RNS Number : 1950Z
abrdn PLC
04 March 2025

abrdn plc
Full Year Results 2024
Part 5 of 7

Financial information

Contents

Independent auditor's report to the members of abrdn plc

1. Our opinion is unmodified

In our opinion:

- The financial statements of abrdn plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as of 31 December 2024, and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards.
- The Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.
- The Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of abrdn plc (the Company) for the year ended 31 December 2024 (2024) included in the Annual report and accounts, which comprise:

Group	Parent Company (abrdn plc)
Consolidated income statement Consolidated statement of comprehensive income Consolidated statement of financial position Consolidated statement of changes in equity Consolidated statement of cash flows Notes 1 to 42(a) and 43 to the Group financial statements, including the accounting policies in those notes and in the Presentation of consolidated financial statements section.	Company statement of financial position Company statement of changes in equity Notes A to R to the Parent Company financial statements, including the accounting policies in the Company accounting policies section.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee (AC).

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Following our prior year (2023) audit and considering developments affecting the abrdn plc Group since then, we have updated our risk assessment.

Much of the uncertainty in the macro-economic environment that existed at the end of 2023 remains. Continued performance challenges within the Investments business have negatively contributed to fee-based revenue during the financial year. This has been offset by continued growth in ii profits and the impact of group wide cost savings from the transformation programme announced on 24 January 2024.

Overall, fee-based revenue has fallen slightly year on year and our materiality levels have fallen to reflect this. Our consideration in respect of Key Audit Matters identified are consistent with the prior year and are explained below.

During 2023, given the challenging global economic environment as well as the Group's wider financial performance, we identified that there was a significant risk around the recoverability of certain of the Group's goodwill balances and certain of the Parent Company's investments in subsidiaries.

As there continues to be market uncertainty and performance challenges for the Group, we have again identified a significant risk in these areas for 2024. Due to impairments of certain goodwill balances in the prior years, in the current year the risk relates to the recoverability of ii goodwill only.

Given the substantial size of the carrying value of the Parent Company's investment in abrdn Holdings Limited ("aHL") and the ongoing performance challenges faced by the Investments business, we continue to recognise a significant risk regarding the recoverability of

Key audit matters	vs 2023	Item
Recoverability of the ii goodwill (Group) and of certain of the parent company's investments in subsidiaries (Parent company)	↓	4.1
Valuation of the principal UK defined benefit pension scheme present value of funded obligation (Group)	↔	4.2
Revenue recognition: management fee revenue from contracts with customers	↔	4.3

this balance. In line with our considerations of the ii goodwill balance, we have also identified a significant risk in relation to the carrying value of the Parent Company's investment in ii. We have not identified a significant risk over any other parent company investment in subsidiary balances due to the limited estimation uncertainty associated with these recoverable values. Due to the performance of the ii business in the year we believe that this risk of impairment has reduced compared to last year for both the Group goodwill and Parent Company investment in subsidiary balances.

As part of our risk assessment, we maintained our focus on future economic and operational assumptions used by the Group in its accounting estimates. The most significant area that these could impact the financial statements (outside of goodwill and investment in subsidiaries as noted above) is in the valuation of the defined benefit pension obligation. As a result, this continues to be a Key Audit Matter.

Factors driving our view of risks *continued*

The Group has a number of revenue streams. The area of revenue which had the greatest effect on our overall Group audit and audit effort in the current period is management fee income (institutional, retail wealth and insurance partners), including associated rebates of investment management fees. The nature of, and approach to calculating, management fees and rebates has remained consistent year on year, while market volatility and uncertainty continue to drive a revenue focus for users of the financial statements.

While not reported as Key Audit Matters, we also identified that the Group's ongoing cost transformation programme and corporate transactions would have financial reporting implications that would require consideration in the Group and Parent Company financial statements.

Audit Committee interaction

During the year, the AC met six times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgment for each.

The matters included in the Audit Committee Chair's report on pages 105 - 113 are materially consistent with our observations of those meetings.

Our Independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during 2024 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2017. The period of total uninterrupted engagement is for the eight financial years ended 31 December 2024.

The Group engagement partner is required to rotate every 5 years. As these are the third set of the Group's financial statements signed by Richard Faulkner, he will be required to rotate off after the FY26 audit.

The average tenure of component engagement partners is 2.5 years, with the shortest being 1 year and the longest being 5 years.

Total audit fee	£7.5m
Audit related fees (including interim review)	£2.7m
Other services	£0.9m
Non-audit fee as a % of total audit and audit related fee %	9%
Date first appointed	16 May 2017
Uninterrupted audit tenure	8 years
Next financial period which requires a tender	FY27
Tenure of Group engagement partner	3 years
Average tenure of component engagement partners	2.5 year

Materiality (item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £13.2m (2023: £13.7m) and for the Parent Company financial statements as a whole at £13.0m (2023: £13.0m).

Consistent with 2023, we determined that total revenue from contracts with customers remains the benchmark for the Group as underlying performance is such that a normalised profit benchmark would indicate materiality which is inappropriate for the size and scale of the Group. As such, we based our Group materiality on total revenue, of which it represents 1.0% (2023: 0.9%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets, limited to be no more than materiality for the group financial statements as a whole. It represents 0.2% (2023: 0.2%) of the stated benchmark.

Materiality levels used in our audit

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Group Scope (Item 7 Below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

In total, we identified 313 components, having considered our evaluation of the Group's operational and legal structure and our ability to perform audit procedures centrally.

Of those, we identified 7 quantitatively significant components which

Coverage of Group financial statements

Our audit procedures covered 86% of Group revenue from contracts with customers:

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contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures. Of these, one component was also identified as requiring special audit consideration, owing to the Group risk relating to the UK Defined Benefit pension scheme residing in the component.

Additionally, having considered qualitative and quantitative factors, we selected 10 components with accounts contributing to the specific risks of material misstatement of the Group financial statements.

For the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Our audit procedures covered 91% of Group total assets:

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Our audit procedures covered 81% of Group profit before tax:

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The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways including the impact of climate risk on investment valuations, potential reputational risk associated with the Group's delivery of its climate related initiatives, and greater emphasis on climate related narrative and disclosure in the annual report.

The Group's direct exposure to climate change in the financial statements is primarily through its investment holdings, as the key valuation assumptions and estimates may be impacted by climate risks. As part of our audit, we have made enquiries of Directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this.

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular with respect to investment holdings. We consider that the impact of climate risk on level 1 and level 2 investments is already reflected in the market prices used to value these holdings at year end. As such, the impact of climate change was limited to the valuation of level 3 investment holdings; taking into account the relative size of the level 3 investments balance, we assessed that the impact of climate change was not a significant risk for our audit nor does it constitute a key audit matter. We did not consider the potential impact of climate change on the sustainability of earnings or cashflow forecasts to be material.

We held discussions with our own climate change professionals to challenge our risk assessment. We have also read the Group's disclosure of climate related information in the front half of the Annual report and accounts as set out on pages 42 to 63 and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

Going Concern

We used our knowledge of the Group, its industry and operating model, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period was increased market volatility leading to reduced revenue for the Group.

We considered whether this risk could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's and Parent Company's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note (a)(r) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note (a)(r) to be acceptable; and
- The related statement under the Listing Rules set out on page 148 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation within the Viability statement on page 80 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- The Risk Management disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- The Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on page 80 under the Listing Rules.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- The overall audit strategy.
- The allocation of resources in the audit.
- Directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Recoverability of certain goodwill (Group) and of certain of the Parent Company's investments in subsidiaries (Parent Company)

Financial Statement Elements	2024	2023	Our assessment of risk vs 2023		Our findings
Goodwill - ii:	**£819m**	£819m	↓	Due to impairments in previous years, the risk associated with the recoverability of Goodwill and Investment in Subsidiary balances has declined. Furthermore, the increased level of headroom on the interactive investor ('ii') goodwill investment in subsidiary indicates that there is a reduced risk of impairment on these balances.	**2024: Balanced** 2023: Balanced
Investment in subsidiaries - ii:	**£1,512m**	£1,512m			
Investment in subsidiaries - aHL:	**£1,113m**	£1,228m			

Description of the Key Audit Matter

The results in the Investments business have been impacted by the external market environment in addition to wider performance challenges. The abrdn Holdings Limited ("aHL") subsidiary is the most material contributor to that business and has been impaired in the current year by £15m. The performance of the ii business is also very material to the Group, given the size of the associated goodwill and investment in subsidiary balances that arose on acquisition. Further, the net assets attributable to equity holders of the Parent Company and overall Group significantly exceeded the Group's market capitalisation at the balance sheet date.

These factors mean there is a heightened risk associated with the recoverability of the associated Parent Company investment in the ii and aHL subsidiaries and, in relation to ii, the goodwill balance allocated to the corresponding cash generating unit (CGU) in the Group financial statements.

In the prior year, this Key Audit Matter included recoverability of the goodwill and investment in subsidiary balance associated with the Financial Planning business. The impairments recognised in the prior and current periods have reduced the carrying value of these balances to a level at which we have determined that the recoverability of the balances is no longer part of the Key Audit Matter.

Goodwill and investment in subsidiaries - subjective estimate

Goodwill is tested for impairment at least annually whether or not indicators of impairment exist. For goodwill, the impairment assessment is performed by comparing the carrying amount of each CGU or group of CGUs to which goodwill is allocated with its recoverable amount being the higher of its value in use (VIU) or fair value less costs of disposal (FVLCD). Similarly, for investments in subsidiaries the carrying value of the investment in the subsidiary is compared with the recoverable amount of that investment being the higher of its VIU or FVLCD.

In determining the FVLCD, the key assumptions are forecast cash flows, market multiples (including applicable premiums/discounts) and discount rates (as applicable).

The resulting recoverable amounts, in particular for the CGU and investments in subsidiaries set out above, are subjective due to the inherent uncertainty in determining these assumptions and are therefore also susceptible to management bias.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the ii goodwill and certain investments in subsidiaries have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (notes 13 and A) disclose the sensitivity estimated by the Group and Parent Company.

Our response to the risk

We performed the procedures below rather than seeking to rely on any of the Group's controls because the nature of the balances are such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

Our sector expertise: We critically assessed the Group's assessment of whether there were any impairment indicators for the Parent Company's investment in subsidiaries, including comparing the carrying value of Parent Company's net assets with the Group's market capitalisation and considering the subsidiaries' business performance.

Our valuation expertise: Using our own valuation specialists, we assessed the appropriateness of the Group's FVLCD methodology and the appropriateness of the input assumptions used in calculating the FVLCD of the CGUs to which certain goodwill is allocated and of certain of the Parent Company's investment in subsidiaries.

Benchmarking assumptions: We compared the Group's assumptions to externally derived data in relation to key inputs such as market multiples and discount rates.

Sensitivity analysis: We performed our own sensitivity analysis which included assessing the effect of reasonable alternative assumptions in respect of forecast cash flows, market multiples (including applicable premiums/discounts) and discount rates (as applicable) to evaluate the impact on the FVLCD of the CGUs to which certain goodwill is allocated and of certain of the Parent Company's investment in subsidiaries.

Assessing transparency: We assessed whether the Group's disclosures (in respect of goodwill) and the Parent Company's disclosures (in respect of investment in subsidiaries) about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the recoverable amount of goodwill and investment in subsidiaries.

Communications with the abrdn plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our definition of the key audit matter relating to the recoverability of the ii goodwill and certain of the Parent Company's investments in subsidiaries including our assessment of the risks associated with individual goodwill balances.
- Our audit response to the key audit matter which included the use of specialists to challenge key aspects of the Group's and Parent

- Our audit response to the key audit matter which included the use of specialists to challenge key aspects of the Group's and Parent Company's determination of the recoverable amount and level of impairment.
- The findings of our procedures.

Areas of particular auditor judgement
We identified the following as the areas of particular auditor judgement:
- Subjective and complex auditor judgement was required in evaluating the key assumptions used by the Group and Parent Company (including forecast cash flows, market multiples (and applicable premiums/discounts) and discount rates (as applicable)).

Our findings
We found the Group's estimated recoverable amount of the ii goodwill to be balanced (2023: balanced) with proportionate (2023: proportionate) disclosures of the related assumptions and sensitivities.

We found the Parent Company's estimated recoverable amount of certain of its investments in subsidiaries and the related impairment charges to be balanced (2023: balanced) with proportionate (2023: proportionate) disclosures of the related assumptions and sensitivities.

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 105 to 113 for details on how the Audit Committee considered recoverability of the ii goodwill and of certain of the Parent Company's investments in subsidiaries as areas of significant attention, pages 199 to 205 for the accounting policy on goodwill and financial disclosures, page 273 for the investment in subsidiaries accounting policy and pages 275 to 278 for the investment in subsidiaries financial disclosures.

4.2 Valuation of the principal UK defined benefit pension scheme present value of funded obligation (Group)

Financial Statement Elements	2024	2023	Our assessment of risk vs 2023	Our findings
Present value of funded obligation:	**£1,552m**	£1,784m	←→ Our assessment is that the risk is similar to 2023. Market volatility remains high and the risk associated with the selection of economic assumptions remains similar to 2023.	**2024: Optimistic** 2023: Balanced

Description of the Key Audit Matter	Our response to the risk
Subjective valuation The present value of the Group's funded obligation for the principal UK defined benefit pension scheme is an area that involves significant judgement over the uncertain future settlement value. The Group is required to use judgement in the selection of key assumptions covering both operating assumptions and economic assumptions. The key operating assumptions are base mortality and mortality improvement. The key economic assumptions are the discount rate and inflation. The risk is that inappropriate assumptions are used in determining the present value of the funded obligation. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the pension scheme obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 31) disclose the sensitivity estimated by the Group.	We performed the procedures below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** **Assessing actuaries' credentials:** We evaluated the competency and objectivity of the Group's experts who assisted them in determining the actuarial assumptions used to calculate the defined benefit obligation. **Benchmarking assumptions**: We considered, with the support of our own actuarial specialists, the appropriateness of the base mortality assumption by reference to scheme and industry data on historical mortality experience and the outcome of the latest triennial report. We considered, with the support of our own actuarial specialists, the appropriateness of the mortality improvement assumptions by reference to industry-based expectations of future mortality improvements and the appropriateness of the discount rate and inflation assumptions by reference to industry practice. **Assessing transparency:** In conjunction with our own actuarial specialists, we considered whether the Group's disclosures in relation to the assumptions used in the calculation of the present value of the funded obligation appropriately represent the sensitivities of the obligation to the use of alternative assumptions.

Communications with the abrdn plc Audit Committee
Our discussions with and reporting to the Audit Committee included:
- Our identification of the key audit matter relating to the valuation of the defined benefit pension obligation.
- Our audit response to the key audit matter which included the use of our own specialists to challenge key aspects of the Group's actuarial valuation.
- The findings of our procedures.

Areas of particular auditor judgement
We identified the following as the areas of particular auditor judgement:
- Subjective and complex auditor judgement was required in evaluating the key assumptions used by the Group (including the discount rate, inflation and mortality assumptions).

Our findings
We found the Group's valuation of the Principal UK defined benefit pension scheme obligation to be optimistic (2023: balanced) with proportionate (2023: proportionate) disclosures of the related assumptions and sensitivities.

Further information in the Annual report and accounts: See the Audit Committee Report on pages 105 to 113 for details on how the Audit Committee considered the valuation of the UK defined benefit pension scheme obligation as an area of significant attention, page 230 for the accounting policy on the valuation of the UK defined benefit pension scheme obligation, and note 31 for the financial disclosures.

4.3 Revenue recognition: management fee revenue from contracts with customers (Group)

Financial Statement Elements	2024	2023	Our assessment of risk vs 2023	Our findings
Management fee income - Institutional and Retail Wealth	**£679m**	769m	←→ Our assessment is that the risk is similar to 2023. The nature and complexity of management fee calculations remains at a similar level to last year while market volatility and uncertainty remain.	**2024 and 2023: We found no significant items, either unadjusted or adjusted for**
Management fee income - Insurance Partners	**£116m**	£132m		

Description of the Key Audit Matter	Our response to the risk
Data capture and calculation error Revenue from contracts with customers is the most significant item in the consolidated income statement and represents one of the areas that had the greatest effect on the overall Group audit. In addition, market volatility and uncertainty has driven increased revenue focus. The balance comprises various revenue streams as outlined in note 3. The area of revenue which had the greatest effect on our overall Group audit and audit effort in the current period is management fee income (institutional, retail wealth and insurance partners), including associated management fee rebates, which is the most significant and, in certain areas, for example for segregated account management fee calculations, complex item. The nature and complexity of management fee calculations has remained largely stable year on year. The two key components in calculating management fee income are fee rates to be applied and the amount of assets under management (AUM) resulting in the following key risks: - **Fee rates:** There is a risk that fee rates have not been entered appropriately into the fee calculation and billing systems when clients are onboarded or agreements are amended. - **AUM:** There is a risk that AUM data from third-party service providers or client appointed administrators and/or custodians does not exist and/or is not accurate. - **Calculation:** There is a risk that management fee income, including associated rebates, is incorrectly calculated.	**Our procedures included:** We performed the detailed procedures below rather than seeking to rely on the Group's controls as our knowledge indicated that we would be unlikely to obtain the required evidence to support reliance on the controls. We assessed the design and operating effectiveness of controls at third party service providers over the production of AUM data that is used in calculating management fees and associated rebates. This included inspecting the internal controls reports prepared by relevant outsourced service organisations covering the design and operation of key controls over the production of AUM data used in the calculation of management fees. **Tests of details and substantive analytical procedures** We agreed a selection of fee rates and associated rebate rates used in the calculation to the investment management agreements (IMAs), fee letters or fund prospectuses outlining the effective fee rates. Where AUM data was obtained from third party service organisations (and where we had tested the controls over the AUM data) we independently calculated management fees. Where AUM data was obtained from a client appointed administrator and/or custodian (and so we could not test controls over the AUM data) we independently calculated management fees and/or agreed a selection of amounts billed and received to invoice and bank statements.

Communications with the abrdn plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our definition of the key audit matter relating to revenue recognition: management fee revenue from contracts with customers.
- Our audit response to the key audit matter which included use of data and analytics technology to complete certain of the recalculations.
- The findings of our procedures.

Our findings

- We found no significant items, either unadjusted or adjusted for, in the Group's management fee revenue from contracts with customers (2023: no significant items either unadjusted or adjusted for).

Further information in the Annual report and accounts: See page 187 for the accounting policy on revenue from contracts with customers and note 3 for the financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud - Identifying and responding to risks of material misstatement due to fraud	
Fraud risk assessment	To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: - Enquiring of the Directors, the Audit Committee, Group Internal Audit and the Group's Legal team and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud. - Reading Board and certain other committee minutes and attending Audit Committee and Risk and Capital Committee meetings. - Considering the findings of Group Internal Audit's reviews covering the financial year. - Considering remuneration incentive schemes and performance targets for management and the Directors.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition, given the lack of judgement involved in revenue recognition and the segregation of duties between management and third party service providers. In the current year we also continued to identify a fraud risk related to the recoverability of the Group's ii goodwill balance and Parent Company's ii investment in subsidiary balance given the size of the associated goodwill and investment in subsidiary balances that arose on acquisition and its significance to Group strategy going forward.
Link to KAMs	Further detail in respect of the risk of fraud over the recoverability of the Group's ii goodwill balance and the Parent Company's ii investment in subsidiary balance, including our procedure to compare certain key input assumptions to external market data, is set out in the key audit matter disclosures in section 4.1 of this report.
Procedures to address fraud risks	In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls. We also performed substantive audit procedures including: - Identifying journal entries and other adjustments to test for all Group components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by senior finance management and those posted to unusual accounts, as well as those which comprised unexpected posting combinations. - Evaluating the business purpose of significant unusual transactions. - Assessing significant accounting estimates for bias, including whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations - Identifying and responding to risks of material misstatement RELATING TO compliance with laws and regulations	
Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. For this risk assessment matters considered included the following: - Our general commercial and sector experience. - Discussion with the Directors and other management (as required by auditing standards). - Inspection of the Group's regulatory and legal correspondence. - Inspection of the policies and procedures regarding compliance with laws and regulation. As the Group and many of its subsidiaries are regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether there were any implications of identified breaches on our audit.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level. The potential effect of these laws and regulations on the financial statements varies considerably.
Direct laws context and link to audit	Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: - Specific areas of regulatory capital and liquidity; - Conduct, including Client Assets; - Anti-money laundering; and - Market abuse Regulation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.
Actual or suspected breaches discussed with AC	We discussed with the Audit Committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.
Context	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulation

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£13.2m (2023: £13.7m) **Materiality for the group financial statements as a whole**	**What we mean** A quantitative reference for the purpose of planning and performing our audit.
	Basis for determining materiality and judgements applied Materiality for the Group financial statements as a whole was set at £13.2m (2023: £13.7m). This was determined with reference to a benchmark of total revenue from contracts with customer Consistent with 2023, we determined that total revenue from contracts with customers remains the main benchmark for the Group as given the performance is such that a normalised profit benchmark would indicate materiality which is inappropriate for the size and scale of the Group. Our Group materiality of £13.2m was determined by applying a percentage to the total revenue from contracts with customers. When using a benchmark of total revenue from contracts with customers to determine overall materiality, KPMGs approach for listed entities considers a guideline range of 0.5% to 1.0% of the measure. In setting overall Group materiality, we applied a percentage of 1.0% (2023: 0.9%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £13.0m (2023: £13.0m), determined with reference to a benchmark of Parent Company total assets, limited to be less than materiality for the group financial statements as a whole (2023: no change). Our materiality was lower than we would have determined with reference to a benchmark of parent company total assets. It represents 0.2% (2023: 0.2%) of the stated benchmark.
£6.6m (2023: £6.9m) **Performance materiality**	**What we mean** Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.
	Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 50% (2023: 50%) of materiality for abrdn plc's Group financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £6.5m (2023: £6.5m), which equates to 50% (2023: 50%) of materiality for the Parent Company financial statements as a whole. We applied this reduced percentage in our determination of performance materiality for the Group and

	Parent Company financial statements in the current year as we identified specific factors indicating an elevated level of aggregation risk. These factors included the ongoing level of transformation and change impacting the Group's systems of internal control.
£0.66m (2023: £0.69m) **Audit misstatement posting threshold**	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to the Audit Committee.
	Basis for determining the audit misstatement posting threshold and judgements applied We set our audit misstatement posting threshold at 5% (2023: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £13.2m (2023: £13.7m) compares as follows to the main financial statement caption amounts:

	Total Group revenue		Group profit/(loss) before tax		Total Group assets	
	2024	2023	**2024**	2023	**2024**	2023
Financial statement caption	**£1,370m**	£1,474m	**£251m**	(£6m)	**£7,721m**	£8,031m
Group materiality as % of caption	**1.0%**	0.9%	**5.3%**	(228.3%)	**0.2%**	0.2%

7. The scope of our audit

Group Scope

What we mean
How the Group auditor determined the procedures to be performed across the Group.

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement (RMMs). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 313 components, having considered our evaluation of the Group's operational and legal structure and our ability to perform audit procedures centrally.

Of those, we identified quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected additional components with accounts contributing to the specific risks of material misstatement of the Group financial statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	7	£4.6m - £5.9m
Other components where we performed procedures	10	£1.3m - £5.2m
Total	**17**	

We involved component auditors in performing the audit work on 11 components. We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We performed the audit of the parent Company.

Our audit procedures covered 86% of Group revenue from contracts with customers. We performed audit procedures in relation to components that accounted for 91% of Group total assets and 83% of Group profit before tax.

For the remaining components for which we performed no audit procedures, no component represented more than 3% of Group total revenue from contracts with customers, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components. This included consideration of the work that had been performed over certain balances at a group level, including over Staff Bonuses and Taxation.

Controls approach for group audit
abrdn relies on the effectiveness of a number of IT systems and applications to ensure that financial transactions are recorded completely and accurately. The main financial accounting, reporting (including consolidation), invoice and billing systems and the interactive investor (ii) and Adviser platforms were identified as key IT systems relevant to our audit. The IT systems for the Group and Investments business are primarily managed from the centralised IT function in the UK and certain of these were evaluated by IT specialists who were part of the Group audit team. Other relevant IT systems were evaluated by component IT specialists to determine whether these could be relied upon. These included the IT systems and applications for the Adviser business and ii which have systems managed locally.

At certain components of the Group, we identified control deficiencies relating to the posting, review and approval of manual journals. We modified our audit approach by assessing compensating controls and by enhancing our selection criteria in the testing of manual journal entries.

For the Investments business we tested and relied on key manual and automated controls related to the billing process operated by third party service organisations as well as the Group's oversight of relevant third-party service organisations, as discussed in the "Revenue recognition: management fee revenue from contracts with customers" key audit matter

	as discussed in the "Revenue recognition: management fee revenue from contracts with customers" key audit matter above. We assessed the status of remediation of prior year findings in respect of internal controls operated by the Group over invoicing and billing processes, ahead of the year end, and subsequently concluded that we would not rely on these controls as completion of strengthening and enhancing of these controls remained ongoing. Our overall audit response was largely substantive due to the nature of the identified key audit matters, and also deficiencies in certain controls in place in areas that we may have sought to rely on controls. The Audit Committee has discussed these internal control matters, and management's actions to remediate them, on page 111. We performed incremental procedures to respond to the deficiencies in the control environment as outlined at 4.3 Revenue recognition: management fee revenue from contracts with customers.
Group auditor oversight	**What we mean** The extent of the Group auditor's involvement in work performed by component auditors. As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matter in respect of recognition of management fee revenue from contracts with customers. We visited each of the four component auditors not located in the UK to assesses the audit risks and strategy. Video and telephone conference meetings were also held with these component auditors. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors. We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work performed over the recognition of management fee revenue from contracts with customers.

8. Other information in the annual report and accounts

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information	
Our responsibility Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	**Our reporting** Based solely on that work we have not identified material misstatements or inconsistencies in the other information.
Strategic report and directors' report	
Our responsibility and reporting Based solely on our work on the other information described above we report to you as follows: - We have not identified material misstatements in the strategic report and the Directors' report. - In our opinion the information given in those reports for the financial year is consistent with the financial statements. - In our opinion those reports have been prepared in accordance with the Companies Act 2006.	
Directors' remuneration report	
Our responsibility We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.	**Our reporting** In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Corporate governance disclosures	
Our responsibility We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: - The Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. - The section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed. - The section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	**Our reporting** Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.
Other matters on which we are required to report by exception	
Our responsibility Under the Companies Act 2006, we are required to report to you if, in our opinion: - Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or - The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or - Certain disclosures of Directors' remuneration specified by law are not made; or - We have not received all the information and explanations we require for our audit.	**Our reporting** We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 149, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and Parent 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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Faulkner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

3 March 2025

Group financial statements

Consolidated income statement

For the year ended 31 December 2024

	Notes	**2024** £m	2023 £m
Revenue from contracts with customers	3	**1,370**	1,474
Cost of sales	3	**(65)**	(76)
Net operating revenue		**1,305**	1,398
Restructuring and corporate transaction expenses	5	**(100)**	(152)
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts	5	**(9)**	(63)
Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts	5	**(120)**	(126)
Staff costs and other employee-related costs	5	**(510)**	(529)
Other administrative expenses	5	**(574)**	(593)
Total administrative and other expenses		**(1,313)**	(1,463)
Net gains or losses on financial instruments and other income			
Fair value movements and dividend income on significant listed investments	4	**29**	(114)
Other net gains or losses on financial instruments and other income	4	**131**	116
Total net gains or losses on financial instruments and other income		**160**	2

Total net gains or losses on financial instruments and other income		**160**	2
Finance costs		**(25)**	(25)
Profit on disposal of subsidiaries and other operations	1	**89**	79
Profit on disposal of interests in associates	1	**11**	-
Reversal of impairment	14	**-**	2
Share of profit or loss from associates and joint ventures	14	**24**	1
Profit/(loss) before tax		**251**	(6)
Tax (expense)/credit	9	**(3)**	18
Profit for the year		**248**	12
Attributable to:			
Equity shareholders of abrdn plc		**237**	1
Other equity holders	28	**11**	11
		248	12
Earnings per share			
Basic (pence per share)	10	**13.2**	0.1
Diluted (pence per share)	10	**13.0**	0.1

The Notes on pages 176 to 269 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Notes	**2024 £m**	2023 £m
Profit for the year		**248**	12
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit pension plans	31	**24**	(139)
Share of other comprehensive income of associates and joint ventures	14	**6**	(4)
Total items that will not be reclassified subsequently to profit or loss		**30**	(143)
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on cash flow hedges	18	**20**	(40)
Exchange differences on translating foreign operations		**(2)**	(35)
Share of other comprehensive income of associates and joint ventures	14	**(53)**	(27)
Items transferred to the consolidated income statement			
Fair value (gains)/losses on cash flow hedges	18	**(18)**	28
Realised foreign exchange (gains)	1	**-**	(1)
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	9	**-**	3
Total items that may be reclassified subsequently to profit or loss		**(53)**	(72)
Other comprehensive income for the year		**(23)**	(215)
Total comprehensive income for the year		**225**	(203)
Attributable to:			
Attributable to:			
Equity shareholders of abrdn plc		**214**	(214)
Other equity holders	28	**11**	11
		225	(203)

The Notes on pages 176 to 269 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2024

	Notes	**2024 £m**	2023 £m
Assets			
Intangible assets	13	**1,474**	1,578

Pension and other post-retirement benefit assets	31	**786**	740
Investments in associates and joint ventures accounted for using the equity method	14	**205**	229
Property, plant and equipment	15	**135**	163
Deferred tax assets	9	**197**	215
Financial investments	17	**1,818**	2,047
Receivables and other financial assets	19	**1,024**	1,071
Current tax recoverable	9	**23**	10
Other assets	20	**54**	77
Assets held for sale	21	**17**	19
Cash and cash equivalents	22	**1,321**	1,196
		7,054	7,345
Assets backing unit linked liabilities	23		
Financial investments		**649**	669
Receivables and other unit linked assets		**4**	4
Cash and cash equivalents		**14**	13
		667	686
Total assets		**7,721**	8,031

	Notes	**2024 £m**	2023 £m
Liabilities			
Third party interest in consolidated funds	29	**184**	187
Subordinated liabilities	30	**597**	599
Pension and other post-retirement benefit provisions	31	**8**	12
Deferred tax liabilities	9	**101**	129
Current tax liabilities	9	**3**	6
Derivative financial liabilities	29	**3**	9
Other financial liabilities	32	**1,048**	1,241
Provisions	33	**64**	66
Other liabilities	33	**7**	4
Liabilities of operations held for sale	21	**-**	2
		2,015	2,255
Unit linked liabilities	23		
Investment contract liabilities		**665**	684
Other unit linked liabilities		**2**	2
		667	686
Total liabilities		**2,682**	2,941
Equity			
Share capital	24	**257**	257
Shares held by trusts	25	**(123)**	(141)
Share premium reserve	24	**640**	640
Retained earnings	26	**4,480**	4,449
Other reserves	27	**(427)**	(327)
Equity attributable to equity shareholders of abrdn plc		**4,827**	4,878
Other equity	28	**207**	207
Non-controlling interests - ordinary shares	28	**5**	5
Total equity		**5,039**	5,090
Total equity and liabilities		**7,721**	8,031

The Notes on pages 176 to 269 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 169 to 269 were approved by the Board and signed on its behalf by the following Directors:

Sir Douglas Flint
Chair
3 March 2025

Jason Windsor
Chief Executive Officer
3 March 2025

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Total equity attributable	Non-controlling

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	to equity shareholders of abrdn plc £m	Other equity £m	interests - ordinary shares £m	Total equity £m
1 January 2024		**257**	**(141)**	**640**	**4,449**	**(327)**	**4,878**	**207**	**5**	**5,090**
Profit for the year		-	-	-	**237**	-	**237**	**11**	-	**248**
Other comprehensive income for the year		-	-	-	**(23)**	-	**(23)**	-	-	**(23)**
Total comprehensive income for the year	26,27	-	-	-	**214**	-	**214**	**11**	-	**225**
Issue of share capital	24	-	-	-	-	-	-	-	-	-
Dividends paid on ordinary shares	12	-	-	-	**(260)**	-	**(260)**	-	-	**(260)**
Interest paid on other equity	28	-	-	-	-	-	-	**(11)**	-	**(11)**
Reserves credit for employee share-based payments	27	-	-	-	-	**26**	**26**	-	-	**26**
Transfer to retained earnings for vested employee share-based payments	26,27	-	-	-	**32**	**(32)**	-	-	-	-
Transfer between reserves on impairment of subsidiaries	26,27	-	-	-	**94**	**(94)**	-	-	-	-
Shares acquired by employee trusts	25	-	**(26)**	-	-	-	**(26)**	-	-	**(26)**
Shares distributed by employee and other trusts and related dividend equivalents	25,26	-	**44**	-	**(48)**	-	**(4)**	-	-	**(4)**
Aggregate tax effect of items recognised directly in equity		-	-	-	**(1)**	-	**(1)**	-	-	**(1)**
31 December 2024		**257**	**(123)**	**640**	**4,480**	**(427)**	**4,827**	**207**	**5**	**5,039**

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings[1] £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc[1] £m	Other equity £m	Non-controlling interests - ordinary shares £m	Total equity[1] £m
31 December 2022		280	(149)	640	4,986	(129)	5,628	207	7	5,842
Effect of application of IFRS 9 on Investments in associates and joint ventures accounted for using the equity method[1]		-	-	-	51	-	51	-	-	51
1 January 2023		280	(149)	640	5,037	(129)	5,679	207	7	5,893
Profit for the year		-	-	-	1	-	1	11	-	12
Other comprehensive income for the year		-	-	-	(170)	(45)	(215)	-	-	(215)
Total comprehensive income for the year	26,27	-	-	-	(169)	(45)	(214)	11	-	(203)
Issue of share capital	24	-	-	-	-	-	-	-	-	-
Dividends paid on ordinary shares	12	-	-	-	(279)	-	(279)	-	-	(279)
Interest paid on other equity	28	-	-	-	-	-	-	(11)	-	(11)
Share buyback	24,26,27	(23)	-	-	(302)	23	(302)	-	-	(302)
Other movements in non-controlling interests in the year	28	-	-	-	-	-	-	-	(2)	(2)
Reserves credit for employee share-based payments	27	-	-	-	-	24	24	-	-	24
Transfer to retained earnings for vested employee share-based payments	26,27	-	-	-	31	(31)	-	-	-	-
Transfer between reserves on impairment of subsidiaries	26,27	-	-	-	169	(169)	-	-	-	-
Shares acquired by employee trusts	25	-	(27)	-	-	-	(27)	-	-	(27)
Shares distributed by employee and other trusts and related dividend equivalents	25,26	-	35	-	(38)	-	(3)	-	-	(3)
31 December 2023		257	(141)	640	4,449	(327)	4,878	207	5	5,090

1. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited (HASL), applied IFRS 9 at 1 January 2023 following the implementation of the new insurance contracts standard, IFRS 17. In line with the approach adopted by the Group on its implementation of IFRS 9 on 1 January 2019, the 2022 comparatives were not restated for HASL's adoption of IFRS 9. The impact of

HASL adopting IFRS 9 was recognised in retained earnings at 1 January 2023.

The Notes on pages 176 to 269 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Profit/(loss) before tax		**251**	(6)
Change in operating assets	37	**112**	157
Change in operating liabilities	37	**(202)**	(109)
Adjustment for non-cash movements in investment income		**-**	3
Other non-cash and non-operating items	37	**77**	210
Taxation paid[1]		**(25)**	(34)
Net cash flows from operating activities		**213**	221
Cash flows from investing activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7)**	(18)
Proceeds from sale of property, plant and equipment		**1**	-
Acquisition of subsidiaries and unincorporated businesses net of cash acquired	1(b)	**-**	(108)
Disposal of subsidiaries net of cash disposed of	37	**49**	139
Acquisition of investments in associates and joint ventures	14	**-**	(2)
Proceeds in relation to contingent consideration	36	**7**	21
Payments in relation to contingent consideration	36	**(9)**	(12)
Disposal of investments in associates and joint ventures	1(c)	**20**	-
Purchase of financial investments		**(138)**	(445)
Proceeds from sale or redemption of financial investments	17	**360**	1,029
Taxation paid on sale or redemption of financial investments[1]		**-**	(41)
Prepayment in respect of potential acquisition of customer contracts	39(b)	**1**	20
Acquisition of intangible assets		**(26)**	(41)
Net cash flows from investing activities		**258**	542
Cash flows from financing activities			
Payment of lease liabilities - principal		**(23)**	(24)
Payment of lease liabilities - interest		**(6)**	(6)
Shares acquired by trusts		**(26)**	(27)
Interest paid on subordinated liabilities and other equity		**(38)**	(20)
Other interest paid		**(3)**	(3)
Cash received relating to collateral held in respect of derivatives hedging subordinated liabilities		**14**	(50)
Share buyback	24	**-**	(302)
Ordinary dividends paid	12	**(260)**	(279)
Net cash flows from financing activities		**(342)**	(711)
Net increase in cash and cash equivalents		**129**	52
Cash and cash equivalents at the beginning of the year		**1,210**	1,166
Effects of exchange rate changes on cash and cash equivalents		**(4)**	(8)
Cash and cash equivalents at the end of the year	22	**1,335**	1,210
Supplemental disclosures on cash flows from operating activities			
Interest received		**93**	85
Dividends received		**82**	91
Rental income received on investment property		**2**	3

1. Total taxation paid was £25m in 2024 (2023: £75m).

The Notes on pages 176 to 269 are an integral part of these consolidated financial statements.

Presentation of consolidated financial statements

The Group's significant accounting policies are included at the beginning of the relevant notes to the consolidated financial statements. This section sets out the basis of preparation, a summary of the Group's critical accounting estimates and judgements in applying accounting policies, and other significant accounting policies which have been applied to the financial statements as a whole.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of owner-occupied property, derivative instruments and other financial assets and financial liabilities at fair value through profit or loss (FVTPL).

Climate risks have been taken into consideration in the preparation of the consolidated financial statements, primarily in relation to fair value calculations and impairment assessments. Refer Note 34(a) for further details of our consideration of climate impact including our current assessment that the impact on the consolidated financial statements is not material.

The principal accounting policies set out in these consolidated financial statements have been consistently applied to all financial reporting periods presented except as described below.

(a)(i) New standards, interpretations and amendments to existing standards that have been adopted by the Group

The Group has adopted the following new International Financial Reporting Standards (IFRSs), interpretations and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2024.

Amendments to existing standards

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1.
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16.
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

The Group's accounting policies have been updated to reflect these other amendments. Management considers the implementation of the above amendments to existing standards has had no significant impact on the Group's financial statements.

(a)(ii) Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's annual accounting periods beginning after 1 January 2024. The Group has not early adopted the standards, amendments and interpretations described below.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

IFRS 18 was issued in April 2024 and will replace IAS 1 Presentation of Financial Statements. This standard includes a number of changes to the current presentation and disclosure requirements under IAS 1 including:

- The categorisation of income and expenses in the consolidated income statement into five new categories: operating, investing, financing, income taxes and discontinued operations based on an entity's main business activities.
- The disclosure of new mandatory IFRS subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- The introduction of a new concept of management-defined performance measure (MPM) with related disclosure requirements including the disclosure of information on MPMs within a single note to the financial statements.
- Additional guidance on whether to 'present' information in the primary financial statements or 'disclose' in the notes and on the levels of the aggregation permitted or disaggregation required.

Our assessment of the impact on the Group's future financial reporting from the implementation of IFRS 18, which has not yet been endorsed by the UK Endorsement Board, is currently ongoing. IFRS 18 will have no impact on the Group's recognition or measurement.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027)

IFRS 19 was issued in May 2024 and specifies the disclosure requirements that allows eligible entities to apply reduced

IFRS 19 was issued in May 2024 and specifies the disclosure requirements that allow eligible entities to apply reduced disclosures while still applying the recognition, measurement and presentational requirements in other IFRS accounting standards. The Company is not an eligible entity and will not be permitted to apply IFRS 19, which has not yet been endorsed by the UK Endorsement Board, to its Company or consolidated financial statements. The Group's subsidiaries will, however, consider in due course if the application of IFRS 19 would be beneficial where they qualify as eligible entities.

Other

There are no other new standards, interpretations and amendments to existing standards that have been published that are expected to have a significant impact on the consolidated financial statements of the Group.

(a)(iii) Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements requires management to exercise judgements in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses arising during the year. Judgements and sources of estimation uncertainty are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where judgements have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

Financial statement area	Critical judgements in applying accounting policies	Related note
Defined benefit pension plans	Assessment of whether the Group has an unconditional right to a refund of the surplus. Treatment of tax relating to the surplus.	Note 31

The following changes have been made to the Group's critical judgements:

- As the Group has not made any significant acquisitions in 2024, the identification and valuation of intangible assets arising from business combinations, and the determination of useful lives is not considered as a critical judgement in 2024.

There are no other changes to critical judgements in applying accounting policies from the prior year.

The areas where assumptions and other sources of estimation uncertainty at the end of the reporting period have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Financial statement area	Critical accounting estimates and assumptions	Related note
Intangible assets	Determination of the recoverable amount in relation to the impairment of certain goodwill.	Note 13
Financial instruments at fair value through profit or loss	Determination of the fair value of contingent consideration liabilities relating to the acquisition of Tritax.	Notes 34 and 36
Defined benefit pension plans	Determination of principal UK pension plan assumptions for mortality, discount rate and inflation.	Note 31

There are no changes to the critical accounting estimates and assumptions from the prior year.

Further detail on critical accounting estimates and assumptions is provided in the relevant note.

(a)(iv) Foreign currency translation

The consolidated financial statements are presented in million pounds Sterling.

The statements of financial position of Group entities, including associates and joint ventures accounted for using the equity method, that have a different functional currency than the Group's presentation currency are translated into the presentation currency at the year end exchange rate and their income statements and cash flows are translated at average exchange rates for the year. All resulting exchange differences arising are recognised in other comprehensive income and the foreign currency translation reserve in equity. On disposal of a Group entity the cumulative amount of any such exchange differences recognised in other comprehensive income is reclassified to profit or loss.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Gains and losses arising from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the relevant line in the consolidated income statement.

Translation differences on non-monetary items, such as equity securities held at fair value through profit or loss, are reported as part of the fair value gain or loss within Net gains or losses on financial instruments and other income in the consolidated income statement. Translation differences on financial assets and liabilities held at amortised cost are included in the relevant line in the consolidated income statement.

(a)(v) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic report. This includes details on our liquidity and capital management and our viability statement in the Chief Financial Officer's overview section and our principal risks in the Risk management section including the impacts of the macroeconomic environment and global and regional geopolitical events on these principal risks. In addition, these financial statements include notes on the Group's subordinated liabilities (Note 30), management of its risks including market, credit and liquidity risk (Note 34), its contingent liabilities and commitments (Notes 38 and 39), and its capital structure and position (Note 42).

In preparing these financial statements on a going concern basis, the Directors have considered the following matters and have taken into account market uncertainty:

- The Group has cash and liquid resources of £1.7bn at 31 December 2024. In addition, the Company has a revolving credit facility of £400m as part of our contingency funding plans. This was refinanced on 5 February 2025 and is due to mature in 2028, with the option to extend for a further two years. It remains undrawn.
- The Group's indicative regulatory Common Equity Tier 1 (CET1) capital surplus on an IFPR basis was £875m in excess of capital requirements at 31 December 2024. The regulatory CET1 capital surplus does not include the value of the Group's significant listed investment in Phoenix Group Holdings (Phoenix).
- The Group performs regular stress and scenario analysis as described in the Annual report and accounts 2024 Viability statement. The diverse range of management actions available meant the Group would be able to withstand these extreme stresses.
- The Group's operational resilience processes have operated effectively during the period including the provision of services by key outsource providers.

Based on a review of the above factors the Directors are satisfied that the Group and Company have and will maintain sufficient resources to enable them to continue operating for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis. There were no material uncertainties relating to this going concern conclusion.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiaries.

Subsidiaries are all entities (including investment vehicles) over which the Group has control. Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For operating entities this generally accompanies a shareholding of 50% or more in the entity. For investment vehicles, including structured entities, the control assessment also considers the removal rights of other investors and whether the Group acts as principal or agent in assessing the link between power and variable returns. In determining whether the Group acts as principal, and therefore controls the entity, the removal rights of other investors and the magnitude of the variability associated with the returns are also taken into account. As a result, the Group often is considered to control investment vehicles in which its shareholding is less than 50%.

Where the Group is considered to control an investment vehicle, such as an open-ended investment company, a unit trust or a limited partnership, and it is therefore consolidated, the interests of parties other than the Group are assessed to determine whether they should be classified as liabilities or as non-controlling interests. The liabilities are recognised in the third party interest in consolidated funds line in the consolidated statement of financial position and any movements are recognised in the consolidated income statement. The financial liability is designated at fair value through profit or loss (FVTPL) as it is implicitly managed on a fair value basis as its value is directly linked to the market value of the underlying portfolio of assets. The interests of parties other than the Group in all other types of entities are recorded as non-controlling interests.

All intra-group transactions, balances, income and expenses are eliminated in full.

The Group uses the acquisition method to account for acquisitions of businesses. At the acquisition date the assets and liabilities of the business acquired and any non-controlling interests are identified and initially measured at fair value on the consolidated statement of financial position.

When the Group acquires or disposes of a subsidiary, the profits and losses of the subsidiary are included from the date on which control was transferred to the Group until the date on which it ceases, with consistent accounting policies applied across all entities throughout.

Notes to the Group financial statements

1. Group structure

(a) Composition

The following diagram is an extract of the Group structure at 31 December 2024 and gives an overview of the composition of the Group.

Diagram removed for the purposes of this announcement. However it can be viewed in full in the pdf document

A full list of the Company's subsidiaries is provided in Note 44

A full list of the Company's subsidiaries is provided in Note 44.

(b) Acquisitions

(b)(i) Prior year acquisitions of subsidiaries

Healthcare fund management capabilities of Tekla Capital Management

On 27 October 2023, abrdn Inc. purchased the healthcare fund management capabilities of Tekla Capital Management LLC (Tekla) through a purchase agreement. Tekla's investment team transferred to the Group as part of the agreement. The assets under management at the acquisition date were £2.3bn. At acquisition the cash consideration was £108m and the fair value of deferred and contingent consideration was £11m. The acquisition further strengthens abrdn's closed-end fund business and allows the Group to draw on Tekla's expertise in investing in the healthcare sector as it looks to build out its offering in this area.

(c) Disposals

(c)(i) Current year disposal of subsidiaries and other operations

During 2024, the Group made three significant disposals of subsidiaries and other operations:

- On 26 April 2024, the Group completed the sale of its European-headquartered Private Equity business to Patria Investments.
- On 2 July 2024, the Group completed the sale of threesixty services, its adviser support services business, to the Fintel group.
- On 13 December 2024, the Group completed the sale of 80% of the share capital of Focus Business Solutions (FBS) to Focus Advice Technology Holdings Limited. The sale included the operations of the Group's digital innovation group.

The Group's European-headquartered Private Equity business and the threesixty services were reported in the Investments and Adviser segments respectively. DIG was reported within Other business operations and corporate costs.

Profit or (loss) on disposal of subsidiaries and other operations for the year ended 31 December 2024 have been summarised below.

	2024 £m
Disposal of European-headquartered Private Equity business	92
Disposal of threesixty services	9
Disposal of FBS	(12)
Profit on disposal of subsidiaries and other operations for the year ended 31 December 2024	**89**

European-headquartered Private Equity business

The gain on sale, which is included in profit on disposals of subsidiaries and other operations in the consolidated income statement for the year ended 31 December 2024 for the European-headquartered Private Equity business was calculated as follows:

	£m
Total assets of operations disposed of	(29)
Total liabilities of operations disposed of	11
Net assets of operations disposed of	**(18)**
Cash consideration (less transaction costs) and outstanding intercompany balances[1,2]	74
Fair value of deferred/contingent consideration and retained interest[3]	36
Gain on sale before tax[4]	**92**

1. Included in cash consideration is £12m for additional upfront consideration which was determined based on the net assets of the European-headquartered Private Equity business following a number of adjustments detailed in the sale price agreement and has now been agreed with Patria Investments.
2. Following the completion of the sale, £5m relating to a number of unsettled outstanding intercompany balances which previously eliminated on consolidation are now recognised as an asset of the Group.
3. The Group has also retained certain carried interest entitlements which have been recognised in the consolidated statement of financial position at a fair value of £6m.
4. The provisional gain on sale reported in the Group's HY24 results was £88m. The Group has now agreed with Patria Investments an additional £4m payment comprising of a £2m uplift in the additional upfront consideration and a £2m payment of additional unsettled outstanding balances which were previously intercompany balances.

Prior to the completion of the sale, the European-headquartered Private Equity business was classified as an operation held for sale (refer Note 21).

threesixty services

The gain on sale, which is included in profit on disposals of subsidiaries and other operations in the consolidated income statement for the year ended 31 December 2024 for threesixty services was calculated as follows:

	£m
Total assets of operations disposed of	(7)
Total liabilities of operations disposed of	2
Net assets of operations disposed of	**(5)**
Cash consideration (less transaction costs)	14
Gain on sale before tax	**9**

FBS

The loss on sale, which is included in profit on disposals of subsidiaries and other operations in the consolidated income statement for the year ended 31 December 2024 for FBS was calculated as follows:

	£m
Total assets of operations disposed of	(14)
Total liabilities of operations disposed of	2
Net assets of operations disposed of	**(12)**
Cash consideration (less transaction costs)	-
Fair value of retained holding[1]	-
Loss on sale before tax	**(12)**

1. The Group's 20% retained holding in FBS has been recognised as an investment in an associate accounted for using the equity method at an initial fair value of £nil.

(c)(ii) Current year disposal of joint ventures

Virgin Money Unit Trust Managers (Virgin Money UTM)

Profit on disposal of interests in joint ventures for the year ended 31 December 2024 of £11m relates to the sale of the Group's interest in Virgin Money UTM to its joint venture partner, Clydesdale Bank, on 2 April 2024 for a cash consideration of £20m. Prior to the sale, the Group's interest in Virgin Money UTM was classified as held for sale and had a carrying value of £9m (refer Note 21). The interest in Virgin Money UTM did not form part of the Group's reportable segments.

(c)(iii) Prior year disposal of subsidiaries and other operations

During 2023, the Group made two material disposals of subsidiaries and other operations:

- On 1 September 2023, the Group completed the sale of abrdn Capital Limited (aCL), its discretionary fund management business, to LGT UK Holdings Limited.
- On 2 October 2023, the Group completed the sale of its US Private Equity and Venture Capital capabilities to HighVista Strategies LLC.

aCL and the Group's US Private Equity and Venture Capital capabilities were reported in the ii and Investments segments respectively.

Other disposals included the sale of abrdn Australia Ltd to Melbourne Securities Corporation Limited on 1 July 2023. The disposal is not considered material to the Group.

Profit on disposal of subsidiaries and other operations for the year ended 31 December 2023 have been summarised below.

	2023 £m
Disposal of aCL	58
Disposal of US Private Equity and Venture Capital capabilities	22
Other disposals	(1)
Profit on disposal of subsidiaries and other operations for the year ended 31 December 2023	79

On disposal, a net gain of £1m was recycled from the translation reserve and was included in determining the profit on disposal of subsidiaries and other operations for the year ended 31 December 2023.

2. Segmental analysis

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. IFRS 8 Operating Segments requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker'.

(a) Basis of segmentation

Reportable segments

interactive investor (ii)

ii, our direct investing platform and our financial planning business, abrdn Financial Planning and Advice. It also included the Group's discretionary fund management business until the completion of the sale of aCL on 1 September 2023. Refer Note 1 (c)

(iii) for further details.

Adviser
Our UK financial adviser business which provides platform services to wealth managers and advisers along with the Group's Managed Portfolio Service (MPS) business. It also included threesixty services until its sale on 2 July 2024. Refer Note 1(c)(i) for further details.

Investments
Our global asset management business which provides investment solutions for Institutional, Retail Wealth and Insurance Partners clients.

In addition to the Group's reportable segments above, the analysis of adjusted profit in Section b(i) below also reports the following:

Other business operations and corporate costs (Other)
Other comprises Finimize along with certain corporate costs. It also included the Group's digital innovation group until the partial sale of FBS on 13 December 2024. Refer Note 1(c)(i) for further details.

These are all reported to the level of adjusted operating profit.

(b) Reportable segments - adjusted profit and revenue information

(b)(i) Analysis of adjusted profit

Adjusted operating profit is presented by reportable segment in the table below.

31 December 2024	Notes	ii £m	Adviser £m	Investments £m	Other £m	Total £m
Adjusted net operating revenue[1]		**278**	**237**	**797**	**9**	**1,321**
Adjusted operating expenses		**(162)**	**(111)**	**(736)**	**(57)**	**(1,066)**
Adjusted operating profit		**116**	**126**	**61**	**(48)**	**255**
Adjusted net financing costs and investment return						**99**
Adjusted profit before tax						**354**
Tax on adjusted profit						**(70)**
Adjusted profit after tax						**284**
Adjusted for the following items						
Restructuring and corporate transaction expenses	5					**(100)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	5					**(129)**
Change in fair value of significant listed investments	4					**(27)**
Profit on disposal of subsidiaries and other operations	1					**89**
Profit on disposal of interests in joint ventures						**11**
Dividends from significant listed investments	4					**56**
Share of profit or loss from associates and joint ventures	14					**24**
Other	11					**(27)**
Total adjusting items including results of associates and joint ventures						**(103)**
Tax on adjusting items						**67**
Profit attributable to other equity holders						**(11)**
Profit for the year attributable to equity shareholders of abrdn plc						**237**
Profit attributable to other equity holders						**11**
Profit for the year						**248**

1. The measure of segmental revenue has been renamed from net operating revenue to adjusted net operating revenue. See Note 3(c) for a reconciliation of these revenue measures.

Adjusted net operating revenue is reported as the measure of revenue in the analysis of adjusted operating profit and relates to revenues generated from external customers.

In the year ended 31 December 2024, transactions with one external customer amounted to more than 10% of adjusted net operating revenue (2023: one). This adjusted net operating revenue[1] of £151m (2023: £150m) is included in the Investments and Adviser segments.

Adjusted operating expenses includes depreciation and amortisation of £31m (2023: £33m); £24m (2023: £26m) for the Investments segment; £5m (2023: £5m) for the ii segment; and £2m (2023: £2m) for the Adviser segment. Interest income, interest expense and income tax expense are not included in adjusted operation profit and are not analysed by segment in the information provided to the 'Chief Operating Decision Maker'.

Assets and liabilities by segment are not required to be presented as such information is not presented on a regular basis to the 'Chief Operating Decision Maker'.

31 December 2023	Notes	ii £m	Adviser £m	Investments £m	Other £m	Total £m
Adjusted net operating revenue[1]		287	224	878	9	1,398
Adjusted operating expenses		(173)	(106)	(828)	(42)	(1,149)
Adjusted operating profit		114	118	50	(33)	249
Adjusted net financing costs and investment return						81
Adjusted profit before tax						330
Tax on adjusted profit						(50)
Adjusted profit after tax						280
Adjusted for the following items						
Restructuring and corporate transaction expenses	5					(152)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	5					(189)
Profit on disposal of subsidiaries and other operations	1					79
Change in fair value of significant listed investments	4					(178)
Dividends from significant listed investments	4					64
Share of profit or loss from associates and joint ventures	14					1
Reversal of impairment of interests in joint ventures	14					2
Other	11					37
Total adjusting items including results of associates and joint ventures						(336)
Tax on adjusting items						68
Profit attributable to other equity holders						(11)
Profit for the year attributable to equity shareholders of abrdn plc						1
Profit attributable to other equity holders						11
Profit for the year						12

1. The measure of segmental revenue has been renamed from net operating revenue to adjusted net operating revenue. See Note 3(c) for a reconciliation of these revenue measures.

(b)(ii) Reconciliation to the consolidated income statement

Adjusted net operating revenue

The reconciliation of adjusted net operating revenue, as presented in the analysis of Group adjusted profit by segment to revenue from contracts with customers, as presented in the consolidated income statement, is included in Note 3.

Adjusted operating expenses

The following table provides a reconciliation of adjusted operating expenses, as presented in the analysis of Group adjusted profit by segment, to total administrative and other expenses, as presented in the consolidated income statement.

	2024 £m	2023 £m
Total administrative and other expenses as presented in the consolidated income statement	**(1,313)**	(1,463)
Restructuring and corporate transaction expenses included in adjusting items	**100**	152
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts included in adjusting items	**129**	189
Administrative and other expenses relating to the unit linked business	**-**	1
Other differences	**18**	(28)
Adjusted operating expenses as presented in the analysis of Group adjusted profit by segment	**(1,066)**	(1,149)

Other differences relate to items presented in adjusted net financing costs and investment return for segment reporting (see commentary under table below) and other items classified as adjusting items (refer Note 11).

Adjusted net financing costs and investment return

The following table provides a reconciliation of adjusted net financing costs and investment return, as presented in the analysis of Group adjusted profit by segment, to Net gains or losses on financial instruments and other income, as presented in the consolidated income statement.

	2024 £m	2023 £m
Net gains or losses on financial instruments and other income as presented in the consolidated income statement	**160**	2

Finance costs separately disclosed in the consolidated income statement	**(25)**	(25)
Change in fair value of significant listed investments included in adjusting items	**27**	178
Dividends from significant listed investments included in adjusting items	**(56)**	(64)
Net gains or losses on financial instruments and other income relating to the unit linked business	**1**	(4)
Other differences	**(8)**	(6)
Adjusted net financing costs and investment return as presented in the analysis of Group adjusted profit by segment	**99**	81

Other differences primarily relate to amounts presented in a different line item of the consolidated income statement and other items classified as adjusting items. This includes the net interest credit relating to the staff pension schemes of £22m (2023: £34m) which is presented in total administrative and other expenses in the consolidated income statement and in adjusted net financing costs and investment return in the analysis of Group adjusted profit by segment.

(c) Total adjusted net operating revenue by geographical location

Total adjusted net operating revenue[1] split by geographical location is as follows:

	2024 £m	2023 £m
UK	**985**	1,037
Europe, Middle East and Africa	**96**	107
Asia Pacific	**116**	137
Americas	**124**	117
Total	**1,321**	1,398

1. Adjusted net operating revenue is allocated based on legal entity revenue recognition.

(d) Non-current non-financial assets by geographical location

	2024 £m	2023 £m
UK	**1,462**	1,565
Europe, Middle East and Africa	**10**	33
Asia Pacific	**10**	13
Americas	**127**	130
Total	**1,609**	1,741

Non-current non-financial assets for this purpose consist of property, plant and equipment and intangible assets.

3. Net operating revenue

Net operating revenue represents revenue from contracts with customers after deduction of cost of sales.

Revenue from contracts with customers is recognised as services are provided i.e. as the performance obligation is satisfied. Performance fees and carried interest are only recognised once it is highly probable that a significant reversal will not occur in future periods. Where revenue is received in advance (front-end fees), this income is deferred and recognised as a deferred income liability (refer Note 32) and released to the consolidated income statement over the period services are provided.

Where revenue received relates to performance obligations whose fulfilment involves another external party, for example fund accounting or custodian services, the Group assesses if it is acting as a principal with full responsibility for the performance obligation and control over its fulfilment or solely responsible for arranging for the third party to fulfil the performance obligation i.e. acting as an agent. Where the Group is acting as an agent, only its share of the revenue for the arrangement of the relevant service is recognised within revenue from contracts from customers, therefore the revenue is recognised net of the revenue passed on to the third party. This is not currently considered a significant judgement for the Group.

Commission and other fee expenses which relate directly to revenue are presented as cost of sales. These expenses include ongoing commission expenses payable to financial institutions, investment platform providers and financial advisers that distribute the Group's products which are generally based on an agreed percentage of AUM and are recognised in the consolidated income statement as the service is received. Other cost of sales also includes amounts payable to employees and others relating to carried interest and performance fee revenue.

(a) Revenue from contracts with customers

The following table provides a breakdown of total revenue from contracts with customers.

	2024 £m	2023 £m
ii		
Fee income - Advice and Discretionary	**25**	57
Account fees	**52**	54
Trading transactions	**70**	48
Treasury income	**138**	134
Revenue from contracts with customers for the ii segment	**285**	293
Adviser		

Platform charges	**196**	184
Treasury income	**33**	31
Other revenue from contracts with customers[1]	**10**	11
Revenue from contracts with customers for the Adviser segment	**239**	226
Investments		
Management fee income - Institutional and Retail Wealth[2]	**679**	769
Management fee income - Insurance Partners[2]	**116**	132
Performance fees and carried interest	**20**	18
Other revenue from contracts with customers	**22**	27
Revenue from contracts with customers for the Investments segment	**837**	946
Revenue from contracts with customers for Other	**9**	9
Total revenue from contracts with customers	**1,370**	1,474

1. Other revenue from contracts with customers for the Adviser segment includes £5m (2023: £4m) in relation to discretionary fund management fee income.
2. In addition to revenues earned as a percentage of AUM, management fee income includes certain other revenues not based on a percentage of AUM.

ii

Through its subsidiary Interactive Investor Services Limited (ii), the Group offers a subscription-based trading and direct investing platform. The services that ii offers are provided on both a point in time and an over time basis.

Customers pay monthly account fees as part of ii's subscription model. Account fees are invoiced monthly and are payable immediately from the customer's account, with receivables recognised if there are insufficient funds available. The account fees cover the performance obligation to provide the customer with access to the platform and custody services. For certain subscription levels, the account fee also entitles the customer to receive trading credits which can be redeemed against future trades. For these subscription levels, the account fees also cover ii's performance obligation to perform these future trades. In accordance with IFRS 15, the account fees are allocated to the two performance obligations. Access to the platform and custody services is provided over time and the account fees revenue allocated to this performance obligation is recognised over the calendar month as the customer receives the benefit of these services. Trading credits need to be used by the customer within 31 days of the credit arising, therefore the revenue is recognised over the calendar month as a reasonable approximation of when the performance obligation is satisfied at a point in time within the month.

In addition, ii performs additional trades and foreign exchange transactions for its customers. These are performed at a point in time with the revenue recognised at the trade date of the transaction. Trading fees for transactions not covered by trading credits are generally charged on a flat-fee basis with larger international share trades charged based on a percentage of the trade value. These are added to the cost of purchasing shares or deducted from the proceeds from the sale of shares with receivables recognised for unsettled trades. For foreign exchange trades, ii receives a margin (varying depending on the size of the transaction) via a third party in the month following the transaction, with receivables recognised prior to the payment.

In addition, ii is entitled to receive treasury income in relation to its performance obligations to the customer. Treasury income is the interest earned on cash balances less the interest paid to customers based on the client money balances held with third party banks and by reference to the applicable interest rates. Treasury income is recognised on an over time basis with accrued income recognised for unpaid interest.

Through its subsidiary abrdn Financial Planning and Advice Limited, the Group also offers financial planning services. Financial planning is either provided on a one-off basis or on an ongoing basis. The performance obligation for one-off advice is performed at a point in time with the revenue recognised when the advice is provided. The performance obligation for ongoing financial planning is performed over time with the revenue recognised as the obligation is performed. The Group generally receives ongoing financial planning fees based on the percentage of the assets under advice. One-off financial planning fees are invoiced to the customer following delivery of the advice. Ongoing financial planning fees are invoiced to the customer or a designated financial provider either monthly or quarterly. Receivables are recognised for unpaid invoices. The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced which is not dependent on any future performance.

Adviser

Through a number of its subsidiaries, the Group offers customers access to fund platforms. The platforms give customers the ongoing functionality to manage and administer their investments. This performance obligation is performed over time with the revenue recognised as the obligation is performed. Customers pay a platform charge which is generally calculated as a percentage of their assets. The percentage varies depending on the level of assets on the specific platform. The main platform charges are calculated either daily or monthly and are collected and recognised monthly. The charges are collected directly from assets on the platform. There are no significant payment terms.

In addition, Adviser receives treasury income for providing management and administration of cash held in platform cash

In addition, Adviser receives treasury income for providing management and administration of cash held in platform cash accounts. The performance obligation for cash management and administration is performed over time with the revenue recognised as the obligation is performed. The customer receives interest on their cash balances after deduction of a cash management administration charge which is generally calculated as a percentage of their cash held in relevant accounts. The percentage varies depending on the interest received from the banks used to provide the cash accounts. There are no significant payment terms.

Through its subsidiary abrdn Portfolio Solutions Limited, the Group offers discretionary fund management services via its Managed Portfolio Service. The Managed Portfolio Service business has been reported in Adviser since its transfer from aCL in May 2023. aCL, which was the Group's primary discretionary fund management business, was reported in the ii segment until the completion of its sale on 1 September 2023 (refer Note 1(c)(iii) for further details).

The performance obligation for discretionary fund management services is performed over time with the revenue recognised as the obligation is performed. The Group generally receives discretionary fund management services fees based on the percentage of the assets under management. The percentage varies depending on the model selected. Discretionary fund management services fees are deducted from assets. Deducted fees are generally calculated and recognised daily and collected on a monthly or quarterly basis.

Investments

Through a number of its subsidiaries, the Group provides asset management services to its customers. This performance obligation is performed over time with the revenue recognised as the obligation is performed. The Group generally receives asset management fees based on the percentage of the assets under management. The percentage varies depending on the level and nature of assets under management. Asset management fees are either deducted from assets or invoiced. Deducted fees are generally calculated, recognised and collected on a daily basis. Some larger clients separately receive rebates on these fees. Other asset management fees are invoiced to the customer either monthly or quarterly with receivables recognised for unpaid invoices. The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced which is not dependent on any future performance.

There is also some use of performance fees and carried interest arrangements. Performance fees and carried interest are earned from some investment mandates when contractually agreed performance levels are exceeded within specified performance measurement periods. Performance fees and carried interest are only recognised once it is highly probable that a significant reversal will not occur in future periods. Given the unpredictability of future performance, the risk of a significant reversal occurring will typically only be considered low enough to make recognition appropriate upon the crystallisation event occurring.

(b) Cost of sales

The following table provides a breakdown of total cost of sales.

	2024	2023
	£m	£m
Commission expenses	**48**	64
Other cost of sales	**17**	12
Total cost of sales	**65**	76

Other cost of sales includes amounts payable to employees and others relating to carried interest and performance fee revenue. Cost of sales for each of the Group's reportable segments is disclosed in Section (c) below.

(c) Reconciliation of revenue from contracts with customers to adjusted net operating revenue as presented in the analysis of adjusted operating profit

The following table provides a reconciliation of revenue from contracts with customers as presented in the consolidated income statement to adjusted net operating revenue as presented in the analysis of adjusted operating profit (see Note 2(b) for each of the Group's reportable segments).

	ii		**Adviser**		**Investments**		**Other**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Revenue from contracts with customers	**285**	293	**239**	226	**837**	946	**9**	9	**1,370**	1,474
Cost of sales	**(7)**	(6)	**(2)**	(2)	**(56)**	(68)	**-**	-	**(65)**	(76)
Net operating revenue as presented in the consolidated income statement	**278**	287	**237**	224	**781**	878	**9**	9	**1,305**	1,398
Other differences	**-**	-	**-**	-	**16**	-	**-**	-	**16**	-
Adjusted net operating revenue as presented in the analysis of Group adjusted profit by segment	**278**	287	**237**	224	**797**	878	**9**	9	**1,321**	1,398

In the current year, net operating revenue includes a reduction related to revenue recognised in previous years. As this is not material, it has been adjusted for prospectively rather than restating comparative amounts. Other differences reflect the effect of removing this adjustment as it does not relate to revenue recognised in the current year.

4. Net gains or losses on financial instruments and other income

Gains and losses resulting from changes in both market value and foreign exchange on investments classified as fair value through profit or loss are recognised in the consolidated income statement in the period in which they occur. The gains and losses include investment income received such as interest payments and dividend income. Dividend income is recognised when the right to receive payment is established.

Interest income on financial instruments measured at amortised cost is separately recognised in the consolidated income statement using the effective interest rate method. The effective interest rate method allocates interest and other finance costs at a constant rate over the expected life of the financial instrument, or where appropriate a shorter period, by using as the interest rate the rate that exactly discounts the future cash receipts over the expected life to the net carrying value of the instrument.

Other income includes income related to vacant property and fair value movements in contingent consideration.

	Notes	**2024** £m	2023 £m
Fair value movements and dividend income on significant listed investments			
Fair value movements on significant listed investments (other than dividend income)		**(27)**	(178)
Dividend income from significant listed investments		**56**	64
Total fair value movements and dividend income on significant listed investments		**29**	(114)
Non-unit linked business - excluding significant listed investments			
Net gains or losses on financial instruments at fair value through profit or loss		**26**	6
Interest and similar income from financial instruments at amortised cost		**87**	76
Foreign exchange gains or losses on financial instruments at amortised cost		**-**	(7)
Other income		**19**	37
Net gains or losses on financial instruments and other income - non-unit linked business - excluding significant listed investments		**132**	112
Unit linked business			
Net gains or losses on financial instruments at fair value through profit or loss			
Net gains or losses on financial assets at fair value through profit or loss		**56**	69
Change in non-participating investment contract financial liabilities		**(58)**	(65)
Change in liability for third party interests in consolidated funds		**-**	(1)
Total net gains or losses on financial instruments at fair value through profit or loss		**(2)**	3
Interest and similar income from financial instruments at amortised cost		**1**	1
Net gains or losses on financial instruments and other income - unit linked business[1]	23	**(1)**	4
Total other net gains or losses on financial instruments and other income		**131**	116
Total net gains or losses on financial instruments and other income		**160**	2

1. In addition to the Net gains or losses on financial instruments and other income - unit linked business of £(1)m (2023: £4m), there are administrative expenses of £nil (2023: £(1)m) and a policyholder tax credit of £1m (2023: tax expense of £3m) relating to unit linked business for the account of policyholders. The result attributable to unit linked business for the year is £nil (2023: £nil). Refer Note 23 for further details.

Fair value movements on significant listed investments (other than dividend income) of losses of £27m for the year ended 31 December 2024 related to the Group's investment in Phoenix. Fair value movements on significant listed investments (other than dividend income) of losses of £178m for the year ended 31 December 2023 comprised losses of £77m relating to Phoenix, losses of £96m relating to HDFC Asset Management and losses of £5m relating to HDFC Life.

Dividend income from significant listed investments of £56m for the year ended 31 December 2024 related to the Group's investment in Phoenix. Dividend income from significant listed investments of £64m for the year ended 31 December 2023 comprised £54m relating to Phoenix and £10m relating to HDFC Asset Management.

5. Administrative and other expenses

	Notes	**2024** £m	2023 £m
Restructuring and corporate transaction expenses	8	**100**	152
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts			
Impairment of intangibles acquired in business combinations	13	**9**	63
Total impairment of intangibles acquired in business combinations and through the purchase of customer contracts		**9**	63

Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts			
Amortisation of intangibles acquired in business combinations	13	**109**	115
Amortisation of intangibles acquired through the purchase of customer contracts	13	**11**	11
Total amortisation of intangibles acquired in business combinations and through the purchase of customer contracts		**120**	126
Staff costs and other employee-related costs	6	**510**	529
Other administrative expenses[1]		**574**	593
Total administrative and other expenses[2]		**1,313**	1,463

1. Other administrative expenses includes interest expense of £3m (2023: £4m). In addition, interest expense of £19m (2023: £19m) was incurred in respect of subordinated liabilities and the related cash flow hedge (refer Note 18) and interest expense of £6m (2023: £6m) in respect of lease liabilities (refer Note 16) which are included in Finance costs in the consolidated income statement.
2. Total administrative and other expenses includes £nil (2023: £1m) relating to unit linked business. Refer Note 23 for further details.

6. Staff costs and other employee-related costs

	Notes	2024 £m	2023 £m
The aggregate remuneration payable in respect of employees:			
Wages and salaries		**411**	443
Social security costs		**47**	51
Pension costs			
Defined benefit plans		**(22)**	(39)
Defined contribution plans		**48**	55
Employee share-based payments and deferred fund awards	40	**26**	19
Total staff costs and other employee-related costs		**510**	529

In addition, wages and salaries of £5m (2023: £18m), social security costs of £1m (2023: £4m), pension costs - defined benefit plans of £nil (2023: £nil), pension costs - defined contribution plans of less than £1m (2023: less than £1m), employee share-based payments and deferred fund awards relating to transformation, leavers and corporate transactions of £10m (2023: £12m) and termination benefits of £19m (2023: £44m) have been included in restructuring and corporate transaction expenses. Refer Note 8. A further £8m (2023: £4m) of expenses are included in other cost of sales in relation to amounts payable to employees and former employees relating to carried interest and performance fee revenue. Refer Note 3.

The following table provides an analysis of the average number of staff employed by the Group during the year.

	2024	2023
ii	**1,165**	1,138
Adviser	**507**	536
Investments	**1,933**	2,132
IT and support functions	**1,014**	1,252
Total employees	**4,619**	5,058

Information in respect of Directors' remuneration is provided in the Directors' remuneration report on pages 130 to 151. In addition to the total remuneration disclosed as paid to the Directors for the prior year are amounts paid to those Directors who stepped down from the Board during 2023 being £329k to Stephanie Bruce and £33k to Brian McBride. There were also payments totalling £644k to Stephanie Bruce as a past director in 2023. This is as disclosed in the 2023 Directors' remuneration report.

7. Auditors' remuneration

The following table shows the auditors' remuneration during the year.

	2024 £m	2023 £m
Fees payable to the Company's auditors for the audit of the Company's individual and consolidated financial statements	**2.2**	2.1
Fees payable to the Company's auditors for other services		
The audit of the Company's consolidated subsidiaries pursuant to legislation	**5.3**	5.1
Audit related assurance services	**2.7**	2.8
Total audit and audit related assurance fees	**10.2**	10.0
Other assurance services	**0.9**	1.0
Other non-audit fee services	**-**	-
Total non-audit fees	**0.9**	1.0
Total auditors' remuneration	**11.1**	11.0

Auditors' remuneration disclosed above excludes audit and non-audit fees payable to the Group's principal auditor by Group managed funds which are not controlled by the Group, and therefore not consolidated in the Group's financial statements.

During the year ended 31 December 2024, £nil audit fees were payable in respect of defined benefit plans to the Group's principal auditor (2023: £nil).

For more information on non-audit services, refer to the Audit Committee report in the Corporate governance statement.

8. Restructuring and corporate transaction expenses

Total restructuring and corporate transaction expenses during the year were £100m (2023: £152m). Restructuring expenses of £88m (2023: £121m) mainly consisted of costs to effect our cost transformation programme including related severance expenses, and platform transformation expenses. Restructuring expenses in 2023 were partly offset by a £32m release of the provision for separation costs. Refer Note 33 for further details. Corporate transaction expenses were £12m (2023: £31m) and include deal costs relating to acquisitions for the year ended 31 December 2024 of £nil (2023: £2m). Further information on restructuring and corporate transaction expenses can be found in Section 1.1 of Supplementary information.

9. Taxation

The Group's tax expense comprises both current tax and deferred tax expense.

Current tax is the expected tax payable on taxable profit for the year and is calculated using tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that it is probable that the tax deduction will be capable of being offset against taxable profits and gains in future periods. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. Where local tax law allows, deferred tax assets and liabilities are netted off on the consolidated statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset or liability are realised. Any tax consequences of distributions on other equity instruments are credited to the statement in which the profit distributed originally arose.

Deferred tax is recognised on temporary differences arising from investments in subsidiaries and associates unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current tax and deferred tax are recognised in the consolidated income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

The Group operates in a number of territories and during the normal course of business will be subject to audit or enquiry by local tax authorities. At any point in time the Group will also be engaged in commercial transactions the tax outcome of which may be uncertain due to their complexity or uncertain application of tax law. Tax provisions, therefore, are subjective by their nature and require management judgement based on the interpretation of legislation, management experience and professional advice. As such, this may result in the Group recognising provisions or disclosing contingent liabilities for uncertain tax positions. Management will provide for uncertain tax positions where they judge that it is probable there will be a future outflow of economic benefits from the Group to settle the obligation. Where a future outflow of economic benefits is judged as less than probable but more than remote, a contingent liability will be disclosed, where material. In assessing uncertain tax positions management considers each issue on its own merits using their judgement as to the estimate of the most likely outcome. When making estimates, management considers all available evidence. This may include forecasts of future profitability, the frequency and severity of any losses, and statutory carry forward and carry back provisions as well as management experience of tax attributes expiring without use. Where the final outcome differs from the amount provided this difference will impact the tax charge in future periods. Management re-assesses provisions at each reporting date based upon latest available information.

(a) Tax charge in the consolidated income statement

(a)(i) Current year tax expense

	2024	2023
	£m	£m
Current tax:		
UK	**11**	17
Pillar Two Top-up tax	**1**	-
Overseas	**7**	51
Adjustment to tax expense in respect of prior years	**(4)**	(2)
Total current tax	**15**	66
Deferred tax:		
Deferred tax credit arising from the current year	**(5)**	(69)
Adjustment to deferred tax in respect of prior years	**(7)**	(15)
Total deferred tax	**(12)**	(84)
Total tax expense/(credit)[1]	**3**	(18)

1. The tax expense of £3m (2023: tax credit of £18m) includes a tax credit of £1m (2023: tax expense of £3m) relating to unit linked

business. Refer Note 23 for further details.

In 2024 unrecognised tax losses from previous years were used to reduce the current tax expense by £2m (2023: £2m).

Current tax recoverable and current tax liabilities at 31 December 2024 were £23m (2023: £10m) and £3m (2023: £6m) respectively. In addition current tax recoverable and current tax liabilities in relation to unit linked business were £nil (2023: £nil) and £nil (2023: £nil) respectively. Current tax assets and liabilities at 31 December 2024 are expected to be recoverable or payable in less than 12 months (2023: less than 12 months).

(a)(ii) Reconciliation of tax expense

	2024	2023
	£m	£m
Profit/(loss) before tax	**251**	(6)
Tax at 25% (2023: 23.5%)	**63**	(1)
Remeasurement of deferred tax due to rate changes	**1**	(5)
Permanent differences	**4**	1
Non-taxable dividends from significant listed investments	**(14)**	(13)
Non-taxable fair value movements on significant listed investments	**7**	18
Tax effect of accounting for share of profit or loss from associates and joint ventures	**(6)**	-
Tax effect of distributions on other equity instruments	**(3)**	(3)
Impairment losses on goodwill	**1**	15
Differences in overseas tax rates	**(2)**	4
Adjustment to current tax expense in respect of prior years	**(4)**	(2)
Recognition of previously unrecognised deferred tax credit	**(9)**	(1)
Deferred tax not recognised	**1**	2
Adjustment to deferred tax expense in respect of prior years	**(7)**	(15)
Non-taxable profit or loss on sale of subsidiaries, associates and significant listed investments	**(26)**	(18)
Other	**(3)**	-
Total tax expense/(credit) for the year	**3**	(18)

The standard UK Corporation Tax rate for the accounting period is 25%. The rate of UK Corporation Tax increased from 19% to 25% with effect from 1 April 2023.

The accounting for certain items in the consolidated income statement results in certain reconciling items in the table above, the values of which vary from year to year depending upon the underlying accounting values.

Details of significant reconciling items are as follows:

- Profits on the sale of our European-headquartered Private Equity business not being subject to tax
- Dividend income and fair value movements from our investments in Phoenix not being subject to tax.
- Overseas profits reducing the unrecognised deferred tax asset.
- Prior year adjustments reflecting the non taxable release of accounting provisions.

(b) Tax relating to components of other comprehensive income

Tax relating to components of other comprehensive income is as follows:

	2024	2023
	£m	£m
Tax relating to fair value gains and losses recognised on cash flow hedges	**4**	(10)
Tax relating to cash flow hedge gains and losses transferred to consolidated income statement	**(4)**	7
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**-**	(3)
Tax relating to other comprehensive income	**-**	(3)

All of the amounts presented above are in respect of equity holders of abrdn plc.

(c) Tax relating to items taken directly to equity

	2024	2023
	£m	£m
Tax relating to share-based payments	**1**	-
Tax relating to items taken directly to equity	**1**	-

(d) Deferred tax assets and liabilities

(d)(i) Analysis of recognised deferred tax

	2024	2023
	£m	£m
Deferred tax assets comprise:		
Losses carried forward	**167**	160
Depreciable assets	**24**	35
Employee benefits	**14**	20
Provisions and other temporary timing differences	**7**	7

Gross deferred tax assets	**212**	222
Less: Offset against deferred tax liabilities	**(15)**	(7)
Deferred tax assets	**197**	215
Deferred tax liabilities comprise:		
Unrealised gains on investments	**6**	4
Deferred tax on intangible assets acquired through business combinations	**101**	124
Other	**9**	8
Gross deferred tax liabilities	**116**	136
Less: Offset against deferred tax assets	**(15)**	(7)
Deferred tax liabilities	**101**	129
Net deferred tax asset at 31 December	**96**	86

A deferred tax asset of £167m (2023: £160m) has been recognised by the Group in respect of losses of the parent company and various subsidiaries. The increase reflects the conversion of part of the deferred tax asset held on depreciable assets to recognised losses carried forward. This increase was partially offset by the utilisation of brought forward losses against taxable profits in the year.

Deferred tax assets are recognised to the extent that it is probable that the losses will be capable of being offset against taxable profits and gains in future periods. The value attributed to them takes into account the certainty or otherwise of their recoverability. Their recoverability is measured against the reversal of deferred tax liabilities and anticipated taxable profits and gains based on business plans. The deferred tax asset recognised on losses relates to UK entities where there is currently no restriction on the period of time over which losses can be utilised. Recognition of this deferred tax asset requires that management must consider if it is more likely than not that this asset will be recoverable in future periods against future profits arising in the UK. In making this assessment management have considered future operating plans and forecast taxable profits and are satisfied that forecast taxable profits will be sufficient to enable recovery of the UK tax losses. The financial forecasts considered were consistent with those used for the assessment of the Group's intangible assets (refer Note 13). Based upon the level of forecast taxable profits management do not consider there is significant risk of a material adjustment to the carrying amount of the deferred tax asset on UK tax losses within the next financial year. Management expect the deferred tax asset to be utilised over a period of between four and six years.

Deferred tax assets of £180m (2023: £215m) and liabilities of £80m (2023: £129m) are expected to be recovered or settled after more than 12 months.

(d)(ii) Movements in deferred tax assets and liabilities

	Losses carried forward	**Depreciable assets**	**Employee benefits**	**Provisions and other temporary timing differences**	**Unrealised gains on investments**	**Deferred tax on intangible assets acquired through business combinations**	**Other**	**Net deferred tax asset**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2024	**160**	**35**	**20**	**7**	**(4)**	**(124)**	**(8)**	**86**
Credit or (charge) directly to equity	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Amounts (expensed) in/credited to the consolidated income statement	**8**	**(11)**	**(5)**	**1**	**(3)**	**23**	**(1)**	**12**
Tax on cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**(1)**	**-**	**-**	**(1)**	**1**	**-**	**-**	**(1)**
At 31 December 2024	**167**	**24**	**14**	**7**	**(6)**	**(101)**	**(9)**	**96**

	Losses carried forward	Depreciable assets	Employee benefits	Provisions and other temporary timing differences	Unrealised gains on investments	Deferred tax on intangible assets acquired through business combinations	Other	Net deferred tax asset
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2023	170	33	26	5	(60)	(162)	(11)	1
Amounts (expensed) in/credited to the consolidated income statement	(10)	2	(6)	2	56	38	2	84
Tax on cash flow hedge	-	-	-	-	-	-	3	3
Other	-	-	-	-	-	-	(2)	(2)
At 31 December 2023	160	35	20	7	(4)	(124)	(8)	86

(e) Unrecognised deferred tax

Due to uncertainty regarding recoverability, deferred tax assets have not been recognised in respect of the following:

- Cumulative losses carried forward of £112m (2023: £91m) in the UK and losses and other temporary differences of £343m (2023: £360m) in the US, losses of £7m in China (2023: £10m), losses of £8m in Japan (2023: £10m) and losses of £10m (2023: £9m) in other overseas jurisdictions.

Of these unrecognised deferred tax assets, certain losses have expiry dates as follows:

Of these unrecognised deferred tax assets, certain losses have expiry dates as follows:

- US losses of £136m (2023: £140m) with expiry dates between 2035-2037.
- Other overseas losses of £19m with expiry dates between 2025-2034 (2023: £21m with expiry dates between 2024-2033).

The following table provides an analysis of the losses with expiry dates for unrecognised deferred tax assets.

	2024	2023
	£m	£m
Less than 1 year	**1**	4
Greater than or equal to 1 year and less than 5 years	**14**	9
Greater than or equal to 5 years and less than 10 years	**4**	8
Greater than 10 years	**136**	140
Total losses with expiry dates	**155**	161

There is an unrecognised deferred tax asset of £6m (2023: liability of £18m) relating to temporary timing differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements.

10. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period excluding shares owned by the employee trusts that have not vested unconditionally to employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details of the share options and awards issued under the Group's employee plans are provided in Note 40.

Adjusted earnings per share is calculated on adjusted profit after tax attributable to ordinary equity holders of the Company.

Basic earnings per share was 13.2p (2023: 0.1p) and diluted earnings per share was 13.0p (2023: 0.1p) for the year ended 31 December 2024. The following table shows details of basic, diluted and adjusted earnings per share.

	2024	2023
	£m	£m
Adjusted profit before tax	**354**	330
Tax on adjusted profit	**(70)**	(50)
Adjusted profit after tax	**284**	280
Attributable to:		
Other equity holders	**(11)**	(11)
Adjusted profit after tax attributable to equity shareholders of abrdn plc	**273**	269
Total adjusting items including results of associates and joint ventures	**(103)**	(336)
Tax on adjusting items	**67**	68
Profit attributable to equity shareholders of abrdn plc	**237**	1

	2024	2023
	Millions	Millions
Weighted average number of ordinary shares outstanding		1,902
Weighted average number of ordinary shares outstanding	**1,796**	
Dilutive effect of share options and awards	**22**	28
Weighted average number of diluted ordinary shares outstanding	**1,818**	1,930

	2024	2023
	Pence	Pence
Basic earnings per share	**13.2**	0.1
Diluted earnings per share	**13.0**	0.1
Adjusted earnings per share	**15.2**	14.1
Adjusted diluted earnings per share	**15.0**	13.9

11. Adjusted profit and adjusting items

Adjusted profit excludes the impact of the following items:
- Restructuring and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate.
- Change in fair value of/dividends from significant listed investments (see (a) below)

- Change in fair value of/dividends from significant listed investments (see (a) below).
- Share of profit or loss from associates and joint ventures.
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method.
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

The tax charge or credit allocated to adjusting items is based on the tax treatment of each adjusting item.

The operating, investing and financing cash flows presented in the consolidated statement of cash flows are for both adjusting and non-adjusting items.

(a) Significant listed investments

Following the sale of the Group's final investments in HDFC Life and HDFC Asset Management in May 2023 and June 2023 respectively (see below), the Group has one remaining significant listed investment, Phoenix. There were no additions or disposals of significant listed investments in 2024.

Fair value movements on significant listed investments are included as adjusting items, which is aligned with our treatment of gains on disposal for these holdings when they were classified as associates. Dividends from significant listed investments are also included as adjusting items, as these result in fair value movements.

(b) Other

Other adjusting items for the year ended 31 December 2024 include:

- £11m gain (2023: £23m gain) for net fair value movements in contingent consideration.
- £(15)m negative release (2023: £nil) to other administrative expenses of the prepayment recognised in relation to the Group's purchase of Phoenix's trustee investment plan business for UK pension scheme clients. Refer Note 20 for further details.
- £(16)m negative adjustment (2023: £nil) to Revenue from contracts with customers recognised in prior periods which were not restated as the impact was not considered material.
- Gain of £4m (2023: £4m gain) in relation to market movements on the investments held by the abrdn Financial Fairness Trust which is consolidated by the Group. The assets of the abrdn Financial Fairness Trust are restricted to be used for charitable purposes.
- £(10)m net expense (2023: £(9)m) related to properties which are not being used operationally.

Other adjusting items for the year ended 31 December 2023 included:

- £36m for an insurance liability recovery in relation to the single process execution event in 2022. The £41m provision expense was included in other adjusting items for the year ended 31 December 2022. Refer Note 33.
- £21m provision expense relating to a potential tax liability. Refer Note 33.
- £5m fair value loss on a financial instrument liability related to a prior period acquisition.

12. Dividends on ordinary shares

Dividends are distributions of profit to holders of abrdn plc's share capital and as a result are recognised as a deduction in equity. Final dividends are announced with the Annual report and accounts and are recognised when they have been approved by shareholders. Interim dividends are announced with the Half year results and are recognised when they are paid.

	2024		2023	
	Pence per share	**£m[1]**	Pence per share	£m
Prior year's final dividend paid	**7.30**	**130**	7.30	142
Interim dividend paid	**7.30**	**130**	7.30	137
Total dividends paid on ordinary shares		**260**		279
Current year final recommended dividend	**7.30**	**130**	7.30	130

1. Estimated for current year final recommended dividend.

The final recommended dividend will be paid on 13 May 2025 to shareholders on the Company's register as at 28 March 2025, subject to approval at the 2025 Annual General Meeting. After the current year final recommended dividend, the total dividend in respect of the year ended 31 December 2024 is 14.60p (2023: 14.60p).

13. Intangible assets

Goodwill is created when the Group acquires a business and the consideration exceeds the fair value of the net assets acquired. In determining the net assets acquired in business combinations, intangible assets are recognised where they are separable or arise from contractual or legal rights. Intangible assets acquired by the Group through business combinations consist mainly of customer relationships and investment management contracts, technology and brands. Any remaining value that cannot be identified as a separate intangible asset on acquisition forms part of goodwill. Goodwill is not charged to the consolidated income statement unless it becomes impaired.

In addition to intangible assets acquired through business combinations, the Group recognises as intangible assets software which has been developed internally and other purchased technology which is used in managing and executing our business. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible and the Group has both the intention and ability to use the completed asset.

Intangible assets are recognised at cost and amortisation is charged to the consolidated income statement over the length of time the Group expects to derive benefits from the asset. The allocation of the consolidated income statement charge to each reporting period is dependent on the expected pattern over which future benefits are expected to be derived. Where this pattern cannot be determined reliably the charge is allocated on a straight-line basis.

The Group also recognises the cost of obtaining customer contracts (refer Note 3) as an intangible asset. These costs primarily relate to the cost of acquiring existing investment management contracts from other asset managers and commission costs for initial investors into new closed-end funds where these are borne by the Group. For the cost of obtaining customer contracts, the intangible asset is amortised on the same basis as the transfer to the customer of the services to which the intangible asset relates.

Refer to the estimates and assumptions section below for details of the amortisation periods and methods applied.

	Acquired through business combinations							
	Goodwill	Brand	Customer relationships and investment management contracts	Technology & other	Internally developed software[1]	Purchased software and other	Cost of obtaining customer contracts	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Gross amount								
At 1 January 2023	4,665	110	1,483	101	137	5	105	6,606
Disposals and adjustments	-	1	(4)	-	2	-	-	(1)
Additions	41	-	78	-	8	-	33	160
Foreign exchange adjustment	(2)	-	(4)	-	-	-	(1)	(7)
At 31 December 2023	4,704	111	1,553	101	147	5	137	6,758
Disposals and adjustments	**-**	**-**	**(12)**	**(5)**	**(21)**	**-**	**-**	**(38)**
Additions	**-**	**-**	**-**	**-**	**5**	**-**	**21**	**26**
Foreign exchange adjustment	**1**	**-**	**1**	**-**	**-**	**-**	**1**	**3**
At 31 December 2024	**4,705**	**111**	**1,542**	**96**	**131**	**5**	**159**	**6,749**
Accumulated amortisation and impairment								
At 1 January 2023	(3,730)	(96)	(874)	(74)	(130)	(5)	(78)	(4,987)
Amortisation charge for the year[2]	-	(4)	(99)	(12)	(2)	-	(11)	(128)
Impairment losses recognised[3]	(62)	-	(1)	-	(2)	-	-	(65)
At 31 December 2023	(3,792)	(100)	(974)	(86)	(134)	(5)	(89)	(5,180)
Disposals and adjustments	**-**	**-**	**11**	**5**	**21**	**-**	**-**	**37**
Amortisation charge for the year[2]	**-**	**(3)**	**(96)**	**(10)**	**(3)**	**-**	**(11)**	**(123)**
Impairment losses recognised[3]	**(5)**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(9)**
At 31 December 2024	**(3,797)**	**(103)**	**(1,063)**	**(91)**	**(116)**	**(5)**	**(100)**	**(5,275)**
Carrying amount								
At 1 January 2023	935	14	609	27	7	-	27	1,619
At 31 December 2023	912	11	579	15	13	-	48	1,578
At 31 December 2024	**908**	**8**	**479**	**5**	**15**	**-**	**59**	**1,474**

1. Included in the internally developed software of £15m (2023: £13m) is £6m (2023: £10m) relating to intangible assets not yet ready for use.
2. For the year ended 31 December 2024, £120m (2023: £126m) of the amortisation charge is recognised in Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts with £3m (2023: £2m) recognised in other administrative expenses.
3. For the year ended 31 December 2024, £9m (2023: £63m) of impairment is recognised in Impairment of intangibles acquired in business combinations and through the purchase of customer contracts with £nil (2023: £2m) recognised in Restructuring and corporate transaction expenses.

At 31 December 2024, there was:

- £40m (2023: £39m) of goodwill attributable to the abrdn Inc. cash-generating unit (CGU) in the Investments segment in relation to the acquisition of the healthcare fund management capabilities of Tekla (refer Note 1(b)(i) for further in relation to the acquisition of the healthcare fund management capabilities of Tekla (refer Note 1(b)(i) for further details).

- £819m (2023: £819m) and £24m (2023: £24m) of goodwill attributable to the ii CGU and the abrdn financial planning business (aFP) CGU respectively in the ii segment.
- £25m (2023: £25m) of goodwill is attributable to an Adviser segment CGU.

At 31 December 2023, there was also £5m of goodwill attributable to the Finimize CGU which is reported within Other business operations and corporate costs. This goodwill is now fully impaired - see below.

In addition to goodwill, the Group has a number of customer related acquired intangibles that are individually material.

Tekla investment management contract intangible assets

On acquisition of the healthcare fund management capabilities of Tekla, £78m of customer relationships and investment management contract intangibles were recognised. These assets primarily relate to investment management contracts with the four NYSE listed funds. The description of the individually material intangible assets including the estimated useful life at the acquisition date of 27 October 2023 were as follows:

Investment management contract intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date	**Carrying value 2024**	Carrying value 2023
			£m	**£m**	£m
Tekla Healthcare Opportunities Fund	Investment management contract with Tekla Healthcare Opportunities Fund	12.1 years	28	**25**	26
Tekla Healthcare Investors	Investment management contract with Tekla Healthcare Investors	12.1 years	25	**22**	23

As the investment management contracts relate to closed-end funds, the straight-line method of amortisation is considered appropriate for these intangibles. There has been no change to the useful lives and therefore the residual useful life of these investment management contract intangible assets is 10.9 years.

ii intangible assets

On acquisition of ii, customer relationships, brand and technology and other intangibles of £421m, £16m and £32m respectively were recognised. Identification and valuation of intangible assets acquired in business combinations was a key judgement. The description of the individually material intangible asset including the estimated useful life at the acquisition date of 27 May 2022 was as follows:

Customer relationship intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date	**Carrying value 2024**	Carrying value 2023
			£m	**£m**	£m
Customer base	ii's customer base at the date of acquisition	15 years	421	**293**	340

There has been no change to the useful life and therefore residual useful life of the customer relationships intangible asset is 12.4 years. The reducing balance method of amortisation is considered appropriate for this intangible, consistent with the attrition rate being constant over time.

Following the valuation of the ii intangibles discussed above goodwill of £993m was recognised. The allocation of this goodwill to cash-generating units was a key judgement in 2022. The goodwill was allocated to cash-generating units based on expected earnings contribution, including in relation to revenue synergies, at the time of the transaction. We considered an earnings contribution method of allocation to be appropriate as earnings multiples are a primary valuation method for businesses such as ii. This resulted in the goodwill being primarily allocated to the ii cash-generating unit in the ii segment (£819m), with £132m and £42m allocated to the asset management group of cash-generating units in the Investments segment and a cash-generating unit in the ii segment respectively. The £132m allocated to the asset management group of cash-generating units was subsequently impaired in 2022. The £42m allocated to a cash-generating unit in the ii segment was transferred to held for sale at 31 December 2022 and disposed of during 2023 as part of the sale of aCL.

Tritax investment management contract intangible assets

On acquisition of Tritax, £71m of customer relationships and investment management contracts intangibles were recognised. These assets primarily relate to Tritax's investment management contracts with Tritax Big Box REIT plc which is a listed closed-end real estate fund and another closed-end real estate fund, Tritax EuroBox plc, (EuroBox) which was delisted and renamed Titanium Ruth Holdco PLC in December 2024. See the estimates and assumptions section below for details of the recent developments in relation to the EuroBox asset.

The description of the individually material intangible asset including the estimated useful life at the acquisition date of 1 April 2021 was as follows:

Investment management contract intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date	**Carrying value 2024**	Carrying value 2023
			£m	**£m**	£m

Tritax Big Box REIT plc	Investment management contract with Tritax Big Box REIT plc	13 years	50	**36**	40

As the investment management contracts relate to closed-end funds, the straight-line method of amortisation is considered appropriate for these intangibles. There has been no change to the useful lives and therefore the residual useful life of these investment management contract intangible assets is 9.25 years.

abrdn Holdings Limited (aHL) intangibles

On the acquisition of aHL in 2017, we identified intangible assets in relation to customer relationships, brand and technology as being separable from goodwill. Identification and valuation of intangible assets acquired in business combinations is a key judgement.

The customer relationships acquired through aHL and its subsidiaries were grouped where the customer groups have similar economic characteristics and similar useful economic lives. This gave rise to three separate intangible assets which we termed Lloyds Banking Group, Open ended funds, and Segregated and similar.

The intangible asset for Lloyds Banking Group had a carrying value of £nil at the end of 2019. The description of the remaining two separate intangible assets including their estimated useful life at the acquisition date of 14 August 2017 was as follows:

Customer relationship intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date	**Carrying value 2024**	Carrying value 2023
			£m	**£m**	£m
Open ended funds	Separate vehicle group - open ended investment vehicles	11 years	223	**19**	30
Segregated and similar	All other vehicle groups dominated by segregated mandates which represent 75% of this group	12 years	427	**29**	43

The reducing balance method of amortisation is considered appropriate for these intangibles, consistent with the attrition pattern on customer relationships which means that the economic benefits delivered from the existing customer base will reduce disproportionately over time. There has been no change to the useful lives of the Open ended funds and Segregated and similar customer relationship intangible assets. Therefore the residual useful life of the Open ended funds customer relationship intangible asset is 3.6 years and the residual life of the Segregated and similar customer relationship intangible asset is 4.6 years.

Estimates and assumptions

The estimates and assumptions in relation to intangible assets primarily relate to:
- Determination of the recoverable amount of goodwill and customer intangibles.
- Determination of useful lives.

The determination of the recoverable amount of the interactive investor CGU is a key area of estimation uncertainty at 31 December 2024, and further details of assumptions and sensitivities are disclosed in this section.

Determination of the recoverable amount of goodwill and customer intangibles

For all intangible assets including goodwill, an assessment is made at each reporting date as to whether there is an indication that the goodwill or intangible asset has become impaired. If any indication of impairment exists then the recoverable amount of the asset is determined. In addition, the recoverable amount for goodwill must be assessed annually.

The recoverable amounts are defined as the higher of fair value less costs of disposal (FVLCD) and the value in use (VIU) where the value in use is based on the present value of future cash flows. Where the carrying value exceeds the recoverable amount then the carrying value is written down to the recoverable amount.

In assessing value in use or FVLCD measured using a discounted cash flow approach, expected future cash flows are discounted to their present value using a pre-tax discount rate for VIU or a post-tax discount rate for FVLCD. Judgement is required in assessing both the expected cash flows and an appropriate discount rate which is based on current market assessments of the time value of money and the risks associated with the asset.

Goodwill

In 2024 impairments of goodwill of £5m (2023: £62m) have been recognised. The goodwill impairment for the year ended 31 December 2024 relates to the Finimize CGU which is reported within Other business operations and corporate costs. The goodwill impairment for the year ended 31 December 2023 comprised a further £26m relating to the Finimize CGU and £36m relating to the aFP CGU which is included in the ii segment.

The impairments are included within Impairment of intangibles acquired in business combinations and through the purchase of customer contracts in the consolidated income statement.

Finimize

In 2024 the Group recognised an impairment of the goodwill relating to the Finimize CGU of £5m. Following this impairment, the goodwill allocated to the Finimize CGU is now fully impaired (2023: £5m). This impairment was recognised at 30 June 2024. The impairment reflects higher anticipated losses in the period prior to which abrdn anticipates Finimize is likely to achieve profitability and the related Group support required in this period.

The recoverable amount of the Finimize CGU at 30 June 2024 was £10m which was based on fair value less costs of disposal (FVLCD). The FVLCD considered a number of valuation approaches, with the primary approach being a revenue multiple approach. The key assumptions used in determining the revenue multiple valuation were future revenue projections, which were based on management forecasts and market multiples for broadly comparable listed companies, with appropriate discounts applied to take into account profitability, track record, revenue growth potential, and net premiums for control. This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

The goodwill allocated to the Finimize CGU was also impaired in 2023 by £26m. The recoverable amount of the Finimize CGU at 31 December 2023 was £10m which was based on FVLCD. As above, the FVLCD considered a number of valuation approaches, with the primary approach being a revenue multiple approach.

aFP

Goodwill of £24m (2023: £24m) is allocated to the aFP CGU which comprises the Group's financial planning business. There was no impairment of the goodwill attributable to this CGU in 2024.

The goodwill allocated to the aFP CGU was impaired in 2023 by £36m. The recoverable amount of the aFP CGU at 31 December 2023 was £45m which was based on FVLCD. The FVLCD considered a number of valuation approaches, with the primary approach being a multiples approach based on price to revenue and price to assets under advice (AUAdv). Multiples were based on trading multiples for aFP's peer companies, adjusted to take into account profitability where appropriate, and were benchmarked against recent transactions. This was a level 3 measurement as they are measured using inputs which are not based on observable market data.

Following this impairment, the residual goodwill attributable to the aFP CGU is not significant in comparison to the total carrying amount of goodwill.

interactive investor

Goodwill of £819m (2023: £819m) is allocated to the interactive investor CGU which comprises the interactive investor business in the ii segment. There was no impairment of this goodwill attributable to this CGU in 2024 or 2023.

The recoverable amount of this CGU was determined based on FVLCD. The FVLCD was based on an earnings multiple approach. This is a level 3 measurement as it is measured using inputs which are not based on observable market data.

The key assumptions used in determining the earnings multiple valuation were future post tax adjusted earnings, which were based on management's business plan projections and reflected past experience and market price to earnings multiples, which were based on multiples of a peer group of comparable listed direct-to-consumer investment platform providers.

Sensitivities of key assumptions
The business plan projections used to determine the future earnings are based on macroeconomic forecasts including interest rates and inflation, and forecast levels of client activity, market pricing, the percentage of client funds held in cash and expenses. The projections are therefore sensitive to these assumptions. A 20% reduction in forecast earnings has been provided as a sensitivity.

The market price to earnings multiple used in the valuation is 17x based on multiples of a peer group of comparable listed direct-to-consumer investment platform providers. This assumption is sensitive to general equity market fluctuations and to market views on UK direct-to-consumer investment platform companies. A 40% sensitivity to an earnings multiple has been provided as a sensitivity.

The recoverable amount at 31 December 2024 exceeds the carrying amount of the cash-generating unit by £692m. The impact of sensitivities to a single variable and change required to reduce headroom to zero are shown in the tables below.

Impact on goodwill carrying amount at 31 December 2024	£m
20% reduction in forecast post tax adjusted earnings	-
40% reduction in market multiple	(84)

Change required to reduce headroom to zero	%
Change in forecast post tax adjusted earnings	(36)
Reduction in market multiple	(36)

We consider the 36% reduction in market multiple assumption to 11x to reduce the headroom to zero to be a reasonably possible change. The sensitivity for forecast post tax earnings has been included for illustrative purposes only.

Other goodwill

Goodwill of £40m (2023: £39m) is attributable to the abrdn Inc. CGU in the Investments segment. This relates to the acquisition of healthcare fund management capabilities of Tekla. Refer Note 1(b)(i) for further details.

Goodwill of £25m (2023: £25m) is attributable to an Adviser segment CGU.

There were no impairments of these goodwill balances in 2024 or 2023, both of which are not significant in comparison to the total carrying amount of goodwill.

Customer relationship and investment management contract intangibles

An impairment of £4m was recognised in 2024 in relation to the Investment management contract intangible asset for EuroBox within the Investments segment. The impairment resulted from the completion of the takeover of EuroBox on 10 December 2024 by a Brookfield real estate private fund. At 31 December 2024 the Group was still managing the assets of EuroBox.

An impairment of customer relationship and investment management contract intangibles of £1m was recognised in 2023.

Determination of useful lives

The determination of useful lives requires judgement in respect of the length of time that the Group expects to derive benefits from the asset and considers for example expected duration of customer relationships and when technology is expected to become obsolete for technology based assets.

The amortisation period and method for each of the Group's intangible asset categories is as follows:
- Customer relationships acquired through business combinations - generally between 7 and 15 years, generally reducing balance method.
- Investment management contracts acquired through business combinations - between 10 and 17 years, straight-line.
- Brand acquired through business combinations - between 2 and 5 years, straight-line.
- Technology and other intangibles acquired through business combinations - between 1 and 6 years, straight-line.
- Internally developed software - between 2 and 6 years. Amortisation is on a straight-line basis and commences once the asset is available for use.
- Purchased software - between 2 and 6 years, straight-line.
- Costs of obtaining customer contracts - between 3 and 12 years, generally reducing balance method.

Internally developed software

There was no impairment of internally developed software in 2024. An impairment of internally developed software of £2m was recognised in 2023.

14. Investments in associates and joint ventures

Associates are entities where the Group can significantly influence decisions made relating to the financial and operating policies of the entity but does not control the entity. For entities where voting rights exist, significant influence is presumed where the Group holds between 20% and 50% of the voting rights. Where the Group holds less than 20% of voting rights, consideration is given to other indicators and entities are classified as associates where it is judged that these other indicators result in significant influence.

Joint ventures are strategic investments where the Group has agreed to share control of an entity's financial and operating policies through a shareholders' agreement and decisions can only be taken with unanimous consent.

Associates, other than those accounted for at fair value through profit or loss, and joint ventures are accounted for using the equity method from the date that significant influence or shared control, respectively, commences until the date this ceases.

Under the equity method, investments in associates and joint ventures are initially recognised at cost. When an interest is acquired at fair value from a third party, the value of the Group's share of the investee's identifiable assets and liabilities is determined applying the same valuation criteria as for a business combination at the acquisition date. This is compared to the cost of the investment in the investee. Where cost is higher the difference is identified as goodwill and the investee is initially recognised at cost which includes this component of goodwill. Where cost is lower a bargain purchase has arisen and the investee is initially recognised at the Group's share of the investee's identifiable assets and liabilities unless the recoverable amount for the purpose of assessing impairment is lower, in which case the investee is initially recognised at the recoverable amount.

Subsequently the carrying value is adjusted for the Group's share of post-acquisition profit or loss and other comprehensive income of the associate or joint venture, which are recognised in the consolidated income statement and other comprehensive income respectively. The Group's share of post-acquisition profit or loss includes amortisation charges based on the valuation exercise at acquisition. The carrying value is also adjusted for any impairment losses.

The Group's share of post-acquisition profit or loss and other comprehensive income of the associate or joint venture are determined using consistent accounting policies. In relation to insurance contracts and contracts with discretionary participating features for which the Group adopted IFRS 17 Insurance Contracts from 1 January 2023, the Group's primary exposure is through its insurance joint venture, HASL (see Section C below). The Group has no material direct exposure to insurance contracts and contracts with discretionary participating features.

In relation to insurance contracts and contracts with discretionary participating features, there are three main measurement models: the general measurement model; the variable fee approach and the premium allocation approach. HASL primarily uses the general measurement model for its traditional insurance business and the variable fee approach for its direct participating contracts and investment contracts with direct participation features with some use of the premium allocation approach. HASL has elected to take the other comprehensive income (OCI) options under IFRS 17 to take elements of the movements in the measurement of insurance contract through OCI. HASL also classifies some of its debt securities as fair value through OCI.

On partial disposal of an associate, a gain or loss is recognised based on the difference between the proceeds received and the equity accounted value of the portion disposed of. Indicators of significant influence are reassessed based on the remaining voting rights. Where significant influence is judged to have been lost, the investment in associate is reclassified to interests in equity securities and pooled investment funds measured at fair value. If an entity is reclassified, the difference between the fair value and the remaining equity accounted value is accounted for as a reclassification gain or loss on disposal.

Where the Group has an investment in an associate, a portion of which is held by, or is held indirectly through, a mutual fund, unit trust or similar entity, including investment-linked insurance funds, that portion of the investment is measured at FVTPL. In general, investment vehicles which are not subsidiaries are considered to be associates where the Group holds more than 20% of the voting rights.

The level of future dividend payments and other transfers of funds to the Group from associates and joint ventures accounted for using the equity method could be restricted by the regulatory solvency and capital requirements of the associate or joint venture, certain local laws or foreign currency transaction restrictions.

(a) Investments in associates and joint ventures accounted for using the equity method

	2024			2023		
	Associates	**Joint ventures**	**Total**	Associates	Joint ventures	Total
	£m	**£m**	**£m**	£m	£m	£m

Opening balance carried forward	**15**	**214**	**229**	14	218	232
Effect of application of IFRS 9[1]	-	-	-	-	51	51
Opening balance at 1 January	**15**	**214**	**229**	14	269	283
Reclassified as held for sale during the year	-	-	-	-	(9)	(9)
Exchange translation adjustments	-	**(3)**	**(3)**	-	(19)	(19)
Additions and adjustments	-	**2**	**2**	2	-	2
(Loss)/profit after tax	**(1)**	**25**	**24**	(1)	2	1
Other comprehensive income	-	**(47)**	**(47)**	-	(31)	(31)
Reversal of impairment/(impairment)	-	-	-	-	2	2
At 31 December	**14**	**191**	**205**	15	214	229

1. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited (HASL), applied IFRS 9 at 1 January 2023 following the implementation of the new insurance contracts standard, IFRS 17. In line with the approach adopted by the Group on its implementation of IFRS 9 on 1 January 2019, the 2022 comparatives were not restated for HASL's adoption of IFRS 9. The impact of HASL adopting IFRS 9 was recognised in retained earnings at 1 January 2023.

The following joint venture is considered to be material to the Group as at 31 December 2024.

Name	**Nature of relationship**	**Principal place of business**	**Measurement method**	**Interest held by the Group at 31 December 2024**	Interest held by the Group at 31 December 2023
Heng An Standard Life Insurance Company Limited (HASL)	Joint venture	China	Equity accounted	**50%**	50%

The country of incorporation or registration is the same as the principal place of business. The interest held by the Group is the same as the proportion of voting rights held. HASL is not listed.

(b) Investments in associates accounted for using the equity method

	2024	2023
	£m	£m
Carrying value of associates accounted for using the equity method	**14**	15
Share of profit/(loss) after tax	**(1)**	(1)

Investments in associates accounted for using the equity method primarily relates to the Group's interests in Archax Group Limited (Archax) (previously named Archax Holdings Limited). The Group's interest in Archax was 10.77% at 31 December 2024 (31 December 2023: 11.00%). The classification of Archax as an associate reflects the Group's additional rights under Archax's articles of association as a large external investor.

There were no additional investment into Archax in 2024 (2023: £2m) and there are no indicators of impairment at 31 December 2024.

(c) Investments in joint ventures accounted for using the equity method

	HASL		**Other**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m
Carrying value of joint ventures accounted for using the equity method	**190**	214	**1**	-	**191**	214
Share of profit/(loss) after tax	**26**	3	**(1)**	(1)	**25**	2

HASL

The Group has a 50% share in HASL, an insurance company in China offering life and health insurance products. HASL is an investment which gives the Group access to one of the world's largest markets. The table below provides summarised financial information for HASL, the joint venture which is considered to be material to the Group. HASL's year-end date is 31 December, however, HASL is not adopting IFRS 17 and IFRS 9 for its local reporting until 2025. Consequently, HASL has provided additional financial information on an IFRS 17 and IFRS 9 basis for the purposes of the preparation of the Group's consolidated financial statements.

	HASL	
	2024	2023
	£m	£m
Summarised financial information of joint venture:		
Revenue	**151**	154
Depreciation and amortisation	**5**	6
Interest income	**105**	97

Interest expense	**1**	2
Income tax (expense)/credit	**(21)**	(1)
Profit after tax	**51**	6
Other comprehensive income	**(94)**	(62)
Total comprehensive income	**(43)**	(56)
Total assets[1]	**6,906**	5,267
Total liabilities[1]	**6,526**	4,839
Cash and cash equivalents	**169**	179
Net assets	**380**	428
Attributable to investee's shareholders	**380**	428
Interest held	**50 %**	50%
Share of net assets	**190**	214

1. As a liquidity presentation is used by insurance companies when presenting their statement of financial position, an analysis of total assets and total liabilities between current and non-current has not been provided for HASL.

In relation to HASL, there are no indicators that the recoverable amount of the Group's investment in HASL is less than the Group's share of net assets.

Virgin Money UTM

The Group's interest in Virgin Money UTM which was previously included in other joint ventures accounted for using the equity method was transferred to held for sale at 31 December 2023. The sale completed on 2 April 2024. Refer Note 1(c)(ii) for further details. Prior to the transfer, a reversal of prior impairment of the Group's interest of £2m was recognised. The reversal of impairment was included in Reversal of impairment of interests in joint ventures in the consolidated income statement for the year ended 31 December 2023. The interest in Virgin Money UTM did not form part of the Group's reportable segments.

(d) Investments in associates measured at FVTPL

The aggregate fair value of associates accounted for at FVTPL included in equity securities and interests in pooled investment funds (refer Note 17) at 31 December 2024 is £1m (2023: £10m) none of which are considered individually material to the Group.

15. Property, plant and equipment

Property, plant and equipment consists primarily of property owned and occupied by the Group and the computer equipment used to carry out the Group's business along with right-of-use assets for leased property and equipment.

Owner occupied property: Owner occupied property is initially recognised at cost and subsequently revalued to fair value at each reporting date. Depreciation, being the difference between the carrying amount and the residual value of each significant part of a building, is charged to the consolidated income statement over its useful life. The useful life of each significant part of a building is estimated as being between 30 and 50 years. A revaluation surplus is recognised in other comprehensive income unless it reverses a revaluation deficit which has been recognised in the consolidated income statement.

Equipment: Equipment is initially recognised at cost and subsequently measured at cost less depreciation. Depreciation is charged to the consolidated income statement over 2 to 15 years depending on the length of time the Group expects to derive benefit from the asset.

Right-of-use asset: Refer Note 16 below for the accounting policies for right-of-use assets.

	Owner occupied property	Equipment	Right of use assets - property	Right of use assets - equipment	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 January 2023	2	120	321	4	447
Additions	-	18	30	1	49
Disposals and adjustments[1]	-	(8)	(10)	(1)	(19)
Derecognition of right-of-use assets relating to subleases classified as finance leases	-	-	(24)	-	(24)
Foreign exchange adjustment	-	(2)	(4)	-	(6)
At 31 December 2023	2	128	313	4	447
Additions	**-**	**7**	**4**	**1**	**12**
Disposals and adjustments[1]	**(2)**	**(7)**	**(72)**	**(2)**	**(83)**
Foreign exchange adjustment	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2024	**-**	**128**	**244**	**3**	**375**

	Owner occupied property	Equipment	Right of use assets - property	Right of use assets - equipment	Total
	£m	£m	£m	£m	£m
Accumulated depreciation and impairment					
At 1 January 2023	(1)	(65)	(177)	(3)	(246)

Depreciation charge for the year[2]	-	(15)	(16)	(1)	(32)
Disposals and adjustments[1]	-	7	9	-	16
Derecognition of right-of-use assets relating to subleases classified as finance leases	-	-	20	-	20
Impairment[3]	-	(11)	(39)	-	(50)
Reversal of impairment[3]	-	-	3	-	3
Foreign exchange adjustment	-	2	2	1	5
At 31 December 2023	(1)	(82)	(198)	(3)	(284)
Depreciation charge for the year[2]	**-**	**(13)**	**(15)**	**(1)**	**(29)**
Disposals and adjustments[1]	**1**	**4**	**65**	**2**	**72**
Foreign exchange adjustment	**-**	**-**	**1**	**-**	**1**
At 31 December 2024	**-**	**(91)**	**(147)**	**(2)**	**(240)**
Carrying amount					
At 1 January 2023	1	55	144	1	201
At 31 December 2023	1	46	115	1	163
At 31 December 2024	**-**	**37**	**97**	**1**	**135**

1. For the year ended 31 December 2024, £1m (2023: £5m) of disposals and adjustments relates to equipment with net book value of £nil which is no longer in use.
2. Included in other administrative expenses.
3. Included in restructuring and corporate transaction expenses.

Included in property right-of-use assets, are right-of-use assets that meet the definition of investment property. Their carrying amount at 31 December 2024 is £22m (2023: £31m). This comprises a gross carrying value of £63m (2023: £134m) and accumulated depreciation and impairment of £40m (2023: £103m). Rental income received and direct operating expenses incurred to generate that rental income in the year to 31 December 2024 were £2m (2023: £3m) and £1m (2023: £2m) respectively. In addition, there were direct expenses of £1m (2023: £1m) in relation to investment properties not currently generating income.

The movements during the period of the carrying value of the Group's investment property is analysed below.

	2024	2023
	£m	£m
At start of period	**31**	14
Transfers to investment property	**-**	63
Transfers from investment property	**-**	(3)
Depreciation	**(2)**	(4)
Derecognition related to new subleases classified as finance leases	**(2)**	(3)
Impairments	**-**	(39)
Reversal of impairment	**-**	3
Disposals and adjustments	**(5)**	-
At end of period	**22**	31

The disposals and adjustments for the year ended 31 December 2024 of £5m relate to the assignation of a lease relating to a floor within a property in the UK. The assignation also resulted in the derecognition of related lease liabilities of £10m and a gain of £3m has been recognised within Other income in Net gains or losses on financial instruments and other income as a result of the assignation.

There were no transfers to or from investment property in 2024 and no impairments recognised.

The transfers to investment property in 2023 related to a number of properties in the UK and the US that will no longer be used operationally by the Group. The right-of-use assets were assessed for impairment at the point of transfer. Impairments of £39m were recognised in the year ended 31 December 2023 in relation to these properties and one other property in the UK previously transferred to investment property. The right-of-use assets are related to the Investments segment (£27m impairment), Other business operations and corporate costs (£11m impairment) and ii segment (£1m impairment).

On transfers in 2023, the recoverable amount for the properties in the UK, which was based on value in use, was £27m. The recoverable amount for the properties in the US, which was based on value in use, was £4m. The cash flows were based on the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. The assessment of the cash flows took into consideration climate related factors such as the energy efficiency of the buildings. It was not based on valuations by an independent valuer.

The transfers from investment property in 2023 related to a property in the UK which was not being used operationally but following the review of properties in the UK is being brought back into operational use. The right-of-use asset was assessed for reversal of impairment at the point of transfer. The Group recognised a reversal of impairment of £3m in the year ended 31 December 2023 in relation to this property. The recoverable amount for this property was its carrying value at 30 June 2023 if it had not previously been impaired. The right-of-use asset is also related to the Investments segment.

The fair value of investment property included within right-of-use assets at 31 December 2024 is £27m (2023: £36m). The valuation technique used to determine the fair value considers the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. It is not based on valuations by an independent valuer. This is a level 3 valuation technique as defined in Note 36.

The Group disposed of its last owned occupied property in 2024, recognising a loss of less than £1m on the disposal. Prior to the disposal, the expected residual value of owner occupied property was in line with the current fair value and no depreciation was charged on owner occupied property.

Further details on the leases under which the Group's right-of-use assets are recognised are provided in Note 16 below.

16. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. In 2019, on adoption of IFRS 16 the Group used the practical expedient permitted to apply the new standard at transition solely to leases previously identified in accordance with IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are presented in property, plant and equipment (refer Note 15). The Group does not revalue its right-of-use assets. This applies to all right-of-use assets, including those that are assessed as meeting the definition of investment property. The cost comprises the amount of the initial measurement of the lease liability plus any initial direct costs and expected restoration costs not relating to wear and tear. Costs relating to wear and tear are expensed over the term of the lease. Depreciation is charged on right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group assesses right-of-use assets for impairment when such indicators exist, and where required, reduces the value of the right-of-use asset accordingly.

The related lease liability (included in other financial liabilities - refer Note 32) is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Group's incremental borrowing rate where the implicit rate is not readily available. Interest is calculated on the liability using the discount rate and is charged to the consolidated income statement under finance costs.

In determining the value of the right-of-use assets and lease liabilities, the Group considers whether any leases contain lease extensions or termination options that the Group is reasonably certain to exercise.

Where a leased property has been sublet, the Group assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance leases (included in Receivables and other financial assets - refer Note 19) is recognised, calculated as the present value of the future lease payments receivable under the sublease. Where a property is only partially sublet, only the portion of the right-of-use asset relating to the sublet part of the property is derecognised and recognised as a net investment in finance leases.

Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised in the consolidated income statement (within other income or expenses). Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the consolidated income statement as interest income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease, the Group continues to recognise the right-of-use asset. The sublease is accounted for as an operating lease with the lease payments received recognised as property rental income in other income in the consolidated income statement. Lease incentives granted are recognised as an integral part of the property rental income and are spread over the term of the lease.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases (less than one year from inception) and leases where the underlying asset is of low value.

(a) Leases where the Group is lessee

The Group leases various offices and equipment used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The remaining periods for current leases range from less than 1 year to 14 years (2023: less than 1 year to 15 years). A number of leases which are due to end in 2031 contain options that would allow the Group to extend the lease term. The Group reviews its property use on an ongoing basis and these extensions have not been included in the right-of-use asset or lease liability calculations. The Group had not committed to any leases at 31 December 2024 which had not yet commenced.

The Group has recognised the following assets and liabilities in relation to these leases where the Group is a lessee:

	2024	2023
	£m	£m
Right-of-use assets:		
Property	**97**	115
Equipment	**1**	1
Total right-of-use assets	**98**	116

Lease liabilities	**(193)**	(223)

Details of the movements in the Group's right-of-use assets including additions and depreciation are included in Note 15.

The interest on lease liabilities is as follows:

	2024	2023
	£m	£m
Interest on lease liabilities	**6**	6

The total cash outflow for lease liabilities recognised in the consolidated statement of cash flows for the year ended 31 December 2024 was £29m (2023: £30m). Refer Note 37(f) for further details.

The following table provides a maturity analysis of the contractual undiscounted cash flows for the lease liabilities.

	2024	2023
	£m	£m
Less than 1 year	**27**	26
Greater than or equal to 1 year and less than 2 years	**27**	25
Greater than or equal to 2 years and less than 3 years	**26**	26
Greater than or equal to 3 years and less than 4 years	**24**	26
Greater than or equal to 4 years and less than 5 years	**23**	25
Greater than or equal to 5 years and less than 10 years	**72**	91
Greater than or equal to 10 years and less than 15 years	**19**	32
Total undiscounted lease liabilities	**218**	251

The Group does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2024 were less than £1m (2023: £1m). The Group has no lease commitments for short-term leases at 31 December 2024 (2023: none).

(b) Leases where the Group is lessor (subleases)

Where the Group no longer requires a leased property, the property may be sublet to a third party. The sublease may be for the full remaining term of the Group's lease or only part of the remaining term.

At 31 December 2024, the Group had a net investment in finance leases asset of £32m (2023: £31m) for subleases which had transferred substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease. All other subleases are accounted for as operating leases.

(b)(i) Finance leases

During the year ended 31 December 2024, the Group received finance income on the net investment in finance leases asset of less than £1m (2023: less than £1m). The Group recorded an initial gain of £2m in relation to new subleases entered into during the year ended 31 December 2024 (2023: £6m). The following table provides a maturity analysis of the future contractual undiscounted cash flows for the net investment in finance leases and a reconciliation to the net investment in finance leases asset.

	2024	2023
	£m	£m
Less than 1 year	**5**	3
Greater than or equal to 1 year and less than 2 years	**5**	4
Greater than or equal to 2 years and less than 3 years	**5**	4
Greater than or equal to 3 years and less than 4 years	**4**	4
Greater than or equal to 4 years and less than 5 years	**5**	4
Greater than or equal to 5 years and less than 10 years	**13**	14
Greater than or equal to 10 years and less than 15 years	**-**	1
Total contractual undiscounted cash flows under finance leases	**37**	34
Unearned finance income	**(5)**	(3)
Total net investment in finance leases	**32**	31

(b)(ii) Operating leases

During the year ended 31 December 2024, the Group received property rental income from operating leases of £2m (2023: £3m).

The following table provides a maturity analysis of the future contractual undiscounted cash flows for subleases classified as operating leases.

	2024	2023
	£m	£m
Less than 1 year	**2**	2
Greater than or equal to 1 year and less than 2 years	**1**	2
Greater than or equal to 2 years and less than 3 years	**-**	1
Total contractual undiscounted cash flows under operating leases	**3**	5

17. Financial assets

Financial assets are initially recognised at their fair value. Subsequently all equity securities and interests in pooled investment funds and derivative instruments are measured at fair value. All equity securities and interests in pooled investment funds are classified as FVTPL on a mandatory basis. Changes in their fair value are recognised in Net gains or losses on financial instruments and other income in the consolidated income statement. The classification of derivatives and the accounting treatment of derivatives designated as a hedging instrument are set out in Note 18.

The subsequent measurement of debt instruments depends on whether their cash flows are solely payments of principal and interest and the nature of the business model they are held in as follows:

SPPI[1] test satisfied?	Business model	Classification
Yes	A: Objective is to hold to collect contractual cash flows	Amortised cost[2]
Yes	B: Objective is achieved by both collecting contractual cash flows and selling	Fair value through other comprehensive income (FVOCI)[2]
Yes	C: Objective is neither A nor B	FVTPL
No	N/A	FVTPL

1. Solely payments of principal and interest.
2. May be classified as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group has no direct holding in debt instruments that are managed within a business model whose objective is achieved both by collecting contractual cash flows and selling and therefore there are no debt instruments classified as FVOCI. The Group's Chinese joint venture, HASL, does hold debt securities classified as FVOCI. (refer Note 14). Debt instruments classified as FVTPL are classified as such due to the business model they are managed under, predominantly being held in consolidated investment vehicles.

The methods and assumptions used to determine fair value of financial assets at FVTPL are discussed in Note 36.

Amortised cost is calculated, and related interest is credited to the consolidated income statement, using the effective interest method. Impairment is determined using an expected credit loss impairment model which is applied to all financial assets measured at amortised cost. Financial assets measured at amortised cost attract a loss allowance equal to either:
- 12 month expected credit losses (losses resulting from possible default within the next 12 months).
- Lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset).

Financial assets attract a 12 month ECL allowance unless the asset has suffered a significant deterioration in credit quality or the simplified approach for calculation of ECL has been applied. As permitted under IFRS 9 Financial Instruments, the Group has applied the simplified approach to calculate the ECL allowance for trade receivables and contract assets recognised under IFRS 15 Revenue from Contracts with Customers and lease receivables recognised under IFRS 16 Leases. Under the simplified approach the ECL is always equal to the lifetime expected credit loss.

The table below sets out an analysis of financial assets excluding those assets backing unit linked liabilities which are set out in Note 23.

		At fair value through profit or loss[1]		Cash flow hedge[2]		At amortised cost		Total	
		2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	Notes	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Derivative financial assets	18	**4**	2	**50**	41	**-**	-	**54**	43
Equity securities and interests in pooled investment funds	36	**1,105**	1,139	**-**	-	**-**	-	**1,105**	1,139
Debt securities	36	**659**	740	**-**	-	**-**	125	**659**	865
Financial investments		**1,768**	1,881	**50**	41	**-**	125	**1,818**	2,047
Receivables and other financial assets	19	**17**	11	**-**	-	**1,007**	1,060	**1,024**	1,071
Cash and cash equivalents	22	**-**	-	**-**	-	**1,321**	1,196	**1,321**	1,196
Total		**1,785**	1,892	**50**	41	**2,328**	2,381	**4,163**	4,314

1. All financial assets measured at fair value through profit or loss have been classified at FVTPL on a mandatory basis. The Group has not designated any financial assets as FVTPL.
2. Changes in fair value are recognised in the Cash Flow Hedges Reserve (refer Note 27) but may be reclassified subsequently to profit or loss.

The amount of debt securities expected to be recovered or settled after more than 12 months is £36m (2023: £8m). Due to the nature of equity securities and interests in pooled investment funds, there is no fixed term associated with these securities. The amount of equity securities and interests in pooled investment funds expected to be recovered or settled after more than 12 months is £1,105m (2023: £1,139m).

Financial assets at 31 December 2024 of £4,163m (2023: £4,314m) includes £98m (2023: £94m) related to the abrdn Financial Fairness Trust whose assets are restricted to be used for charitable purposes. Refer Note 44 for further details.

18. Derivative financial instruments

A derivative is a financial instrument that is typically used to manage risk and whose value moves in response to an underlying variable such as interest or foreign exchange rates. The Group uses derivative financial instruments in order to match subordinated debt liabilities and to reduce the risk from potential movements in foreign exchange rates on seed capital and co-investments and potential movements in market rates on seed capital. Certain consolidated investment vehicles may also use derivatives to take and alter market exposure, with the objective of enhancing performance and controlling risk.

Management determines the classification of derivatives at initial recognition. All derivative instruments are classified as at FVTPL except those designated as part of a cash flow hedge or net investment hedge. Derivatives at FVTPL are measured at fair value with changes in fair value recognised in the consolidated income statement.

On adoption of IFRS 9 Financial instruments in 2019, the Group has elected to continue applying the hedge accounting requirements of IAS 39. The accounting treatment below applies to derivatives designated as part of a hedging relationship.

Using derivatives to manage a particular exposure is referred to as hedging. For a derivative to be considered as part of a hedging relationship its purpose must be formally documented at inception. In addition, the effectiveness of the hedge must be initially high and be able to be reliably measured on a regular basis. Derivatives used to hedge variability in future cash flows such as coupons payable on subordinated liabilities or revenue receivable in a foreign currency are designated as cash flow hedges, while derivatives used to hedge currency risk on investments in foreign operations are designated as net investment hedges.

Where a derivative qualifies as a cash flow or net investment hedge, hedge accounting is applied. The effective part of any gain or loss resulting from the change in fair value is recognised in other comprehensive income, and in the cash flow or net investment hedge reserve in equity, while any ineffective part is recognised immediately in the consolidated income statement. If a derivative ceases to meet the relevant hedging criteria, hedge accounting is discontinued.

For cash flow hedges, the amount recognised in the cash flow hedge reserve is transferred to the consolidated income statement (recycled) in the same period or periods during which the hedged item affects profit or loss and is transferred immediately if the cash flow is no longer expected to occur. For net investment hedges, the amount recognised in the net investment hedge reserve is transferred to the consolidated income statement on disposal of the investment.

		2024			2023		
		Contract amount	**Fair value assets**	**Fair value liabilities**	Contract amount	Fair value assets	Fair value liabilities
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Cash flow hedges	17	**599**	**50**	**-**	588	41	-
FVTPL	17, 29	**555**	**4**	**3**	628	2	9
Derivative financial instruments	36	**1,154**	**54**	**3**	1,216	43	9
Derivative financial instruments backing unit linked liabilities	23	**-**	**-**	**-**	2	-	-
Total derivative financial instruments		**1,154**	**54**	**3**	1,218	43	9

Derivative assets of £50m (2023: £41m) are expected to be recovered after more than 12 months. There are no derivative liabilities (2023: none) expected to be settled after more than 12 months.

(a) Hedging strategy

The Group generally does not hedge the currency exposure relating to revenue and expenditure, nor does it hedge translation of overseas profits in the consolidated income statement. Where appropriate, the Group may use derivative contracts to reduce or eliminate currency risk arising from individual transactions or seed capital and co-investment activity.

(a)(i) Cash flow hedges

On 18 October 2017, the Group issued subordinated notes with a principal amount of US 750m. In order to manage its foreign exchange risk relating to the principal and coupons payable on these notes the Group entered into a cross-currency swap which is designated as a cash flow hedge. The cash flow hedge was fully effective during the year. The cross-currency swap has the effect of swapping the 4.25% US Dollar fixed rate subordinated notes into 3.2% Sterling fixed rate subordinated notes with a principal amount of £569m. The cross-currency swap has a fair value asset position of £50m (2023: £41m asset). During the year ended 31 December 2024 fair value gain of £20m (2023: losses of £40m) were recognised in other comprehensive income in relation to the cross-currency swap. Gains of £11m (2023: losses of £35m) were transferred from other comprehensive income to Net gains or losses on financial instruments and other income in the consolidated income statement in relation to the cross-currency swap during the year. In addition, forward points of £6m (2023: £6m) and gains of £1m (2023: gains of £1m) were transferred from other comprehensive income to Finance costs in the consolidated income statement.

(a)(ii) FVTPL

Derivative financial instruments classified as FVTPL include those that the Group holds as economic hedges of financial instruments that are measured at fair value. FVTPL derivative financial instruments are also held by the Group to match contractual liabilities that are measured at fair value or to achieve efficient portfolio management in respect of instruments measured at fair value.

	2024	2023

	2024			2023		
	Contract amount	**Fair value assets**	**Fair value liabilities**	Contract amount	Fair value assets	Fair value liabilities
	£m	**£m**	**£m**	£m	£m	£m
Equity derivatives:						
Futures	**95**	**3**	**-**	130	-	5
Swaps	**6**	**-**	**-**	13	-	-
Bond derivatives:						
Futures	**54**	**-**	**-**	46	-	2
Interest rate derivatives:						
Swaps	**-**	**-**	**-**	21	1	-
Foreign exchange derivatives:						
Forwards	**313**	**1**	**-**	339	1	-
Other derivatives:						
Credit default swaps	**87**	**-**	**3**	81	-	2
Derivative financial instruments at FVTPL	**555**	**4**	**3**	630	2	9

(b) Maturity profile

The maturity profile of the contractual undiscounted cash flows in relation to derivative financial instruments is as follows:

	Within 1 year		1-5 years		Total	
	2024	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m
Cash inflows						
Derivative financial assets	**331**	339	**663**	677	**994**	1,016
Derivative financial liabilities	**11**	25	**-**	-	**11**	25
Total	**342**	364	**663**	677	**1,005**	1,041
Cash outflows						
Derivative financial assets	**(319)**	(331)	**(614)**	(632)	**(933)**	(963)
Derivative financial liabilities	**(11)**	(25)	**(3)**	(2)	**(14)**	(27)
Total	**(330)**	(356)	**(617)**	(634)	**(947)**	(990)
Net derivative financial instruments cash inflows	**12**	8	**46**	43	**58**	51

Included in the above maturity profile are the following cash flows in relation to cash flow hedge assets:

	Within 1 year		1-5 years		Total	
	2024	2023	**2024**	2024	**2024**	2024
	£m	£m	**£m**	£m	**£m**	£m
Cash inflows	**25**	25	**663**	676	**688**	701
Cash outflows	**(18)**	(18)	**(614)**	(632)	**(632)**	(650)
Net cash flow hedge cash inflows	**7**	7	**49**	44	**56**	51

Cash inflows and outflows are presented on a net basis where the Group is required to settle cash flows net.

19. Receivables and other financial assets

		2024	2023
	Notes	**£m**	£m
Amounts receivable from contracts with customers		**115**	110
Accrued income		**333**	310
Amounts due from counterparties and customers for unsettled trades and fund transactions		**371**	477
Net investment in finance leases		**32**	31
Collateral pledged in respect of derivative contracts	34	**12**	19
Contingent consideration assets	36	**17**	11
Deferred consideration assets		**21**	-
Other		**123**	113
Receivables and other financial assets		**1,024**	1,071

The carrying amounts disclosed above reasonably approximate the fair values as at the year end.

The amount of receivables and other financial assets expected to be recovered after more than 12 months is £84m (2023: £67m).

Accrued income includes £329m (2023: £306m) of accrued income from contracts with customers.

20. Other assets

	2024	2023
	£m	£m
Prepayments	**53**	75

Other	**1**	2
Other assets	**54**	77

The amount of other assets expected to be recovered after more than 12 months is £2m (2023: £24m).

Prepayments of £53m (2023: £75m) includes prepayments of £6m (2023: £23m) which relate to the Group's purchase of certain products in Phoenix's savings business offered through abrdn's Wrap platform together with Phoenix's trustee investment plan (TIP) business for UK pension scheme clients. Refer Note 39(b) for further details.

During 2024, the Group has released £15m of the £19m prepayment recognised in relation to the TIP business to other administrative expenses in the consolidated income statement following a review of the recoverability of these costs from future profits from the TIP business. The transfer of this business to the Group is now expected to occur in 2025.

21. Assets and liabilities held for sale

Assets and liabilities held for sale are presented separately in the consolidated statement of financial position and consist of operations and individual non-current assets whose carrying amount will be recovered principally through a sale transaction (expected within one year) and not through continuing use.

Operations held for sale, being disposal groups, and investments in associates accounted for using the equity method are measured at the lower of their carrying amount and their fair value less disposal costs. No depreciation or amortisation is charged on assets in a disposal group once it has been classified as held for sale.

Operations held for sale include newly established investment vehicles which the Group has seeded but is actively seeking to divest from. For these investment funds, which do not have significant liabilities or non-financial assets, financial assets continue to be measured based on the accounting policies that applied before they were classified as held for sale. The Group classifies seeded operations as held for sale where the intention is to dispose of the investment vehicle in a single transaction. Where disposal of a seeded investment vehicle will be in more than one tranche the operations are not classified as held for sale in the consolidated statement of financial position.

Amounts seeded into newly established investment vehicles which are not consolidated and are recognised as interests in pooled investment funds are also classified as held for sale where the Group intends to dispose of its investment in a single transaction. As above, they continue to be measured based on the accounting policies that applied before they were classified as held for sale.

	Notes	**2024** £m	2023 £m
Assets of operations held for sale			
European-headquartered Private Equity business		**-**	10
Investments in joint ventures accounted for using the equity method			
Virgin Money UTM	14	**-**	9
Investment vehicles		**17**	-
Assets held for sale		**17**	19
Liabilities of operations held for sale			
European-headquartered Private Equity business		**-**	2
Liabilities of operations held for sale		**-**	2

(a) European-headquartered Private Equity business

On 26 April 2024, the Group completed the sale of its European-headquartered Private Equity business to Patria Investments. Refer Note 1(c)(i). The European-headquartered Private Equity business was reported in the investments segment.

At 31 December 2023, this disposal group was measured at its carrying amount and comprised the following assets and liabilities:

	2023 £m
Assets of operations held for sale	
Receivables and other financial assets	9
Cash and cash equivalents	1
Total assets of operations held for sale	10
Liabilities of operations held for sale	
Other financial liabilities	2
Total liabilities of operations held for sale	2
Net assets of operations held for sale	8

Net assets of operations held for sale were net of intercompany balances between the European-headquartered Private Equity business and other group entities, the net assets on a gross basis as at 31 December 2023 were £8m.

22. Cash and cash equivalents

Cash and cash equivalents include cash at bank, money at call and short notice with banks, money market funds and any highly liquid investments with less than three months to maturity from the date of acquisition. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts which are of the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts which are included in other financial liabilities on the consolidated statement of financial position where the overdraft is repayable on demand and forms an integral part of the Group's cash management.

Where the Group has a legally enforceable right of set off and intention to settle on a net basis, cash and overdrafts are offset in the consolidated statement of financial position.

	2024	2023
	£m	£m
Cash at bank and in hand		704
Cash at bank and in hand	733	
Money at call, term deposits, reverse repurchase agreements and debt instruments with less than three months to maturity from acquisition	415	301
Money market funds	173	191
Cash and cash equivalents	**1,321**	1,196

	Notes	2024	2023
		£m	£m
Cash and cash equivalents		1,321	1,196
Cash and cash equivalents backing unit linked liabilities	23	14	13
Cash and cash equivalents classified as held for sale	21	-	1
Total cash and cash equivalents for consolidated statement of cash flows		**1,335**	1,210

Cash at bank, money at call and short notice and deposits are subject to variable interest rates.

Cash and cash equivalents in respect of unit linked funds (including third party interests in consolidated funds) are held in separate bank accounts and are not available for general use by the Group.

As at 31 December 2024, no cash and overdrafts were offset in the consolidated statement of financial position (2023: none).

23. Unit linked liabilities and assets backing unit linked liabilities

The Group operates unit linked life assurance businesses through an insurance subsidiary. This subsidiary provides investment products through a life assurance wrapper. These products do not contain any features which transfer significant insurance risk and therefore are classified as investment contracts. Unit linked non-participating investment contracts are separated into two components being an investment management services component and a financial liability. All fees and related administrative expenses are deemed to be associated with the investment management services component (refer Note 3). The financial liability component is designated at FVTPL as it is implicitly managed on a fair value basis as its value is directly linked to the market value of the underlying portfolio of assets.

Where the Group is deemed to control an investment vehicle as a result of holdings in that vehicle by subsidiaries to back unit linked non-participating investment contract liabilities, the assets and liabilities of the vehicle are consolidated within the Group's statement of financial position. The liability for third party interest in such consolidated funds is presented as a unit linked liability.

Unit linked liabilities and assets backing unit linked liabilities are presented separately in the consolidated statement of financial position except for those held in operations held for sale, which are presented in assets and liabilities held for sale in the consolidated statement of financial position.

Contributions received on non-participating investment contracts and from third party interest in consolidated funds are treated as deposits and not reported as revenue in the consolidated income statement.

Withdrawals paid out to policyholders on non-participating investment contracts and to third party interest in consolidated funds are treated as a reduction to deposits and not recognised as expenses in the consolidated income statement.

Investment return and related benefits credited in respect of non-participating investment contracts and third party interest in consolidated funds are recognised in the consolidated income statement as changes in investment contract liabilities and changes in liability for third party interest in consolidated funds respectively. Investment returns relating to unit linked business are for the account of policyholders and have an equal and opposite effect on income and expenses in the consolidated income statement with no impact on profit or loss after tax.

Assets backing unit linked liabilities comprise financial investments, which are all classified as FVTPL on a mandatory basis, and receivables and other financial assets and cash and cash equivalents which are measured at amortised cost.

(a) Result for the year attributable to unit linked business

	Notes	2024	2023
		£m	£m
Net gains or losses on financial instruments and other income	4	(1)	4
Other administrative expense	5	-	(1)
(Loss)/profit before tax		**(1)**	3
Tax credit/(expense) attributable to unit linked business	9	1	(3)
Profit after tax		**-**	-

(b) Financial instrument risk management

(b) Financial instrument risk management

The shareholder is not directly exposed to market risk or credit risk in relation to the financial assets backing unit linked liabilities. The shareholder's exposure to market risk on these assets is limited to variations in the value of future revenue as fees are based on a percentage of fund value.

The shareholder is exposed to liquidity risk relating to unit linked funds. For the unit linked business, liquidity risk is primarily managed by holding a range of diversified instruments which are assessed against cash flow and funding requirements. A core portfolio of assets is maintained and invested in accordance with the mandates of the relevant unit linked funds. Given that unit linked policyholders can usually choose to surrender, in part or in full, their unit linked contracts at any time, the non-participating investment contract unit linked liabilities are designated as payable within one year. Such surrenders would be matched in practice, if necessary, by sales of underlying assets. Policyholder behaviour and the trading position of asset classes are actively monitored. The Group can delay settling liabilities to unit linked policyholders to ensure fairness between those remaining in the fund and those leaving the fund. The length of any such delay is dependent on the underlying financial assets.

(c) Fair value measurement of unit linked financial liabilities and financial assets backing unit linked liabilities

Each of the unit linked financial liabilities and the financial assets backing unit linked liabilities has been categorised below using the fair value hierarchy as defined in Note 36. Refer Note 36 for details of valuation techniques used.

	Level 1		**Level 2**		**Level 3**		**Not at fair value**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Financial investments	**349**	396	**300**	273	**-**	-	**-**	-	**649**	669
Receivables and other financial assets	**-**	-	**-**	-	**-**	-	**4**	4	**4**	4
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**14**	13	**14**	13
Total financial assets backing unit linked liabilities	**349**	396	**300**	273	**-**	-	**18**	17	**667**	686
Investment contract liabilities	**-**	-	**665**	684	**-**	-	**-**	-	**665**	684
Other unit linked financial liabilities	**-**	-	**-**	-	**-**	-	**2**	2	**2**	2
Total unit linked financial liabilities	**-**	-	**665**	684	**-**	-	**2**	2	**667**	686

The financial investments backing unit linked liabilities comprise equity securities and interests in pooled investment funds of £616m (2023: £667m) and debt securities of £33m (2023: £2m).

The fair value of financial instruments not held at fair value approximates to their carrying value at both 31 December 2024 and 31 December 2023.

There were no significant transfers between levels 1 and 2 during the years ended 31 December 2024 and 31 December 2023. Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

The movements during the period of level 3 unit linked assets and liabilities held at fair value are analysed below.

	Equity securities and interests in pooled investment funds		**Investment contract liabilities**	
	31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
	£m	£m	**£m**	£m
At start of period	**-**	1	**-**	(1)
Sales	**-**	(1)	**-**	1
At end of period	**-**	-	**-**	-

Unit linked level 3 assets related to holdings in real estate funds. No individual unobservable input is considered significant. Changing unobservable inputs in the measurement of the fair value of these unit linked level 3 financial assets and liabilities to reasonably possible alternative assumptions would have no impact on profit attributable to equity holders or on total assets.

Transfers of unit linked assets and liabilities to level 3 generally arise when external pricing providers stop providing prices for the underlying assets and liabilities in the funds or where the price provided is considered stale.

(d) Change in non-participating investment contract liabilities

The change in non-participating investment contract liabilities was as follows:

	2024	2023
	£m	£m
At 1 January	**684**	773
Contributions	**59**	54
Account balances paid on surrender and other terminations in the year	**(137)**	(206)
Change in non-participating investment contract liabilities recognised in the consolidated income statement	**58**	65
Recurring management charges	**1**	(2)
At 31 December	**665**	684

24. Issued share capital and share premium

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The Company's share capital consists of the number of ordinary shares in issue multiplied by their nominal value. The difference between the proceeds received on issue of the shares and the nominal value of the shares issued is recorded in share premium.

Where the Company undertakes share buybacks, the reduction to retained earnings is accounted for on the trade date of the transaction of each repurchase with a liability recognised for unsettled trades, unless the Company has an irrevocable contractual obligation with a third party. Where the Company has an irrevocable contractual obligation, the full contractual value of the buyback programme is recognised as a liability and as a reduction to retained earnings on the date of the agreement. The reduction to share capital for the cancellation of the shares and the related credit to the capital redemption reserve is always accounted for on the settlement date for the repurchases.

The movement in the issued ordinary share capital and share premium of the Company was:

	2024			2023		
	Ordinary share capital		**Share premium**	Ordinary share capital		Share premium
Issued shares fully paid	**13 61/63p each**	**£m**	**£m**	13 61/63p each	£m	£m
At 1 January	**1,840,740,364**	**257**	**640**	2,001,891,899	280	640
Shares issued in respect of share incentive plans	**2,265**	**-**	**-**	2,414	-	-
Share buyback	**-**	**-**	**-**	(161,153,949)	(23)	-
At 31 December	**1,840,742,629**	**257**	**640**	1,840,740,364	257	640

All ordinary shares in issue in the Company rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Company.

In 2024 the Group has not undertaken any share buybacks.

During 2023, the Group undertook a £300m share buyback programme. The share buyback commenced on 5 June 2023 and was completed on 19 December 2023. The Company bought back and cancelled 161,153,949 shares for a total consideration of £302m which included transaction costs.

The share buyback resulted in a reduction in retained earnings in the year ended 31 December 2023 of £302m. In addition, £23m was credited to the capital redemption reserve relating to the nominal value of the shares cancelled.

The Company can issue shares to satisfy awards granted under employee incentive plans which have been approved by shareholders. Details of the Group's employee plans are provided in Note 40.

25. Shares held by trusts

Shares held by trusts relates to shares in abrdn plc that are held by the abrdn Employee Benefit Trust (abrdn EBT), the abrdn Employee Trust (abrdn ET) and the Aberdeen Asset Management Employee Benefit Trust 2003 (AAM EBT).

The abrdn EBT, abrdn ET and AAM EBT purchase shares in the Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid. Where new shares are issued to the abrdn EBT, abrdn ET or AAM EBT the price paid is the nominal value of the shares. When shares are distributed from the trust their corresponding value is released to retained earnings.

	2024	2023
Number of shares held by trusts		
abrdn Employee Benefit Trust	**30,362,961**	34,076,343
abrdn Employee Trust	**21,888,159**	22,187,644
Aberdeen Asset Management Employee Benefit Trust 2003	**1,707,127**	2,080,853

26. Retained earnings

The following table shows movements in retained earnings during the year.

	Notes	**2024 £m**	2023 £m
Opening balance carried forward		**4,449**	4,986
Effect of application of IFRS 9 on Investments in associates and joint ventures accounted for using the equity method[1]		**-**	51
Opening balance at 1 January		**4,449**	5,037
Recognised in comprehensive income			
Recognised in profit/(loss) for the year attributable to equity holders		**237**	1
Recognised in other comprehensive income			
Remeasurement losses on defined benefit pension plans	31	**24**	(139)
Share of other comprehensive income of associates and joint ventures	14	**(47)**	(31)
Total items recognised in comprehensive income		**214**	(169)

Recognised directly in equity			
Dividends paid on ordinary shares		**(260)**	(279)
Share buyback	24	**-**	(302)
Transfer for vested employee share-based payments		**32**	31
Transfer between reserves on impairment of subsidiaries	27	**94**	169
Shares distributed by employee and other trusts		**(48)**	(38)
Aggregate tax effect of items recognised directly in equity	9	**(1)**	-
Total items recognised directly in equity		**(183)**	(419)
At 31 December		**4,480**	4,449

1. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited (HASL), applied IFRS 9 at 1 January 2023 following the implementation of the new insurance contracts standard, IFRS 17. In line with the approach adopted by the Group on its implementation of IFRS 9 on 1 January 2019, the 2022 comparatives were not restated for HASL's adoption of IFRS 9. The impact of HASL adopting IFRS 9 was recognised in retained earnings at 1 January 2023.

27. Movements in other reserves

In July 2006 Standard Life Group demutualised and during this process the merger reserve, the reserve arising on Group reconstruction and the special reserve were created.

Merger reserve: The merger reserve consists of two components. Firstly, at demutualisation in July 2006 the Company issued shares to former members of the mutual company. The difference between the nominal value of these shares and their issue value was recognised in the merger reserve. The reserve includes components attaching to each subsidiary that was transferred to the Company at demutualisation based on their fair value at that date. Secondly, following the completion of the merger of Standard Life plc and Aberdeen Asset Management PLC on 14 August 2017, an additional amount was recognised in the merger reserve representing the difference between the nominal value of shares issued to shareholders of Aberdeen Asset Management PLC and their fair value at that date. On disposal or impairment of a subsidiary any related component of the merger reserve is released to retained earnings.

Reserve arising on Group reconstruction: The value of the shares issued at demutualisation was equal to the fair value of the business at that date. The business's assets and liabilities were recognised at their book value at the time of demutualisation. The difference between the book value of the business's net assets and its fair value was recognised in the reserve arising on Group reconstruction. The reserve comprises components attaching to each subsidiary that was transferred to the Company at demutualisation. On disposal of such a subsidiary any related component of the reserve arising on Group reconstruction is released to retained earnings.

Special reserve: Immediately following demutualisation and the related initial public offering, the Company reduced its share premium reserve by court order giving rise to the special reserve. Dividends can be paid out of this reserve.

Capital redemption reserve: In August 2018, as part of the return of capital and share buyback the capital redemption reserve was created. In July 2022 there was a cancellation of the capital redemption reserve of £1,059m. Additional capital redemption reserve is created by subsequent buybacks (refer Note 24).

The following tables show the movements in other reserves during the year.

	Cash flow hedges	Foreign currency translation	Merger reserve	Equity compensation reserve	Special reserve	Reserve arising on Group reconstruction	Capital redemption reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
1 January 2024	**14**	**34**	**106**	**41**	**115**	**(685)**	**48**	**(327)**
Recognised in other comprehensive income								
Fair value losses on cash flow hedges	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**20**
Exchange differences on translating foreign operations	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**(2)**
Items transferred to profit or loss	**(18)**	**-**	**-**	**-**	**-**	**-**	**-**	**(18)**
Total items recognised in other comprehensive income	**2**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves credit for employee share-based payments	**-**	**-**	**-**	**26**	**-**	**-**	**-**	**26**
Transfer to retained earnings for vested employee share-based payments	**-**	**-**	**-**	**(32)**	**-**	**-**	**-**	**(32)**
Transfer between reserves on impairment of subsidiaries	**-**	**-**	**(94)**	**-**	**-**	**-**	**-**	**(94)**
Total items recognised directly within equity	**-**	**-**	**(94)**	**(6)**	**-**	**-**	**-**	**(100)**
At 31 December 2024	**16**	**32**	**12**	**35**	**115**	**(685)**	**48**	**(427)**

As at 31 December 2024, none of the merger reserve relates to the Group's asset management businesses. (2023: £94m).

Following the impairment of the Company's investment in abrdn Investments (Holdings) Limited (aIHL), £94m was transferred from the merger reserve to retained earnings during the year ended 31 December 2024. £169m was also transferred from the merger reserve to retained earnings in relation to aIHL during the year ended 31 December 2023. Refer Note A in the Company financial statements for further details.

	Notes	Cash flow hedges	Foreign currency translation	Merger reserve	Equity compensation reserve	Special reserve	Reserve arising on Group reconstruction	Capital redemption reserve	Total
		£m	£m	£m	£m	£m	£m	£m	£m
1 January 2023		23	70	275	48	115	(685)	25	(129)
Recognised in other comprehensive income									
Fair value losses on cash flow hedges		(40)	-	-	-	-	-	-	(40)
Exchange differences on translating foreign operations		-	(35)	-	-	-	-	-	(35)
Items transferred to profit or loss		28	(1)	-	-	-	-	-	27
Aggregate tax effect of items recognised in other comprehensive income		3	-	-	-	-	-	-	3
Total items recognised in other comprehensive income		(9)	(36)	-	-	-	-	-	(45)
Recognised directly in equity									
Share buyback	24	-	-	-	-	-	-	23	23
Reserves credit for employee share-based payments		-	-	-	24	-	-	-	24
Transfer to retained earnings for vested employee share-based payments		-	-	-	(31)	-	-	-	(31)
Transfer between reserves on impairment of subsidiaries		-	-	(169)	-	-	-	-	(169)
Total items recognised directly within equity		-	-	(169)	(7)	-	-	23	(153)
At 31 December 2023		14	34	106	41	115	(685)	48	(327)

28. Other equity and non-controlling interests

Perpetual subordinated notes issued by the Company are classified as other equity where no contractual obligation to deliver cash exists.

(a) Other equity - perpetual subordinated notes

5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes

On 13 December 2021, the Company issued £210m of 5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the Notes). These were classified as other equity and initially recognised at £207m (proceeds received less issuance costs of £3m).

The Notes initially bear interest on their principal amount at 5.25% per annum payable semi-annually in arrears on 13 June and 13 December in each year. The interest rate is subject to reset on 13 June 2027 and then every five years thereafter. The payments of interest are discretionary and non-cumulative. The interest paid is recognised as profit attributable to other equity when paid. The profit for the year attributable to other equity was £11m (2023: £11m).

The Notes have no fixed redemption date. The Company has the option to redeem the Notes (in full) between 13 December 2026 and 13 June 2027 and every five years thereafter. The Notes are convertible to ordinary shares in the Company at a conversion price of £1.6275 (fixed subject to adjustment for share corporate actions e.g. share consolidations in accordance with the terms and conditions of the Notes) if the Group IFPR CET1 Ratio falls below 70%. The IFPR CET1 ratio at 31 December 2024 was 495% (2023: 467%).

(b) Non-controlling interests - ordinary shares

Non-controlling interests - ordinary shares of £5m were held at 31 December 2024 (2023: £5m). The profit for the year attributable to non-controlling interests - ordinary shares was less than £1m (2023: less than £1m).

29. Financial liabilities

Management determines the classification of financial liabilities at initial recognition. Financial liabilities which are managed and whose performance is evaluated on a fair value basis are designated as at fair value through profit or loss. Changes in the fair value of these financial liabilities are recognised in the consolidated income statement.

Derivatives are also measured at fair value. Changes in the fair value of derivatives are recognised in Net gains or losses on financial instruments and other income in the consolidated income statement except for derivative instruments that are designated as a cash flow hedge or net investment hedge. The classification of derivatives and the accounting treatment of derivatives designated as a hedging instrument are set out in Note 18.

Except for contingent consideration liabilities which are measured at fair value, other financial liabilities are classified as being subsequently measured at amortised cost. Amortised cost is calculated, and the related interest expense is recognised in the consolidated income statement, using the effective interest method.

All financial liabilities are initially recognised at fair value less, in the case of financial liabilities subsequently measured at amortised cost, transaction costs that are directly attributable to the issue of the liability.

Where the terms of a financial liability measured at amortised cost are modified and the modification does not result in the derecognition of the liability, the liability is adjusted to the net present value of the future cash flows less transaction costs with a modification gain or loss recognised in the consolidated income statement.

The methods and assumptions used to determine fair value of financial liabilities measured at fair value through profit or loss and derivatives are discussed in Note 36.

The table below sets out an analysis of financial liabilities excluding unit linked financial liabilities which are set out in Note 23.

		At fair value through profit or loss[1]		At amortised cost		Total	
		2024	2023	**2024**	2023	**2024**	2023
	Notes	**£m**	£m	**£m**	£m	**£m**	£m
Third party interest in consolidated funds		**184**	187	**-**	-	**184**	187
Subordinated liabilities	30	**-**	-	**597**	599	**597**	599
Derivative financial liabilities	18	**3**	9	**-**	-	**3**	9
Other financial liabilities	32	**111**	129	**937**	1,112	**1,048**	1,241
Total		**298**	325	**1,534**	1,711	**1,832**	2,036

1. All financial liabilities measured at fair value through profit or loss have been classified at FVTPL on a mandatory basis except for third party interest in consolidated funds which the Group has designated as at FVTPL.

30. Subordinated liabilities

Subordinated liabilities are debt instruments issued by the Company which rank below its other obligations in the event of liquidation but above the share capital. Subordinated liabilities are initially recognised at the value of proceeds received after deduction of issue expenses. Subsequent measurement is at amortised cost using the effective interest rate method.

		2024		2023	
	Notes	**Principal amount**	**Carrying value**	Principal amount	Carrying value
Subordinated notes					
4.25% US Dollar fixed rate due 30 June 2028		**750m**	**£597m**	750m	£599m
Total subordinated liabilities	36		**£597m**		£599m

A description of the key features of the Group's subordinated liabilities as at 31 December 2024 is as follows:

	4.25% US Dollar fixed rate[1]
Principal amount	750m
Issue date	18 October 2017
Maturity date	30 June 2028
Callable at par at option of the Company from	Not applicable
If not called by the Company interest will reset to	Not applicable

1. The cash flows arising from the US dollar subordinated notes give rise to foreign exchange exposure which the Group manages with a cross-currency swap designated as a cash flow hedge. Refer Note 18 for further details.

The difference between the fair value and carrying value of the subordinated liabilities is presented in Note 36. A reconciliation of movements in subordinated liabilities in the year is provided in Note 37.

The principal amount of the subordinated liabilities is expected to be settled after more than 12 months. There was no accrued interest on the subordinated liabilities at 31 December 2024 (2023: £13m). Any accrued interest is expected to be settled within 12 months.

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