Registered No: SC212640

PRUDENTIAL DISTRIBUTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

PRUDENTIAL DISTRIBUTION LIMITED
Incorporated and registered in Scotland. Registered No: SC212640
Registered office: 5 Central Way, Kildean Business Park, Stirling, United Kingdom, FK8 1FT

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PRUDENTIAL DISTRIBUTION LIMITED
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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)

S Moffatt
M Howells
L Bullen
S Horgan
C G Bolton

Company Secretary

M&G Management Services Limited

Independent Auditors

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

PRUDENTIAL DISTRIBUTION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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

Principal activities and future developments

The principal activity of the Company is to act as the service company for the insurance business of the M&G plc group. It is one of the principal employers for the insurance business. The Company also provides product distribution services to the entities within the insurance business whose products are distributed through non-intermediated channels and is regulated by the Financial Conduct Authority ("FCA") for its distribution activities. These activities are expected to continue in 2025.

The Company incurs expenses on behalf of the entities within the insurance business unit which primarily includes The Prudential Assurance Company Limited ("PAC") and its sub-funds. It recharges these expenses after charging a margin of 5%, with the exception of the business in PAC's With-Profits funds on which no margin is charged. The Company also earns fees on a collective investment fund arrangement.

Business review

The Company is a wholly owned subsidiary of Prudential Financial Services Limited (PFSL), which is a wholly owned subsidiary of M&G plc. The Company's ultimate parent company is M&G plc, a public limited company, limited by shares, incorporated and registered in England and Wales. M&G plc is the parent company of the M&G plc group of companies (the “Group”). 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

	2024	2023	Change
	£000	£000	%
Turnover	**597,712**	625,247	(4)
Operating expenses	**(584,741)**	(635,341)	(8)
Profit/(loss) before tax	**16,743**	(6,378)	363
Total shareholders' funds	**79,085**	87,702	(10)
Regulatory capital requirement (higher of IPRU INV and MIPRU requirements-see below)	**4,352**	4,351	—

The Company generated a pre-tax profit of £16,743k during the year (2023: loss of £6,378k). The profit for the year includes credit of £3,595k received on research and development spend under the tax rules. The margin income of £6,241k on service and distribution expense recharges was recorded during the year. A write back of £3,981k towards liabilities no longer payable.was also recorded during the year Company reported a profit of £1,204k from collectives investment fund arrangement.

The regulatory requirements of the Company are governed by the Interim Prudential Sourcebook for Investment Business (“IPRU (INV)”) and the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (“MIPRU”). The Company is a B3 firm for the purpose of the calculation of capital requirements as defined in IPRU (INV). The Company has adequate capital resources to meet its regulatory capital requirements. The Company relies on a Group Policy to meet the requirement for Professional Indemnity Insurance as per IPRU (INV). Due to the excess on the Group cover, the Company is required to hold additional capital of £3,440k to meet the professional indemnity requirement.

Based on the Company’s current financial and liquidity position, the Directors believe the Company will continue as a going concern.

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 applicable to the Company. The Board also recognise the matters that it considers can have unique characteristics. This can require the Board to have regard to additional factors which are relevant to the specific matter under consideration. There is an acknowledgment from the Board that the relative importance of each factor it considers will vary depending on the decision being taken. Across all the Board's decisions, the directors are mindful of the Company's purpose, regulatory obligations, strategic priorities and alignment with the M&G plc group's overarching culture, vision and values.

As is normal for large companies, authority for day-to-day management of the Company is delegated to the Chief Executive, who in turn charges management with execution of the business strategy and related policies. The Board decisions are made as and when appropriate. Over the course of the financial year the directors review a range of corporate activity including financial reporting. This is done through the consideration and discussion of reports or regulatory returns 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, its customers, colleagues, communities and regulators. 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 or on certain issues, for example, interaction with regulators, the size and spread of both the Company's stakeholders and the M&G plc group's means that other stakeholder engagement takes place at group level. The Company believes that as well as being a more efficient and effective approach, this also helps us to achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. Specifically, employee engagement that takes place at a group level.

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

Principal Decisions

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

Principal decision 1 - Redemption of Preference Shares

The Board approved a proposal to redeem Preference Shares in the Company held by the Company's shareholder, Prudential Financial Services Limited.

Principal decision 2 – Reduction of Share Capital and Cancellation of Capital Redemption Reserve

The Board approved a proposal to reduce its share capital and cancel the Company's Capital Redemption Reserve in order to create sufficient distributable reserves such that a dividend could be paid to PFSL.

Principal decision 3 – Declaration of a Dividend

The Board approved a proposal to declare a dividend to its sole shareholder, PFSL. The amount of such dividend was to be offset against the amount owed by PFSL to the Company.

Non-financial and sustainability information statement

The Company has availed itself of the exemption afforded at section 414CA of of the Companies Act 2006, and relies on disclosures regarding non-financial and sustainability information statement made by the ultimate parent undertaking M&G plc in their consolidated financial statements.

Principal Risks & uncertainties

The Company is a wholly owned subsidiary of Prudential Financial Services Limited, which is a 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 such risks are adequately rewarded, and can be appropriately quantified and managed to safeguard the Company’s ability to meet commitments to customers, comply with regulations, and protect its reputation.

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

The Company’s results and financial condition are exposed to both financial and non-financial risks. The principal 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 Group is exposed have not changed significantly over the year.

Financial risk

The Company is exposed to financial risk through its financial assets and liabilities. The principal financial risk factors affecting the Company include credit risk, liquidity risk, market risk and expense risk. These financial risks are discussed in Note 20.

Non-financial risk

The Company has a limited exposure to a wide range of non-financial risks.

a) Business environment risk

Economic factors, continued geopolitical risks, conflicts and policy uncertainty may impact the Company.

b) Operational risk

Operational Risk is the risk of financial and non-financial impact resulting from inadequate or failed internal or outsourced processes, colleague errors, technology issues, or from external events.

In particular, a material failure or operational disruption in the processes and controls supporting the Company's activities, that of third-party suppliers or of technology could result in poor customer outcomes, reputational damage, increased costs and regulatory censure. The Company's dependence on technology means the unavailability of key hardware or software, inadequate information security arrangements and ineffective use of digital solutions could impact the Company.

The Risk Management Framework defines the Group's approach to managing operational risks and associated controls including Information Technology, Privacy and Data Protection and Third Party Risk Management.

c) Regulatory compliance risk

Regulatory risk can arise from potential failure to meet regulatory requirements or to adequately consider regulatory expectations, standards or principles. The Company operates in a highly regulated environment and is subject to a number of regulatory initiatives. There are wide-ranging consequences of regulatory non-compliance, including reputational damage, fines and restrictions on operations or products. The Group’s Risk and Compliance function provides guidance to, and oversight of, the Company in relation to regulatory compliance matters and carries out assurance activities to assess the adequacy of systems and controls designed to comply with regulations and legislation.

d) Sustainability and Environmental, Social and Governance (ESG) risk

A failure to address and embed sustainability considerations within the Company's strategy, operating model and communication approach could adversely impact profitability, reputation and future growth. A broad range of issues are considered across the Group including those concerning climate impact, diversity and inclusion, and corporate governance. The Group ESG Risk Policy sets out the key requirements for the management of ESG risk in a manner consistent with the Group’s RMF.

e) People risk

As an employee service provider for the Group, the success of the Company's operations is highly dependent on the ability to attract, retain and develop highly qualified people with the right mix of skills and behaviours to support positive culture and growth. People risk is managed through the HR Framework which is designed to align colleague objectives and remuneration to business strategy and culture.

f) Reputational risk

There is a risk that through activities, behaviours or communications, the Company fails to meet stakeholder expectations in ways which adversely impact trust and reputation. Failure to effectively manage reputational risk could result in poor stakeholder outcomes and impact on revenues and cost base, the ability to attract and retain the best staff and potentially regulatory intervention or action. Reputational Risk is managed through the Group’s Reputational Risk Management Framework and dedicated Reputational Risk team.

g) Conduct risk

There is a risk that the acts or omissions of individuals or the Company delivers poor outcomes for colleagues, or other stakeholders, or affects market integrity. Due to the broad nature of conduct risk, management is pervasive and reflected in Group policy and processes including but not limited to the Code of Conduct and the Conflict of Interest, Market Abuse and Investment Communications Recording policies.

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

S Horgan
Director
9 June 2025

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

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

Likely developments, business strategies and prospects

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

Ultimate parent company

The Company is a wholly owned subsidiary of Prudential Financial Services Limited, which is a wholly owned subsidiary of M&G plc which is also the ultimate parent company. M&G plc is a public limited company, limited by shares, incorporated and registered in England and Wales.

Corporate responsibility

The Company is a wholly owned subsidiary within M&G plc 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 Material Subsidiary Corporate Governance Manual. This encompasses all key policies and procedures.

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

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

The Group 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 the Group support are sustainable and the Group works closely with the partners to ensure that the Group's 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 Group's CR strategy and performance is reviewed by M&G's Executive Committee bi-annually.

Financial Statements

The state of affairs of the Company at 31 December 2024 is shown in the statement of financial position on page 15. The statement of comprehensive income appears on page 14.

Post Balance sheet events

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

Dividends

Dividends totalling to £13,030k were paid in 2024 (2023: £Nil).

Share Capital

The Company redeemed 7,210,000 preference shares of £1 each on 21 November 2024 (2023: Nil) (refer note 17). Share capital was reduced from 35,820,001 ordinary shares of £1 each to 30,000,000 ordinary shares of £1 each on 22 November 2024 (2023: Nil) (refer note 17).

Directors

The present directors of the Company are shown on page 1. There were no changes during the year and up to the date of this report being authorised for issue.

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 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 year. 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 Company's employment policies are determined at Group level. The Group's ambition is to create the right capabilities to empower colleagues, enable business change and drive business performance while ensuring a safe, inclusive and productive workplace where employees feel inspired to do their best for clients and customers.

The Group seeks to achieve an inclusive working environment and through its Diversity and Inclusion Policy, embraces difference and removes barriers to inclusivity. Over the past year, the Group has continued to develop and implement employee-based initiatives across five global workstreams covering disability, gender, ethnicity, life stages and LGBTQ+. 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.

Further detail on the Group's employment policies and its approach to supporting diversity and inclusion is provided in the M&G plc Annual Report and Accounts which can be found on the website: https://www.mandg.com/investors/annual-report.

Engagement with employees includes formal and informal meetings, regular employee engagement surveys, "All Hands" meetings and other interactions such as Board site visits. In addition, there is also ongoing engagement with both the M&G Colleague Forum and the Unite union.

The Company also operates various share-based payment schemes for its employees that award M&G plc shares to participants upon meeting the required vesting conditions. Details of these schemes are disclosed in Note 16.

Stakeholder relationships and engagement

For details of the Company's engagement with its stakeholders please see the Section 172 Statement on pages 2 to 4. 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 risk through its financial assets and financial liabilities. The financial risk factors affecting the Company include credit risk, liquidity risk and market risk. Further information on the financial risk management objectives and policies of the Company are given in Note 20.

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

Directors' and Officers' Protection

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

Going concern

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

Streamlined energy and carbon reporting

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

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

S Horgan
Director
9 June 2025

Independent auditors' report to the members of Prudential Distribution Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2024; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, 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 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Reviewing relevant meeting minutes, including those of the Board of Directors, for matters of relevance to the audit;
- Discussions with the Board of Directors and with management, including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non-compliance with laws and regulations;
- Identifying and testing unusual manual journal entries posted during the year, which may be indicative of account manipulation;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Reviewing the disclosures in the Annual Report and Financial Statements against the specific legal requirements, for example within the Directors' Report.

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
9 June 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023	Note
	£000	£000	
Turnover	**597,712**	625,247	2
Staff costs	**(210,864)**	(221,415)	3
Other operating expenses	**(373,877)**	(413,926)	4
Operating expenses	**(584,741)**	(635,341)	
Operating profit/(loss)	**12,971**	(10,094)	
Interest income	**7,077**	6,147	5
Interest expense	**(3,305)**	(2,431)	6
Profit/(loss) before tax	**16,743**	(6,378)	
Tax on profit/(loss)	**(5,771)**	2,541	9
Profit/(loss) for the financial year	**10,972**	(3,837)	
Total comprehensive income/(expense) for the financial year	**10,972**	(3,837)	

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

There are no items of comprehensive income in 2024 and 2023 which have not already been presented in arriving at the profit/(loss) for the respective financial year. Accordingly the profit/(loss) for the respective financial year is the same as the total comprehensive income/(expense) for the year.

The accounting policies on pages 17 to 21 along with accompanying notes on pages 21 to 33 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	2024	2023	Note
	£000	£000	
Fixed assets			
Intangible assets	—	4,597	10
Tangible assets	—	940	11
	—	5,537	
Non-current assets			
Deferred tax asset	**8,970**	8,137	9
Current assets			
Trade and other debtors	**114,104**	159,974	12
Corporation tax receivable	**2,060**	2,576	9
Cash at bank and in hand	**64,194**	54,467	13
	180,358	217,017	
Current liabilities			
Trade and other creditors: amounts falling due within one year	**(105,617)**	(138,563)	14
Net current assets	**74,741**	78,454	
Total assets less current liabilities	**83,711**	92,128	
Provision for liabilities and charges	**(4,626)**	(4,426)	15
	(4,626)	(4,426)	
Net assets	**79,085**	87,702	
Capital and reserves			
Called up share capital	**30,000**	35,820	17
Preference share capital	—	7,210	17
Profit and loss account	**14,190**	10,428	
Capital reserve	**34,895**	34,244	
Total shareholders' funds	**79,085**	87,702	

The accounting policies on pages 17 to 21 along with accompanying notes on pages 21 to 33 form an integral part of these financial statements.

The financial statements on pages 14 to 33 were authorised for issue by the Board of directors on 2 June 2025 and were signed on its behalf by:

S Horgan
Director
9 June 2025

Registered No: SC212640

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

	Share Capital	Profit and loss account	Capital Redemption Reserve	Capital Reserves	Total Equity
	£000	£000	£000	£000	£000
Balance at 1 January 2023	43,030	14,265	—	31,905	89,200
Increase in capital reserve during the financial year	—	—	—	1,521	1,521
Tax credited to capital reserve	—	—	—	818	818
Loss for the financial year	—	(3,837)	—	—	(3,837)
Total comprehensive expense for the financial year	—	(3,837)	—	—	(3,837)
Balance at 31 December 2023	43,030	10,428	—	34,244	87,702
Balance at 1 January 2024	**43,030**	**10,428**	**—**	**34,244**	**87,702**
Redemption of preference shares during the financial year	**(7,210)**	**—**	**—**	**—**	**(7,210)**
Capital redemption reserve created during the financial year	**—**	**7,210**	**(7,210)**	**—**	**—**
Cancellation of capital redemption reserve during the financial year	**—**	**(7,210)**	**7,210**	**—**	**—**
Reduction of share capital during the financial year	**(5,820)**	**5,820**	**—**	**—**	**—**
Dividends	**—**	**(13,030)**	**—**	**—**	**(13,030)**
Increase in capital reserve during the financial year	**—**	**—**	**—**	**453**	**453**
Tax credited to capital reserve	**—**	**—**	**—**	**198**	**198**
Profit for the financial year	**—**	**10,972**	**—**	**—**	**10,972**
Total comprehensive income for the financial year	**—**	**10,972**	**—**	**—**	**10,972**
Balance at 31 December 2024	**30,000**	**14,190**	**—**	**34,895**	**79,085**

Capital reserves represent reserves in respect of share-based payment in accordance with IFRS 2 *Share-based Payment*.

There are no items of comprehensive income in 2024 and 2023 which have not already been presented in arriving at the profit/(loss) for the respective financial year. Accordingly the profit/(loss) for the respective financial year is the same as the total comprehensive income/(expense) for the year.

The accounting policies on pages 17 to 21 along with accompanying notes on pages 21 to 33 form an integral part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting Policies

a. Company Information

Prudential Distribution Limited private limited 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 and material accounting policies

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 of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 (adopted IFRS) 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 prepared in accordance with IFRS 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;
- Disclosures in respect of transactions with wholly owned subsidiaries within the Group;
- Disclosures in respect of the compensation of key management personnel;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of Pillar Two model rules;
- The effect of new but not yet effective accounting standards; and
- Disclosures in respect of revenue from contracts with customers.

As the consolidated financial statements of M&G plc include the equivalent disclosures, the Company has also taken advantage of the exemptions available under FRS 101 in respect of certain disclosures required by IFRS 2 *Share Based Payments.*

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

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

The accounting policies are noted in c to l below and that there are no critical accounting judgements or estimates in applying these accounting policies.

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

- The Company is a subsidiary within the M&G plc group and its parent company and the ultimate parent company are continuing to trade and there are no plans for liquidation.

- The Company has a satisfactory capital adequacy, well in excess of the capital requirements stipulated by the FCA. 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 5. The management of financial risk is set out in Note 20, including the Company's exposure to credit risk and liquidity risk which it carefully manages through cashflow forecasting and fund management.

- 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. In addition, the Directors have also considered the results of reasonably plausible severe downside scenarios to assess the potential implications on the Company's solvency and liquidity. The results of these assessments demonstrated the ability of the Company to meet all obligations and futures business requirements. In addition, these assessments demonstrated that the Company was able to remain above its regulatory solvency requirements in reasonably plausible severe downside scenarios.

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

c. Classification of instruments issued by the Company

Financial instruments issued by the Company 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’.

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

f. Revenue recognition

Operating income, comprising recharge of administration and distribution expenses to group companies and administration fees and other income received from third parties is recognised when the Company satisfies the related performance obligation of rendering the service.

Interest receivable is recognised on an accruals basis.

g. Expenses

Operating expenses, comprising of costs in relation to the Company’s service and distribution activities are recognised on an accruals basis.

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

h. Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products or tools controlled by the Company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product or tool so that it will be available for use;
- management intends to complete the software product or tool and use or sell it;
- there is an ability to use or sell the software product or tool;
- it can be demonstrated how the software product or tool will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or tool are available; and
- the expenditure attributable to the software product or tool during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product or tool include the software development employee and contractor costs.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 5 years.

i. Impairment of non-financial assets

Intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

j. Tangible Fixed assets

Depreciation is provided at a rate calculated to write off the cost or value of the assets less their estimated residual value over their estimated useful lives as follows:

Buildings and improvements	Up to a maximum of 20 years
Fixtures and fittings	Up to a maximum of 10 years
Motor vehicles	Up to a maximum of 4 years
Plant and machinery	Up to a maximum of 4 years (up to maximum of 10 years for building plant assets)
Right to use assets, in respect of operating leases	Lease term or estimated useful life if shorter

k. 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 directly in equity or other comprehensive income.

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

Deferred tax 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.

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 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. Share-based payments

The Company offers share award and option plans for certain key employees and a Save As You Earn (SAYE) plan for all UK and certain overseas employees.

Share options and awards of the ultimate parent company's equity instruments, for which the ultimate parent company has the obligation to settle, are valued using the fair value at the date of grant and accounted for as equity-settled i.e. recognised in equity as a capital contribution from the ultimate parent company. Share options and awards for which the Company has the obligation to settle are valued using the fair value at the balance sheet date and accounted for as cash-settled i.e. an obligation of the Company to transfer the equity instruments of the ultimate parent company. The compensation costs for all awards and options are recognised in comprehensive income over the plans' respective vesting periods.

2. Turnover

	2024	2023 (restated*)
	£000	£000
Income earned from recharges to group undertakings	**580,909**	612,201
Income earned from third party contracts	**13,208**	12,667
Other income	**3,595**	379
Total	**597,712**	625,247

Income earned from recharges to group undertakings includes margin of £6,241k (2023: £7,109k). The Company recharges the expenses after charging a margin of 5%, with the exception of the business in PAC's With-Profits funds on which no margin is charged. Income earned from third party contracts includes fees of £9,643k (2023: £10,060k) on collective investment fund arrangement. Other income relates to the credit received on research and development spend under the tax rules £3,595k (2023: £379k).

*Introducer fees received from third party which were earlier reported under income earned from recharges to group undertakings are now reclassified to income earned from third party contracts. The amounts for the prior period have been accordingly restated.

3. Staff costs

	2024	2023
	£000	£000
Wages and salaries	**158,291**	171,185
Other pension costs	**27,230**	24,840
Social security costs	**19,856**	21,541
Share-based payment expenses	**5,487**	3,849
Total	**210,864**	221,415

	2024 Number	2023 Number
Average number of employees during the financial year	**1,073**	1,104

Most UK staff employed by the M&G plc group are members of its open defined contribution scheme, the Prudential Staff Pension Scheme. A minority are active members of the M&G plc group's defined benefit pension schemes, all of which closed to new employees on 31 July 2003. The largest defined benefit scheme is the Prudential Staff Pension Scheme which accounts for 83% (2023: 83%) of the aggregate liabilities of the M&G plc group's defined benefit schemes. The Group also has a smaller defined benefit scheme, the Scottish Amicable Staff Pension Scheme ("SASPS").

Both PSPS and SASPS schemes are group pension schemes, whereby the costs associated with them are shared across different entities under common control. The principal employer of SASPS is M&G Corporate Services limited ("M&G CSL"), another fellow group undertaking and service company within the M&G plc group. PAC, a fellow group undertaking, is the principal employer of PSPS. PSPS contributions are payable at the minimum level of contributions required under the scheme rules. Employer contributions for ongoing service of current employees are apportioned in the ratio relevant to current activity. SASPS contributions are payable in accordance with the current Schedule of Contributions, comprised of contributions for the ongoing cost of accrual, deficit contributions, and contributions in respect of non-investment expenses.

The surplus in PSPS and the deficit in SASPS are apportioned in accordance with IAS 19 *Employee benefits*, by way of stated policy:

- 70% of the surplus in PSPS is allocated to the with-profits fund of PAC and 30% is allocated to M&G CSL.

- 40% of the deficit and related costs of SASPS is allocated to the with-profits fund of PAC and 60% is allocated to the shareholder fund of PAC.

Further details of the pension schemes operated by the Company are disclosed in the report and accounts of PAC and M&G plc.

4. Other operating expenses

	2024	2023
	£000	£000
Management expenses	**365,421**	390,811
Expenses attributable to third party contracts	**8,456**	23,115
Total	**373,877**	413,926

The management expenses include depreciation on other assets of £568k (2023: £632k) and the amortisation on the intangibles of £4,597k (2023: £4,596k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Interest income

	2024	2023
	£000	£000
Bank interest expenses recharged	**—**	1,021
Bank interest income	**2,315**	—
Policyholder interest recharged	**260**	990
Other interest income	**4,502**	4,136
Total	**7,077**	6,147

The income is not earned from financial assets, other than the bank interest income and loan interest income.

6. Interest expense

	2024	2023
	£000	£000
Bank interest expenses	**—**	1,021
Bank interest income recharged	**2,315**	—
Policyholder interest	**260**	990
Other interest income recharged	**106**	325
Other interest expense	**624**	95
Total	**3,305**	2,431

7. Auditors' remuneration

Auditors' remuneration amounts to £124k (2023: £118k) in respect of the audit of the Company's financial statements. No non-audit services were provided to the Company by the auditors in 2024 or 2023.

8. Directors' emoluments

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 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

Five Directors received shares under long-term incentive schemes in 2024 (2023: six), and five Directors exercised share options in 2024 (2023: four). Three Directors (2023: four) were entitled to retirement funds under a defined contribution pension scheme. Two Director (2023: *two) were entitled to retirement funds under a defined benefit scheme.

*The disclosure in the financial statements for the year ended 31 December 2023 are restated in respect of the number of directors who were entitled to retirement funds under defined benefit pension schemes, with a change from one to two. There is no impact on the profit / loss or net assets of the revised disclosures.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Tax on profit/(loss)

a) Analysis of tax (charge)/credit in the financial year

	2024	2023
	£000	£000
Current tax:		
Total current tax (charge)/credit in the financial year	**(4,258)**	6,305
Adjustments in respect of prior years	**(2,471)**	(3,933)
Total current tax (charge)/credit	**(6,729)**	2,372

	2024	2023
	£000	£000
Deferred tax:		
Current year charge	**(292)**	(5,313)
Effect of changes in tax rate	**—**	(245)
Adjustment in respect of prior years	**1,250**	5,727
Total deferred tax credit	**958**	169
Total tax (charge)/credit in the financial year	**(5,771)**	2,541

	2024	2023
	£000	£000
Tax recorded in the Capital Reserve :		
Tax in respect of current year	**198**	818
Total tax credit recorded in the Capital Reserve	**198**	818

b) Factors affecting tax charge for the financial year

An increase in the UK Corporation Tax rate from 19% to 25% was substantively enacted on 24 May 2021, and took effect in the prior period from 1 April 2023. Future changes in the UK Corporation Tax rate may effect recorded deferred tax assets and liabilities and our effective tax rate in the future.

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 change to the tax rates is therefore recognised in the deferred tax movement for the year.

	2024	2023
	£000	£000
Profit/(Loss) before tax	**16,743**	(6,378)
Tax on profit/(loss) before tax at effective rate of corporation tax in the UK of 25% (2023: 23.52%)	**(4,186)**	1,500
Effects of		
Expenses not deductible	**(185)**	(13)
Adjustments to current tax in respect of previous years	**(2,471)**	(3,933)
Adjustments to deferred tax in respect of previous years	**1,250**	5,727
Income tax not payable	**348**	—
Tax charge in relation to share based payments	**(420)**	(412)
Change of tax rate of deferred tax	**—**	(245)
Transfer pricing	**(107)**	(83)
Total tax (charge)/credit for the year	**(5,771)**	2,541

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 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.

d) Balance Sheet

	2024	2023
	£000	£000
Deferred tax asset explained by:		
Accelerated capital allowances	**5,356**	5,982
Intangibles	**—**	(972)
Staff remuneration	**367**	135
Temporary differences	**1,156**	1,107
Share based expenses	**2,091**	1,885
Total	**8,970**	8,137

	2024	2023
	£000	£000
Deferred tax asset at start of financial year	**8,137**	8,232
Deferred tax charged to capital reserve	**(125)**	(264)
Deferred tax credited in profit and loss account for the financial year	**958**	169
Deferred tax asset at end of financial year	**8,970**	8,137

10. Intangible assets

Internally generated software development costs	**2024**	2023
	£000	£000
Cost		
As at 1 January	**36,230**	36,230
As at 31 December	**36,230**	36,230
Accumulated amortisation		
As at 1 January	**31,633**	27,037
Amortisation charge	**4,597**	4,596
As at 31 December	**36,230**	31,633
Net book value		
Cost	**36,230**	36,230
Accumulated amortisation	**36,230**	31,633
As at 31 December	**—**	4,597

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Tangible assets

	Fixtures and Fittings	Plant and Machinery	Motor Vehicles	Buildings and Improvements	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1 January 2024	**495**	**10,707**	**186**	**18,080**	**29,468**
Additions	—	—	—	—	—
Disposals	(495)	(10,707)	(186)	(18,080)	(29,468)
At 31 December 2024	**—**	**—**	**—**	**—**	**—**
Accumulated Depreciation					
At 1 January 2024	**(495)**	**(10,437)**	**(171)**	**(17,425)**	**(28,528)**
Charge for year	—	(163)	(3)	(402)	(568)
Disposals	495	10,600	174	17,827	29,096
At 31 December 2024	**—**	**—**	**—**	**—**	**—**
Net book value					
At 31 December 2024	**—**	**—**	**—**	**—**	**—**
At 31 December 2023	—	270	15	655	940

12. Trade and other debtors

	2024	2023
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	**93,041**	135,229
Prepayments and accrued income	**12,642**	16,053
Other debtors	**8,421**	8,692
	114,104	159,974

Amounts falling due within one year includes loan amounting £11k repayable on 31 December 2025 and £48,903k repayable on demand which are subject to daily weighted SONIA plus a credit risk adjustment spread. Rest of the balance under amounts owed by group undertakings are unsecured, interest free and are repayable upon demand with no fixed date of repayment. ECL associated with these balances have been explained in note 20.

Amount owed by group undertakings of £20,240k have been repaid during the year which have been adjusted against dividend paid and redemption of preference shares.

13. Cash at bank and in hand

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

Cash and cash equivalents include cash at bank. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

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

	2024	2023
	£000	£000
Amounts owed to group undertakings	**5,056**	18,513
Taxation and social security	**16,811**	15,851
Other creditors	**5,200**	4,343
Accruals and deferred income	**78,550**	99,856
	105,617	138,563

Amounts owed to group undertakings are unsecured, interest free and are repayable upon demand with no fixed date of repayment. The Company's standard contractual payment terms for all qualifying contracts are payments within 30 days after the invoice date.

15. Provisions for liabilities and charges

2024	**Balance as at 1 January 2024**	**Utilised in the year**	**Released in the year**	**Provided in the year**	**Balance as at 31 December 2024**
	£000	**£000**	**£000**	**£000**	**£000**
Other provision	**4,426**	**—**	**—**	**200**	**4,626**
	4,426	**—**	**—**	**200**	**4,626**

2023	Balance as at 1 January 2023	Utilised in the year	Released in the year	Provided in the year	Balance as at 31 December 2023
	£000	£000	£000	£000	£000
Other provision	4,425	—	—	1	4,426
	4,425	—	—	1	4,426

The brought forward amounts within other provision amounting £4,426k (2023: £4,426) is to cover the Company's cost obligation in vacating office space, as a result of the Group's location strategy which is expected to be settled within a year. The additional provision balance made in the year of £200k (2023: £Nil) is in relation to provision created for the payments expected in relation to the customer remediation payments, where full information which might affect the decision making of the customers was not provided when customer statements were produced during the period. The provision for £200k is the expected potential liability in this case which was provided for during the year and is expected to be settled within a year.

16. Share-based payments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Discretionary schemes:

Scheme	Description
Performance Share Plan ("PSP")	The PSP is a conditional share plan: the shares awarded will ordinarily be released to participants after a predetermined period, usually three years, to the extent that performance conditions have been met. If performance conditions are not achieved in full, the unvested portion of any award lapses. The performance conditions attached to PSP awards include market performance conditions; Relative Total Shareholder Return ("TSR"); and other non-market conditions, including capital generation measures. The performance conditions attached to each award are dependent on the role of the participants. Threshold and maximum achievement levels will be set at the beginning of the performance periods in line with the business plan.
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:

Share scheme	Description
Save As You Earn ("SAYE") plans	The Group operates 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 remaining in employment for three years after the grant date of the options and satisfying the monthly savings requirement.
Share Incentive Plan ("SIP"):	The Group operates SIPs, which allow eligible employees to invest a monthly or annual amount from their salaries in M&G plc shares; M&G plc will then contribute a share for every two the employee purchases.

All approved and discretionary schemes are accounted for as equity-settled as M&G plc has the obligation to settle the awards (in M&G plc shares).

The weighted average share price of M&G plc for 31 December 2024 was £2.08 as compared to £2.00 for the year ended 31 December 2023.

The following table provides a summary of the range of exercise prices for M&G plc options (including conditional options) outstanding at 31 December 2024:

At 31 December 2024	**Outstanding**			**Exercisable**	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise prices £**	**Number exercisable**	**Weighted average exercise prices £**
Between £1 and £2	**7,549,474**	**1.87**	**1.57**	**284,432**	**1.62**
Total	**7,549,474**	**1.87**	**1.57**	**284,432**	**1.62**

The following table provides a summary of the range of exercise prices for M&G plc options (including conditional options) outstanding at 31 December 2023:

At 31 December 2023	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise prices £	Number exercisable	Weighted average exercise prices £
Between £1 and £2	7,972,267	2.07	1.52	847,401	1.32
Total	7,972,267	2.07	1.52	847,401	1.32

The years shown above for weighted average remaining contractual life include the time period from end of vesting period to expiration of contract.

17. Called up share capital and preference share capital

	2024	2023
	£000	£000
Ordinary shares		
Balance as on 1 January		
Issued and fully paid:		
35,820,001 (2023: 35,820,001) ordinary shares of £1 each	**35,820**	35,820
Reduction during the year: 5,820,001 (2023: Nil) ordinary shares of £1 each	**(5,820)**	—
Preference shares		
Balance as on 1 January		
Issued and fully paid:		
7,210,000 (2023: 7,210,000) preference shares of £1 each	**7,210**	7,210
Redeemed during the year: 7,210,000 (2023: Nil) ordinary shares of £1 each	**(7,210)**	—
Total Issued and Paid Share Capital	**30,000**	43,030

Share capital reduction of 5,820,001 ordinary shares of £1 each (2023: Nil) was done during the year. The Company also redeemed 7,210,000 preference shares of £1 each during the year (2023: Nil).

18. Commitments

The Company has granted a loan facility to another group company, PGDS (UK One) Limited ("PGDS"), The maximum facility value was £6,000k (2023: £6,000k) during the year. As at 31 December 2024, the amount drawn on the loan is £11k (2023: £3,964k). The loan is repayable in December 2025.

19. Financial assets and financial liabilities

A. Financial assets and financial liabilities - Measurement and Classification

For financial investments the basis of valuation reflects the Company's application of IFRS 9 *Financial Instruments.* Financial assets and financial liabilities are measured at either fair value through profit or loss or amortised cost. Where financial assets and financial liabilities have been valued at fair value or measured on a different basis but fair value is disclosed, the Company has followed the principles of IFRS 13 *Fair Value Measurement*.

The basis applied is summarised below.

2024	**Fair value through profit or loss**	**Amortised Cost**	**Total carrying value**	**Fair value**
	£000	**£000**	**£000**	**£000**
Trade and other debtors	**—**	**101,462**	**101,462**	**101,462**
Cash at bank and in hand	**—**	**64,194**	**64,194**	**64,194**
Total financial assets	**—**	**165,656**	**165,656**	**165,656**

2024	**Fair value through profit or loss**	**Amortised Cost**	**Total carrying value**	**Fair value**
	£000	**£000**	**£000**	**£000**
Trade and other creditors	**—**	**88,806**	**88,806**	**88,806**
Total financial liabilities	**—**	**88,806**	**88,806**	**88,806**

2023	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value
	£000	£000	£000	£000
Trade and other debtors	—	143,921	143,921	143,921
Cash at bank and in hand	—	54,467	54,467	54,467
Total financial assets	—	198,388	198,388	198,388

2023	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value
	£000	£000	£000	£000
Trade and other creditors	—	122,712	122,712	122,712
Total financial liabilities	—	122,712	122,712	122,712

Determination of fair value

The fair value of the financial assets and financial liabilities is the amount for which an asset could be exchanged or a liability settled in an arm’s length transaction.

Market Risk

Market risk is the risk of loss, or of adverse change in the financial situation of the Company, resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities.

Within the risk taxonomy, market risk is broken down into six risk types, interest rate risk, inflation risk, equity risk, property risk, currency risk and alternative investments risks.

Due to the nature of the Company's assets and liabilities, the Company does not have a significant exposure to market risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Interest rate risk

The following table shows an analysis of the classes of financial assets and financial liabilities and their direct exposure to interest rate risk. Each applicable class of the Company's financial assets or financial liabilities are analysed between those exposed to fair value interest rate risk, cash flow interest rate risk and those with no direct interest rate risk exposure.

2024	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Not directly exposed to interest rate risk**	**Total**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Trade and other debtors	**—**	**48,913**	**52,549**	**101,462**
Cash at bank and in hand	**—**	**64,194**	**—**	**64,194**
	—	**113,107**	**52,549**	**165,656**
Financial Liabilities				
Trade and other creditors	**—**	**—**	**88,806**	**88,806**
	—	**—**	**88,806**	**88,806**

2023	Fair value interest rate risk	Cash flow interest rate risk	Not directly exposed to interest rate risk	Total
	£000	£000	£000	£000
Financial Assets				
Trade and other debtors	—	69,110	74,811	143,921
Cash at bank and in hand	—	54,467	—	54,467
	—	123,577	74,811	198,388
Financial Liabilities				
Trade and other creditors	—	—	122,712	122,712
	—	—	122,712	122,712

Sensitivity to interest rate movements

The results of the Company are not materially sensitive to interest rate movements (2023: None).

Currency risk

The Company has immaterial currency risk arising from payments to be made in other currencies. The Company did not enter into forward contracts during the year (2023: None).

Other price risk

The Company is not exposed to any other price risk as it does not have any exposure to equities or investment property (2023: None).

Liquidity Analysis

Contractual maturities of financial liabilities

The following tables set out the contractual maturities for applicable classes of financial liabilities.

2024	**1 year or less**	**After 1 year to 5 years**	**After 5 year to 10 years**	**Total undiscounted cashflows**	**Total carrying value**
	£000	**£000**	**£000**	**£000**	**£000**
Financial Liabilities					
Trade and other creditors	**88,806**	**—**	**—**	**88,806**	**88,806**
	88,806	**—**	**—**	**88,806**	**88,806**

2023	1 year or less	After 1 year to 5 years	After 5 year to 10 years	Total undiscounted cashflows	Total carrying value
	£000	£000	£000	£000	£000
Financial Liabilities					
Trade and other creditors	122,712	—	—	122,712	122,712
	122,712	—	—	122,712	122,712

20. Financial risk management

The Company is exposed to financial risk through its financial assets and financial liabilities. The principal financial risk factors affecting the Company include credit risk, market risk, liquidity risk, and expense risk.

a. Credit risk

Credit risk is the risk of loss or adverse change in the financial situation of the Company, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event (e.g. downgrades or spread widening).

The Company, in the normal course of business enters into a variety of transactions with counterparties. Failure of any of these counterparties to discharge their obligations, or where adequate collateral is not in place, could have an adverse impact on the Company's results.

Impairment methodology

The impairment allowance calculation is based on M&G plc group's counterparty default risk calibration used for Solvency II. The counterparty default risk uses a default state model and a recovery rate model which is run through 100,000 scenarios to generate a probability distribution of losses. This produces a loss rate reflecting the default losses as a percentage of exposure for various stresses over a 12 month period. These rates have been applied to the balances as at 31 December 2024 to derive the ECL.

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

The entity held cash balances of £64,194k at 31 December 2024 (2023: £54,467k). The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

The entity has an outstanding inter-company loan of £48,902k (2023: £65,160k) due from its parent company, Prudential Financial Services Limited (credit rating: unrated). The loan is repayable on demand with no fixed maturity. For the purposes of calculating impairment losses under IFRS 9, it is assumed that the outstanding balances are called at the reporting date and a lifetime ECL has been calculated in respect of these balances.

The entity has an outstanding inter-company loan due from fellow group undertaking, PGDS (UK One) Limited (credit rating: unrated) of £11k at 31 December 2024 (2023: £3,964k). The loan is repayable in December 2025. For the purposes of calculating impairment losses under IFRS 9, it is assumed that the outstanding balance is called on the reporting date and a lifetime ECL has been calculated in respect of this balance.

Other intercompany balances due in the course of trade have also been assessed based on the liquid assets available within the entities that owe amounts to the Company. Majority of the amount is due from PAC having credit rating of AA- and the balance amount from other intercompanies (credit rating: unrated).

A 12-month ECL has been calculated in respect of these balances. This reflects the short maturities of the exposures. Based on the assessment, no (2023: £Nil) ECL has been recognised during the year.

b. Liquidity risk

Liquidity risk is the risk that the Company and its businesses are unable to meet their financial obligations as they fall due because they do not have or are unable to generate sufficient liquid assets. This risk is managed through cash flow forecasting and management of bank balances.

c. Market risk

Market risk is the risk of loss, or of adverse changes in the financial situation of the Company resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities.

The Company's direct exposure to market risk is limited to the interest rate fluctuations on the bank balances held by the Company. The Company's operating income can change as a result of variations in funds under management from the collectives arrangement.

d. Expense risk

Expense risk is the risk of unexpected impact resulting from adverse expense experience. If actual expenses (including future expense inflation) are higher than anticipated, the Company's operating results could be adversely affected. The risk emerges if there are any circumstances where expenses cannot be passed on in the form of charges or the timing of charges is different from the timing of the expense.

21. Capital requirements and management

As stipulated in MIPRU rule 4.2.11R, the Company is required to maintain capital resources equivalent to the higher of £5k and an amount equivalent to 2.5% of the annual income from its insurance mediation activity or home finance mediation activity (or both).

The Company is a B3 firm as defined under IPRU(INV). As stipulated under the rule 13.13.3, the Company is required to maintain capital resources equivalent to the higher of:

i) £20k,
ii) 5% of the annual income from the firm's retail investment business, and
iii) The capital resources calculated under MIPRU rule 4.2.

In addition to the above requirements the Company is also required to maintain additional capital of £3,440k to meet the Professional Indemnity Insurance (PII) requirements based on the IPRU (INV) rules. The Company relies on the Group Policy to meet the PII requirements. The additional capital requirement is based on the excess on the PII policy and the level of annual income.

As at 31 December 2024, the minimum regulatory capital requirement of the Company was £4,352k (unaudited) (2023: £4,351k (unaudited)) including the additional capital of £3,440k to meet the PII requirements. The Company had capital resources amounting to £79,085k (2023: £83,105k) to meet the capital requirement.

22. Ultimate and immediate parent company

The immediate parent company is Prudential Financial Services Limited and copies of its report and accounts 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 report and accounts. Copies of M&G plc report and accounts can be obtained from the Company Secretary, 10 Fenchurch Avenue, London, England, EC3M 5AG.