Registered No: 05739054

M&G WEALTH ADVICE LIMITED

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

M&G WEALTH ADVICE LIMITED

Incorporated and registered in England and Wales. Registered No: 05739054
Registered office: 10 Fenchurch Avenue, London EC3M 5AG

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DIRECTORS AND OFFICERS

Incorporated and registered in England and Wales. Registered No: 05739054
Registered office: 10 Fenchurch Avenue, London EC3M 5AG

Directors

Directors of the Company who were in office during the year and up to the date of signing the financial statements:

D W King (Chairman)
M Leahy
R J Caldicott (from 17 March 2022 to 16 May 2022)
M A Payne (resigned on 31 December 2022)
C G Haines (resigned on 13 March 2023)
T J Grey (appointed on 2 March 2023)
R Liston (appointed on 3 March 2023)
S Grant (appointed on 12 July 2023)

Secretary

M&G Management Services Limited

Independent Auditors

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

The principal activity of M&G Wealth Advice Limited (the "Company”) is to provide professional restricted advice services, largely distributing products of companies within the Retail & Savings operating segment of the M&G plc group through non-intermediated channels. These activities will continue in 2023.

The Company receives charges for providing advice to clients. The initial advice charges are contingent to a product sale. The Company also provides advice services in respect of certain pension withdrawals where the income is not contingent to a sale. The ongoing adviser charges are paid by deduction from the fund value and continue while the client wishes to benefit from ongoing advice services. The Company also earns initial commission and trail commission from product providers on the sale of protection products.

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

Business review

The M&G plc group comprises of two key operating segments - 'Asset Management' and 'Retail and Savings'. 'Retail and Savings' is made up of the sub-segments 'Wealth', 'Heritage' and 'Other Retail and Savings'. The Company forms part of the 'Retail and Savings- Wealth' operating segment.

The Company has two distribution channels: The Advice Partnership ‘TAP’ with around 225 self-employed advisers and Map Your Future ‘MAP’: a part technology, part human (‘hybrid’) advice journey, employing around 25 advisers.

During 2022, the Company restructured the workforce to realise efficiencies and improve skills and capabilities and position the business for future growth. In addition, the Company continued to invest in the MAP platform.

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

Key performance indicators

	2022	2021	Change
	£'000	£'000	%
Turnover	**54,395**	51,842	5
Operating expenses	**(65,634)**	(48,749)	35
(Loss)/ profit before taxation	**(11,026)**	3,093	(456)
Total Shareholders’ funds	**28,503**	27,291	4.4
Regulatory capital surplus (based on IPRU (INV) and MIPRU requirements, see below)	**18,311**	16,576	10

In 2022, the Company generated a pre-tax loss of £11,026k (2021: profit of £3,093k). Operating income is in line with the income for 2021 with a small increase in advisor charge income and fee income receivable from self employed advisers. Operating expenses are higher in 2022 due to an increase in commission payouts to self employed advisers, transformation spend, including investment in the MAP Platform, restructuring costs and provision created towards redress.

The regulatory capital requirements of the Company are governed by the Interim Prudential Sourcebook for Investment Business ("IPRU (INV)") and the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries ("MIPRU"). The Company relies on a group policy to meet the requirement for

Professional Indemnity Insurance as per IPRU (INV). The regulatory capital surplus for each of the years has been calculated based on the rules in force at that time.

Section 172(1) Statement

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

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

In discharging the Board's section 172 duties, regard has been given to the factors applicable to the Company. The Board also recognises the matters it considers can often have unique characteristics. This can require the Board to consider additional factors, which are relevant to the specific matter under consideration. There is an acknowledgement from the Board that the relative importance of each factor they consider will vary depending on the decision being taken across all the Board's decisions and that they are mindful of the Company's purpose, regulatory obligations, strategic priorities and alignment with the Group's overarching culture, vision and values.

As is normal for large companies, authority for day-to-day management is delegated to the Chief Executive who in turn charges management with execution of the business strategy and related policies. The Directors review at each regular Board meeting: financial and operational performance; risk, compliance and regulatory reporting. The Board also reviews other areas over the course of the financial year including the Company's business strategy; financial reporting; key risks; stakeholder-related matters; and governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

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

During the financial year the Board received information to help them understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on the Company's financial and operational performance, non-financial key performance indicators (e.g. compliance and regulatory risk), risk and the outcomes of specific pieces of engagement (for example, the results of customer surveys and focus groups). As a result of this, the Board has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with the section 172 duty to promote success of the Company.

Principal Decisions

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

Principal decision 1 - Annual Strategy Review and Business Plan Approval

The Board carries out a review of the Company's strategy on an annual basis. This includes approving the three-year rolling business plan where the summary financials, headlines of the delivery plan, key themes, key dependencies and key delivery risks are considered. At its quarterly meeting, the Board also receives an update on progress through the CEO Report and discusses business performance, development and the implementation of strategy and objectives. In addition, appropriate management actions are taken to ensure that the Company continues to operate within risk appetite. The Board approved the Business Plan for 2023-2025, which focused on growth particularly, in the following three areas: adviser numbers, premium and operating profit.

Principal decision 2 - Growth and Building Advisory Capabilities

In 2022, the Company continued its focus on building capabilities through acquisition, digitising platform journeys and automating process steps. In addition, the Company focused on growing the hybrid advice service, 'MAP' to support existing customers with decumulation and accumulation journeys and growing TAP by establishing the TAP Adviser Academy.

Principal decision 3 - Engagement with key stakeholder groups

The Company continued to engage with its key stakeholders, some examples of which are noted below.

Customers

Helping clients achieve their financial planning goals is at the heart of what the Company does by providing advice to existing customers as well as those who are new to M&G plc. The Company continues to operate in a way that allows it to build meaningful relationships through ongoing advice to its clients and to understand how their requirements evolve. The Board evaluates the effectiveness of the service provided to customers and assesses customer outcomes by regularly monitoring customer satisfaction though the collection of net promoter scores ("NPS") to inform ongoing improvements.

Workforce

Support staff are invited to participate in the M&G plc Savings Related Share Option Scheme and can also participate in the M&G plc Share Incentive Plan.

Regulators

During the year, there was regular engagement with the Financial Conduct Authority ("FCA") with quarterly meetings attended by the CEO to update the Regulator on various business matters such as business performance, growth plans as well as updates on MAP and TAP. The Board also approved Consumer Duty implementation plans for the Company in line with the Regulator's expectations of firms on the new Consumer Duty.

Principal Risks & Uncertainties

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

The RMF requires all entities within the Group, including the Company, to establish processes for identifying, measuring, managing, monitoring and reporting key risks. The RMF is designed to manage risk within agreed appetite levels which are aligned to delivering the Group and Company strategy. The RMF is approved by the Group

Board Risk Committee and operates based on the concept of three lines of defence: (1) risk identification and risk management, (2) risk oversight, advice and challenge; and (3) independent assurance.

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

Financial risk

The Company is exposed to financial risk through its financial assets and liabilities. The principal financial risk factors affecting the Company are credit, liquidity, market, expense and persistency risks. These financial risks and the management thereof are discussed in Note 16.

Non-financial risk

The Company is exposed to a wide range of non-financial risks.

a. Business environment and market forces risk

Changing customer preferences together with economic and political conditions, could adversely impact the performance of the Company against its strategy. Economic factors, including heightened levels of inflation, and increased geopolitical risks and conflicts and policy uncertainty may impact the Company's services. Macroeconomic headwinds are expected to continue during 2023 including inflationary pressures, rising interest rates, UK political instability, heightened recessionary fears in Europe and US and geopolitical instability.

b. Operational risk

Operational Risk is the risk of financial and non-financial impact (for example, regulatory and reputational) resulting from inadequate or failed internal processes, or from personnel and systems, or from external events, excluding external events covered under Business Environment Risk. Operational failures can also give rise to financial risk exposures; for example, through process failures in the management of market and credit risk.

In particular, a material failure in the processes and controls supporting the Company's activities, that of third-party suppliers or of technology, or inability to deliver the Group-wide change programmes could result in poor customer outcomes, reputational damage, increased costs and regulatory censure. In addition, as the Company is reliant on a range of shared services provided across the Group (including finance and capital management, compliance, risk, HR, actuarial, internal audit and IT services) operational risks that arise in these areas could also impact the Company.

The Company does not actively seek to take operational risk to generate returns, instead it accepts a level of risk that means the controls in place should prevent material impacts but should also not excessively restrict business activities. The Operational Risk Framework defines the Group's approach to the identification, assessment, management and reporting of operational risks and associated controls.

c. Regulatory compliance risk

The Company operates in a highly regulated market, in an environment where the nature and focus of regulation and laws remain fluid. There are a large number of regulatory initiatives in progress. There are potentially wide-ranging consequences of non-compliance or failing to adequately consider regulatory expectations, standards or principles including customer detriment, reputational damage, fines and restrictions on operations. The Group's Compliance function and a dedicated Group Financial Crime Compliance function provides guidance to, and oversight of, the Company in relation to regulatory compliance and conflicts of interest.

d. Sustainability and ESG risk

A failure to address and embed sustainability considerations (including climate risk) within strategy, services, operating model, communication approach and an internal/external changing landscape could adversely impact on the financial performance, reputation and future growth of the Company. The Group considers and acts upon a broad range of issues including those concerning greenwashing, climate impact, diversity and inclusion, and corporate governance. Sustainability risks, along with other risk types, are identified, assessed and managed under the ESG Risk Management Framework and Policy.

e. People risk

Although the Company does not directly employ staff, as this is done through servicing companies within the wider Group and through contracts with self-employed advisers, it is still exposed to people risk in relation to those employees that service the Company. The success of the Company is highly dependent on the ability to attract, retain and develop highly qualified professional people with the right mix of skills and behaviours. The Company manages its people risk in line with the Group-wide HR Framework.

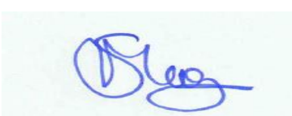
f. Reputational risk

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

g. Conduct risk

There is a risk that through the acts or omissions of the Company, or individuals within the Company, result in poor or unfair outcomes for customers and clients, colleagues, or other stakeholders, or that affect market integrity. This risk is managed through Group policies and processes including Code of Conduct, Conflict of Interest, Market Abuse and Investment Communications Recording policies.

Signed for and on behalf of the Board of Directors of the Company



S Magol
On behalf of M&G Management Services Limited
Company Secretary
1 September 2023

M&G WEALTH ADVICE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022
Incorporated and registered in England and Wales. Registered No: 05739054

Introduction

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Future Developments

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

Ultimate Parent Company

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

Corporate Responsibility

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

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

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

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

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

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

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

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

Financial statements

The state of affairs of the Company at 31 December 2022 is shown in the statement of financial position on page 15. The statement of comprehensive income appears on page 14.

Share Capital

The Company issued 10,500,000 ordinary shares of £1 each on 27 September 2022. (2021: Nil).

Post balance sheet event

The Company issued 22,500,000 ordinary shares of £1 each on 2 March 2023. The Company paid an amount of £21,000k towards initial consideration for purchase of shares in My Continuum Financial Limited on 7 March 2023. There have been no other post balance sheet events up to the date of approving this report (2021: None).

Dividends

No dividends were declared or paid during the year (2021: Nil).

Directors

The present directors are shown on page 1. Mr Richard Caldicott was appointed as a director of the Company on 17 March 2022 and he resigned on 16 May 2022. Mr. Michael Payne resigned on 31 December 2022. Mr. Chris Haines resigned on 13 March 2023. Mr.Timothy Grey was appointed on 2 March 2023. Mr. Ross Liston was appointed on 3 March 2023. Ms.Susan Grant was appointed on 12 July 2023.

There were no other changes in the year and up to the date of approving this report.

Employees

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

- Equal opportunity

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

- Employee involvement

It is the Company's policy to communicate with employees on issues that concern them and to provide information to them through employee reports and regular manager briefings. Views of employees are sought through a number of channels including consultation through the medium of a staff consultative group.

Employees are invited to participate in the M&G plc Savings Related Share Option Scheme and can also participate in the M&G plc Share Incentive Plan.

Stakeholder relationships and engagement

For details of the Company's engagement with its stakeholders, please see the Section 172 Statement on pages 3-4 Being a wholly owned subsidiary of The Prudential Financial Services Limited, which is wholly owned by M&G plc, stakeholder engagement also takes place at a Group level.

Financial risk management objectives, policies and exposure

The Company is exposed to risk through its financial assets and financial liabilities. The financial risk factors affecting the Company include credit risk, liquidity risk and market risk. Further information on the financial risk management objectives and policies of the Company are given in Note 16.

Disclosure to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

KPMG LLP resigned as the Group's and Company's auditor at the conclusion of the 2021 audit and PricewaterhouseCoopers LLP (PwC) were appointed as the Company's auditor with effect from the financial year ending 31 December 2022. Pursuant to a shareholder's resolution the Company is not obliged to reappoint its auditor annually and PwC LLP are deemed to be re-appointed.

Directors' and Officers' Protection

M&G plc has arranged appropriate insurance cover in respect of legal action against Directors and senior managers of companies within the M&G plc Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office. M&G plc also provides protections for the Directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity. These include qualifying third party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of M&G plc, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities were in force during 2022 and remain in force.

Going concern

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

Greenhouse gas emissions

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

Signed for and on behalf of the Board of Directors of the Company

S Magol
On behalf of M&G Management Services Limited
Company Secretary
1 September 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

Report on the audit of the financial statements

Opinion

In our opinion, M&G Wealth Advice Limited's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles such as those governed by the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in significant accounting estimates and judgmental areas of the financial statements. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence with and reports to the FCA in relation to compliance with laws and regulations and reviewing relevant meeting minutes of the Board;
- Challenging judgements and assumptions made by management in their significant accounting estimates;
- Testing journal entries where we identified particular fraud risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Iain Kirkpatrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 September 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021	Note
	£'000	£'000	
Turnover	**54,395**	51,842	2
Staff costs	**(4,775)**	(8,051)	3
Other operating charges	**(60,859)**	(40,698)	
Operating (loss)/profit	**(11,239)**	3,093	
Interest income	**213**	—	6
(Loss)/profit before tax	**(11,026)**	3,093	
Tax credit/(charge)	**1,687**	(564)	8
(Loss)/profit for the financial year	**(9,339)**	2,529	
Total comprehensive (expense)/income for the financial year	**(9,339)**	2,529	

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

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

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

M&G WEALTH ADVICE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021	Note
	£'000	£'000	
Fixed assets			
Intangible asset	**6,000**	6,251	7
Non-current assets			
Deferred tax asset	**453**	526	8
Current assets			
Trade and other debtors	**3,980**	5,713	9
Corporation tax receivable	**24**	—	8
Cash and bank balances	**28,336**	22,922	10
	32,340	28,635	
Current liabilities			
Trade and other creditors: amounts falling due within one year	**(6,701)**	(6,291)	11
Corporation tax payable	**—**	(1,317)	8
Deferred tax liability	**(1,482)**	—	8
Provision for liabilities and charges	**(2,107)**	(513)	12
	(10,290)	(8,121)	
Net current assets	**22,050**	20,514	
Net assets	**28,503**	27,291	
Capital and reserves			
Called up share capital	**44,300**	33,800	14
Profit and loss account	**(17,336)**	(7,997)	
Capital reserves	**1,539**	1,488	
Total shareholders' funds	**28,503**	27,291	

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

The financial statements on pages 14 to 33 were approved by the Board of directors on 1 September 2023 and were signed on its behalf by:

D.W King

D W King
Director
1 September 2023

M&G WEALTH ADVICE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss account	Capital reserves	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 January 2022	**33,800**	**(7,997)**	**1,488**	**27,291**
Share capital issued during the year	**10,500**			**10,500**
Increase in capital reserve during the year	—	—	**15**	**15**
Current tax credited to capital reserve			**3**	**3**
Deferred tax credited to capital reserve	—	—	**33**	**33**
Loss for the financial year	—	**(9,339)**	—	**(9,339)**
Total comprehensive expense for the financial year	—	**(9,339)**	—	**(9,339)**
Balance as at 31 December 2022	**44,300**	**(17,336)**	**1,539**	**28,503**
Balance as at 1 January 2021	33,800	(10,526)	1,152	24,426
Increase in capital reserve during the year	—	—	265	265
Current tax credited to capital reserve	—	—	11	11
Deferred tax credited to capital reserve			60	60
Profit for the financial year	—	2,529	—	2,529
Total comprehensive income for the financial year	—	2,529	—	2,529
Balance as at 31 December 2021	33,800	(7,997)	1,488	27,291

The increase in the capital reserve represents the movement in respect of share-based payments during the year in accordance with IFRS 2 *Share-based Payment*.

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

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting Policies

A. Company information

The Company is a private limited company incorporated, limited by shares and incorporated and registered in England and Wales. The address of its registered office is 10 Fenchurch Avenue, London EC3M 5AG.

B. Basis of preparation

The financial statements have been prepared in accordance with FRS101, Part 15 of the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards 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

There were no significant accounting pronouncements taking effect from 1 January 2022 that impact the Company.

The Company’s ultimate parent undertaking, M&G plc, includes the Company in its consolidated financial statements. The consolidated financial statements of M&G plc are prepared in accordance with International Financial Reporting Standards and may be obtained from the Company Secretary, 10 Fenchurch Avenue, London, England, EC3M 5AG.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries within the Group;
- Disclosures in respect of the compensation of key management personnel;
- Comparative period reconciliations for share capital;
- The effect of new but not yet effective accounting standards; and
- Disclosures in respect of revenue from contracts with customers.

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

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

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

Sources of estimation uncertainty

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The tables below set out the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Financial statement assets or liability	Key estimate and assumption	Accounting policy	Note
Trade and other debtors - customer contract balances	Accrued income on adviser charges from regular premium policies is estimated based on adviser charge per month and discounted using an appropriate discount rate. An allowance is also made for estimated lapses.	E & F	2 & 9

Going concern

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

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

- The Company has a satisfactory capital adequacy, well in excess of the capital requirements stipulated by the Financial Conduct Authority (FCA). Consideration has also been given to the Company’s performance, the market in which it operates, its strategy and risks and uncertainties, as set out in the Strategic Report on pages 2 to 6. The management of financial risk is set out in note 16, including the Company's exposure to credit risk and liquidity risk which it carefully manages through cashflow forecasting and fund management.

- To satisfy themselves of the appropriateness of the use of the going concern assumption in relation to these financial statements, the directors have assessed the future prospects of the Company, by considering the business plan that includes the cash flow forecasts, for at least the next 12 months from the date of signing these financial statements, various market scenarios as well as changes in the Company's principal risks. In addition, the directors have also considered the results of reasonably plausible severe downside scenarios to assess the potential implications on the Company's solvency and liquidity. The results of these assessments demonstrated the ability of the Company to meet all obligations and futures business requirements. In addition, these assessments demonstrated that the Company was able to remain above its regulatory solvency requirements in reasonably plausible severe downside scenarios.

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

C. Financial instruments - recognition and measurement

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

Financial liabilities

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

D. Financial instruments - Impairment

Financial assets impairment

Impairment is recognised on financial assets measured at amortised cost based on expected credit losses (ECL).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

The impact of any collateral and financial guarantees is taken into account when determining ECL.

ECLs are discounted at the effective interest rate of the financial asset.

A financial instrument is considered to have low credit risk when it has an external credit rating of 'investment grade'. The entity has determined that the cash balances and deposits with credit institutions are considered to have low credit risk and therefore impairment is based on a 12 month ECL for these assets.

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

E. Revenue recognition

Turnover, comprising income earned on advice services and recharges to group undertakings is recognised when the Company satisfies the related performance obligation.

Interest income is recognised on an accruals basis.

NOTES ON THE FINANCIAL STATEMENTS (continued)

F. Customer contract balances

Customer contract balances included at Trade and other debtors present accrued income on adviser charges from regular premium policies; the balances are estimated based on adviser charge per month and discounted using an appropriate discount rate. An allowance is also made for estimated lapses.

G. Expenses

Operating expenses comprise of management expenses incurred by the Company in relation to the distribution activities. Expenses are recognised on an accruals basis.

Interest expense is accounted for on an accruals basis.

H. Intangible assets

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

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

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

Software development costs recognised as asset is amortised on a straight line basis over its estimated useful life of 6 years.

I. Impairment of non-financial assets

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

J. Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences due to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge in the financial statements if the Company considers that it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition, the provision is measured based on management's judgement and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgement as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information..The judgments and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgments.

K. Share-based payments

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

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

The compensation costs for all awards and options are recognised in comprehensive income over the plans' respective vesting periods.

2. Turnover

	2022	2021
	£'000	£'000
Income earned from recharges to group undertakings	**4,167**	2,289
Income earned from advice services	**48,250**	48,089
Other fee income	**1,978**	1,464
	54,395	51,842

Income earned from advice services includes income receivable from regular premium policies and is estimated based on the adviser charge per month and discounted using an appropriate discount rate. An allowance is also made for estimated lapses.

NOTES ON THE FINANCIAL STATEMENTS (continued)

3. Staff costs

	2022	2021
	£'000	£'000
Wages and salaries	**3,138**	5,077
Other pension costs	**447**	1,408
Social security costs	**453**	748
Share based payment expenses	**737**	818
Total	**4,775**	8,051

	Number	Number
Average number of employees during the financial year	**44**	63

The majority of staff employed by the M&G plc group in the UK are members of the M&G plc group’s pension schemes, including both defined contribution and defined benefit schemes. The largest scheme is the Prudential Staff Pension Scheme (“PSPS”), which accounts for 82% (2021: 80%) of the present value of M&G plc group's defined benefit pension obligation. Further details of the PSPS pension scheme are disclosed in the report and accounts of M&G plc.

4. Auditors' remuneration

Auditors' remuneration of £33k (2021: £21k) is payable in respect of the audit of the Company’s financial statements. Fees of £7k (2021: 20k) are payable towards other assurance services. These fees are borne by a fellow group undertaking, Prudential Distribution Limited.

5. Directors’ emoluments

During the year the directors of the Company received the following emoluments in respect of work performed on behalf of the Company:

	2022	2021 restated*
	£'000	£'000
Aggregate emoluments and benefits	**376**	385
Highest paid Director:		
Aggregate emoluments and benefits	**376**	385

Emoluments are reported for directors who are deemed to work for the Company i.e. provide qualifying services in accordance with Schedule 5 of the Regulations. Only one such qualifying director is remunerated by the Company.

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

*The financial statements for the year ended 31 December 2021 disclosed Directors' emoluments that comprised the value attributable to prior year time allocations, subsequently been deemed to be inconsequential, and the value of incentive plan awards settled via shares, which are no longer included in the total value of emoluments. There is no impact on the primary statements of the revised disclosure. Directors' emoluments for the year ended 31 December 2021 have been restated, to exclude the value of incentive plan awards settled via shares. This restatement changes the total directors' emoluments from £455k to £385k.

NOTES ON THE FINANCIAL STATEMENTS (continued)

All directors received shares under long-term incentive schemes in 2022 (2021: Four), and none of the director exercised share options in 2022 (2021: One). Three directors (2021: Two) were entitled to retirement funds under a defined contribution pension scheme.

Highest paid director received shares under long-term incentive schemes in 2022 (2021: received shares), and the highest paid director did not exercise share options in 2022 (2021: none).

6. Interest received

	2022	2021
	£'000	£'000
Bank interest received	213	—

7. Intangible asset

Internally generated software development costs	2022	2021
	£'000	£'000
Cost		
As at 1 January	6,251	—
Additions		6,251
Write off	(251)	—
As at 31 December	6,000	6,251
Accumulated amortisation		
As at 1 January	—	—
Amortisation charge	—	—
As at 31 December	—	—
Net book value		
Cost	6,000	6,251
Accumulated amortisation	—	—
As at 31 December	6,000	6,251

The Advice Transformation Programme (“ATP”) aims to improve adviser productivity and meet the advice needs of more people at lower cost. The programme includes spend to develop the MAP software platform that supports the hybrid advice business. As part of the ongoing development and business planning process an assessment of the projected future economic benefits suggested an indicator of impairment for the existing intangible asset. A value in use calculation was prepared that resulted in a recoverable amount being assessed as £6,000k. This resulted in an impairment of £251k in the value of the asset in 2022. The value in use calculation incorporates cash flow projections based on financial budgets approved by management. With the key assumptions being the expected level of revenue linked to the MAP software platform, along with expected incremental costs and an appropriate discount rate based on the market rate of interest adjusted for risk. The asset has an expected useful life of 6 years and will be amortised from January 2023.

NOTES ON THE FINANCIAL STATEMENTS (continued)

8. Taxation

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

	2022	2021
	£'000	£'000
Tax reported in the statement of comprehensive income		
Current tax:		
Total current tax (credit)/charge in the financial year	**(2,104)**	660
Adjustments in respect of prior years	**(1,172)**	50
Total tax (credit)/charge on ordinary activities	**(3,276)**	710
Deferred tax :		
Adjustments in respect of prior year	**1,547**	(9)
Current year	**61**	(54)
Effect of changes in tax rates	**(19)**	(83)
Total deferred tax charge/(credit) in the financial year	**1,589**	(146)
Total tax (credit)/charge in the financial year	**(1,687)**	564

	2022	2021
	£'000	£'000
Tax reported in the capital reserve		
Current tax :	**(3)**	(11)
Deferred tax :	**(33)**	(60)
Total tax credit in the financial year	**(36)**	(71)

b) Factors affecting tax (credit)/charge for the financial year

	2022	2021
	£'000	£'000
(Loss)/profit before tax	**(11,026)**	3,093
Tax on (loss)/profit at effective rate of corporation tax in the UK of 19% (2021: 19%)	**(2,095)**	588
Effects of:		
Share options	**52**	23
Income not taxable	**—**	(4)
Tax rate changes	**(19)**	(84)
Adjustments in respect of prior years	**375**	41
Total tax (credit)/charge for the year	**(1,687)**	564

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the company accordingly.

Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the expected increase in the tax rate is therefore recognised in the deferred tax movement for the year.

NOTES ON THE FINANCIAL STATEMENTS (continued)

c) Balance Sheet

	2022 £'000	2021 £'000
Deferred taxation		
At 1 January 2022	**526**	320
Adjustments in respect of prior years	**(1,547)**	9
Deferred tax (charged)/credited in Statement of comprehensive income for the year	**(41)**	137
Deferred tax credited to Capital reserves	**33**	60
At 31 December 2022	**(1,029)**	526

	2022 £'000	2021 £'000
The deferred tax balance is made up as follows:		
Unapproved share schemes	**450**	514
SAYE share scheme	**3**	4
Temporary differences	**—**	5
Capital allowances	**(1,482)**	3
	(1,029)	526
Comprising:		
Asset - falling due after more than one year	**453**	526
Liability – falling due after more than one year	**(1,482)**	—
	(1,029)	526

d) Factors that may affect future tax charges

Deferred tax assets are recognised to the extent that they are regarded as recoverable. On the assessment of all available evidence, the asset is recognised if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. The assessment of future taxable profits includes the availability to surrender tax losses to other group companies in the M&G plc UK tax group.

9. Trade and other debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	**652**	1,608
Accrued income	**1,110**	1,585
Sundry debtors	**1,161**	815
Amounts falling due after more than one year:		
Accrued income	**1,057**	1,705
	3,980	5,713

2022	**As at 1 January 2022**	**New business**	**Settlements**	**As at 31 December 2022**
	£'000	**£'000**	**£'000**	**£'000**
Accrued income	**3,290**	**408**	**(1,531)**	**2,167**

2021	As at 1 January 2021	New business	Settlements	As at 31 December 2021
	£'000	£'000	£'000	£'000
Accrued income	4,305	662	(1,677)	3,290

Accrued income on adviser charges from regular premium policies is estimated based on adviser charge per month and discounted using an appropriate discount rate. An allowance is also made for estimated lapses.

(i) An increase of 100bps in the discount rate would decrease the fair value of accrued income by £24k (2021: decrease of £40k) and a decrease of 100bps would increase the fair value by £24k (2021: increase of £42k).

(ii) An increase of 10% in the lapse rates would decrease the fair value of accrued income by £41k (2021: decrease of £69k). A decrease of 10% in the lapse rates would increase the fair value by £42k (2021: increase of £71k).

10. Cash and bank balances

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

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

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	**1,011**	—
Accruals and deferred income	**5,690**	6,291
	6,701	6,291

The Company's standard contractual payment terms for all qualifying contracts are payments within 30 days after the invoice date. All inter-company balances are repayable on demand.

12. Provision for liabilities and charges

	Balance as at 1 January 2022	**Utilised in the year**	**Released in the year**	**Provided in the year**	**Balance as at 31 December 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Transformation provision	**513**	**(147)**	**(366)**	**—**	**—**
Redundancy provision	**—**	**(3)**	**—**	**960**	**957**
Other provision	**—**	**—**	**—**	**1,150**	**1,150**
Total provision	**513**	**(150)**	**(366)**	**2,110**	**2,107**

Other provision consist of provision created in 2022 for customer redress for former members of the British Steel Pension Scheme (BSPS) who may have received unsuitable advice to transfer out of the BSPS.

	Balance as at 1 January 2021	Utilised in the year	Released in the year	Provided in the year	Balance as at 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Transformation provision	6,668	(5,320)	(840)	5	513

13. Share-based payments

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

Description of the plans

Discretionary schemes initiated prior to demerger:

i. Long term Incentive Plan (LTIP)

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

ii. Restricted Share Plan (RSP)

Awards under this plan are discretionary and ad-hoc, and the vesting of awards may be subject to performance conditions. These awards may be retention awards, new joiner awards and promotion related awards.

Prior to demerger, all discretionary schemes mentioned above were based on Prudential plc awards. At the point of demerger and subsequent listing of M&G plc, all outstanding discretionary awards were replaced with equivalent awards based on M&G plc shares. The scheme rules for the awards remain the same in principle, except for the LTIP awards, for which the relevant metrics would be based on M&G plc as opposed to Prudential plc performance.

In accordance with IFRS 2, the replacement awards have been accounted for as a modification of the previous scheme and the expense in relation to the scheme will continue to be recorded over the remaining vesting period.

Until the point of demerger, the schemes were treated as cash-settled schemes as the Company had the obligation to settle the awards based on the way the schemes were set-up. The Company could independently instruct the Employee Benefit Trust (EBT) to procure shares to settle the award, or the Company could itself procure shares paying full price through the ultimate parent company. At the point of demerger, the schemes were converted to equity-settled schemes as the awards will be settled in M&G plc shares, by M&G plc directly.

Discretionary schemes initiated post demerger

i. Performance Share plan (PSP)

The PSP is a conditional share plan: the shares awarded will ordinarily be released to participants after a predetermined period, usually three years, to the extent that performance conditions have been met.

NOTES ON THE FINANCIAL STATEMENTS (continued)

If performance conditions are not achieved in full, the unvested portion of any award lapses. The performance conditions attached to PSP awards include market performance conditions; Relative Total Shareholder Return ("TSR"); and other non-market conditions, including capital generation measures. The performance conditions attached to each award are dependent on the role of the participants. Threshold and maximum achievement levels will be set at the beginning of the performance periods in line with the business plan.

ii. Deferred incentive Plan (DIP)

Under these plans, part of the participant's Annual Bonus is paid in the form of a share award that vests after three or four years. Other than the service condition, there are no other performance conditions associated with this plan.

Approved schemes:

i. Save As You Earn (SAYE) plans

The Group operates Save-as-you-earn (SAYE) plans, which allow eligible UK-based employees the opportunity to save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in M&G plc at a predetermined price subject to the employee remaining in employment for three years after the grant date of the options and the employee satisfying the monthly savings requirement.

ii. Share Incentive Plan (SIP)

In addition, to celebrate the demerger, all eligible employees were awarded M&G plc shares with a value of £2,000. The awards vest subject to the employee remaining in employment for 2 years.

All approved schemes are accounted for as equity-settled as the awards would be settled in M&G plc shares.

The previous approved SAYE and SIP schemes that operated prior to demerger were cancelled with all participants treated as good leavers. This resulted in an incremental expense of £75k recorded at the date of demerger. Prior to demerger the schemes were accounted for as equity-settled as Prudential plc had the obligation to settle these awards.

The weighted average share price of M&G plc for 31 December 2022 was £2.17 as against £2.08 for the financial year ended 31 December 2021.

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

At 31 December 2022	**Outstanding**			**Exercisable**	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise prices**	**Number exercisable**	**Weighted average exercise prices**
		(years)	**£**		**£**
Between £1 and £2	**122,151**	**1.68**	**1.61**	**—**	**—**
Total	**122,151**	**1.68**	**1.61**	**—**	**—**

At 31 December 2021	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise prices	Number exercisable	Weighted average exercise prices
		(years)	£		£
Between £1 and £2	151,897	2.40	1.57	15,420	1.34
Total	151,897	2.40	1.57	15,420	1.34

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

14. Called up share capital

	2022	2021
	£'000	£'000
Ordinary shares		
Balance as at 1 January		
Issued and fully paid		
33,800,000 (2021: 33,800,000) ordinary shares of £1 each	**33,800**	33,800
Issued during the year		
Issued and fully paid		
10,500,000 (2021: Nil) ordinary shares of £1 each	**10,500**	—
Balance as at 31 December		
Issued and fully paid		
44,300,000 (2021: 33,800,000) ordinary shares of £1 each	**44,300**	33,800

15. Financial assets and financial liabilities

A. Financial assets and financial liabilities - classification and measurement

For financial investments the basis of valuation reflects the Company's application of IFRS 9 *Financial Instruments* . Financial assets and financial liabilities are measured at either fair value through profit or loss or amortised cost.

Where financial assets and financial liabilities have been valued at fair value or measured on a different basis but fair value is disclosed, the Company has followed the principles of IFRS 13 '*Fair Value Measurement*'. The basis applied is summarised below.

2022	**Fair value through profit or loss**	**Amortised Cost**	**Total carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other debtors	**—**	**1,813**	**1,813**	**1,813**
Cash at bank and in hand	**—**	**28,336**	**28,336**	**28,336**
Total financial assets	**—**	**30,149**	**30,149**	**30,149**

2022	**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other creditors	**—**	**6,701**	**6,701**	**6,701**
Total financial liabilities	**—**	**6,701**	**6,701**	**6,701**

2021	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value
	£'000	£'000	£'000	£'000
Trade and other debtors	—	2,423	2,423	2,423
Cash at bank and in hand	—	22,922	22,922	22,922
Total financial assets	—	25,345	25,345	25,345

2021	Fair value through profit or loss	Amortised Cost	Total carrying value	Fair value
	£'000	£'000	£'000	£'000
Trade and other creditors	—	6,291	6,291	6,291
Total financial liabilities	—	6,291	6,291	6,291

Market Risk

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

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

The Company's direct exposure to market risk is limited to the interest rate fluctuations on the bank balances held by the Company. The Company is indirectly exposed to market risk through ongoing advice charges that are based on the fund values of customers which move in value due to market risks.

Interest rate risk

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

2022	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Not directly exposed to interest rate risk**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial Assets				
Trade and other debtors	**2,167**	**—**	**1,813**	**3,980**
Cash at bank and in hand	**—**	**28,336**	**—**	**28,336**
	2,167	**28,336**	**1,813**	**32,316**

2022	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Not directly exposed to interest rate risk**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial Liabilities				
Trade and other creditors	**—**	**—**	**6,701**	**6,701**
	—	**—**	**6,701**	**6,701**

2021	Fair value interest rate risk	Cash flow interest rate risk	Not directly exposed to interest rate risk	Total
	£'000	£'000	£'000	£'000
Financial Assets				
Trade and other debtors	3,290	—	2,423	5,713
Cash at bank and in hand	—	22,922	—	22,922
	3,290	22,922	2,423	28,635

2021	Fair value interest rate risk	Cash flow interest rate risk	Not directly exposed to interest rate risk	Total
	£'000	£'000	£'000	£'000
Financial Liabilities				
Trade and other creditors	—	—	6,291	6,291
	—	—	6,291	6,291

Currency risk

The Company is not exposed to currency risk as it does not have significant foreign currency exposures.

Other price risk

The Company is not exposed to any other price risk as it does not have any exposure to equities or investment property.

Liquidity Analysis

Contractual maturities of financial liabilities

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

2022	**1 year or less**	**After 1 year to 5 years**	**Total un-discounted cashflows**	**Total carrying value**
	£'000	**£'000**	**£'000**	**£'000**
Financial Liabilities				
Trade and other creditors	**6,701**	**—**	**6,701**	**6,701**
	6,701	**—**	**6,701**	**6,701**

2021	1 year or less	After 1 year to 5 years	Total un-discounted cashflows	Total carrying value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Trade and other creditors	6,291	—	6,291	6,291
	6,291	—	6,291	6,291

16. Financial risk management

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

a. Credit risk

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

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

Impairment methodology

The impairment allowance calculation is based on M&G plc group's counterparty default risk calibration used for Solvency II. The counterparty default risk uses a default state model and a recovery rate model which is run through 1 million scenarios to generate a probability distribution of losses.

This produces a loss rate reflecting the default losses as a percentage of exposure for various stresses over a 12 month period. These rates have been applied to the balances as at 31 December 2022 to derive the ECL. The impact of collateral and financial guarantees has been considered, where relevant, in the determination of ECL.

The entity held cash balances of £28,336k at 31 December 2022 (2021: £22,922k). The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

A 12-month ECL has been calculated in respect of these balances. This reflects the short maturities of the exposures. Based on the assessment, no (2021:£nil) ECL has been recognised during the year.

b. Liquidity risk

Liquidity risk is the risk of loss for the Company's business, or of adverse changes in its financial situation, resulting from its inability to generate sufficient cash resources to meet financial obligations (for example creditors and other corporate costs as they fall due). This risk is managed through cash flow forecasting and management of bank balances.

c. Market risk

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

The Company's direct exposure to market risk is limited to the interest rate fluctuations on the bank balances held by the Company. The company is indirectly exposed to market risk through ongoing advice charges that are based on the fund values of customers which move in value due to market risks.

d. Expense risk

Expense risk is the risk that expenses (including future expense inflation) could be higher than anticipated. If actual expenses are higher than expected, the Company's operating results could be adversely affected.

e. Persistency risk

Persistency risk is the risk of unexpected changes in policyholder rates of exit.

The Company is exposed to persistency risk due to the receipt of ongoing advice charges. If customers leave earlier than anticipated then the Company's operating results could be adversely affected.

17. Capital requirements and management

The Company is regulated by the Financial Conduct Authority ("FCA") as the Company is engaged in insurance mediation. The Company is also regulated by the FCA as a personal investment firm. The Company is subject to the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) and the Interim Prudential Sourcebook for Investment Businesses (IPRU(INV)).

As stipulated in MIPRU rule 4.2.11R, the Company is required to maintain capital resources equivalent to the higher of £5k and 2.5% of the annual income from its protection and mortgage mediation activity.

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

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

In addition to the above requirements the Company is also required to maintain additional capital of 3.44% of its relevant income to meet the Professional Indemnity Insurance (PII) requirements based on the IPRU (INV) rules. The Company relies on a Group insurance policy to meet the PII requirements. The additional capital requirement is based on the excess on the PII policy and the level of annual income.

As at 31 December 2022, the minimum unaudited regulatory capital requirement of the Company was £4,191k (2021: £4,464k). The Company had capital resources amounting to £22,502k (2021: £21,040k) to meet the capital requirement.

18. Immediate and ultimate parent company

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

19. Post balance sheet event

The Company issued 22,500,000 ordinary shares of £1 each on 2 March 2023. The Company paid an amount of £21,000k towards initial consideration for purchase of shares in My Continuum Financial Limited on 7 March 2023. There have been no other post balance sheet events up to the date of approving this report (2021: None).