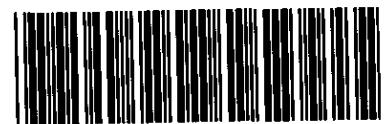


**STANDARD LIFE INVESTMENTS
(PRIVATE CAPITAL) LIMITED
(FORMERLY STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**



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COMPANIES HOUSE

General Information

Directors

S A Fitzgerald

W R Littleboy

P McKellar

R L Paris

R Pim

Company Secretary

H S Kidd

Registered Office

1 George Street

Edinburgh

Lothian

EH2 2LL

United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

United Kingdom

Directors' report for the year ended 31 December 2016

The Directors present their report together with the audited financial statements of Standard Life Investments (Private Capital) Limited (formerly Standard Life Investments (Private Equity) Limited) (the Company) for the year ended 31 December 2016.

Directors

The names of the current Directors of the Company are shown on page 1.

S A Fitzgerald was appointed as a Director on 25 January 2016.

D J Burns resigned as Company Secretary on 3 May 2016.

H S Kidd was appointed as Company Secretary on 3 May 2016.

P McKellar was appointed as a Director on 13 December 2016.

R Pim was appointed as a Director on 13 December 2016.

The Company's ultimate parent company, Standard Life plc, maintains Directors' and Officers' liability insurance on behalf of its Directors and Officers.

Change of company name

On 10 May 2016 the Company changed its name from Standard Life Investments (Private Equity) Limited to Standard Life Investments (Private Capital) Limited.

Business review

The result for the year ended 31 December 2016 is a profit of £6,273,000 (2015: £10,976,000).

Future outlook

The directors are confident of maintaining a similar level of performance in the next 12 months. The Company is now regulated for new private equity business.

Dividend

The Directors recommended and paid a dividend of £22,000,000 in 2016 (2015: £nil).

Annual general meeting

There was no annual general meeting held in the year, as permitted by the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP has been the Standard Life Group's auditors since 1994. In order to comply with regulations regarding mandatory auditor rotation and tendering, in last year's annual Standard Life plc accounts it was announced that the Standard Life Group were about to commence a tender process for the appointment of the external auditor. This tender resulted in the proposal, subject to shareholder approval at the 2017 AGM, to appoint KPMG as the external independent auditor for the 2017 financial year.

Disclosure of information to Auditors

So far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware.

Each of the Directors has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors



**H S Kidd, Company Secretary
Edinburgh, 15 February 2017**

Strategic report for the year ended 31 December 2016

Review of the Company's business

Prior to 1 October 2016 the principal activity of the Company was to hold a controlling interest in the private equity investment management business undertaken by SL Capital Partners LLP (the LLP).

During the year the Members of the LLP agreed that with effect from 1 October 2016, as part of a wider restructuring, the LLP would not enter into any new business. The partnership agreement of the LLP has been amended to reflect this position. Over time the Company and Standard Life Investments Limited will have an aggregate 100% of the voting rights and shall control the LLP.

The current Executive Members of the LLP have been employed by the parent entity from 1 October 2016. The Company was granted the necessary FCA permissions in December 2016 to allow new business to be entered into by the Company.

This business is serviced by the current Executive members in conjunction with the current LLP business and an appropriate cost recharge is in place for activities undertaken by LLP on behalf of the Company.

Key performance indicators (KPIs)

The Directors of Standard Life Investments (Holdings) Limited (SLIH) manage the operations of the Group, in which the Company is a wholly owned subsidiary, on a divisional basis. The Company's Directors therefore believe that an analysis using key performance indicators for the Company is not necessary or appropriate for gaining an understanding of the development, performance and position of the Company.

Principal risks and uncertainties

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

The main business risks to which the Company is exposed and its financial risk management objectives and policies are considered in Note 17 to this report and financial statements.

Environmental matters

The Company follows the environmental strategy of the Standard Life Group which is disclosed within the Standard Life plc accounts.

On behalf of the Board of Directors



S A Fitzgerald, Director
Edinburgh, 15 February 2017

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), 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 Company will continue in business.

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

**Income statement
for the year ended 31 December 2016**

| | | 2016 | 2015 |
|--|-------------|----------------|---------------|
| | Note | £'000 | £'000 |
| Revenue | | | |
| Income from shares in Group undertaking | 3 | 11,078 | 13,094 |
| Income from investment in associate | 4 | 120 | 142 |
| Net revenue | | 11,198 | 13,236 |
| Operating expenses | | | |
| Administrative expenses | | (2,576) | (7) |
| Total operating expenses | | (2,576) | (7) |
| Revenue less expenses | | 8,622 | 13,229 |
| Net foreign exchange loss | | (1) | - |
| Profit before tax | | 8,621 | 13,229 |
| Tax expense | 6 | (2,348) | (2,253) |
| Profit for the year attributable to equity holders of the Company | | 6,273 | 10,976 |

The notes on pages 10 to 21 form part of these financial statements.

**Statement of comprehensive income
for the year ended 31 December 2016**

| | | 2016 | 2015 |
|--|-------------|--------------|---------------|
| | Note | £'000 | £'000 |
| Profit for the year | | 6,273 | 10,976 |
| Other comprehensive income | | | |
| Deferred tax on cash flow hedges | 14 | 55 | 79 |
| Other comprehensive income | | 55 | 79 |
| Total comprehensive income for the year | | 6,328 | 11,055 |

Comprehensive income is stated net of tax where applicable. There is no tax relating to 'Other comprehensive income'.

All items within the Statement of Comprehensive Income can be reclassified to the income statement.

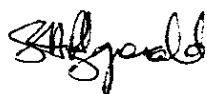
The notes on pages 10 to 21 form part of these financial statements.

**Statement of financial position
as at 31 December 2016**

| | | 2016 | 2015 |
|--|-------------|---------------|---------------|
| | Note | £'000 | £'000 |
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiary | 7 | 2,460 | 2,460 |
| Investment in associate | 8 | 20,519 | 29,265 |
| Deferred tax assets | 10 | 42 | - |
| Total non-current assets | | 23,021 | 31,725 |
| Current assets | | | |
| Cash and cash equivalents | 11 | 6 | 5 |
| Total current assets | | 6 | 5 |
| Total assets | | 23,027 | 31,730 |
| Equity | | | |
| Share capital | 12 | 5 | 5 |
| Retained earnings | 13 | 6,829 | 22,556 |
| Other reserves | 14 | 229 | 174 |
| Total attributable to equity holders of the Company | | 7,063 | 22,735 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 10 | - | 13 |
| Total non-current liabilities | | - | 13 |
| Current liabilities | | | |
| Current tax liabilities | 10 | 4,601 | 2,253 |
| Trade and other payables | 15 | 11,363 | 6,729 |
| Total current liabilities | | 15,964 | 8,982 |
| Total liabilities | | 15,964 | 8,995 |
| Total equity and liabilities | | 23,027 | 31,730 |

The notes on pages 10 to 21 form part of these financial statements.

The financial statements on pages 5 to 21 were approved on behalf of the Board of Directors by written resolution and signed on its behalf on 15 February 2017 by the following Director:



S A Fitzgerald, Director

**Statement of changes in equity
for the year ended 31 December 2016**

| | | | | Total equity attributable to equity holders of the Company |
|--|-------------|---------------------------------|--------------------------------|---|
| | Note | Other reserves £'000 | Share capital £'000 | Retained earnings £'000 |
| Balance at 1 January 2015 | | 95 | 5 | 11,580 |
| Comprehensive income | | | | |
| Deferred tax on cash flow hedges | 14 | 79 | - | - |
| Profit for the year | | - | - | 10,976 |
| Total comprehensive income for the year | | 79 | - | 10,976 |
| Balance at 31 December 2015 | | 174 | 5 | 22,556 |
| Balance at 1 January 2016 | | 174 | 5 | 22,556 |
| Comprehensive income | | | | |
| Deferred tax on cash flow hedges | 14 | 55 | - | - |
| Profit for the year | | - | - | 6,273 |
| Total comprehensive income for the year | | 55 | - | 6,273 |
| Transactions with owners | | | | |
| Dividend paid | 9 | - | - | (22,000) |
| Balance at 31 December 2016 | | 229 | 5 | 6,829 |

The notes on pages 10 to 21 form part of these financial statements.

**Statement of cash flows
for the year ended 31 December 2016**

| | | 2016 | 2015 |
|---|-------------|-----------------|---------------|
| | Note | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Profit before tax | | 8,621 | 13,229 |
| Movement in operating assets and liabilities | 16 | 4,634 | (788) |
| Movement in investment in associates | | 8,746 | (9,604) |
| Tax paid | | - | (2,841) |
| Net cash flows from/(used in) operating activities | | 22,001 | (4) |
| Cash flows used in financing activities | | | |
| Dividend paid | 9 | (22,000) | - |
| Net cash flows used in financing activities | | (22,000) | - |
| Net increase/(decrease) in cash and cash equivalents | | 1 | (4) |
| Cash and cash equivalents at the beginning of the year | | 5 | 9 |
| Cash and cash equivalents at the end of the year | 11 | 6 | 5 |

The notes on pages 10 to 21 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies

The Company's significant accounting policies are included at the beginning of the relevant note. This section outlines the basis of preparation, significant accounting policies which apply to the financial statements as a whole, and a summary of the Company's critical accounting estimates and judgements in applying accounting policies.

(a) Basis of preparation

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), with interpretations issued by the IFRS Interpretations Committee (IFRIC), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

(ii) New interpretations and amendments to existing standards that have been adopted by the Company

There have been no new interpretations or amendments to existing standards that have impacted the Company.

(iii) Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 will replace: IAS 11 *Construction contracts*, IAS 18 *Revenue* and related interpretations.

It provides a new five-step revenue recognition model for the recognition of and measurement of revenue from contracts with customers.

A detailed impact assessment commenced in 2015, reviewing contracts and analysing the revenue recognised by the Group. Further analysis of the revenues generated within the investment management business was completed in 2016 with no material impact expected.

(b) Revenue recognition

All fees and costs associated with the provision of investment management services are recognised, subject to recoverability, as the services are provided.

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

The Company is also entitled to a profit share relating to revenue generated from the LLP.

(c) Foreign currency

Foreign currency transactions and fair values are translated using the exchange rates applying to the functional currency, which is Sterling, prevailing at the dates of the transactions or at the date the fair value was determined, with related foreign currency exchange gains or losses reflected in the income statement.

(d) Financial assets – designation

(i) Designation as fair value through profit or loss (FVTPL)

Financial assets are designated as FVTPL where the asset or liability is part of a group of assets that are evaluated and managed on a fair value basis.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in 'Current assets', except for maturities greater than 12 months after the statement of financial position date. These are classified as 'Non-current assets'. The Company's loans and receivables comprise 'Cash and cash equivalents' in the statement of financial position.

Notes to the financial statements for the year ended 31 December 2016**2. Key estimates and judgements**

The preparation of financial statements, in conformity with IFRS, may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. In the process of preparing the Company's financial statements, management has made no key estimates or judgements.

3. Income from Investment in associate

In 2016 a profit share of £11,078,000 (2015: £13,094,000) was received from the LLP.

4. Other operating income**Accounting Policy**

Other operating income includes realised gains on associates.

Investment gains and losses resulting from changes in market value on investments classified as FVTPL are recognised in the period in which they occur.

| | 2016 | 2015 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Realised gain on associate | 120 | 142 |
| | 120 | 142 |

5. Administrative expenses**Accounting Policy**

Administrative expenses are recognised on an accruals basis.

Certain expenses including audit fees, are met by the parent undertaking and are recovered from the Company through administrative and management charges as detailed below.

| | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Auditors' remuneration (see below) | 16 | 6 |
| Fees payable to the Company's auditors for the audit of the financial statements | 6 | 6 |
| Other assurance services | 10 | - |
| Total payable to the Company's auditors | 16 | 6 |

Notes to the financial statements for the year ended 31 December 2016**6. Tax expense****Accounting Policy**

The current tax expense is based on the taxable results for the year, using tax rates enacted or substantively enacted at the statement of financial position date, including any adjustments in respect of prior years.

Deferred tax is provided using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable results will be available against which the temporary differences can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Current and deferred tax is recognised in the income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly in equity respectively.

(a) Analysis of the tax expense for the year:

| | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Current tax | | |
| United Kingdom corporation tax | 2,341 | 2,253 |
| Prior year adjustment | 7 | - |
| Total current tax | 2,348 | 2,253 |
| Total tax expense | 2,348 | 2,253 |

(b) Reconciliation of tax expense :

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Profit before tax | 8,621 | 13,229 |
| Tax at UK corporation tax rate of 20% (2015: 20.25%) | 1,724 | 2,679 |
| Effects of: | | |
| Permanent differences | - | - |
| Taxation due in respect of LLP profits received in different accounting periods | 617 | (426) |
| Adjustment to tax expense in respect of prior years | 7 | - |
| Total tax expense | 2,348 | 2,253 |

From 1 April 2015 the main rate of UK corporation tax has decreased from 21% to 20%. Accordingly, this results in an average current tax rate of 20% for the year (2015: 20.25%).

7. Investment in subsidiary**Accounting Policy**

Subsidiaries are all entities, including structured entities, over which the Group has control. Control exists and consolidation is required if the Group has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns.

Where there is an indication of impairment, an impairment review is performed and an impairment loss recognised in the income statement to the extent that the carrying amount exceeds its recoverable amount.

Dividend income received from subsidiaries is included as 'Other operating income' in the income statement.

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| At 1 January and 31 December | 2,460 | 2,460 |

Notes to the financial statements for the year ended 31 December 2016 (continued)**7. Investment in subsidiary (continued)**

The LLP is 60% owned by Standard Life Investments (Private Capital) Limited. The LLP owns 100% of SLCP (Holdings) limited. The details of the LLP and its subsidiaries are listed below. The registered head office of all subsidiaries is 1 George Street, Edinburgh, Lothian, EH2 2LL unless otherwise stated.

| Name | Country of registration/ incorporation | Share class | % owned | Nature Of business |
|---|---|--------------------|----------------|--|
| SLCP (Holdings) Limited | Scotland | Ordinary | 100 | Holding Company |
| Ignis Cayman GP 2 Limited ¹ | Cayman Islands | Ordinary | 100 | Investment Management |
| Ignis Cayman GP 3 Limited ¹ | Cayman Islands | Ordinary | 100 | Investment Management |
| SL Capital Partners (US) Limited | Scotland | Ordinary | 100 | Equity research and marketing services |
| SLCP (General Partner CPP) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner EC) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Edcastle) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESF I) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESF II) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESP 2004) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESP 2006) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESP 2008 Coinvestment) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESP 2008) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner ESP CAL) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Europe VI) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner II) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Infrastructure I) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Infrastructure Secondary I) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner NASF I) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner NASP 2006) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner NASP 2008) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Pearl Private Equity) Ltd | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner Pearl Strategic Credit) Ltd | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner SOF I) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner SOF II) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner SOF III) Limited | Scotland | Ordinary | 100 | Investment Management |

Notes to the financial statements for the year ended 31 December 2016 (continued)**7. Investment in subsidiary (continued)**

| Name | Country of registration/ incorporation | Share class | % owned | Nature Of business |
|---|---|--------------------|----------------|---------------------------|
| SLCP (General Partner Tidal Reach) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner USA) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (Founder Partner Ignis Private Equity) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (Founder Partner Ignis Strategic Credit) Limited | Scotland | Ordinary | 100 | Investment Management |
| SLCP (General Partner 2016 Co-investment) Limited | Scotland | Ordinary | 100 | Investment Management |

1. The registered head office address is: Care of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104

8. Investment in associate**Accounting Policy**

Associates are entities over which the Company has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The Company considers itself to have significant influence over entities where, Standard Life Investments Limited, through its role as investment manager, has decision making power over the relevant activities of that entity. All investments in associates are accounted at FVTPL.

| | 2016 | 2015 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Investment in unlisted regulated collective investment schemes | 20,519 | 29,265 |
| | 20,519 | 29,265 |

The following are the particulars of the Company's investment in associate:

| Name | Country of registration/ incorporation | Share class | % owned | Nature Of business |
|--|---|--------------------|----------------|---------------------------|
| Seabury Assets Fund plc (Fund No.1) ¹ | Ireland | Ordinary | 1.18 | Collective investment |

1. The registered address of the investment in associate is 70 Sir Rogerson's Quay, Dublin.

Related party disclosures are disclosed within Note 18 'Related party transactions'.

9. Dividends paid**Accounting Policy**

Dividend distribution is recognised directly in equity in the Company's financial statements in the period in which the dividend is paid.

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Dividend paid to parent undertaking | 22,000 | - |

Notes to the financial statements for the year ended 31 December 2016 (continued)**10. Tax assets and liabilities****(a) Tax assets and liabilities**

| | 2016 | 2015 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Deferred tax asset (see (b) below) | 42 | - |
| Tax assets | 42 | - |
| Deferred tax liability (see (b) below) | - | (13) |
| Current tax liabilities | (4,601) | (2,253) |
| Total tax liabilities | (4,601) | (2,266) |

(b) Recognised deferred tax

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Deferred tax assets comprise: | | |
| Unrealised losses on cash flow hedges | 42 | - |
| Net deferred tax asset | 42 | - |
| Deferred tax liabilities comprise: | | |
| Unrealised losses on cash flow hedges | - | (13) |
| Net deferred tax liability | - | (13) |

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Movements in net deferred tax assets/(liabilities) comprise: | | |
| At 1 January | (13) | (92) |
| Amounts transferred to other reserves (Note 14) | 55 | 79 |
| At 31 December | 42 | (13) |

The standard rate of UK corporation tax for the accounting period is 20% (2015: 20.25%). The UK tax rate will reduce to 19% from 1 April 2017 and 17% from 1 April 2020. These future rate changes have been taken into account in the calculation of the UK deferred tax balance at 31 December 2016.

11. Cash and cash equivalents**Accounting Policy**

Cash and cash equivalents include cash at bank, money at call and short notice with banks, and any highly liquid investments with less than three months to maturity from the date of acquisition, and are measured at amortised cost.

| | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Cash at bank and in hand | 6 | 5 |
| Total cash and cash equivalents | 6 | 5 |

Cash at bank and in hand, deposits and overdrafts are subject to variable interest rates.

All of the 'Cash and cash equivalents' balances at the statement of financial position date were held with counterparties rated (Standard & Poor's) A or above (2015: A or above).

Notes to the financial statements for the year ended 31 December 2016 (continued)**12. Share capital****Accounting Policy**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable.

| | Allotted, Called Up and Fully Paid | | | |
|----------------------------|---|--------------|-------------|--------------|
| | 2016 | | 2015 | |
| | No. | £'000 | No. | £'000 |
| Ordinary shares of £1 each | 5,000 | 5 | 5,000 | 5 |

13. Retained earnings

| | 2016 | 2015 |
|---|---------------|---------------|
| | £'000 | £'000 |
| At 1 January | 22,556 | 11,580 |
| Profit for the year attributable to equity holders of the Company | 6,273 | 10,976 |
| Dividend paid | (22,000) | - |
| At 31 December | 6,829 | 22,556 |

14. Other reserves

| | 2016 | 2015 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| At 1 January | 174 | 95 |
| Deferred tax on cash flow hedges | 55 | 79 |
| At 31 December | 229 | 174 |

The other reserve relates to the Company's share of the liability for the cash flow hedges that are held within the LLP.

15. Trade and other payables**Accounting Policy**

Trade payables are recognised at their initial fair value and subsequently measured at amortised cost.

| | 2016 | 2015 |
|---------------------------------------|---------------|--------------|
| | £'000 | £'000 |
| Amounts owed to parent | 222 | 97 |
| Amounts owed to the LLP | 9,767 | 6,632 |
| Accruals | 1,374 | - |
| Total trade and other payables | 11,363 | 6,729 |

All 'Trade and other payables' are non-interest bearing and are current.

Notes to the financial statements for the year ended 31 December 2016 (continued)**16. Movement in operating assets and liabilities**

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Movement in operating liabilities: | | |
| Trade and other payables | 4,634 | (788) |
| | 4,634 | (788) |
| Movement in operating liabilities | 4,634 | (788) |

17. Financial risk management**(a) Standard Life Group approach to risk management**

Standard Life plc, the ultimate parent of the Company, has established an Enterprise Risk Management (ERM) Framework to provide the basis for ensuring that risks inherent in the design and execution of all Standard Life Group strategy are managed in line with its expectations.

(b) Standard Life Investments (Holdings) Limited and its subsidiaries (the Group) approach to risk and capital management

The Company operates within the governance structure of the Group. The Group has its own established governance framework, with clear terms of reference for the Group Board (the Board) and risk committees and a clear organisation structure, with documented, delegated authorities and responsibilities.

The Group takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Group's risk profile.

The Board has adopted Standard Life Group risk policies and has approved certain Group specific policies which determine the framework for identifying, assessing, monitoring and controlling risk.

Capital is managed within the regulatory framework in which the Group operates. This makes use of an Internal Capital Adequacy Assessment Process (ICAAP), to identify the risks to which the business is exposed and to quantify their impact on capital, including changes thereto by way of stress and scenario tests. The ICAAP estimates how much capital is needed to cover the risks to which the Company is, or might be, exposed to. The Group is required at all times to maintain at least this level of capital. The Company does not have its own ICAAP but is a component of the Group ICAAP. The Group's calculation thereof is subject to review by the FCA who also monitor capital management by way of quarterly and annual submissions made by the Group and periodic visits. The Group ICAAP is subject to high level quarterly review within the Group, with detailed annual review and approval by the Group Board. The potential impact of any significant risks identified outwith these timescales would be subject to immediate review.

(c) The management of financial and non-financial risks**(i) Statement of financial position reconciliation**

The following tables reconcile the classes of financial instruments used for the risk management analysis to statement of financial position line items

| | 2016 | | | |
|---------------------------|-------------------------|----------------------------------|---------------------------------|---------------|
| | Financial assets | | | |
| | FVTPL | Loans and receivables | Non-financial assets | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Investment in subsidiary | - | - | 2,460 | 2,460 |
| Investment in associate | 20,519 | - | - | 20,519 |
| Deferred tax assets | - | - | 42 | 42 |
| Cash and cash equivalents | - | 6 | - | 6 |
| Total assets | 20,519 | 6 | 2,502 | 23,027 |

Notes to the financial statements for the year ended 31 December 2016 (continued)**17. Financial risk management (continued)****(i) Statement of financial position reconciliation (continued)**

| 2015 | | | |
|---------------------------|------------------------------|-----------------------------|---------------|
| Financial assets | | | |
| FVTPL | Loans and receivables | Non-financial assets | Total |
| £'000 | £'000 | £'000 | £'000 |
| Investment in subsidiary | - | 2,460 | 2,460 |
| Investment in associate | 29,265 | - | 29,265 |
| Cash and cash equivalents | - | 5 | 5 |
| Total assets | 29,265 | 2,460 | 31,730 |

| 2016 | | | |
|--------------------------|------------------------------|----------------------------------|---------------|
| | Financial liabilities | Non-financial liabilities | Total |
| | £'000 | £'000 | £'000 |
| Current tax liabilities | - | 4,601 | 4,601 |
| Trade and other payables | 11,363 | - | 11,363 |
| Total liabilities | 11,363 | 4,601 | 15,964 |

| 2015 | | | |
|--------------------------|------------------------------|----------------------------------|--------------|
| | Financial liabilities | Non-financial liabilities | Total |
| | £'000 | £'000 | £'000 |
| Deferred tax liabilities | - | 13 | 13 |
| Current tax liabilities | - | 2,253 | 2,253 |
| Trade and other payables | 6,729 | - | 6,729 |
| Total liabilities | 6,729 | 2,266 | 8,995 |

(ii) Fair value of assets and liabilities

Due to the short term nature of current financial assets and current financial liabilities the amortised cost is approximate to the fair value.

(iii) Credit risk

The Company is exposed to credit risk through cash deposits. For cash an internal credit assessment of each counterparty is used to set counterparty limits by the Group. This is presented to the Standard Life Group Credit Risk Committee for review and approval. Intercompany balances with Standard Life Group entities have no past history of default.

The majority of the Company's revenue is derived from dividends due from the LLP.

Cash deposits, comprising the majority of 'Cash and cash equivalents', are placed for terms of less than 3 months, with counterparties selected according to the criteria noted above. All of the 'Cash and cash equivalents' balances at the statement of financial position date were held with counterparties rated (Standard & Poor's) A or above (2015: A or above).

The table below provides an analysis of total assets bearing credit risk:

| | 2016 | 2015 |
|---------------------------|---------------|---------------|
| | £'000 | £'000 |
| Cash and cash equivalents | 6 | 5 |
| Investment in associate | 20,519 | 29,265 |
| | 20,525 | 29,270 |

At the statement of financial position date, none of the financial assets were impaired or past due.

Notes to the financial statements for the year ended 31 December 2016 (continued)**17. Financial risk management (continued)****(iv) Market risk**

Market risk is the risk of adverse impact on the Company of changes in the fair values of financial instruments held by the LLP from fluctuations in foreign currency exchange rates, interest rates and market movements.

This Company was incorporated in and domiciles in Scotland.

The Group uses sensitivity test-based analysis, including market movements, foreign exchange and interest rate movements, detailed in its ICAAP, to understand their impact on expected earnings for decision making and planning purposes.

The impact of a fall in asset values at a point in time is currently primarily limited to the impact on dividends receivable from the LLP.

The Company transacts most of its business in Sterling but has exposure to foreign exchange movements through dividend income derived from US Dollar or Euro denominated assets, all unhedged. The Company's currency exposure at the statement of financial position date was as follows:

| | 2016 | | 2015 | |
|---------------------------|-----------------|--------------|-----------------|--------------|
| | Sterling | Euro | Sterling | Euro |
| | £'000 | £'000 | £'000 | £'000 |
| Investment in subsidiary | 2,460 | - | 2,460 | - |
| Investment in associate | 20,519 | - | 29,265 | - |
| Cash and cash equivalents | 2 | 4 | 2 | 3 |
| | 22,981 | 4 | 31,727 | 3 |

(v) Liquidity risk

Liquidity risk is the risk of the Company being unable to maintain sufficient cash and marketable securities to enable it to meet cash flow obligations as they fall due.

The Group manages its liquidity risk by regular monitoring of its cash position, credit control including the credit risk assessment noted above, forward planning including cash flow analysis, and regular reporting thereon to the Board.

All of the financial assets are due on demand in the year and prior year and are recorded at their carrying value which is considered to be their fair value.

All of the financial liabilities have no contractual maturity date.

Financial liabilities include amounts due to the LLP. This amount relates to unremitted earnings due from the LLP that cannot be recognised until approved by the LLP Management Board.

(vi) Operational risk

Operational risk is defined as the risk of loss, or adverse consequences for the business, resulting from inadequate or failed internal processes, people and systems, or from external events.

The types of operational risk the Company is exposed to are identified using the following operational risk categories: fraud or irregularities; regulatory or legal; customer treatment; business interruption; supplier failure; planning; process execution and people. Activities undertaken to ensure the practical operation of the controls over financial risks (i.e. market, credit, liquidity and insurance risk) are defined within the operational risk framework.

The Group assesses its exposure to operational risk to enable efficient allocation of resources to manage such risks. The Group assesses its historical operational risk exposure using objective quantitative data. The Group also assesses the impact and likelihood of operational risks materialising in the future through a combination of qualitative data arising from management's judgement and historical data, as well as monitoring key risk indicators which can highlight changing risk profiles.

The Group's control environment is subject to quarterly self-assessment by management. Managers are responsible for correcting any control weaknesses identified through this process, taking into account the cost of implementing preventive or corrective action plans and the Group's acceptable level of operational risk. The Group sets an acceptable level of operational risk through defining and observing qualitative risk appetite statements and determining a quantitative operational risk limit.

Notes to the financial statements for the year ended 31 December 2016 (continued)

17. Financial risk management (continued)

(vi) Operational risk (Continued)

The impact of a material change to the operational risk profile of the Group, such as through a one-off transaction, the launch of new products etc. is assessed and managed through the risk governance processes.

(d) Compliance with FCA regulatory requirements

The Capital Requirements Directive and Regulation created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. In the United Kingdom, this has been implemented by our regulator, the FCA, which has created rules and guidance specifically through the creation of the General Prudential Sourcebook (GENPRU), the Investment Firms Prudential Sourcebook (IFPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU).

The FCA framework consists of three 'Pillars':

Pillar 1 sets out the minimum capital requirements that companies need to retain to meet their credit, market and operational risk;

Pillar 2 requires each company, and the FCA, to take a view on whether the Company needs to hold additional capital against firm-specific risks not covered by Pillar 1;

Pillar 3 requires each company to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position.

Chapter 11 of BIPRU sets out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. The disclosure of this document meets the Company's obligation with respect to Pillar 3, and can be found at:

http://www.standardlifeinvestments.com/Global_Pillar_3_Disclosure/getLatest.pdf

The Pillar 3 disclosure does not fall within the remit of the annual audit.

18. Related party transactions

(a) Parent and ultimate controlling party

The Company's parent undertaking is Standard Life Investments Limited, whilst its ultimate controlling parent is Standard Life plc.

Copies of the Annual Report and Financial Statements of Standard Life plc are available to be downloaded on the website www.standardlife.com.

Notes to the financial statements for the year ended 31 December 2016 (continued)**18. Related party transactions (continued)****(b) Transactions between and balances with related parties**

In the normal course of business, the Company enters into transactions with related parties in respect of its investment management business. Such related party transactions are at arm's length.

The following are details of significant transactions with related parties during the year and year end balances arising from such transactions:

| | 2016 | | |
|---|---------------|------------|--------------------------------|
| | | | Amounts due to related parties |
| | Revenues | Expenses | |
| | £'000 | £'000 | £'000 |
| Parent | - | - | 222 |
| Standard Life Group entities (excluding parent) | 11,078 | 273 | 9,767 |
| Collective investment schemes | 120 | - | - |
| | 11,198 | 273 | 9,989 |

| | 2015 | |
|---|---------------|--------------------------------|
| | | |
| | Revenues | Amounts due to related parties |
| | £'000 | £'000 |
| Parent | - | 97 |
| Standard Life Group entities (excluding parent) | 13,094 | 6,632 |
| Collective investment schemes | 142 | - |
| | 13,236 | 6,729 |

The investments held in collective investment schemes as an associate within the statement of financial position in the year and prior year are held with a related party.

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in the year or prior year. No expense for bad and doubtful debts has been recognised in the year, or in the prior year, in respect of the amounts owed by related parties.

(c) Compensation of key management personnel

No amounts are payable to the Directors in respect of their services to the Company as at 31 December 2016 (2015: £nil).

19. Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings. Details on the Company's subsidiaries and associates are shown in Note 7 and Note 8 respectively. The Company has no other significant holdings and therefore has no other disclosures in related undertakings.

20. Events after the statement of financial position date

There have been no significant events after the reporting year.

Independent Auditors' Report to the Members of Standard Life Investments (Private Capital) Limited

Report on the financial statements

Our opinion

In our opinion, Standard Life Investments (Private Capital) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

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

- the Statement of financial position as at 31 December 2016;
- the Income statement for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- 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 IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

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 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.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Standard Life Investments (Private Capital) Limited (continued)

Report on the financial statements (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors 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 Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

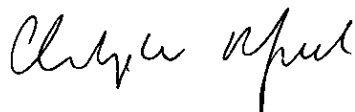
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

We primarily focus our work in these areas by assessing the Directors' 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. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Christopher Meyrick (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

15 February 2017