



abrdn Capital Partners LLP
Annual Report and Financial Statements
for the Year Ended 31 December 2022
Registration number: SO301408

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LLP Information

Members

abrdn Private Equity (Europe) Limited
abrdn Investment Management Limited

Registered office

1 George Street
Edinburgh
Scotland
EH2 2LL

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG

Strategic Report for the Year Ended 31 December 2022

The Members present their strategic report on abrdrn Capital Partners LLP ("the LLP") for the year ended 31 December 2022.

Business review and future developments

The LLP's principal activity is to provide private equity investment management and advisory services. The LLP is part of abrdrn plc ("abrdrn plc" or, together with its subsidiaries, "the abrdrn Group"). On 27 August 2020, the Members approved the transfer of all investment management and administration services to other companies in the abrdrn Group. These transfers have not yet completed, with specific funds now expected to be retained in the LLP until the funds liquidate. The Members still intend to transfer a number of funds and will not contract any new business with the LLP in preparation for future liquidation. Consequently the financial statements are not prepared on a going concern basis.

Currently a strategic review of the private equity investment management business is being undertaken with a view to considering a partial or full sale of this business. At this stage, no final decisions have been taken and the ongoing review will continue to progress during 2023.

The LLP is regulated by the Financial Conduct Authority and acts as manager to a number of funds governed under the Alternative Investment Fund Managers Directive. From 1 January 2022 a new Investment Firm Directive and Investment Firm Regulation, also known as IFPR, replaced the Capital Requirement Directive ("CRD").

Key performance indicators ("KPIs")

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

	2022	2021
	£ 000	£ 000
Assets under management ("AUM")	4,851,727	4,993,612
Revenue	27,390	27,380
Operating profit	15,584	11,104
Equity attributable to equity holders of the parent	25,847	20,004
Regulatory capital surplus	4,488	1,792

AUM

AUM contracted with the LLP has decreased by £141,885k (3%) predominantly due to the cancellation of a proportion of unfunded commitment. This was partially offset by positive AUM adjustments in other funds.

Revenue

Revenue has increased by £10k (0%) as a result of positive AUM adjustments in the funds.

Operating profit

Operating profit has increased by £4,480k (40%) as a result of lower cost allocations from other abrdrn Group companies.

Equity attributable to equity holders of the parent

Net assets have increased by £5,843k (29%) as a result of profits generated in the year less distributions paid to the Members.

Strategic Report for the Year Ended 31 December 2022 (continued)

Regulatory capital surplus

The regulatory capital surplus at 31 December 2022 has increased by £2,696k (150%) as a result of including 2021 profits in the capital base plus a decrease in the capital requirement due to the reduction in the global cost allocation noted previously. From 1 January 2022 the LLP was subject to the new investment firm directive and investment firm regulation, also known as IFPR, which resulted in a change to the regulatory capital calculations. Using the new methodology there would not have been a material change to the surplus reported in the comparative amount.

Principal risks and uncertainties

The management of the business and execution of the LLP's strategy are subject to a number of risks.

The abrdn Group, of which the LLP 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 LLP, 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 asset 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.

Strategic Report for the Year Ended 31 December 2022 (continued)

Principle risks and uncertainties (continued)

The principal risks and uncertainties facing the LLP 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 LLP, are detailed below:

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. 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 each business unit has a clear organic growth strategy.

Financial risk

This is the risk of having insufficient 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 investment mandates. 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. Our Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of our counterparties.

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. 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. 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.

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. During 2022 the LLP managed a heavy programme of regulatory implementation, including in relation to operational resilience, fund liquidity risk management and the new Consumer Duty. We invest in compliance and monitoring activity across the business. Our relationships with key regulators are based on trust and transparency while our compliance and legal teams support senior managers across our business.

Process execution and trade errors

This is the risk that processes, systems or external events could produce operational errors. During 2022 there was close management focus on process execution and trade errors. Potentially important systems outages were managed using established incident management processes. Underlying causes of error are monitored to identify areas for action, promoting a culture of accountability and continuously improving how issues are addressed.

Strategic Report for the Year Ended 31 December 2022 (continued)

Principle risks and uncertainties (continued)

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. 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.

Business resilience and continuity

Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber-attacks and operational incidents. The risk of disruption from inside the organisation remains broadly stable, but tools for exploiting IT vulnerabilities are becoming more widely available externally. As COVID-19 has continued to test business resilience, the business has adapted effectively to blended working. 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. We completed our programme to implement FCA Operational Resilience regulations, which came into force during 2022.

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. 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.

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. For major change projects, we have established governance processes with ring-fenced project resources and clearly defined roles across the three lines of defence.

Financial management process

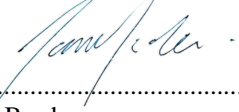
We have extensive financial reporting obligations to clients, customers, regulators and other stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk. Our financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive internal control and external assurance.

Strategic Report for the Year Ended 31 December 2022 (continued)

Environmental matters

The LLP follows the environmental strategy of the abr dn Group, which is disclosed within the abr dn plc Annual Report and Accounts.

Approved by the Members on 25 April 2023 and signed on their behalf by J R Bryden in his capacity as Director of abr dn Private Equity (Europe) Limited:


.....
J R Bryden

Members' Report for the Year Ended 31 December 2022

The Members present their annual report together with the audited financial statements of the LLP for the year ended 31 December 2022.

Members of the LLP

The Members who held office during the year, were as follows:

abr dn Private Equity (Europe) Limited
abr dn Investment Management Limited

The LLP's ultimate parent company, abr dn plc, maintains members' and officers' liability insurance on behalf of its members and officers.

Going concern

On 27 August 2020, the Members approved the transfer of all investment management and administration services to other companies in the abr dn Group. These transfers have not completed, with specific funds now expected to be retained in the LLP until the funds liquidate. The Members still intend to transfer a number of funds and will not contract any new business with the LLP in preparation for future liquidation. Consequently the financial statements are not prepared on a going concern basis.

Distributions

The Members recommended and paid distributions totalling £10m in 2022 (2021: £nil) to the LLP's Members, namely abr dn Private Equity (Europe) Limited and abr dn Investment Management Limited.

Political donations

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

Independent auditor

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

Disclosure of information to the auditors

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

Modern slavery act

As a global investment company, abr dn 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. abr dn plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the abr dn plc website.

Members' Report for the Year Ended 31 December 2022 (continued)

Statement of Members' Responsibilities in respect of the Members' Report and the financial statements.

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework and applicable law.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the Members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the Members 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;
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so (as explained in note 1 the Members do not believe it is appropriate to prepare these financial statements on a going concern basis).

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.

Approved by the Members on 25 April 2023 and signed on their behalf by J R Bryden in his capacity as Director of abrdn Private Equity (Europe) Limited:



.....
J R Bryden

Independent Auditor's Report to the Members of abrdn Capital Partners LLP

Opinion

We have audited the financial statements of abrdn Capital Partners LLP ('the LLP') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP 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.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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 Members and management as to the LLP'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; and
- Reading Members' meeting minutes to assess for any discussion of fraud;

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 abrdn Capital Partners LLP (continued)

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

Identifying and responding to risks of material misstatement due to non-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 Members and other management (as required by auditing standards), and from inspection of the LLP's regulatory and legal correspondence, and discussed with the Members and other management the policies and procedures regarding compliance with laws and regulations.

As the LLP 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 LLP 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 LLP 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 the LLP'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 legislation recognising the financial and regulated nature of the LLP'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 Members 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.

Independent Auditor's Report to the Members of abrdn Capital Partners LLP (continued)

Strategic report and Members' report

The Members are responsible for the Strategic Report and the Members' 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 Members' 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 Members' 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 7 the Members 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 LLP'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 LLP 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.

**Independent Auditor's Report to the Members of abrdn Capital Partners LLP
(continued)**

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

This report is made solely to the Members of the LLP as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's Members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Philip Merchant (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG

Date: 25 April 2023

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	3	27,390	27,380
Administrative expenses		(11,806)	(16,276)
Operating profit	4	15,584	11,104
Impairment of investments	6	(115)	-
Net finance income	5	374	5
Profit for the year		15,843	11,109

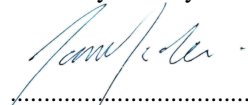
The LLP has not recorded any other comprehensive income during the years to 31 December 2022 or 31 December 2021. A separate statement of comprehensive income is therefore not disclosed.

The notes on pages 16 to 24 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Investments in subsidiaries	6	-	115
Total non-current assets		-	115
Current assets			
Trade and other receivables	7	3,601	20,296
Cash and cash equivalents		33,082	13,220
Total current assets		36,683	33,516
Total assets		36,683	33,631
Equity and liabilities			
Equity			
Retained earnings		23,387	17,544
Members' capital	8	2,460	2,460
Equity attributable to equity holders of the parent		25,847	20,004
Current liabilities			
Trade and other payables	9	10,836	13,627
Total current liabilities		10,836	13,627
Total liabilities		10,836	13,627
Total equity and liabilities		36,683	33,631

The financial statements on pages 13 to 23 were approved by the Members on 25 April 2023 and signed on their behalf by J R Bryden in his capacity as Director of abrdn Private Equity (Europe) Limited:



.....
J R Bryden

Registration number: SO301408

The notes on pages 16 to 23 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2022

	Members' capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	2,460	6,435	8,895
Profit for the year	-	11,109	11,109
At 31 December 2021	2,460	17,544	20,004

	Members' capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	2,460	17,544	20,004
Profit for the year	-	15,843	15,843
Distributions	-	(10,000)	(10,000)
At 31 December 2022	2,460	23,387	25,847

The notes on pages 16 to 23 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The following accounting policies have been applied consistently to all years presented when dealing with items which are considered material in relation to the LLP's financial statements.

Basis of preparation

The LLP meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2022 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

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

Summary of disclosure exemptions

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

- International Accounting Standard ("IAS") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Policies requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS");
- IFRS 15 Revenue from Contracts with Customers; and
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of abrdn plc include the equivalent disclosures, the LLP has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 Financial Instruments Disclosures.

The LLP is a wholly owned subsidiary of abrdn plc which prepares consolidated financial statements and is therefore exempt from the requirement to prepare consolidated accounts by virtue of section 400 of the Companies Act 2006.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Going concern

On 27 August 2020, the Members approved the transfer of all investment management and administration services to other companies in the abrdrn Group. These transfers have not completed, with specific funds now expected to be retained in the LLP until the funds liquidate. The Members still intend to transfer a number of funds, and will not contract any new business with the LLP in preparation for future liquidation. Consequently the financial statements are not prepared on a going concern basis.

Changes in accounting policy

No new standards, interpretations and amendments effective for the first time from 1 January 2022 have had an impact on the LLP.

Revenue recognition

The LLP's primary source of revenue is fee income from investment management activities. Management fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AUM. The fees are recognised when it is highly probable that a significant reversal will not be required.

Other revenue represents income from the recharge of costs to other abrdrn Group companies. Other revenue is recognised when it is highly probable that a significant reversal will not be required.

Distributions

Distributions paid are recognised directly in equity in the LLP's financial statements in the year in which they are approved.

Net finance income

All interest income is derived from cash and cash equivalents and is recognised on an accruals basis.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Foreign currency transactions and balances

(i) Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in thousands of pounds sterling, which is the LLP's presentational and functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial assets

(i) 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 abr dn Group undertakings, accrued income, other receivables and cash and cash equivalents. 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 LLP has adopted trade date accounting. Accordingly, a financial asset is recognised on the date the LLP commits to its purchase and derecognised on the date on which the LLP commits to its sale.

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.

Financial liabilities

Amortised cost

These instruments include amounts owed to abr dn Group undertakings and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash at bank and highly liquid investments. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Taxation

UK taxation payable on profits of the LLP is the liability of the individual Members and is not incorporated within these financial statements. However, there is a different tax treatment for LLPs in the United States ("US") and this can result in the LLP incurring state taxes in the US.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Members' capital

Members of the LLP are abr dn Private Equity (Europe) Limited and abr dn Investment Management Limited. Each Member has made a capital contribution and been allocated units in return.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the 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 reported profit or loss for the period. In the process of applying the Company's accounting policies, management has made no key estimates or judgements.

3 Revenue

The analysis of the LLP's revenue for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Management fees	27,390	27,380
Total revenue	27,390	27,380

4 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Foreign exchange losses/(gains)	123	(95)
Audit of the financial statements	25	22

5 Net finance income

	2022	2021
	£ 000	£ 000
Finance income		
Interest income	374	5
Net finance income	374	5

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Investments in subsidiaries

	2022	2021
	£ 000	£ 000
As at 1 January	115	1
Additions	-	114
Impairment	(115)	-
As at 31 December	-	115

On 23 August 2021 the LLP made an investment of £114k into abrdn CP (Holdings) Limited. Subsequently the LLP has determined that indicators of impairment exist and has therefore impaired the full value of the investment.

The particulars of the LLP's subsidiary undertakings as at the statement of financial position date are in note 15.

7 Trade and other receivables

	2022	2021
	£ 000	£ 000
Current trade and other receivables:		
Amounts due from abrdn Group undertakings	332	17,644
Accrued income	3,201	2,544
Other receivables	68	108
Total current trade and other receivables	3,601	20,296

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

8 Members' capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Members capital of £1 each	2,460	2,460	2,460	2,460

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Trade and other payables

	2022	2021
	£ 000	£ 000
Current trade and other payables:		
Amounts owed to abrdrn Group undertakings	10,776	13,556
Other payables	60	71
Total current trade and other payables	10,836	13,627

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

10 Related party transactions

In the normal course of business, the LLP enters into transactions with related parties in respect of investment management business.

The LLP has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. There is therefore no related party disclosure for the current year (2021: nil).

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

11 Parent and ultimate parent undertaking

The LLP's immediate parent is abrdrn Private Equity (Europe) Limited and its ultimate parent is abrdrn plc, both of which are incorporated in the United Kingdom and registered in Scotland.

The most senior parent entity producing publicly available financial statements is abrdrn 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.abrdrn.com.

12 Contingent liabilities

The LLP is subject to regulation in all of the territories in which it operates its investment businesses. In the UK, where the LLP primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The LLP, 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 LLP 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 the amount that will be payable. At 31 December 2022 there are no identified contingent liabilities expected to lead to a material exposure.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Events after the balance sheet date

To the knowledge of the Members, there have been no material events after the reporting period.

14 Investment holdings

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
abrdn CP (Holdings) Limited ¹	United Kingdom	Direct	
Ignis Cayman GP2 Limited ²	Cayman Islands	Indirect	
Ignis Cayman GP3 Limited ²	Cayman Islands	Indirect	
SLCP (General Partner CPP) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner EC) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Ecastle) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESF II) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2004) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2006) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2008 Coinvestment) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2008) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP CAL) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Europe VI) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner II) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Infrastructure I) Limited	United Kingdom	Indirect	
SLCP (General Partner Infrastructure Secondary I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASP 2006) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASP 2008) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Pearl Private Equity) Limited ¹	United Kingdom	Indirect	

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Investment holdings (continued)

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (General Partner SOF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Pearl Strategic Credit) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner SOF II) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner SOF III) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Tidal Reach) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner USA) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner) Limited ¹	United Kingdom	Indirect	
SLCP (Founder Partner Ignis Private Equity) Limited ¹	United Kingdom	Indirect	
SLCP (Founder Partner Ignis Strategic Credit) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner 2016 Co-Investment) Limited ¹	United Kingdom	Indirect	

Registered Office

¹ 1 George Street, Edinburgh, EH2 2LL, Scotland

² C/O Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands

The underlying Limited Partners of the LLP meet the definition of subsidiary undertakings under the Companies Act but these have not been disclosed in the table above.