Registered No: 11554878

M&G Corporate Holdings Limited

Formerly M&G Prudential (Holdings) Limited

Annual Report and Financial Statements

For the year ended

31 December 2020

Incorporated and registered in England and Wales.
Registered office: 10 Fenchurch Avenue, London EC3M 5AG

Contents

Company Information

Directors	C J Bousfield J W Foley
Secretary	M&G Management Services Limited
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Registered office	10 Fenchurch Avenue London EC3M 5AG
Company number	Registered in England and Wales: No. 11554878

Strategic Report

The Directors present their strategic report for the year ended 31 December 2020.

Principal activity

M&G Corporate Holdings Limited (the “Company”) is a direct subsidiary of M&G plc and acts as an intermediate holding company for certain of the non-trading activities of M&G plc Group (the “Group”).

The Group is a UK and international savings and investments business.

Review of the business

The Company is well positioned to support and drive forward the wider M&G plc strategy.

On 4th October 2020 the Company changes its name from M&G Prudential (Holdings) Limited to M&G Corporate Holdings Limited.

Company performance and measurement

During the period the Company continued to perform its role as a holding company.

The Company was formed to act as the intermediate holding company of the non-regulated entities of the Group. The Directors believe that analysis using KPIs for the Company, other than disclosed below, is not necessary or appropriate for an understanding of the development, performance or position of the Company.

The development, performance and position of the major subsidiaries of the Company are discussed in the annual report and financial statements of those subsidiaries, which do not form part of this report.

Key performance indicators	**2020**	**2019**
	£	**£**
Profit / (Loss) on ordinary activities before tax	**1,278,582**	**(950,984)**
Net assets	**34,384,884**	**33,106,302**

The profit on ordinary activities before tax for the period ended 31 December 2020 is a reflection of the dividend received from 10FA India Private Limited, a subsidiary of the Company.

Principal risks and uncertainties

The Company is a wholly owned subsidiary of the M&G plc Group and is subject to the Group’s internal control and risk management processes as detailed in the Group Governance Framework (GGF) and associated Group Risk Management Framework (GRMF). The control procedures and systems established within the Group are designed to manage, rather than eliminate the risk of failure to meet business objectives. As such, they can only provide reasonable rather than absolute assurance against material misstatement or loss, and focus on optimising the levels of risk and reward within a clearly defined risk appetite, with the aim of achieving the business objectives. The GRMF requires all business units and functions within the Group, including the Company, to establish processes for identifying, evaluating and managing key risks. The GRMF for the Company is approved by the Group Board Risk Committee and operates based on the concept of three lines of defence: risk management, risk oversight and independent assurance. The Company's results and financial condition are exposed to both financial and non-financial risks. The key risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Financial risk management objectives, policies and exposure

The Company's financial risks primarily relate to the future performance of its subsidiary undertakings. These risks are managed and monitored at a Group level, and the Group's risk management and internal frameworks are described in the consolidated financial statements of M&G plc. Due to the current financial strength of the M&G plc Group, the directors consider that there is minimal level of risk associated with the Company.

Approved by the Board.

C J Bousfield
Director
10 Fenchurch Avenue
London EC3M 5AG

30 June 2021

Directors' Report

The directors present their annual report and the financial statements for the period ended 31 December 2020.

Directors

C J Bousfield
J W Foley

Financial highlights

The results for the period are shown in the Profit and Loss Account on page 11. This shows a profit after tax of £1,278,582 (2019: Loss £(950,987)). The profit for the period arises on dividends received from 10 FA India Private Limited.

The Balance Sheet is set out on page 12. At 31 December 2020, the total value of investments in subsidiaries was £33,256,293 (2019: £33,256,294).

Dividends

No dividends were paid during the period. The Directors do not recommend the payment of dividend.

Employees

The Company did not have any employees during the period.

Subsequent events & future developments

There have been no subsequent events and management foresee no change to the business of the Company.

Qualifying third party indemnities

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.

Political contributions

There were no political contributions during the period.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved with the support of the parent. As a holding company the key method for assessing going concern is through the Group's business planning process which considers profitability, liquidity and solvency, and a pessimistic COVID-19 scenario and severe Brexit scenario. The business planning process considers the Group's business activities, together with factors likely to affect its future development, successful performance and position, and key risks in the current economic climate

On the basis of the assessment described, the Directors have adopted the going concern basis of accounting in preparing the Company's financial statements for the period ended 31 December 2020.

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditor

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 auditor is 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 auditor is aware of that information.

Auditor

KPMG LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

Approved by the Board.

C J Bousfield
Director
10 Fenchurch Avenue
London EC3M 5AG

30 June 2021

Independent Auditor’s Report to the members of M&G Corporate Holdings Limited

Opinion

We have audited the financial statements of M&G Corporate (Holdings) Limited (“the Company”) for the year ended 31st December 2020 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 the Company’s affairs as at 31st December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the M&G plc’s policies and procedures to prevent and detect fraud that apply to this group Company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, 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. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions, other than dividend income We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

This Company, as a holding Company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Jacky Chan

Jacky Chan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
30 June 2021

Profit and Loss Account

for the year ended 31 December 2020		Year ended 2020	Period ended 2019
		£	£
Other interest receivable and similar income	5	-	42
Dividend Income	5	1,278,582	-
Impairment charge on investment in subsidiaries	8	-	(951,000)
Interest payable and similar expenses	6	-	(26)
Profit / (Loss) before taxation		**1,278,582**	**(950,984)**
Tax charge	7	-	(3)
Profit / (Loss) for the period		**1,278,582**	**(950,987)**

The accompanying notes form an integral part of these financial statements.

Balance Sheet
as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investment in subsidiaries	*8*	**33,256,293**	**33,256,294**
Current assets			
Cash and cash equivalents	*9*	**1,278,598**	**16**
Debtors	*10*	**100,000**	**100,000**
		1,378,598	**100,016**
Creditors: amounts falling due within one year	*11*	**(250,007)**	**(250,008)**
Net current assets / (liabilities)		**1,128,591**	**(149,992)**
Net assets		**34,384,884**	**33,106,302**
Capital and reserves			
Share capital	*12*	**320,000**	**320,000**
Share premium	*12*	**33,737,289**	**33,737,289**
Retained earnings		**327,595**	**(950,987)**
Total shareholders' funds		**34,384,884**	**33,106,302**

These financial statements were approved by the Board of Directors on 30 June 2021 and were signed on its behalf by:

C J Bousfield
Director

Company registered number: 11554878

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2020

	Note	**Share capital £**	**Share premium £**	**Retained earnings £**	**Total Equity £**
Balance at 5 September 2019		**-**	**-**	**-**	**-**
Loss for the period		-	-	(950,987)	(950,987)
Total comprehensive income for the period		-	-	(950,987)	(950,987)
Issue of share capital	*12*	320,000	33,737,289	-	34,057,289
Balance at 31 December 2019		**320,000**	**33,737,289**	**(950,987)**	**33,106,302**

	Note	**Share capital £**	**Share premium £**	**Retained earnings £**	**Total Equity £**
Balance at 1 January 2020		**320,000**	**33,737,289**	**(950,987)**	**33,106,302**
Profit for the period				1,278,582	1,762,582
Total comprehensive income for the period		-	-	1,278,582	1,762,582
Issue of share capital	*12*	-	-	-	-
Balance at 31 December 2020		**320,000**	**33,737,289**	**327,595**	**34,384,884**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
for the period ended 31 December 2020

1 Accounting policies

M&G Corporate Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK on 5 September 2019. The registered number is 11554878 and the registered address is 10 Fenchurch Avenue, London, EC3M 5AG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, 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.

The financial statements have been prepared in pounds sterling ("£") which is the functional currency of the Company.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of *IAS 1 Presentation of Financial Statements*:
    - 10(d), (statement of cash flows),
    - 16 (a statement of compliance with all IFRS),
    - 38 in respect of paragraph 79(a)(iv) (outstanding shares comparative),
    - 38A (requirement for minimum of two primary statements, including cash flow statements),
    - 38B–D (additional comparative information),
    - 111 (cash flow statement information), and
    - 134–136 (capital management disclosures);
- *IAS 7 Statement of Cash Flows*;
- *IFRS 7 Financial Instrument Disclosures*;
- Paragraph 30 and 31 of *IAS 8 Accounting Policies*, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirements in *IAS 24 Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group and key management compensation.

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

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements have been prepared on a going concern basis under the historical cost basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Notes to the financial statements

1 Accounting policies *(continued)*

1.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. As a holding company the key method for assessing going concern is through the Group's business planning process which considers profitability, liquidity and solvency. The business planning process considers the Group's business activities, together with factors likely to affect its future development, successful performance and position, and key risks in the current economic climate.

In addition, the Directors also gave particular attention to the solvency projections of the Group under a base scenario and its sensitivity to various individual economic stresses and certain stressed scenarios, which included a pessimistic COVID-19 scenario and a severe Brexit scenario.

In 2020 the company has net current assets of £1,128,591 (2019: net current liabilities of £150,000). The Directors continue to adopt a going concern basis in preparing the financial statements.

1.3 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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.

Investment in subsidiaries are stated at cost less, where appropriate, allowances for impairment. Investments are reviewed annually to assess whether there are indicators of impairment. Where indicators of impairment exist, the carrying value of the investment is compared against the higher of net asset value or value in use, with any resulting impairment recorded in the income statement

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) Subsequent measurement and gains and losses

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

Notes to the financial statements *(continued)*

1.3 Financial instruments (continued)

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these Company financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

(iii) Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances are measured at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month expected credit loss.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses 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 group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the financial statements *(continued)*

1.3 Financial instruments (continued)

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.4 Interest and Revenue Recognition

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend and distribution income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.5 Expense recognition

All expenses are recognised in the Profit and Loss Account as a cost when incurred. Staff Costs and Directors emoluments are borne by other group companies.

1.6 Tax

Tax on the profit or loss for the period 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 period, 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 following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge 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.

1.7 New standards adopted in the 2020 financial statements

During the period, no new standards have become effective in the year to December 2020.

2. Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically require such estimates is the determination of impairment of investments in subsidiaries.

Investment in subsidiaries is stated at cost less, where appropriate, allowances for impairment. Investments are reviewed annually to assess whether there are indicators of impairment. Where indicators of impairment exist, the carrying value of the investment in the subsidiary is compared against its recoverable amount, which is the higher of the fair value less cost to sell or the value in use, with any resulting impairment recorded in the income statement

3. Auditor’s remuneration

Amounts receivable by the Company’s auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company’s financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company’s ultimate parent, M&G plc. Amounts receivable by the Company's auditor in respect of the Company financial statements for the period to 31 December 2020 of £10,000 (2019: £10,000) are payable by M&G plc, the immediate parent company.

Notes to the financial statements *(continued)*

4. Directors' remuneration

Directors' remuneration in respect of the Company was £10.000 (2019: £10,000). This remuneration was borne by another group undertaking. The Company's directors perform services for other Group companies. These costs are not included in the amounts charged to the Company as shown above. 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. An assessment has been made of the proportion of each director's time that relates to this Company, and the emoluments reported above reflect this.

Both directors received shares under long-term incentive schemes in the period to 31 December 2020, and no director exercised share options in the period. No director was entitled to retirement funds under a defined contribution pension scheme.

5. Dividend Income, Interest receivable and similar income

	Year to 31 December 2020	**Period 5 September 2018 to 31 December 2019**
	£	**£**
Dividend Income	**1,278,582**	-
Bank interest receivable	**-**	**42**

6. Interest payable and similar expenses

	Year to 31 December 2020	**Period 5 September 2018 to 31 December 2019**
	£	**£**
Bank interest payable	**-**	**26**

7. Taxation

Tax recognised in the Profit and Loss Account

	Year to 31 December 2020	Period 5 September 2018 to 31 December 2019
	£	£
Current tax		
Current period	-	3
Total tax charged to Profit and Loss Account	-	**3**

Factors affecting tax charge for the period

The tax charge in the period is lower (2019: higher) than the standard rate of corporation tax in the UK and the differences are explained below. The standard rate of tax has been determined by using the UK rate of corporation tax enacted for the period for which the profits of the Company will be taxed.

Tax recognised in the Profit and Loss Account

	Year to 31 December 2020	Period 5 September 2018 to 31 December 2019
	£	£
Profit / (Loss) before tax	1,278,582	(950,984)
Tax calculated at standard UK corporation tax rate of 19%	(242,931)	180,687
Effects of dividends not taxable	242,931	-
Revaluation of investments in subsidiaries	-	(180,690)
	242,931	180,690
Total tax charge for the period	**-**	**(3)**

Factors that may affect future tax charges

On 3 March 2021, the UK Government announced a proposal to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Changes in tax laws and rates may affect the Company's effective tax rate in the future. We expect that, in line with the rate increase proposed, there will be an increase to the Company's effective tax rate for periods from 2023 onwards.

8. Investments in subsidiaries

	Investments in subsidiaries
Cost	**£**
At 5 September 2018	**-**
Additions	34,207,294
At 31 December 2019	**34,207,294**
Additions	-
Disposals	(1)
At 31 December 2020	**34,207,293**
Provisions	
At 5 September 2018	**-**
Impairment losses	(951,000)
At 31 December 2019	**(951,000)**
Impairment losses	**-**
At 31 December 2020	**(951,000)**
Net book value	
At 31 December 2019	**33,256,294**
At 31 December 2020	**33,256,293**

All shares held are ordinary shares. An impairment review was undertaken during the period. The impairment test compares the recoverable amount of each subsidiary to the carrying value of the investment. Based on the comparison of the recoverable amount with carrying value of each subsidiary, no impairment was required. On 10th January 2020 the company sold M&G Group Regulatory Entities Holding Limited (formerly Pru Limited) to M&G plc. The direct related undertakings of the Company as at 31 December 2020 are listed below. Registered office addresses are in note 15.

Company Name	**Nature of business**	**Ownership %** 2020	**Ownership %** 2019
10FA India Private Limited	Service company	99.974%	99.974%
M&G Prudential Guernsey PCC Limited	Protected cell company	100	100
M&G Corporate Services Limited (formerly M&G Prudential Services Limited)	Service company	100	100
PGDS (UK One) Limited	Service company	100	100
Prudence Limited	Dormant company	100	100
Pru Limited (formerly Prudential Leasing Services Limited)	Dormant company	100	100
Partnership Planning Services Limited (formerly Prudential Nominees Limited)	Dormant company	100	100
M&G Group Regulatory Entities Holding Limited (formerly Pru Limited)	Dormant company	-	100
Prudential Portfolio Management Group Limited	Investment services	100	100
Prudential Portfolio Managers Limited*	Dormant company	100	100
Prudential Staff Pensions Limited	Trustee company	100	100
Prudential Venture Managers Limited*	Dormant company	100	100

*in members voluntary liquidation

Notes to the financial statements *(continued)*

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,278,598	16

10. Debtors

	2020 £	2019 £
Unpaid share capital	100,000	100,000

11. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to Group undertakings	**250,005**	250,005
Taxation and social security	**3**	3
	250,008	250,008

All amounts are recoverable within 12 months. Amounts due to subsidiary undertakings are unsecured and interest free.

12. Capital and reserves

Share capital

	Number of shares	Share capital £	Share Premium £
At 5 September 2018			
Issue of share capital on incorporation	1	1	-
Issue of share capital	319,999	319,999	33,737,289
At 31 December 2019	**320,000**	**320,000**	**33,737,289**

	Number of shares	Share capital £	Share Premium £
At 1 January 2020	**320,000**	**320,000**	**33,737,289**
Issue of share capital	-	-	-
At 31 December 2020	**320,000**	**320,000**	**33,737,289**

On 5 September 2018, on the date of incorporation, the Company allotted and issued 1 100p ordinary share to its parent entity M&G Plc.

Notes to the financial statements *(continued)*

12. Capital and reserves (continued)

On 21 December 2018, the Company allotted 99,999 ordinary shares of 100p each with a nominal value of £219,999 to the ultimate parent entity of the group, M&G plc for £15,357,288. This resulted in the recognition of £15,257,289 in the share premium account.

On 24 September 2019, the Company allotted 120,000 ordinary shares of 100p each with a nominal value of £220,000 to the ultimate parent entity of the group, M&G plc for £18,600,000. This resulted in the recognition of £18,480,000 in the share premium account.

On 24 September 2019, the Company allotted an additional 100,000 ordinary shares of 100p each with a nominal value of £100,000 to the M&G plc of the group at par.

13. Related parties

On 10th January 2020 the company sold M&G Group Regulatory Entities Holding Limited (formerly Pru Limited) to M&G plc for £1.

In the period up to the 21 October 2019, prior to demerger, all the fixed asset investments, subsidiaries, were purchased from the Prudential plc Group. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 from disclosing transactions with other wholly owned subsidiary undertakings of the M&G plc Group. There are no other related party transactions with the M&G plc Group.

14. Ultimate parent company

The Company does not prepare consolidated financial statements on the basis that its results and those of subsidiaries are consolidated within the financial statements of M&G plc, the ultimate parent company and controlling party, registered in England and Wales. The financial statements are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.

Notes to the financial statements *(continued)*

15. Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Company either has a shareholding greater than 20% of the nominal value of any share class, or a book value greater than 20% of the Company's assets.

The Company's related undertakings along with the country of incorporation, the registered address, the classes of shares held and the effective percentage of equity owned at 31 December 2020 are disclosed below.

Company Name	**Share Class**	**% Held** 2020	**% Held** 2019
United Kingdom			
10 Fenchurch Avenue, London, EC3M 5AG			
M&G Corporate Services Limited (formerly M&G Prudential Services Limited)	Ordinary Shares	100	100
PGDS (UK One) Limited	Ordinary Shares	100	100
Prudence Limited	Ordinary Shares	100	100
Pru Limited (formerly Prudential Leasing Services Limited)	Ordinary Shares	100	100
Partnership Planning Services Limited (formerly Prudential Nominees Limited)	Ordinary Shares	100	100
M&G Group Regulatory Entities Holding Limited (formerly Pru Limited)	Ordinary Shares	-	100
Prudential Portfolio Management Group Limited	Ordinary Shares	100	100
Prudential Portfolio Managers Limited *	Ordinary Shares	100	100
Prudential Staff Pensions Limited	Ordinary Shares	100	100
Prudential Venture Managers Limited *	Ordinary Shares	100	100
Guernsey			
PO Box 34,St Martin's House, St Peter Port, Guernsey, GY1 4AU			
M&G Prudential Guernsey PCC Limited	Ordinary Shares	100	100
India			
Prudential House, Central Avenue, Hiranandani Business Park, Powai, Mumbai			
10FA India Private Company Limited	Ordinary Shares	99.974	99.974

*In members voluntary liquidation.

16. Post Balance Sheet Events

There have been no post balance sheet events.