Parmenion Capital Partners LLP

Annual report and financial statements

Registered number OC322243

For the period ended 30 September 2016

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Designated members and advisers

Designated members	Aberdeen Asset Management PLC Aberdeen Investments Limited
Registered office	2 College Square Anchor Road Bristol BS1 5UE
Independent auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX

Members' report

The members present their report on Parmenion Capital Partners LLP ("LLP") for the period ended 30 September 2016.

Business review and future developments

The principal activity of the LLP during the period was to offer collective investment fund based discretionary management and platform custody services to the retail clients of UK authorised Independent Financial Advisers. There are no plans to change the principal activity of the LLP.

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

On 11 January 2016, Aberdeen Asset Management PLC and Aberdeen Investments Limited acquired and became the only designated members of the LLP. The LLP is therefore part of Aberdeen Asset Management PLC ("AAM PLC" or, together with its subsidiaries, "the Aberdeen Group").

On the 29 March 2016 the accounting period end date was extended to the 30th September to fall into line with the new group reporting calendar. Therefore current period results reflect an 18 month period whereas comparatives reflect a 12 month period.

The period has been one of significant growth and change for Parmenion. In January 2016, the completion of the acquisition of the business was followed shortly after by the sad death of Parmenion's founder Richard Mein. The business he left behind was a realisation of his vision of harnessing new technology in support of the widest possible choice of investment proposition to make life simpler and business more efficient for financial advisers.

In April 2016, Martin Jennings joined the business as Chief Executive and Head of Aberdeen Digital to continue to further grow the business and enhance Parmenion's proposition for financial advisers. As part of Martin's wider remit within Aberdeen he will also look to develop technology that brings the digital age to wealth management. This represents a significant opportunity for Parmenion to continue to lead the market with industry leading technology and award winning customer and investment services.

While looking to the future, Parmenion has not lost focus on ensuring that its systems and processes meet the highest industry standard. Parmenion has invested significantly, through its wholly owned subsidiary Sorbin Systems Limited, to ensure the robustness and scalability of its infrastructure and has made key hires to further enhance the quality and skills of the Parmenion team. This investment has been further supported by additional investment made by Aberdeen that has strengthened the capital adequacy of the business.

Parmenion hit a significant milestone of £2bn Assets under Management (AUM) in January 2016 and subsequent to the period-end achieved AUM of £3bn in January 2017. Parmenion is exceptionally proud of the work done by all its employees to help achieve this growth.

Within the results for the period is a charge of £2,240,403 which represents the share of the sale proceeds allocated to employees when the business was sold to Aberdeen under the Parmenion Business Sale Proceeds Distribution Plan. The business would not have achieved its success without the contribution of its employees.

Designated Members

The designated members during the period under review were:

Aberdeen Asset Management PLC (appointed 11 January 2016)
Aberdeen Investments Limited (appointed 11 January 2016)
A E Martin Smith (resigned 11 January 2016)
R B Mein (resigned 11 January 2016)
N F J Cooling (resigned 11 January 2016)
J Cook (resigned 11 January 2016)
M Cons (resigned 11 January 2016)

Members' report

Members' capital, interests and rights

Following the change in ownership, the new members' agreement in respect of members' capital, interests and participation rights are:

Each member's capital contribution is determined by the Limited Liability Partnership Agreement. No member is entitled to receive interest on their capital contributions to the LLP and their contribution is repayable on the date that they leave the partnership.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Each members' entitlement to any profits is of the same proportions to which they have made equity capital contributions as per the Limited Liability Partnership Agreement. The members may only take drawings after taking into account the working capital needs of the LLP (and any other FCA requirement).

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' equity interests'.

Details of changes in members' capital and interests in the period ended 30 September 2016 are set out in the financial statements.

Key performance indicators

The LLP tracks turnover, AUM and net inflows as key performance indicators. The table below shows AUM growth from March 2015 to September 2016:

	As at 30 September 2016 £'000	*As at 31March 2015 £'000*
Assets under management	**2,691,120**	1,592,456

Members' report *(continued)*

Principal risks and uncertainties

The LLP is exposed to a range of significant risks and operates under the Aberdeen Group risk management framework. The oversight and implementation of risk strategy for the LLP and the Group is managed at an executive level through the risk management committee, together with the risk, compliance, legal and internal audit departments. The members of the Group meet regularly and considers the risks facing the LLP and controls required to manage these risks, as well as the output from the aforementioned governance committees held at an executive level.

The principal risks relating to the LLP are:

Investment mandate

This is the risk of intentional or unintentional errors (including exceeding client exposure limits or mandated risk levels) leading to compensation for breach of investment mandates.

Client and investment mandate restrictions are automated as much as possible to reduce areas where judgement or manual intervention is required. Timely and accurate monitoring of restrictions is facilitated through the compliance monitoring system. If an investment breach is identified, the factors leading to the breach are promptly analysed and the position corrected. There is segregation of duties between all conflicting roles and there are also overarching controls in various committees, as well as an independent review of portfolio data by the market risk team.

Product

Product risk arises from poor product design or complexity, resulting in the misleading or misrepresenting of products to clients. It can also arise when products no longer meet the clients' objectives or requirements. The product division provides a clear, identifiable focus on product governance and post fund launch activities.

There is a centralised product development team which oversees the assessment and launch of all new products. There is a Group-wide approach covering all asset classes as well as product and competitor reviews. New fund proposals and strategies are evaluated and approved by the Product Development Committee, which considers the risks, potential investor profiles and distribution channels to ensure suitability and commercial viability. Product analysis is conducted to confirm products are performing as expected and meeting the needs of clients.

Distribution and client management

Client relationships are fundamental to the LLP's business and retention of AuM. The main source of business originates through two channels of distribution: directly from institutions and indirectly through investment intermediaries. There is therefore the risk of misleading clients or misrepresenting products to clients which could create regulatory censure as well as loss of clients. Poor management of client or distributor relationships is also a risk. Client needs and expectations continue to evolve and change in profile, and there is a risk of failure to customise and tailor service models to suit their specific requirements.

The Board views meeting customers' needs and expectations as integral to the LLP's culture. Client relations teams keep in regular contact with clients to ensure their needs are addressed and there are product specialists in distribution teams for key capabilities including property, money market solutions, alternatives and quantitative strategies. The Aberdeen Group's global network of offices allows local and the leading private banks and wealth managers to be serviced appropriately. In addition there are a number of committees focused on reviewing business conduct from a customer perspective, including the conduct committee, investor protection committee, pricing committee and conflicts of interest committee.

External service providers

The LLP uses a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring the LLP has significant influence and leverage. However, it also exposes the LLP to concentration risk and dependence on strategic providers. Operations teams oversees these third party administrators and monitor agreed service levels through a suite of key indicators, focusing on significant aspects such as service quality and risks. Contingency plans in the event of the withdrawal or failure of a strategic supplier are reviewed by the Board. The Aberdeen Group also regularly review the business recovery infrastructure and strategy of these suppliers. This includes visits by senior executives to strategic suppliers during the period and on-going monitoring and review by control oversight functions.

Brand and marketing

Digital developments are transforming interactions with clients. There is a risk of reputation damage if the pace with how an increasing number of clients and stakeholders want, and expect, to interact with us is not met, and if brand or marketing activities are inconsistent with the Aberdeen Group's culture or operations.

A dedicated marketing team oversees all social media communications, to ensure regulatory compliance, and to develop the digital offering to help communication with client audiences in an engaging way. Reputational change is tracked through a specialist company who analyse industry, media and social commentary to help understand what influences reputation and comparison with peers. The compliance team works closely with the business to check marketing materials are consistent with products and capabilities.

Loss of key investment personnel

Retaining, developing and investing in talent is fundamental to the LLP's stability and long term success. The LLP's reputation and client retention could be damaged through significant changes in investment personnel. Failure to prevent the departure of qualified employees dedicated to oversee and implement current and future regulatory standards and initiatives could also negatively impact on the LLP's operations.

The LLP does not have star fund managers; instead there are teams with complementary skillsets who discuss investment decisions and take collective responsibility. This team based approach seeks to avoid reliance on any one individual. There is a strong development programme for fund managers that seeks to encourage performance and loyalty through appropriate remuneration and benefits packages, which includes a significant deferred element. Appraisals and remuneration are designed to develop, attract, motivate and retain staff. Succession plans are in place to ensure there is cover for key roles, and these are formally reviewed and updated annually. This strategy is disseminated through all levels of the organisation, so each business area can engage with the LLP's ambitions of growth.

Technology and information security

The LLP's technological infrastructure is critical to the operation and the delivery of products and services to clients. Technology and information security risk relates to the risks that technology systems are inadequate or that they fail to adapt to changing requirements. It also covers cyber related risks where the LLP is exposed to financial loss or damage to reputation as a result of failure of information technology systems; a flaw or weakness in hardware, software or process that exposes a system to compromise by third parties; and, that data is held insecurely or breached. Technology and data innovation are also transforming many aspects of the investment process. There is a risk that systems and platforms do not have the flexibility to support a more diverse client base and the LLP fails to utilise data to gain a competitive advantage.

The Information Security and Business Continuity Committee provides the overall strategic direction, framework and policies for technology and information security, with a particular focus this year on cyber-crime prevention. This is supported by the global cyber security programme which is focussed on the protection of the confidentiality and integrity of information assets. External global capacity is employed to support the management and protection of networks, critical internal assets and data. This includes an incident response service in real time as they occur to identify and thwart potential malicious activity. A periodic risk assurance review of information security and cyber risk framework is undertaken by a professional service firm, to benchmark against peers.

Members' report *(continued)*

Business continuity

The LLP has an obligation to ensure the business can operate at all times. There is a risk that potential impacts and threats to the LLP are not identified, and build the resilience and capability required to ensure an effective response that safeguards the interests of key stakeholders, reputation, brand and value creating activities.

Business continuity management policies and recovery plans have been established, which define the standards and requirements for business continuity, pandemic preparedness, crisis management and recovery. Plans are regularly tested. Off-site backup facilities are in place for the principal office the wide network of offices globally also provides resilience and security that key operations can be moved and/or managed from one location to another at short notice if necessary.

Legal and regulatory

The LLP is subject to regulatory oversight and inspection by the FCA and operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the LLP. The LLP may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulations. Conduct and culture, and managing or avoiding conflicts of interest, are also key themes.

The management of legal and regulatory risk is the responsibility of the senior management of all functions, supported by the in-house legal and compliance teams. The legal and compliance teams track legal and regulatory developments to ensure the LLP is prepared for changes. In addition to developing policies, delivering training and performing monitoring checks, they provide advice to other divisions to ensure compliance with legal and regulatory requirements. They also work with project groups to implement key regulatory changes. The three lines of defence model clarifies essential roles and duties to ensure effective communication of risk management and control. There is an open and constructive relationship with regulators and participation in industry forums and associations so that information is shared regarding possible legal and regulatory changes.

Capital management

Capital serves as a buffer to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of the LLP and to comply with the requirements of the FCA. The regulatory capital requirement of the LLP is established through reference to the Capital Requirements Directive IV (CRD IV). The LLP aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

The LLP has documented the disclosures required by the FCA under CRD IV. These are available from the LLP's website at www.parmenion.co.uk.

The CRD IV requires Country by Country Reporting (CBCR). However, all turnover of the LLP is derived from the UK and the Company has no establishments overseas. The requirement is therefore met by the information disclosed within these financial statements.

Credit risk

The LLP's exposure to credit risk arises primarily from counterparty exposure in the form of trade debtors, exposures to other group companies and deposits placed with banks.

The value of deposits held with counterparties is managed against limits set in the Aberdeen Group's treasury policy. The treasury function is supported by the front office credit team, as well as the market risk function that perform internal credit reviews. Exposures to other Aberdeen Group companies are monitored on a regular basis with regular settlements made between counterparties.

Liquidity Risk

The LLP aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the LLP's reputation.

Members' report *(continued)*

The LLP's cash position, available facilities and forecast cash flows is monitored by the Aberdeen Group's treasury function and access to appropriate liquidity is made available where necessary. Compliance with the LLP's regulatory capital requirements is also regularly monitored to ensure no breaches occur.

Equal opportunities

Aberdeen Asset Management is a global group with customers spanning a multitude of countries, cultures and professions, and we view diversity as a valuable business asset. By having a workforce that reflects the communities where we work, we gain an important competitive advantage. We do not tolerate harassment or bullying. Details of the Group's equal opportunities policy are available on the corporate responsibility ('CR') section of the website. The LLP gives full and fair consideration to applications for employment from disabled persons. If employees become disabled, we provide continuing employment wherever possible and subject to local laws and regulations. For the purposes of training and career development, all employees are treated equally.

Health and safety

The LLP has in place a health and safety policy which can be accessed by all staff via an internal database. The aim is to provide both staff and visitors with a safe and healthy working environment. The LLP is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Post Balance Sheet Events

There have been no significant events affecting the Company since the period end.

Disclosure of information to auditors

The designated members at the date of approval of this Members' Report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of members' responsibilities

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

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

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that

Members' report *(continued)*

its financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They also have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

On behalf of the members:

Martin Jennings
On Behalf of Aberdeen Asset Management PLC, a Designated Member

Independent auditors' report to the members of Parmenion Capital Partners LLP

Report on the financial statements

Our opinion

In our opinion, Parmenion Capital Partners LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 September 2016 and of its loss for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 September 2016;
- the Statement of comprehensive income for the period then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement of Members' Responsibilities set out on page 7, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
25th January 2017

Statement of comprehensive income

For the period ended 30 September 2016

	Note	Period ended 30 September 2016 £	*Year ended 31March 2015 £*
Turnover	5	**17,725,371**	*8,082,986*
Administrative expenses	6	**(18,174,863)**	*(6,513,511)*
Exceptional charge arising on crystallisation of employee incentive plan		**(2,240,403)**	-
Operating (loss)/profit		**(2,689,895)**	*1,569,475*
Dividends received		**445,300**	*7,151*
Interest receivable and similar income	8	**312,305**	*122,295*
Interest payable and similar charges	8	**(48,299)**	-
(Loss)/Profit for the financial period before members' remuneration and profit shares		**(1,980,589)**	*1,698,921*
Members' remuneration charged as an expense	7	**(672,049)**	*(665,548)*
(Loss)/Profit and total comprehensive income for the financial period available for discretionary division among members		**(2,652,638)**	*1,033,373*

Following the sale to Aberdeen, certain employees were eligible for a proportion of the net sales proceeds as part of the employee incentive plan. The charge of £2,240,403 has been shown on the face of the statement of comprehensive income as it represents an exceptional item.

Turnover and operating profit arise from continuing operations in the UK.

The notes on pages 13 to 24 form part of these financial statements.

Balance sheet
At 30 September 2016

	Note	30 September 2016 £	*31 March 2015 £*
Fixed assets			
Tangible fixed assets	9	**559,319**	*536,280*
Investments	10	**73,102**	*73,102*
		632,421	*609,382*
Current assets			
Debtors due within one year	11	**3,858,742**	*1,714,613*
Debtors due greater than one year	11	**1,017,856**	*493,189*
Cash and cash equivalents		**3,303,371**	*1,349,368*
		8,179,969	*3,557,170*
Creditors: amounts due within one year	12	**(5,765,159)**	*(2,126,306)*
Net current assets		**2,414,810**	*1,430,864*
Total assets less current liabilities		**3,047,231**	*2,040,246*
Creditors: amounts greater than one year	13	**(203,527)**	*(211,177)*
Net assets		**2,843,704**	*1,829,069*
Members' interests			
Members' equity interests	16	**2,843,704**	*1,829,069*
Total members' interests		**2,843,704**	*1,829,069*

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved and authorised for issue by the designated members of the LLP on 25th January 2017 and were signed on its behalf by:

Martin Jennings
On Behalf of Aberdeen Asset Management PLC, a Designated Member

Notes to the financial statements *(continued)*

1. General information

Parmenion Capital Partners LLP (the "LLP") is a LLP incorporated and domiciled in England and Wales. The address of the registered office is:

2 College Square
Anchor Road
Bristol
BS1 5UE

The LLP's business activities, together with expected future developments and key risks facing the LLP are detailed in the members' report.

These financial statements were authorised for issue by the designated members on 25th January 2017.

2. Transition to FRS 101

These financial statements, for the period ended 30 September 2016, are the first the LLP has prepared in accordance with FRS 101. The date of transition to FRS 101 for the LLP is 1 April 2014 and the comparative financial statements as at and for the year ended 31 March 2015 have been prepared in accordance with FRS 101. The LLP historically prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP") and the requirements of the Statement of Recommended Practice, (SORP) 'Accounting by Limited Liability Partnerships'.

Accordingly, the LLP has prepared financial statements which comply with FRS 101. No recognition and measurement differences have arisen following the transition to FRS 101, nor has there been any change to key judgements and sources of estimation uncertainty.

First time adoption exemptions
International Financial Reporting Standards ("IFRS") allows first-time adopters certain exemptions from the general requirement to apply IFRS. The LLP did not take any exemptions on transition to FRS101.

Critical judgements and estimates
The accounting estimates and judgements used at 1 April 2014 and 31 March 2015 are consistent with those used under UK GAAP.

3. Accounting policies

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

Basis of preparation

The LLP meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 30 September 2016 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure ("FRS 101") as issued by the Financial Reporting Council.

Application of FRS 101, in conjunction with the equivalent disclosures being available in the group accounts of Aberdeen Asset Management PLC, has allowed the LLP to take advantage of various disclosure exemptions. These include presentation of a cash-flow statement, standards not yet effective, financial instruments, key management compensation, share based payments involving the equity instruments of other group entities and transactions with group companies.

The financial statements have been prepared under the historical cost convention in accordance and with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Notes to the financial statements *(continued)*

3. Accounting policies *(continued)*

The LLP is ultimately a wholly owned subsidiary of AAM PLC and is therefore exempt from the requirement to prepare consolidated accounts by virtue of section 401 of the Companies Act 2006.

Going concern

The LLP's business activities, together with the factors likely to affect its future development and financial position, are set out in the members' report.

The LLP is forecast to make profits for the foreseeable future, has sufficient financial resources and a strong cash position. The members believe that the LLP holds adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Turnover

Revenue is recognised to the extent that it is probable that economic benefits will flow to the LLP and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, custody fees and other income.

Management and custody fees are based on the value of the LLP's assets under management.

Other income represents recharges to other group companies.

Financial assets

Classification

- Loans and receivables – These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of trade debtors, amounts due from group undertakings and loans and borrowings.

- Other financial assets – These instruments include cash and cash equivalents, other debtors and prepayments and accrued income.

Recognition and measurement

- Loans and receivables – These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

- Other financial assets – These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, with the exception of cash and cash equivalents.

The LLP has adopted trade date accounting. Accordingly, a financial investment is recognised on the date the LLP commits to its purchase and derecognised on the date on which the LLP commits to its sale.

Impairment of financial assets

The carrying amount of all financial assets are formally reviewed for impairment purposes at the end of each reporting period, or during the period where objective evidence exists that an impairment exists. Trade receivables are reviewed for impairment on an ongoing basis where any impairment is offset against the carrying amount of the balance.

Notes to the financial statements *(continued)*

3. Accounting policies *(continued)*

Financial liabilities

Classification

- Other financial liabilities - These instruments include trade creditors, amounts due to group undertakings, accruals and deferred income and other creditors.

Recognition and measurement

- Other financial liabilities - These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged on all tangible fixed assets on a straight line basis calculated to write each asset down to its estimated residual value over its expected useful life at the following annual rates:

Fixtures and fittings	- 15% - 20% on cost
Computer equipment	- 33-50% on cost
Leasehold Improvements	- 20% on cost
Motor Vehicles	- 20% on cost

Investment in subsidiaries

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

Members' remuneration and interests

Working members are permitted to make monthly drawings at rates agreed by the Remuneration Committee of the firm. These agreements are on a contractual basis. All existing working members at the date of the acquisition by Aberdeen ceased to be working members and became employees.

Pension costs

The LLP contributes to a group personal pension plan operated by the ultimate designated member. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other employee benefits

Share-based payments and deferred fund awards

The LLP's ultimate designated member AAM PLC awards deferred shares and deferral into funds to employees as an element of annual bonus awards. These deferred shares are expensed on a straight-line basis over the service period to vesting, based on the Group's estimate of equity instruments that will eventually vest. Where AAM PLC makes awards under the deferred share schemes to employees of its subsidiaries, it recharges the cost of these awards to each subsidiary based on the cash value of the shares at the award date.

Notes to the financial statements *(continued)*

3. Accounting policies *(continued)*

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the period of the lease.

Critical accounting estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the year/period. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates. Critical estimates and assumptions are detailed in note 4.

Impairment of non-financial assets

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal.

In respect of investments in subsidiaries an impairment loss is recognised when events or changes in circumstances indicate that the recoverable amount of the asset may not exceed its carrying value. If any such indication exists, the asset's recoverable amount is estimated and any provision for impairment recognised. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Employee Incentive Plan

An employee incentive plan had been put in place prior to the acquisition of the business by AAM. The purpose was to encourage key individuals to help grow the business and share in its success. Following the sale of the business, certain employees were entitled to receive a proportion of the net sale proceeds through the employee benefit plan. This crystallised a charge of £2,240,403 which was recognised in administrative expenses. There are no remaining outstanding awards under the Plan.

4. Critical accounting judgements and estimates

Critical estimates and assumptions are disclosed beneath:

- *Impairment of investments in subsidiaries* - Determining whether the LLP's investments in subsidiaries have been impaired requires estimations of the investments' recoverable amount by assessing the value in use of the investment.

5. Turnover

Turnover arose wholly within the United Kingdom, analysis of turnover by class of business is as follows:

	Period ended 30 September 2016	*Year ended 31March 2015*
	£	*£*
Management and custody fees	**16,195,957**	*7,796,734*
Other income	**1,529,414**	*286,252*
	17,725,371	*8,082,986*

Notes to the financial statements *(continued)*

6. Notes to the profit and loss account

	Period ended 30 September 2016 £	*Year ended 31March 2015 £*
Operating loss/profit before amortisation is stated after charging:		
Operating lease charges – land & buildings	**394,019**	*262,678*
Depreciation – owned assets	**169,874**	*103,901*
Depreciation – leased assets	**189,624**	*87,044*
Auditor remuneration :		
Statutory audit	**16,500**	*19,000*
Auditors fees payable for non-audit and taxation services	**-**	*45,815*

This is the first period that PwC have audited the LLP. The prior period disclosures of audit fees relate to work performed by the previous auditors of the LLP.

In relation to the period ended 30th September 2016, amounts receivable by the LLP's auditor in respect of services to the LLP since becoming a member of the Aberdeen Group, other than the audit of the LLP'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 LLP's ultimate designated member, AAM PLC.

7. Employees and members

The average number of persons employed by the LLP, not including members with contracts of employment, during the period was as follows:

	Period ended 30 September 2016 number	*Year ended 31March 2015 number*
Selling and administration	**58**	*28*

The aggregate payroll costs of these persons were as follows:

	Period ended 30 September 2016 £	*Year ended 31March 2015 £*
Salaries and bonuses	**4,052,849**	1,529,459
Social security costs	**1,181,644**	159,972
Pension costs	**473,008**	90,104
Crystallisation of employee benefit plan	**2,240,403**	-
Other benefits	**118,498**	31,305
	8,066,402	1,810,840

The payroll costs relating to the crystallisation of the employee benefit plan are a one off item that arose on the date of Aberdeen's acquisition of the LLP.

Notes to the financial statements *(continued)*

7. Employees and members (continued)

The average number of members during the period was as follows:

	Period ended 30 September 2016 number	*Year ended 31March 2015 number*
Members	14	*24*

Members' remuneration was as follows:

	Period ended 30 September 2016 £	*Year ended 31March 2015 £*
Aggregate remuneration	672,049	*665,548*

The LLP made a loss for the financial period before members' remuneration (2015: £1,698,921 profit). The amount of profit attributable to the member with the largest entitlement for the year ended 31 March 2015 was £525,300.

8. Net finance income

	Period ended 30 September 2016 £	*Year ended 31March 2015 £*
Finance income		
Bank interest receivable	5,191	*2,233*
Bank interest receivable – client money	269,081	*115,341*
Loan interest receivable	38,033	-
Other interest receivable	-	*4,721*
	312,305	*122,295*
Finance expense		
Interest on group borrowings	48,299	-
	48,299	-
Net finance income	264,006	*122,295*

Notes to the financial statements *(continued)*

9. Tangible assets

	Motor Vehicles £	Fixtures and fittings £	Leasehold Improvements £	Computer Equipment £	Total £
Cost					
At 1 April 2015	129,034	21,454	449,145	274,250	873,883
Additions	-	22,502	9,303	413,627	445,432
Disposals	(89,850)	-	-	-	(89,850)
At 30 September 2016	39,184	43,956	458,448	687,877	1,229,465
Depreciation					
At 1 April 2015	24,961	10,925	140,550	161,167	337,603
Charge for the period	22,239	16,479	136,416	184,364	359,498
Disposals	(26,955)	-	-	-	(26,955)
At 30 September 2016	20,245	27,404	276,966	345,531	670,146
Net book value					
At 30 September 2016	**18,939**	**16,552**	**181,482**	**342,346**	**559,319**
At 31 March 2015	*104,073*	*10,529*	*308,595*	*113,083*	*536,280*

Of the fixed assets above, the following assets were held under finance leases:

	Motor Vehicles £	Leasehold Improvements £	Computer Equipment £	Total £
Cost				
At 1 April 2015	129,034	297,420	15,694	442,148
Additions	-	-	332,027	332,027
Disposals	(89,850)	-	-	(89,850)
At 30 September 2016	39,184	297,420	347,721	684,325
Depreciation				
At 1 April 2015	24,961	98,307	11,335	134,603
Charge for the period	22,239	89,226	78,159	189,624
Disposals	(26,955)	-	-	(26,955)
At 30 September 2016	20,245	187,533	89,494	297,272
Net book value				
At 30 September 2016	**18,939**	**109,887**	**258,227**	**387,053**
At 31 March 2015	*104,073*	*199,113*	*4,359*	*307,545*

Notes to the financial statements *(continued)*

10. Investments

	Subsidiary undertakings (unlisted) £
Cost	
At 1 March 2015 and 30 September 2016	73,102
Net book value	
At 30 September 2016	**73,102**
At 31 March 2015	*73,102*

The following were subsidiary undertakings of the Company:

Name of undertaking	Country of registration	Direct/ indirect holding	Total holding	Principal activity
Asander Investment Management Limited	UK	Direct	100%	Dormant
Parmenion Nominees Limited	UK	Direct	100%	Dormant
Wise Trustee Limited	UK	Direct	100%	Dormant
Parmenion Capital Limited	UK	Direct	100%	Dormant
Sorbin Systems Limited	UK	Indirect	100%	Software development
Parmenion Investment Management Limited	UK	Indirect	100%	Investment management

The registered address for all the subsidiary companies listed above is:

2 College Square
Anchor Road
Bristol
BS1 5UE

11. Debtors

Amounts due within one year:	30 September 2016 £	*31 March 2015 £*
Trade debtors	**1,472,572**	*511,206*
Loans and borrowings receivable	**1,200,000**	-
Other debtors	**276,713**	*148,715*
Amount owed by group undertakings	**287,091**	*707,589*
Prepayments and accrued income	**622,366**	*347,103*
	3,858,742	*1,714,613*

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

Included within loans and borrowings due within one year is an amount of £1,000,000 (2015: £Nil) which relates to an interest bearing loan given to a third party. The interest rate attached to the loan is charged at LIBOR plus 4.5% per annum, calculated and payable each quarter. The expiry date attached is 1 June 2018.

Notes to the financial statements *(continued)*

11. Debtors *(continued)*

Included within loans and borrowings due within one year is an amount of £200,000 (2015: £Nil) which relates to an interest bearing loan given to a connected party. The interest rate attached to the loan is charged at HMRC's official beneficial loan rate, calculated on an annual basis throughout the period of the loan and payable within 1 month of the year having elapsed. The loan is repayable on demand.

	30 September 2016	*31 March 2015*
Amounts due after one year:	**£**	*£*
Loans and borrowings receivable	**666,667**	-
Amounts due from members	-	*142,000*
Other debtors	**351,189**	*351,189*
	1,017,856	*493,189*

Loans and borrowings due after one year of £666,667 relates to an interest bearing loan given to a third party. The interest rate attached to the loan is charged at LIBOR plus 4.5% per annum, calculated and payable each quarter. The expiry date attached is 1 June 2018.

12. Creditors: amounts due within one year

	30 September 2016 £	*31 March 2015 £*
Trade creditors	**601,323**	*161,459*
Social security and other taxes	**184,994**	*44,224*
Finance lease obligations	**176,958**	*84,174*
VAT	**62,022**	*38,967*
Other creditors	**619,405**	*789,266*
Amounts owed to group undertakings	**3,126,124**	*548,285*
Accruals and deferred income	**994,333**	*459,931*
	5,765,159	*2,126,306*

Included within amounts owed to group undertakings is a loan of £2,000,000 (2015: £Nil). The interest rate attached to the loan is charged at the Bank of England base rate plus 3% per annum, calculated each year from the drawdown. The loan is unsecured with no fixed date of repayment and is repayable on demand.

Included within amounts owed to group undertakings is an amount of £1,126,124 (2015: £548,285). The amount is unsecured, interest free with no fixed date of repayment and is repayable on demand.

Obligations under finance leases are secured on the assets to which they relate.

13. Creditors: amounts greater than one year

Amounts falling due after more than one year and less than five years:

	30 September 2016 £	*31 March 2015 £*
Finance lease obligations	**203,527**	*211,177*
	203,527	*211,177*

Obligations under finance leases are secured on the assets to which they relate.

Notes to the financial statements *(continued)*

14. Commitments

Total commitments under non-cancellable operating leases are as follows:

	30 September 2016 £ Land & buildings	*31 March 2015 £ Land & buildings*
Operating leases which expire:		
In less than one year	**287,499**	*225,444*
In the second to fifth years inclusive	**1,286,118**	*1,215,771*
In more than five years	**508,189**	*987,655*
	2,081,806	*2,428,870*

15. Share-based payments and deferred funds awards

The LLP's ultimate designated member AAM PLC operates share-based payment schemes in which employees of the parent and certain subsidiary companies participate. AAM PLC and employing subsidiaries are required to account for the fair value of the share options and long-term incentive at grant date over the vesting period. AAM PLC recharges each subsidiary with the specific cost of the schemes based on the cost incurred for each employee.

The following disclosures relate to the share schemes operated by AAM PLC in which employees of the LLP participate.

Deferred awards – Equity settled

Awards made in 2016 reach their earliest vesting dates in equal tranches over a three, four or five year period, subject to the continued employment of the participant. On reaching the earliest vesting date, participants may require immediate exercise or may choose to defer exercise until a later date; if deferred, participants may thereafter require exercise, without condition, at any time until the end of the exercise period.

The earliest vesting date of awards given to employees of the LLP during the period is December 2016. Thus, no awards were exercised during the period and there were no outstanding options as at 30 September 2016 as December 2016 is the earliest date the awards become exercisable. The award was given in April 2016 and expires 10 years from the date of award.

Deferral awards – Cash settled

An element of variable pay awards will be settled in cash by reference to the share prices of certain Aberdeen managed funds. These are accounted for as cash settled awards and are revalued to market price at the end of each reporting period.

Notes to the financial statements *(continued)*

16. Members' interests

	Members' Equity Interests							
	Members' capital (classified as equity)	**Other reserves (losses)**	**Other reserves (profits)**	**Other reserves (share option reserve)**	**Total**	**Other amounts**	**Total as at 30 September 2016**	*Total as at 31 March 2015*
	£	**£**	**£**	**£**	**£**	**£**	**£**	*£*
Balance at 1 April 2015	2,243,126	(1,672,603)	1,258,546	-	1,829,069	-	1,829,069	*1,652,359*
Remuneration charged as an expense	-	-	-	-	-	672,049	672,049	*665,548*
(Loss)/profit for the period available for discretionary division among members	-	(2,652,638)	-	-	(2,652,638)	-	(2,652,638)	*1,033,373*
Crystallisation of employee incentive plan	-	-	-	2,240,403	2,240,403	-	2,240,403	-
Appropriation of profit in the period	-	-	(573,230)	-	(573,230)	-	(573,230)	*(856,666)*
Members interests after profit for the period	2,243,126	(4,325,241)	685,316	2,240,403	843,604	672,049	1,515,653	*2,494,614*
Introduced by members	2,000,100	-	-	-	2,000,100	-	2,000,100	*3*
Reclassify members capital to other reserves	(2,243,126)	-	2,243,126	-	-	-	-	-
Drawings (remuneration charged as an expense)	-	-	-	-	-	(672,049)	(672,049)	*(665,548)*
Members' equity interests	**2,000,100**	**(4,325,241)**	**2,928,442**	**2,240,403**	**2,843,704**	-	**2,843,704**	*1,829,069*

Notes to the financial statements *(continued)*

17. Related party transactions

The services of Nicholas Cooling as a Governing Body Member were provided by Marlborough Investment Management Limited, a member of the LLP until 24 March 2015. Payments in the prior year to Marlborough Investment Management Limited totalled £25,000. There were no amounts outstanding as at 30 September 2016 or 31 March 2015.

During 2011 a loan was made to Richard Mein who was the Managing Partner and a Member until 11 January 2016, totalling £112,000. There were no amounts outstanding at the period end in relation to this loan. At 31 March 2015, £112,000 was due in relation to this loan and is included in debtors due in more than one year. During the period interest of £2,869 was charged on the loan (2015: £3,808).

During the prior year a loan was made to David Tanner who was a Member until 11 January 2016, totalling £30,000. There were no amounts outstanding at the period end in relation to this loan. At 31 March 2015, £30,000 was due in relation to this loan and is included in debtors due in more than one year. During the period interest of £731 (2015: £813) was charged on the loan.

At 30 September 2016 and 31 March 2015, other debtors greater than one year represented preference shares issued by Self Directed Holdings Limited, a company related by virtue of certain common directors, with a coupon rate of 5%. Their redemption date is the earliest of the third anniversary of the date of issue of the preference shares, the date when Self Directed Holdings Limited returns assets on liquidation, or at the sole discretion of the directors of Self Directed Holdings Limited. Of the amount due of £344,038 (2015: £344,038), £300,000 was issued on 8th October 2014, and the remainder was issued on 31 March 2015. There is an accrual of £37,124 (2015: £7,151) for the dividend payable within Self Directed Holdings Limited. As members are not aware of any plans to redeem the preference shares early, they have been included in debtors greater than one year.

During the period, the LLP loaned Self Directed Holdings Limited £200,000 (2015: £Nil). At 30 September 2016 £200,000 was due in relation to this loan and is included within loans and borrowings due within one year.

During the prior year an employee and director of Self Directed Investments Limited, a subsidiary of Self Directed Holdings Limited, provided consultancy services to Parmenion Capital Partners LLP. The total charge for the prior year amounted to £72,723. At the period end, the balance due to LLP from Self Directed Investments Limited amounted to £Nil (2015: £14,824). This related to staff costs..

See note 7 for disclosure of members' remuneration.

18. Ultimate controlling party

The LLP was under the control of the designated members during the period.

Aberdeen Asset Management PLC, is the controlling designated member by way of its majority interest in the LLP. Aberdeen Asset Management PLC is incorporated in the United Kingdom and registered in Scotland.

The results of the LLP are consolidated in the Group accounts of Aberdeen Asset Management PLC, which is the largest and smallest group that the results are consolidated within, which are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

No other Group accounts include the results of the LLP.