ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

The impact of any collateral and financial guarantees is taken into account when determining ECL. ECLs are discounted at the effective interest rate of the financial asset.

A financial instrument is considered to have low credit risk where it has an external credit rating of 'investment grade'. The entity has determined that the cash balances and deposits with credit institutions are considered to have low credit risk and therefore impairment is based on a twelve month ECL for these assets.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs, where material.

F. Interest income

Interest receivable by the Company is recognised on an accruals basis.

G. Interest paid

Interest payable by the Company is recognised on an accruals basis.

H. Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. 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.

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 in the financial statements if the Company considers that 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 judgments 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 judgments.

I. Investments in group undertakings

Investments in group undertakings are valued at cost less impairment.

2. Staff costs

	2023	2022
	Number	Number
Average number of employees during the year	**661**	689

The Company has an agreement with PDL whereby all costs relating to the employment of staff for the staff whose employment was retained by the Company are recognised and borne by PDL. Resources provided by the Company to other group companies are charged and recovered by PDL. The costs of employment and the subsequent recharges are reported by PDL.

The majority of staff employed by the M&G plc group in the UK are members of M&G plc group's pension schemes, including both defined contribution and defined benefit schemes. One of the smaller defined benefit schemes is Scottish Amicable Staff Pension Scheme (SASPS).

The Company is a participating employer and PDL is the principal employer of SASPS. Through stated policy fellow group undertaking The Prudential Assurance Company ('PAC') has responsibility for the scheme and therefore disclosures required in relation to the scheme are included in PAC's financial statements.

3. Auditors' remuneration

Auditors' remuneration of £18k (2022: £16k) in respect of the audit of the Company's financial statements is borne by PDL. No non-audit services were provided to the Company by the auditors in 2023 or 2022.

4. Directors' emoluments

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

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

The Directors of the Company and their time allocated is deemed to be wholly attributable to their services to other affiliate company or companies. Accordingly, the remuneration details are disclosed in the financial statements of the ultimate parent company or the affiliate entities of where their time is allocated to.

Four Directors received shares under long-term incentive schemes in 2023 (2022: five), and four Directors exercised share options (2022: none). Three Directors were entitled to retirement funds under a defined contribution pension scheme (2022: three). One Director was entitled to retirement funds under a defined benefit pension scheme (2022: one).

5. Interest receivable

	2023	2022
	£'000	£'000
Bank interest received	**230**	52
Interest on loans to group undertakings	**2,556**	1,057
	2,786	1,109

The interest income is earned from financial assets recognised at amortised cost.

6. Interest payable

	2023	2022
	£'000	£'000
Interest on loans from group undertakings	**283**	120

The interest is payable on financial liabilities recognised at amortised cost.

7. Tax on profit

a) Analysis of taxation in the year

	2023	2022
	£'000	£'000
Current tax:		
Current period corporation tax charge at rate of 23.52% (2022: 19%)	**(589)**	(188)
Total current tax charge	**(589)**	(188)

	2023	2022
	£'000	£'000
Tax recorded in the Capital Reserve		
Corporation tax	**991**	316
Deferred tax	**(130)**	(209)
Total tax credit recorded in the Capital Reserve	**861**	107

b) Factors affecting corporation tax charge for the year

Deferred tax is provided at the rate applicable when the temporary differences are expected to reverse. The rate of UK corporation tax will increase from 19% to 25% with effect from 1 April 2023, as enacted into UK law. This has been reflected in the carrying values of deferred tax assets and liabilities of the Company and will be reflected in the effective tax rate from 2023 onwards.

Other than the effects of permanent differences and adjustments in respect of previous periods, it is not expected that the tax charge will deviate from that calculated by applying the standard rate of corporation tax to the profit before tax of the Company.

	2023	2022
	£'000	£'000
Profit before tax	**2,503**	989
Tax on profit before tax at rate of 23.52% (2022: 19%)	**(589)**	(188)
Total tax charge for the year	**(589)**	(188)

c) 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 more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

d) Deferred tax

	2023	2022
	£'000	£'000
Deferred tax asset explained by:		
Share based payment	**1,171**	1,301
Deferred tax asset at 1 January	**1,301**	1,510
Deferred tax charged to Capital Reserve	**(130)**	(209)
Deferred tax asset at 31 December	**1,171**	1,301

8. Shares in group undertakings

	2023	**2022**
	£'000	**£'000**
Cost		
As at 1 January and 31 December	**1**	1
Provisions		
As at 1 January and 31 December	**—**	—
Net book value		
As at 1 January and 31 December	1	1

In 2003, the Company purchased 10,000 equity shares of 10 Rupees each in M&G Global Services Private Limited (previously known as 10FA India Private Limited), a company incorporated in India. The Company holds a 0.026% (2022: 0.026%) shareholding in M&G Global Services Private Limited.

9. Trade and other debtors

	2023	2022 (restated*)
	£'000	£'000
Amounts falling due within one year:		
Amount owed by group undertakings	**35,227**	45,526

*Amounts falling due after one year previously included loans repayable on demand. These loans have now been reported under amounts falling due within one year. The amounts for the prior year have accordingly been restated.

Amounts falling due within one year comprises of unsecured loans repayable on demand. The loan is subject to, daily weighted SONIA plus a credit risk adjustment spread.

10. Cash at bank and in hand

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

11. Trade and other creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Amount due to group undertakings	**—**	**(12,571)**

Amount due to group undertakings comprised of unsecured loan from various group entities payable on demand, which was settled during the year. The loan was subject to, daily weighted SONIA plus a credit risk adjustment spread.

12. Called up Share capital

All share rank pari passu in all respects.

	2023	2022
	£'000	£'000
Allotted, issued and fully paid:		
185,900,002 (2022: 185,900,002) ordinary shares of £1 each	**185,900**	185,900

13. Capital reserve

The capital reserve is in respect of share-based payments for the business transferred by the Company to Prudential Distribution Limited ('PDL') in 2007. The movement for the current year is on account of tax credit related to the share scheme tax deduction due to the Company as the legally employing entity. The related share-based payments charge is borne (and disallowed) by PDL.

14. Immediate and ultimate parent company

The immediate parent company is Prudential Financial Services Limited and copies of its financial statements are available from the Company Secretary, 10 Fenchurch Avenue, London EC3M 5AG. The ultimate parent company is M&G plc, which is the only parent company which prepares group financial statements. Copies of M&G plc financial statements can be obtained from the Company Secretary, 10 Fenchurch Avenue, London, England, EC3M 5AG.