

Company Registration No. 08948895 (England and Wales)

**Cumberland Place Financial Management
Limited**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2022**

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors

G J McBirnie
R S Wilson

Secretary

abrdn Corporate Secretary Limited

Company number

08948895

Registered office

280 Bishopsgate
London
United Kingdom
EC2M 4AG

Independent Auditor

KPMG LLP
20 Castle Terrace
Saltire Court
Edinburgh
United Kingdom
EH1 2EG

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

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CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for Cumberland Place Financial Management Limited ("the Company") for the year ended 31 December 2022.

Business review and future developments

The principal activity of the Company is providing Discretionary Fund Management ("DFM") services to clients. The Company is part of abrdn plc ("abrdn plc" or, together with its subsidiaries, "abrdn Group").

On 1 January 2022 all activities relating to the provision of financial advice were transferred to abrdn Financial Planning and Advice Limited (henceforth "aFPAL") leaving only the DFM business. This transfer warranted the inclusion of a discontinued operations and continuing operations split in the Statement of Comprehensive Income to quantify the financial impact of this transfer in 2021 financial statements.

On 21 April 2023, the Directors will be asked to approve the proposed business transfer agreement of the managed portfolio service ("MPS") business from abrdn Capital Limited to the Company. This transfer, if approved, is expected to be effective from the date of approval. The transfer would be for a consideration equal to the book value of the net assets relating to this business. In advance of this business transfer taking place, the directors will ensure that the Company has adequate capital in order to meet the revised regulatory capital requirements in the form of a capital injection from the ultimate parent company, abrdn plc.

Key performance indicators

The Company uses a number of KPIs to monitor the performance of the business throughout the year. These KPIs are shown below:

	31 December 2022	31 December 2021
Turnover	58,396	2,700,801
Operating loss	(117,136)	(363,285)
Net assets	1,259,393	1,348,519
Regulatory capital surplus	591,165	868,228

Turnover has decreased in the year due to the transfer of the financial advice business to aFPAL which has also driven a decrease in the operating loss. The Company continues to maintain sufficient regulatory capital.

Enhancing our governance

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

- a) the likely consequences of any decision in the long term;
- b) the interest of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between different members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider abrdn plc group of companies.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

The likely consequence of any decision in the long term

The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter, and the overall business plan, which considers the long-term success of the Company and the abrdn Group as a whole, and the likely long-term consequences of any decisions by the Company are taken into account.

The Company completed the transfer of financial advice business to aFPAL on 1 January 2022.

The Directors of the Company are considering their options regarding future operations of the business.

The interests of the company's employees

Until 1 January 2022 the company had direct employees. From 1 January 2022 all employee contracts were transferred to aFPAL. Within the abrdn Group, engagement with employees is considered at a abrdn Group level and employee engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to engagement with employees.

The need to foster the company's business relationships with suppliers, customers and others

Supplier relationships within the abrdn Group are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at abrdn plc level and engagement matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The abrdn plc Board of Directors receives reports from the Client function, the function within the abrdn Group which engages with clients and customers, as part of its regular meetings. The Directors have determined that there are no Company specific matters appropriate to disclose in relation to suppliers, customers and others.

The impact of the company's operations on the community and the environment

Engagement on environmental and community matters is considered at abrdn plc level and such matters have been disclosed in the abrdn plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no Company specific matters appropriate to disclose, as the Company has no direct environmental or community impact beyond the impact of the wider abrdn Group.

The desirability of the company maintaining a reputation for high standards of business conduct

Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the abrdn Group, including the Company.

The need to act fairly as between members of the company

The Company has a single member, and is a wholly owned subsidiary of abrdn plc.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The abrdn Group, of which the Company is a part, has an Enterprise Risk Management ("ERM") framework comprising three lines of defence. The ERM framework underpins risk management throughout the abrdn Group, including the Company, which has evolved to ensure it keeps pace with industry best practice and risk profile of the abrdn Group. In 2022, improvements to the framework included refinements to the risk appetite framework, extending our risk taxonomy, refocussing Risk and Control Self Assessments, reviewing our Conflicts of Interest framework and reviewing our policy register.

Business Risk Environment

The commercial environment was challenging during 2022 as the Russian/Ukraine conflict led to a surge in energy prices, higher inflation and a rapid tightening of monetary policy by central banks thereby putting pressure on assets prices. These conditions impacted market levels and client flows over the year.

Though we started 2022 dealing with the effects of Omicron, the impact of COVID-19 on our operating environment was much less pronounced as 'blended working' became the default arrangement for our people.

We continue to manage a lot of change across the business which creates operational stretch on top of our core client servicing activities. An additional challenge in this area is an uptick in staff turnover across various skillsets in the financial services industry post-COVID. That said, this also creates opportunities in the management and development of talent.

We maintain heightened vigilance over risks to our operations from financial crime and cyber intrusion. Our dedicated in-house teams monitor and manage these risks as they evolve, with the support of external specialists.

Client and customer interests are at the heart of our business. We keep close focus on the outcomes which we deliver across our businesses. During 2022, we progressed the company-wide programme to implement the FCA's new Consumer Duty.

Evolving and emerging risks

We are vigilant to risks that could crystallise over different horizons and impact our strategy and operations. These risks vary in nature as they cover geopolitical, economic, societal, technological, legal, regulatory, and environmental themes. We distil internal and external research to consider how risks could emerge and evolve. Some notable risks (and opportunities) for our business include tightness in labour markets, rising input costs, evolving cyber threats, disruptive financial technologies, unprecedented market shifts and climate change.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are integrated into the principal risks of the abrdn Group and are therefore not managed separately. The principal risks and uncertainties of abrdn plc, which include those of the Company, are detailed below:

Principal risks to our business	Our approach to managing these risks:
<p>Strategic Risk: These are risks that could prevent the achievement of strategic aims and successfully delivering business plans. These could include failing to meet client expectations, poor strategic decision-making, poor implementation or failure to adapt.</p>	<p>We continued to develop our single global brand during 2022. These risks have been managed through assessing emerging risks so that action can be taken in a timely and proportionate manner to mitigate these, including detailed stakeholder engagement plans to manage the transition to the new brand and ensuring the Company has a clear organic growth strategy.</p> <p>On 1 January 2022, the financial advice business was transferred out of the Company into aFPAL.</p>

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Principal risks to our business	Our approach to managing these risks:
<p>Financial risk: This is the risk of having insufficient financial resources, suffering losses from adverse markets or the failure or default of counterparties. It could be influenced by inflows and outflows, global market trends, as well as margins on platforms.</p>	<p>Business planning and stress testing is used to project our financial resources under a range of scenarios and confirm the financial resilience of our business. During 2022 we had the first year of operation of the UK Investment Firms Prudential Regime which determines regulatory capital and liquidity requirements for the group and its key entities.</p> <p>Our Treasury Policy includes minimum standards for managing liquidity, market, and counterparty risks, including the credit quality of our counterparties.</p>
<p>Conduct risk: Our business relies on our ability to deliver good service and fair client and customer outcomes, and there is a risk that we fail to achieve this through our operational activities and the implementation of our change programmes. This could lead to customer and client harm, reputational damage and loss of income.</p>	<p>Being client and customer-led is an essential aspect of our culture. This means having a continuous focus on client and customer outcomes in all that we do.</p> <p>Our ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2022 we refreshed our framework for managing conflicts of interest and launched a programme to implement the FCA's new Consumer Duty.</p>
<p>Regulatory and legal risk: High volumes of regulatory change can create interpretation and implementation risks. Compliance failures can lead to poor customer and client outcomes, sanctions, reputation damage and income loss.</p>	<p>We monitor the regulatory landscape globally so that we can engage in potential areas of change early. We also invest in compliance and monitoring activity across the business. The evolution of regulatory divergence between the UK and EU rulebooks is a particular focus for the group in view of our business footprint.</p> <p>Our relationships with key regulators are based on trust and transparency while our compliance and legal teams support senior managers across our business.</p>
<p>Process execution and trade errors: This is the risk that processes, systems or external events could produce operational errors.</p>	<p>Underlying causes of error are monitored to identify areas for action, promoting a culture of accountability and continuously improving how issues are addressed.</p>
<p>People: In line with the wider economy, employee turnover has increased in all regions as a consequence of tight labour markets conditions, increases in the cost of living and continued labour market adjustment following the pandemic.</p> <p>Engaging with our people, and supporting their wellbeing, is critical to our strategy and the success of our business.</p>	<p>Since the onset of the pandemic we have successfully adapted, providing online tools to support collaboration, and moving our learning and development offering online. We have responded to increased competition for talent in our industry, using targeted approaches to support retention and recruitment for our key business functions.</p>
<p>Technology: There is a risk that technology fails to adapt to business needs, as well as unauthorised users accessing systems and carrying out cyber attacks. This risk is relevant to a wide range of potential threats to the business including weather events, internal failure, external intrusion and supplier failure.</p>	<p>We have an ongoing programme to invest in and enhance our IT infrastructure controls. We benchmark our IT systems environment to identify areas for improvement and further investment. We maintain heightened vigilance for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. We carry out regular testing on penetration and crisis management.</p>

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Principal risks to our business	Our approach to managing these risks:
<p>Business resilience and continuity: Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber attacks and operational incidents.</p> <p>The risk of disruption from inside of the organisation remains broadly stable, but tools for exploiting IT vulnerabilities are becoming more widely available externally.</p>	<p>The operational resilience framework continues to be enhanced, as well as strengthened responses to disruption. Crisis management and contingency planning processes are regularly reviewed and tested, enabling us to minimise disruption as the balance of hybrid working has shifted over the year.</p>
<p>Fraud and financial crime: As a business that handles clients' money there is an exposure to the risk of fraudulent and dishonest activity. Engagement with a wide number of external parties means there has to be vigilance to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities.</p>	<p>During 2022 there was extensive work to define and implement consistent anti-money laundering standards across the company globally and in each growth vector. Sound processes are in place to identify client activity linked with financial crime, globally. These include controls for anti-money laundering, anti-bribery, fraud and other areas of financial crime. There is a business-wide programme to invest in controls and processes to improve monitoring of these risks. There continues to be work with the financial authorities and industry peers to assist those targeted by scams.</p>
<p>Change management: We are continually implementing change to improve our business or meet regulatory expectations. As well as being costly, failure to deliver change effectively, can lead to poor client and customer outcomes and/or regulatory non-compliance.</p>	<p>There are processes in place to manage and oversee Change projects. Second and third lines have clear roles in overseeing progress and projects are delivered in ways that help protect client outcomes.</p>
<p>Third party management: Activities to suppliers are outsourced with specialist capabilities which means there is exposure to the risk of third parties failing to deliver in line with contractual obligations.</p>	<p>Our Third Party Risk Management framework is well embedded and continues to evolve in line with external developments, industry practice and regulatory developments.</p>
<p>Financial management process: We have extensive financial reporting obligations to clients, customers, shareholders, regulators and other stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk.</p>	<p>Our financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive Internal control and external assurance.</p>

Environmental Matters

The Company follows the environmental strategy of the abrdn Group which is disclosed within abrdn plc Annual report and Accounts.

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



Graeme McBirnie
 Director
 Date: 20 April 2023

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid in the year (2021: £nil). The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

- G J McBirnie (Appointed 23 December 2021)
- R S Wilson (Appointed 1 August 2022)
- K L Clews (Resigned 17 February 2023)
- C M Dyer (Resigned 17 February 2023)
- C Connellan (Resigned 1 August 2022)

The appointment of directors is not subject to retirement by rotation.

Secretary

The Company's secretary who served during the year was:

abrdrn Corporate Secretary Limited

Directors' liability insurance

During 2022, the abrdrn Group maintained Directors' and Officers' liability insurance on behalf of its Directors and Officers to provide cover should any legal action be brought against them. This liability insurance qualifies as a third-party indemnity and was in force at the date of signing.

Going concern

The Board's assessment of going concern is underpinned in Company forecast that models severe market shocks to ensure the Company could continue to satisfy ongoing operating liquidity and regulatory capital requirements. Based on their assessment, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Further information is available in Note 1.

Political contributions

It is the Company's policy not to make donations for political purposes.

Our people

The company takes pride in the high achieving, diverse and healthy working environment it has created, where all employees are valued, empowered and treated as individuals. It treats those with disabilities fairly in relation to job applications, training, promotion and career development. Adjustments are made to train and enable employees who become disabled whilst working in the Company to allow them to continue and progress in their role.

The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, sex, marital status or disablement.

The Company is committed to engaging with employee representatives on a broad range of issues, including consultation on any major business change.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Our people (continued)

The Company also uses its internal intranet to communicate with our staff on matters which may concern them as employees and to ensure that our employees are fully aware of any financial and economic factors which may affect the performance of the Company.

Additional details relating to employees are disclosed within the abrdrn plc Annual Report and Accounts.

Modern slavery act

As a global investment company, abrdrn plc wants to do all it can to help tackle human trafficking, forced labour, bonded labour and child slavery by focusing on its operations, supply chain and investment process. abrdrn plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the abrdrn plc website.

Independent Auditor

The Independent Auditor, KPMG LLP, has indicated their willingness to continue in office.

Qualifying entity

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

Statement of disclosure to auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This report was approved by the board and signed on its behalf



Graeme McBirnie
Director
Date: 20 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Cumberland Place Financial Management Limited (“the Company”) for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the 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 its 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”).

In our evaluation of the Directors’ conclusions, we considered the inherent risks to the Company’s business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- 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 Company’s ability to continue as a going concern for the going concern period.

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 Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 Directors and Management as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes to assess for any discussions of fraud; and
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

On this audit we have rebutted the fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of financial services regulations, including Client Assets, market abuse regulations and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

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.

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 these 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 regulations.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report 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. Based solely on that work:

- 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; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements and for 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 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 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 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. 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 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.



Matthew Humphrey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

20 April 2023

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Continuing operations 2022 £	Discontinued operations 2022 £	Total 2022 £	Continuing operations 2021 £	Discontinued operations 2021 £	Total 2021 £
Turnover	4	58,396	-	58,396	872,850	1,827,951	2,700,801
Administrative expenses		(175,532)	-	(175,532)	(1,176,359)	(1,786,808)	(2,963,167)
Restructuring expenses	5	-	-	-	-	(100,919)	(100,919)
Operating loss	6	(117,136)	-	(117,136)	(303,509)	(59,776)	(363,285)
Interest receivable and similar income		7,300	-	7,300	-	-	-
Loss before tax		(109,836)	-	(109,836)	(303,509)	(59,776)	(363,285)
Tax on loss	8	20,710	-	20,710	56,822	11,357	69,179
Loss for the financial year		(89,126)	-	(89,126)	(246,687)	(48,419)	(295,106)

The notes on pages 15 to 22 form part of these financial statements.

Discontinued operations relate to the transfer of the advice business to aFPAL as disclosed in note 14.

The Company has not recorded any other comprehensive income during the years to 31 December 2022 or 31 December 2021. A separate statement of comprehensive income is therefore not disclosed.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	9		<u>10,635</u>		<u>13,983</u>
			10,635		13,983
Current assets					
Debtors: amounts falling due within one year	10	67,996		298,985	
Cash at bank and in hand		<u>1,628,801</u>		<u>1,815,367</u>	
		1,696,797		2,114,352	
Creditors falling due within one year	11	<u>(447,711)</u>		<u>(778,464)</u>	
Net current assets			1,249,086		1,335,888
Total assets less current liabilities			<u>1,259,721</u>		<u>1,349,871</u>
Provisions for liabilities					
Deferred tax	12	<u>(328)</u>		<u>(1,352)</u>	
			<u>(328)</u>		<u>(1,352)</u>
Net assets			<u>1,259,393</u>		<u>1,348,519</u>
Capital and reserves					
Called up share capital	13		500,002		500,002
Profit and loss account			<u>759,391</u>		<u>848,517</u>
			<u>1,259,393</u>		<u>1,348,519</u>

The notes on pages 15 to 22 form part of these financial statements.

The financial statements were approved by the board of Directors and authorised for issue and are signed on its behalf by:



Graeme McBirnie
Director
Date: 20 April 2023

Company Registration No. 08948895

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
Year ended 31 December 2021			
At 1 January 2021	1,725,030	(581,405)	1,143,625
Loss for the year	-	(295,106)	(295,106)
Shares issued during the year	500,000	-	500,000
Capital reduction during the year	(1,725,028)	-	(1,725,028)
Transfer to/from profit and loss account	-	1,725,028	1,725,028
Balance at 31 December 2021	500,002	848,517	1,348,519
Year ended 31 December 2022			
Loss for the year	-	(89,126)	(89,126)
Balance at 31 December 2022	500,002	759,391	1,259,393

The notes on pages 15 to 22 form part of these financial statements.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The Company is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office is 280 Bishopsgate, London, United Kingdom, EC2M 4AG.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting standard applicable in the UK and Republic of Ireland and the Companies act 2006.

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

The company is a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group. The company has therefore taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest, income/expense and net gains/losses for each category of financial instruments; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit and loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

2.3 Going concern

On 1 January 2022 all activities relating to the provision of financial advice were transferred to aFPAL leaving only the DFM business. The Company will continue trading and there are no plans to change the principal activity.

In preparing these financial statements, the Directors have also considered the impact of severe market shocks on Company forecasts, focusing specifically on:

- the current level of regulatory capital, which was 591k in excess of capital requirements at 31 December 2022;
- the level of liquid resources, including cash and cash equivalents;
- the potential impact of potential downside scenarios on revenue, assets flows and costs, including potential management actions;
- the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services; and
- consideration of the going concern assessment of the abrdn Group.

Based on a review of the above factors the Board is satisfied that the Company remains well capitalised and has sufficient liquidity to withstand potential severe market shocks.

Consequently, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due 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.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies (Continued)

2.4 Turnover and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of discretionary fund management services. The Company recognises revenue net of any value added tax when performance obligations have been satisfied as follows:

- DFM services are satisfied over a period of time, and revenue is recognised at the end of the billing period in which the service is performed. The fees are calculated as a percentage of net fund assets managed in accordance with individual management agreements and are billed to the client each period shortly after the relevant asset data is available, with settlement terms commonly being 30 days.

2.5 Administrative expenses

Administrative expenses are recognised on an accruals basis.

2.6 Restructuring expenses

Restructuring costs are recognised on an accruals basis, and mainly relate to ongoing transformation cost or reorganisation costs.

2.7 Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks which are measured at amortised cost.

2.8 Financial instruments

(i) Financial assets

Amortised cost

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of amounts due from abrdn trade receivables, group relief receivable from Group undertakings and accrued income. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method. The Company has adopted trade date accounting. Accordingly, a financial asset is recognised on the date the Company commits to its purchase and derecognised on the date on which the Company commits to its sale.

2.8 Financial instruments (continued)

(ii) Impairment of financial assets

An expected credit loss impairment model is applied to financial assets measured at amortised cost. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition or they relate to trade receivables in which case lifetime expected losses are recognised.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2.8 Financial instruments (continued)

(iii) Financial Liabilities

Amortised cost

These instruments include trade payables, amounts owed to abrdn Group companies and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

2.9 Pension costs and other staff benefits

Defined contribution pension plan

In 2021 the Company operated a defined contribution plan for its employees. A defined contribution plan is a pensions plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions were recognised as an expense in the profit and loss when they fell due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Taxation

The 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 there is expected to be future taxable profit to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. 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

Current tax and deferred tax are recognised in the profit and loss account 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.

3 Judgements in applying accounting policies and key sources of estimation uncertainty.

The preparation of financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reporting profit or losses for the period. There are no significant estimates or judgements within the financial statements of Cumberland Place Financial Management Limited.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4 Turnover

	2022	2021
	£	£
Renewal income	57,206	2,590,643
Level commissions	1,190	190
Initial commissions	-	95,268
Fee income	-	14,700
	<u>58,396</u>	<u>2,700,801</u>

All revenue in the current and prior year relates to operations in the United Kingdom.

5 Restructuring expenses

	2022	2021
	£	£
Staff redundancy costs	<u>-</u>	<u>100,919</u>

6 Operating loss

Operating loss for the year is stated after charging:	2022	2021
	£	£
Depreciation and Amortisation	<u>3,348</u>	<u>4,661</u>
Auditor's remuneration:	2022	2021
	£	£
Auditor's remuneration	24,100	28,000
Auditor's remuneration – non-audit	<u>13,400</u>	<u>12,600</u>

The auditor's remuneration disclosed above were paid on behalf of the Company by another abrdn Group company.

7 Employees

Staff costs were as follows:	2022	2021
	£	£
Wages and salaries	-	1,728,684
Social security costs	-	198,700
Costs of defined contribution scheme	-	223,924
	<u>-</u>	<u>2,151,308</u>

The employment contracts of Company staff were transferred under a TUPE agreement (Transfer of Undertakings Protection of Employment) to aFPAL on 1 January 2022.

The Directors remuneration was £Nil (2021: £Nil). The current Directors are employed, and remunerated, by another abrdn Group company. They received no direct remuneration from the Company.

The average monthly number of employees during the year was nil (2021: 21).

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022	2021
	£	£
Corporation tax		
Group relief receivable	(20,233)	(68,407)
Adjustments in respect of previous periods	547	-
Total current tax	(19,686)	(68,407)
Deferred tax		
Origination and reversal of timing differences	(636)	(527)
Adjustment in respect of prior periods	(383)	755
	(5)	-
Total deferred tax	(1,024)	228
Taxation on Loss on ordinary activities	(20,710)	(68,179)

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than (2021 – higher than) then standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022	2021
	£	£
Loss on ordinary activities before tax	(109,836)	(363,285)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(20,869)	(69,024)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	50
Adjustments to deferred tax with respect to change in tax rates	(5)	40
Adjustments in respect of prior periods	164	755
Total tax credit for the year	(20,710)	(68,179)

Factors that may affect future tax charges

The standard UK Corporation Tax rate for the accounting period is 19%. The rate will increase to 25% with effect from 1 April 2023, following the UK Government enactment in May 2021. This will impact the current tax in the UK going forward.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets

	Short-term leasehold property £	Fixture and fittings £	Total £
Cost or valuation			
At 1 January 2022	2,159	80,509	82,668
Disposals	<u>(2,159)</u>	<u>-</u>	<u>(2,159)</u>
At 31 December 2022	<u>-</u>	<u>80,509</u>	<u>80,509</u>
Depreciation			
At 1 January 2022	2,159	66,526	68,685
Depreciation charged in year	-	3,348	3,348
Eliminated on disposals	<u>(2,159)</u>	<u>-</u>	<u>(2,159)</u>
At 31 December 2022	<u>-</u>	<u>69,874</u>	<u>69,874</u>
Net book value			
At 31 December 2022	<u>-</u>	<u>10,635</u>	<u>10,635</u>
At 31 December 2021	<u>-</u>	<u>13,983</u>	<u>13,983</u>

All amortisation charges in the year have been charged through administrative expenses.

10 Debtors

	2022 £	2021 £
Group relief receivable from Group undertakings	39,662	68,407
Prepayments and accrued income	21,706	230,578
Current tax asset	6,628	-
	<u>67,996</u>	<u>298,985</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand and as such they have been classified as non-current or current based on expected settlement date.

11 Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to Group undertakings	445,526	669,413
Other taxation and social security	1,710	78,742
Accruals and deferred income	475	30,309
	<u>447,711</u>	<u>778,464</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

All trade and other creditors are current and have maturity of less than one year or no contractual maturity date. All the financial liabilities above are non-interest bearing.

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Deferred taxation

	2022	2021
	£	£
At beginning of year	(1,352)	(1,124)
Charged to profit or loss	1,024	(228)
At end of year	<u>(328)</u>	<u>(1,352)</u>

The provision for deferred taxation is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	(328)	(1,352)
	<u>(328)</u>	<u>(1,352)</u>

13 Share capital

Allotted, called up and fully paid	2022	2021
	£	£
500,001,725,030 (2021 – 500,001,725,030) ordinary shares of £0.000001 each (2021 - £0.000001)	500,002	500,002
	<u>500,002</u>	<u>500,002</u>

14 Discontinued operations

On 1 January 2022, the Company transferred its financial advice business to aFPAL, a fellow group company for consideration equal to the book value of the net assets relating to the business, being £122,162. The financial advice business was recognised as discontinued operations for the year ended 31 December 2021.

15 Related party transactions

The Company has taken advantage of the exemption under FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions with key management personnel and their close family members

Certain members of key management personnel hold investments in investment products which are managed by abrdn plc. None of the amounts concerned are material in the context of the funds managed by abrdn plc.

All transactions between key management and their close family members and abrdn plc during the year are on terms which are equivalent to those available to all employees of abrdn plc.

16 Contingencies

The Company is subject to regulation in the UK where it operates its DFM business. In the UK the FCA has broad powers including powers to investigate marketing and sales practices.

The Company, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews, and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of

CUMBERLAND PLACE FINANCIAL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16 Contingencies (continued)

the amount that will be payable. In some cases, it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

17 Parent and ultimate parent undertaking

The Company's immediate parent is abrđn Financial Planning Limited. Its ultimate parent is abrđn plc, which is incorporated in the United Kingdom and registered in Scotland.

The most senior parent entity producing publicly available financial statements is abrđn plc. Copies of the consolidated Annual Report and Accounts are available to the public from 1 George Street, Edinburgh, EH2 2LL, or to download on the website www.abrđn.com.

18 Post balance sheet events

On 21 April 2023, the Directors will be asked to approve the proposed business transfer agreement of the managed portfolio service ("MPS") business from abrđn Capital Limited to the Company. This transfer, if approved, is expected to be effective from the date of approval. The transfer would be for a consideration equal to the book value of the net assets relating to this business. In advance of this business transfer taking place, the directors will ensure that the Company has adequate capital in order to meet the revised regulatory capital requirements in the form of a capital injection from the ultimate parent company, abrđn plc.