Aberdeen Standard Investments

Standard Life Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Registration number: SC123321

Contents

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Company Information

Directors	R L Paris N K Skeoch M Tumilty N L N Machray A Donaldson C A MacDonald G R Marshall
Company secretary	SLA Corporate Secretary Limited
Registered office	1 George Street Edinburgh Lothian EH2 2LL
Auditors	KPMG LLP Chartered Accountants and Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report on Standard Life Investments Limited ("the Company") for the year ended 31 December 2019, in accordance with section 414A of the Companies Act 2006.

Business review and future developments

The Company's principal activity is the provision of investment management services across a number of asset classes and is part of Standard Life Aberdeen plc ("SLA plc" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). There are no plans to change the principal activity of the Company.

The Company is a Markets in Financial Instruments Directive investment firm and is regulated by the Financial Conduct Authority under the Capital Requirements Directive.

During the year the Company disposed of 10% (6,422,310 shares) of its investment in associate, HDFC Asset Management Company Limited ("HDFC AMC"), resulting in a gain of £216,722k.

Key performance indicators ("KPIs")

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

	2019 £ 000	Restated* 2018 £ 000
Assets under management ("AuM")	173,329,907	188,890,735
Revenue	501,943	635,769
Operating profit before restructuring and amortisation	128,204	321,648
Equity attributable to equity holders of the parent	545,045	395,723
Regulatory capital surplus	196,817	64,638

*Comparatives for the year ended 31 December 2018 have been restated. Refer to note 26.

AuM

AuM has decreased by £15,560,828k (8%) as a result of adverse flows, partly offset by favourable market movements.

Revenue

Revenue has decreased by £133,826k (21%) as a result of adverse flows, partly offset by an increase in performance fees.

Operating profit before restructuring and amortisation

Operating profit before restructuring and amortisation has decreased by £193,444k (60%) as a result of the aforementioned decrease in revenue and a decrease in dividends received from Standard Life Aberdeen Group undertakings.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has increased by £149,322k (38%) as a result of profits made in the year and a decrease in dividends paid.

Strategic Report for the Year Ended 31 December 2019 (continued)

Regulatory capital surplus
The regulatory capital surplus at 31 December 2019 has increased by £132,179k (204%) as a result of the inclusion of 2018 profits in the capital base.

Enhancing our governance

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:
a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between different members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider SLA plc group of companies.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

The likely consequence of any decision in the long term - The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall SLA plc business plan, which considers the long term success of the Company and the group as a whole, and the likely long term consequences of any decisions by the company are taken into account. Throughout the year the Directors oversaw the continuing implementation of the integration of the merged Aberdeen Asset Management and Standard Life businesses as part of the long term plan for the Standard Life Aberdeen Group.

The interests of the company's employees - The Company has direct employees. Within the Standard Life Aberdeen Group, engagement with employees is considered at group level and employee engagement matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to engagement with employees.

The need to foster the company's business relationships with suppliers, customers and others - Supplier relationships within the Standard Life Aberdeen Group are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Board of Directors receives reports from the Distribution function , the function within the Standard Life Aberdeen Group which engages with clients and customers, as part of its regular meetings. The Directors have determined that there are no company specific matters appropriate to disclose in relation to suppliers, customers and others.

Strategic Report for the Year Ended 31 December 2019 (continued)

The impact of the company's operations on the community and the environment - Engagement on environmental and community matters is considered at SLA plc level and such matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the disclosures contained within the SLA plc Annual report and Accounts, which do not form part of this report, adequately reflect the engagement by the Company in respect of environmental and community matters.

The desirability of the company maintaining a reputation for high standards of business conduct - Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the Standard Life Aberdeen Group, including the Company.

The need to act fairly as between members of the company - The Company has a single member, and is a wholly owned subsidiary of SLA plc.

Principal risks and uncertainties

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

The Standard Life Aberdeen Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across SLA plc that includes a clearly stated corporate organisational structure, appropriately delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

The principal risks and uncertainties facing the Company are integrated into the principal risks of the Standard Life Aberdeen Group and are therefore not managed separately. Accordingly, the principal risks and uncertainties of SLA plc, which include those of the Company, are discussed fully in the SLA plc Annual Report and Accounts which does not form part of this report.

The list below does however provide a summary of the key risks facing both SLA plc and the Company:

Brexit

The Company has considered the impact of Brexit and does not consider there to be any material impact on the Company's financial statements during 2020 and beyond. Clients of the Company have been considered and are UK based. Brexit is not expected to have a significant impact on the structure or operations of the Company.

Coronavirus (COVID-19)

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The SLA Group is utilising business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

Operational risk

Notably IT failure and security including cyber risk; third party oversight including both outsourcing and supplier relationships; process execution failure; and the impact of inaccurate or incomplete information for financial management and decision making. The risks are mitigated by the Company and the SLA Group maintaining a strong and well established risk management framework as a foundation for the effective management of process risk across the business.

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

Conduct risk

Specifically the risk that behaviours, strategies, decisions and actions deliver unfair outcomes to customers and clients. We have no appetite for conduct risk. The risks are mitigated by having conduct risk embedded within our risk management framework and conduct risk being formally considered and assessed at the Risk Committee and Client and Fund Governance Committee.

Regulatory and legal risk

We operate in a highly regulated industry which has the potential to expose the Company to risks. The risks are mitigated by having specialist compliance and legal teams in place to support our senior management and by maintaining open and transparent relationships with our regulators.

Strategic risk

Notably investment performance; ensuring we meet the evolving needs of our clients and customers and adapting to preference changes. Geopolitical unrest and associated risks continue to be a key strategic risk and can impact the market in which we operate, impact our reputation and increase our capital exposure. Risks are mitigated by ongoing Board consideration of strategic risks.

Financial Risk

The Company has no appetite to fail to maintain sufficient resources to meet its capital requirements and liabilities as they fall due. It will ensure it can do so under both normal conditions and an appropriate range of stressed scenarios. SLA has an appetite for market and credit risk exposures where these are required in pursuit of its business objectives. Risks are mitigated by regular monitoring and reporting of capital and liquidity requirements.

Investment Impairment

As an intermediary investment holding company the Company is exposed to the risk of investment impairments in underlying subsidiary companies. The risks of impairment are dependent upon a number of internal and external factors that could have a direct impact on the operating environment of the companies where investments are held. Management review the operating results of underlying subsidiary companies to determine if any indicators of impairment exist. Details of any investment impairments in the year can be found in note 12.

Environmental matters

The Company follows the environmental strategy of the Standard Life Aberdeen Group which is disclosed within the SLA plc Annual Report and Accounts.

Approved by the Board on 19 June 2020 and signed on its behalf by:

Neil Machray

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N L N Machray
Director

Directors' Report for the Year Ended 31 December 2019

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Directors of the Company
The directors, who held office during the year, were as follows:

R L Paris

M J Gilbert (resigned 12 May 2020)

N K Skeoch

M Tumilty

N L N Machray (appointed 31 July 2019)

A Donaldson (appointed 17 December 2019)

C A MacDonald (appointed 17 December 2019)

The following director was appointed after the year end:

G R Marshall (appointed 6 January 2020)

The Company's ultimate parent company, SLA plc maintains directors' and officers' liability insurance on behalf of its directors and officers.

Company secretary
The Company secretaries during the year, were as follows:

H S Kidd (resigned 25 September 2019)

Aberdeen Asset Management PLC (appointed 25 September 2019 and resigned 31 March 2020)

The following company secretary was appointed after the year end:

SLA Corporate Secretary Limited (appointed 31 March 2020)

Going concern
The Company has made profits in the financial year and has sufficient financial resources. The Board's assessment of going concern took into account recent market developments and the uncertainty caused by COVID-19. The Board considered the impact of reasonably possible downside scenarios as a result of COVID-19. Based on their assessment, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Further information is provided in note 1.

Dividends
The Directors recommended and paid dividends of £68,681k in 2019 (2018: £181,000k) to the Company's immediate parent, namely Standard Life Investments (Holdings) Limited.

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

Directors' Report for the Year Ended 31 December 2019 (continued)

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

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

Modern slavery act
As a global investment company, SLA plc wants to do all it can to help tackle human trafficking, forced labour, bonded labour and child slavery by focusing on its operations, supply chain and investment process. SLA plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the SLA plc website.

People
The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, religious belief, sex, sexual orientation, marital status or disablement. The Company will continue to employ, arrange for retraining, or retire on disability pension, any member of staff who becomes disabled, as may be appropriate. The Company communicates with its employees on a regular basis, with an emphasis on listening and responding to staff aspirations and development needs, making it clear how their role contributes to the Standard Life Aberdeen Group's goals, either through the Group's intranet facility or through regular meetings with management. All employees are encouraged to participate in the Group's share schemes.

Additional details relating to employees are disclosed within the SLA plc Annual Report and Accounts.

Directors' Report for the Year Ended 31 December 2019 (continued)

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

The Directors are responsible for preparing the Strategic Report, the 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 elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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

Approved by the Board on 19 June 2020 and signed on its behalf by:

Neil Machray

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N L N Machray
Director

Independent Auditor's Report to the Members of Standard Life Investments Limited

Opinion

We have audited the financial statements of Standard Life Investments Limited ('the Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' Report

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

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

Independent Auditor's Report to the Members of Standard Life Investments Limited (continued)

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors responsibilities
As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

Independent Auditor's Report to the Members of Standard Life Investments Limited (continued)

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

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

John Waterson

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John Waterson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

19 June 2020

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	Restated* 2018 £ 000
Revenue	3	501,943	635,769
Dividends received		64,870	121,809
Commissions		(3,779)	(4,610)
Administrative expenses		(456,273)	(434,126)
Other operating income		21,443	2,806
Operating profit before restructuring and amortisation		**128,204**	**321,648**
Restructuring costs	6	(107,418)	(77,448)
Amortisation and impairment of intangibles	10	(7,417)	(7,678)
Operating profit		**13,369**	**236,522**
Net finance (cost)/income	7	(1,010)	717
Gain on sale of investments		221,040	198,293
Losses on valuation of investments		(5)	(820)
Profit before tax		**233,394**	**434,712**
Tax expense	8	(14,648)	(46,746)
Profit for the year		**218,746**	**387,966**

The Company has not recorded any other comprehensive income during the years to 31 December 2019 or 31 December 2018. A separate statement of comprehensive income is therefore not disclosed.

*Comparatives for the year ended 31 December 2018 have been restated. Refer to Note 26.

The notes on pages 16 to 45 form an integral part of these financial statements.

Balance Sheet as at 31 December 2019

	Note	2019 £ 000	Restated* 2018 £ 000
Non-current assets			
Property, plant and equipment	9	81,007	21,113
Intangible assets	10	16,829	23,776
Investments in subsidiaries	12	35,729	28,064
Investments in associates	13	9,561	10,634
Investment securities	14	14,267	15,090
Deferred tax assets		2,261	1,368
Trade and other receivables	16	325,000	195,000
Derivative financial instruments		253	-
Total non-current assets		**484,907**	**295,045**
Current assets			
Trade and other receivables	16	133,778	225,298
Cash and cash equivalents		228,908	112,320
Total current assets		**362,686**	**337,618**
Total assets		**847,593**	**632,663**
Equity			
Called up share capital	17	34,440	34,440
Retained earnings		510,605	361,283
Equity attributable to equity holders of the parent		**545,045**	**395,723**
Non-current liabilities			
Deferred tax liabilities		1,860	3,885
Trade and other payables	18	59,800	67,599
Leases	20	73,944	-
Total non-current liabilities		**135,604**	**71,484**
Current liabilities			
Trade and other payables	18	166,944	165,182
Provisions	15	-	172
Derivative financial instruments		-	102
Total current liabilities		**166,944**	**165,456**
Total liabilities		**302,548**	**236,940**
Total equity and liabilities		**847,593**	**632,663**

*Comparatives for the year ended 31 December 2018 have been restated. Refer to Note 26.

The notes on pages 16 to 45 form an integral part of these financial statements.

Balance Sheet as at 31 December 2019 (continued)

Approved by the Board on 19 June 2020 and signed on its behalf by:

Neil Machray

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N L N Machray
Director

Registration number: SC123321

The notes on pages 16 to 45 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	34,440	154,681	189,121
Profit for the year	-	387,966	387,966
Total comprehensive income	-	387,966	387,966
Tax taken to equity	-	(364)	(364)
Dividends	-	(181,000)	(181,000)
At 31 December 2018	**34,440**	**361,283**	**395,723**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	34,440	361,283	395,723
Prior period adjustment*	-	(1,146)	(1,146)
At 1 January 2019 (As restated)	**34,440**	**360,137**	**394,577**
Profit for the year	-	218,746	218,746
Total comprehensive income	-	218,746	218,746
Tax taken to equity	-	403	403
Dividends	-	(68,681)	(68,681)
At 31 December 2019	**34,440**	**510,605**	**545,045**

*The prior period adjustment relates to the IFRS 16 opening balance adjustment. Refer to Note 1.

The notes on pages 16 to 45 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2019 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council.

Summary of disclosure exemptions

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

- IAS 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Polices requirement to disclose the effects of new but not yet effective IFRSs;
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries;
- IAS 24 Related Party disclosures in respect of the compensation of Key Management Personnel; and
- IAS 24 Related Party disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 7 Financial Instrument Disclosures and IFRS 13 Fair Value Measurement.

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Going concern

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

The Company has made profits in the financial year and has sufficient financial resources. In preparing these financial statements, the Directors have also considered the uncertainty created by COVID-19, focussing specifically on:

• the current level of regulatory capital, which was £196.8m in excess of capital requirements at 31 December 2019;

• the level of liquid resources, including cash and cash equivalents, which far exceed the level of creditors;

• the potential impact of potential downside scenarios on revenue, assets flows and costs, including potential management actions. These scenarios assume that key indexes hold at the low levels witnessed during the COVID outbreak, with only modest growth during 2021;

• the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services. The Company is working closely with its key outsource providers who, at this point, continue to provide appropriate service levels; and

• consideration of the going concern assessment of the Standard Life Aberdeen plc Group.

Based on a review of the above factors the Board is satisfied that the Company remains well capitalised and has sufficient liquidity to withstand the potential downside scenarios as a result of COVID 19.

Consequently the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

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

IFRS 16 'Leases'

On 1 January 2019 the Group adopted IFRS 16 Leases. This standard replaces IAS 17 Leases and introduces a new single accounting approach for lessees for all leases (with limited exceptions). As a result there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The accounting for leases by lessors remains largely unchanged.

The Company has applied the cumulative catch up approach to IFRS 16 and therefore no comparatives have been restated. On transition to IFRS 16 the Company recognised right of use assets and lease liabilities. Right of use assets for property have been calculated as if IFRS 16 has always been applied, recognising the difference between assets and liabilities in retained earnings. For non-property leases, the right-of-use assets initially recognised was equal to the lease liability calculated with no impact on retained earnings.

The new standard has decreased profits in the year by £330k and has increased assets by £50,276k and liabilities by £51,657k on the balance sheet.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Impact of transition

The impact on opening retained earnings at 1 January 2019 is summarised below:

	2019 £ 000
Recognised under IFRS 16	
Right-of-use assets (within property, plant and equipment)	
Property net of impairment	50,277
Lease liabilities (within Other financial liabilities)	(58,957)
Derecognised on application of IFRS 16	
Accruals for lease incentives (within Other financial liabilities)	7,300
Net liabilities recognised before tax	**(1,380)**
Deferred tax	234
Reduction in opening retained earnings	**(1,146)**

When measuring lease liabilities for leases previously classified as operating leases, the Company used discount rates determined on a portfolio basis depending on the geographic location and term of the lease. The weighted average rate used at initial application was 2.45%.

The lease commitments for operating leases as previously disclosed in the Company's Annual report and accounts for the year ended 31 December 2018 is reconciled to the lease liabilities at 1 January 2019 below:

	As originally reported 2018 £ 000
Operating lease commitments at 31 December 2018 as disclosed in the Group's Annual report and accounts for the year ended 31 December 2018	77,474
Discounted value of operating lease commitments at 31 December 2018	66,857
Other	(7,900)
Lease liabilities recognised at 1 January 2019	**58,957**

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 2.45%.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Revenue recognition
The Company's primary source of revenue is fee income from investment management activities. Management fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AuM and are shown net of rebates. The fees are recognised as the service is provided and in accordance with the performance obligations of the agreements.

Performance fees are earned where the actual performance of the clients' assets exceed defined benchmarks or target returns over a set time period. Performance fees are recognised when the performance obligations have been met and the fee can be reliably estimated.

Other revenue mainly represents income from the recharge of costs to other Standard Life Aberdeen Group companies plus distributions from private equity funds which are recognised when received.

Other operating income
Other operating income represents amounts accrued or received during the year that do not form part of the normal course of business performed by the Company.

Dividends
Dividend income from subsidiaries is recognised as received. Dividend income from securities is recognised when the Company's right to receive payment is established. In the case of listed securities, this is the ex-dividend date.

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

Commissions
Commissions are payments made to third parties for ongoing services over the period in which the services are provided. These services include distribution, listing of funds on platforms and sub-investment management. Payments are calculated as a percentage of assets managed or are fixed amounts and are paid in accordance with the related service agreements.

Net finance income / (cost)
Interest income and costs are derived on cash and cash equivalents, leases and overpaid tax.

Administrative expenses
Administrative expenses are recognised on an accruals basis.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Foreign currency transactions and balances

(i) Functional currency

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

(ii) Transactions and balances

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

Financial assets

(i) Fair value through profit or loss

These instruments include investments in securities, consisting of seed capital and private equity investments, which are designated as fair value through profit or loss. This category also includes investments held for trading, acquired principally for the purpose of selling in the short term. Fair value changes are recognised through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

In limited circumstances, the Company enters into short term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments. Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis. Open future contacts are valued at the exchange quoted price at close of business on the balances sheet date.

(ii) Amortised cost

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of cash and cash equivalents, trade receivables, amounts owed by Standard Life Aberdeen Group undertakings, accrued income and other 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.

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

Impairment of financial assets

The carrying amounts of all financial assets are formally reviewed for impairment purposes at the end of each reporting year, or during the year where objective evidence exists that 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 for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Financial liabilities

(i) Fair value through profit or loss
These instruments include liabilities which are designated as fair value through profit or loss. Fair value changes are recognised through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

In limited circumstances, the Company enters into short term forward exchange and equity futures contracts to hedge its exposure to associated risks in relation to seed capital investments. Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on net basis. Open future contacts are valued at the exchange quoted price at close of business on the balances sheet date.

(ii) Amortised cost
These instruments include trade payables, amounts owed to Standard Life Aberdeen Group undertakings, other payables, accruals and deferred income. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Intangible assets

(i) Customer contracts
Intangible assets relating to costs of obtaining customer contracts are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Company. Customer contracts are amortised over a period of up to 1 year.

(ii) Software development
Intangible assets relate to internally developed software and are recognised in the statement of financial position if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or arising from contractual or other legal rights, regardless of whether those rights are transferable or separable. These are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally developed software is considered to have a definite life and are therefore amortised on a straight line basis over their estimated useful lives. Internally developed software is amortised over a period of up to five years.

Impairment of non-financial assets
In respect of definite useful life intangible assets and 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.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents include cash at bank and investments in money market funds.

Current & deferred tax
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in comprehensive income.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding basis used for tax purposes. Deferred tax is calculated at the tax rates enacted or substantively enacted that are expected to apply when the asset is realised or the liability settled. Deferred tax assets are recognised to the extent that it is possible that taxable profits will be available against which deductible temporary differences can be utilised, except in respect of taxable or deductible temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is possible that they will not reverse in the foreseeable future.

Employee benefits

Defined contribution pension obligation
The Company contributes to a group personal pension plan operated by SLA plc. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting year.

Share based payments
SLA plc grants equity-based awards and cash settled awards to certain employees.

Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity settled share based payments is expensed on a straight line basis over the service period to vesting, based on SLA Group's estimate of equity instruments that will eventually vest.

Where SLA plc makes awards under the deferred share schemes to employees of its subsidiaries, the cost is recharged based on the value at award date.

For cash settled deferred fund awards, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is measured, with any changes in fair value recognised in the income statement for the year.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Leases

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged over the term of the lease (remaining term in the case of non-property right-of-use assets recognised at 1 January 2019).

The lease liability is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Group's incremental borrowing rate where the implicit rate is not readily available. Interest is calculated on the liability using the discount rate and is charged to the income statement under finance costs.

In determining the value of the right-of-use assets and lease liabilities, the Company considers whether any leases contain lease extensions or termination options that the Company is reasonably certain to exercise.

Property, plant and equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Expenditure on property, plant & equipment is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits attributable to the item and the cost of the item can be measured reliably. All other expenditure is recognised as an expense in the profit and loss account as incurred.

Property, plant & equipment is depreciated so as to write off the cost of assets, on a straight line basis, over their estimated useful lives as follows:

Asset class	**Depreciation method and rate**
Leasehold Property	Period of lease or up to 15 years
Furniture, Fittings and equipment	5 to 8 years
Computer equipment	4 to 8 years

Investment in subsidiaries

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Investment in associates
Associates are entities where the Company can significantly influence decisions made relating to the financial and operating policies of the entity but do not control the entity. For entities where voting rights exist, significant influence is presumed where the Company holds between 20% and 50% of the voting rights. Where the Company has an investment in an associate, a portion of which is held by, or is held indirectly through, a mutual fund, unit trust or similar entity that portion of the investment is measured at fair value through profit or loss.

The Company only has one investment in associate HDFC AMC which is held at cost.

The Company conducts annual impairment tests on the carrying value of its associates that are held at cost. The recoverable amount is determined from value-in-use calculations. The key assumptions in the value-in-use calculations reflect management's expectations of the medium-term operating performance of the associates and growth prospects in the associates market.

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in net finance income / costs.

No provision is established where a reliable estimate of the obligation cannot be made.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the period. Key estimates and judgements are disclosed beneath:

Critical judgements:

Disclosure of interest in other entities - The Company has interests in unconsolidated structured entities during the year and management's judgement has been exercised when assessing the relationship with these entities and exposures to variable returns from the performance of that entity.

Critical estimates:

Investment in subsidiaries - Investments in subsidiaries are assessed for indicators of impairment each year which requires management to assess the future strategic direction of these investments. This is completed through review of both quantitative factors, such as net assets exceeding the investment carrying value and future profitability, as well as quantitative factors, such as macroeconomic conditions and relationships with key suppliers and customers.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Revenue

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

	2019 £ 000	Restated* 2018 £ 000
Management fees	232,407	323,302
Performance fees	4,432	761
Other revenue	265,104	311,706
Total revenue	**501,943**	**635,769**

*Comparatives for the year ended 31 December 2018 have been restated. Refer to Note 26.

4 Operating profit

Arrived at after charging

	2019 £ 000	2018 £ 000
Foreign exchange gains	227	607
Audit of the financial statements	127	103

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of SLA plc.

Included within other operating income on the face of the Profit and Loss account is a compensation payment from an external party, amortisation of a contract liability and Research and Development tax credits.

5 Employees & Directors

The average number of persons employed by the company during the year, analysed by category was as follows:

	2019 No.	2018 No.
Fund management and administration	1,307	1,437

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Employees & Directors (continued)

The aggregate payroll costs of these persons were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	107,810	107,979
Social security costs	16,739	17,513
Other short-term employee benefits	-	730
Pension costs, defined benefit scheme	12,734	13,606
Share-based payment expenses	6,467	(3,598)
Other employee expense	29,539	27,088
	173,289	163,318

In addition to the above, costs of £16,702k (2018:£16,197k) relate to staff that are contractual employees of the Company, but provide services wholly to a fellow Standard Life Aberdeen Group undertaking. The full recharge of these costs has been netted within administrative expenses in the profit and loss account as a result of these employees' activities not impacting the revenue generating activities of the Company.

The Directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Aggregate remuneration	1,287	2,304
Other benefits	21	(58)
	1,308	2,246

There are a total of 3 (2018: 2) Directors accruing retirement benefits from the Company under a personal pension plan. During the year 1 (2018: 4) Director was rewarded under the share-based payment schemes.

Highest paid director

The aggregate emolument of the highest paid Director during the year was £713,000 (2018: £1,342,000). Company pension contributions of £nil (2018: £nil) were made to a personal pension plan on their behalf. The highest paid Director was awarded deferred shares under the ultimate parent company's deferred compensation scheme as described in note 24.

The remuneration of Directors paid by SLA plc or any other Standard Life Aberdeen Group company are included in the respective financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Restructuring costs

Restructuring costs incurred during the year is as follows:

	2019 £ 000	2018 £ 000
Staff costs	18,784	15,533
Redundancy	21,035	11,383
Professional and consultancy fees	64,354	53,000
Third party administrative costs	2,679	-
Other restructuring costs	566	(2,468)
	107,418	77,448

7 Net finance (expense)/income

	2019 £ 000	2018 £ 000
Finance income		
Interest income on bank deposits	2	25
Interest income	750	692
	752	717
Finance expense		
Interest on bank overdrafts and borrowings	(1)	-
Other finance costs	(8)	-
Interest expense on leases - Other	(1,753)	-
	(1,762)	-
Net finance (expense)/income	**(1,010)**	**717**

8 Tax expense

Analysis of tax charge in the year:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(7,022)	21,109
UK corporation tax adjustment to prior pcriods	608	(1,553)
	(6,414)	**19,556**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Tax expense (continued)

	2019 £ 000	2018 £ 000
Foreign tax	23,340	21,590
Foreign tax adjustment to prior periods	3	209
	23,343	21,799
Total current income tax	**16,929**	**41,355**
Deferred taxation		
Arising from origination and reversal of temporary differences	(2,281)	5,391
Tax expense in the profit and loss account	**14,648**	**46,746**

The tax charge assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	233,394	434,712
Corporation tax at standard rate	44,345	82,595
Income not subject to tax	(54,884)	(59,143)
Expenses not subject to tax	1,047	1,253
Deferred shares and funds	(352)	-
Other	1,827	(246)
Overseas tax	23,343	21,590
Adjustments in respect of prior periods	(686)	(38)
Deferred tax arising on temporary differences	8	735
Total tax expense	**14,648**	**46,746**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset and liabilities as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £47k.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Property, plant and equipment

	Leasehold property £ 000	Furniture, fittings and equipment £ 000	Right of use assets £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation					
At 1 January 2019	13,884	8,591	-	1,953	24,428
IFRS 16 opening balance adjustment	-	-	61,631	-	61,631
Additions	867	217	15,465	407	16,956
Disposals	-	-	(1,395)	-	(1,395)
Other	(145)	102	-	16	(27)
At 31 December 2019	**14,606**	**8,910**	**75,701**	**2,376**	**101,593**
Depreciation					
At 1 January 2019	1,438	1,288	-	589	3,315
IFRS 16 opening balance adjustment	-	-	11,354	-	11,354
Charge for the year	1,282	1,110	4,297	554	7,243
Eliminated on disposal	-	-	(1,326)	-	(1,326)
At 31 December 2019	2,720	2,398	14,325	1,143	20,586
Net book value					
At 31 December 2019	**11,886**	**6,512**	**61,376**	**1,233**	**81,007**
At 31 December 2018	12,446	7,303	-	1,364	21,113

On implementation of IFRS 16 on 1 January 2019, the Company recognised right of use assets of £50,276k for property and equipment. This is detailed within accounting policies in note 1.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Intangible assets

	Software Development £ 000	Customer contracts £ 000	Total £ 000
Cost or valuation			
At 1 January 2019	42,440	-	42,440
Additions	-	638	638
Disposals	(167)	-	(167)
At 31 December 2019	**42,273**	**638**	**42,911**
Amortisation			
At 1 January 2019	18,664	-	18,664
Amortisation charge	7,418	-	7,418
At 31 December 2019	26,082	-	26,082
Net book value			
At 31 December 2019	**16,191**	**638**	**16,829**
At 31 December 2018	23,776	-	23,776

During the year a contract with an external party was terminated which was subject to an exit fee. This was recognised as an intangible asset as future benefits will be received as result of the termination.

11 Deferred tax

	2019 £ 000	2018 £ 000
As at 1 January	(2,517)	3,243
Credit through profit and loss account	2,281	(5,396)
Crėdit through other comprehensive income	403	(364)
Credit through equity	234	-
As at 31 December	401	(2,517)
Deferred tax assets	2,261	1,368
Deferred tax liabilities	(1,860)	(3,885)

The deferred tax asset can be analysed as follows:

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Deferred tax (continued)

	2019 £ 000	2018 £ 000
Employee benefits	2,015	1,368
Temporary differences - other	246	-
	2,261	1,368

The deferred tax liability can be analysed as follows:

	2019 £ 000	2018 £ 000
Unrealised gain / loss on investments	(1,120)	(1,218)
Research and Development claim on capitalised expenses	(680)	(2,399)
Accelerated capital allowances	(60)	(268)
	(1,860)	(3,885)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset and liabilities as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £47k.

12 Investments in subsidiaries

	2019 £ 000	2018 £ 000
As at 1 January	28,064	28,118
Additions	9,624	-
Disposals	(1,959)	(54)
As at 31 December	**35,729**	**28,064**

During the year an investment of £9,624k was made in Standard Life Capital Partners LLP. An investment of £1,959k in Standard Life Investments (USA) Limited was disposed of during the year.

The particulars of the Company's subsidiary undertakings as at the statement of financial position date are in note 28.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments in associates

	2019 £ 000	2018 £ 000
Investment in HDFC AMC	9,561	10,634
As at 31 December	9,561	10,634

HDFC AMC manages a range of mutual funds and provides portfolio management and advisory services. The investment in HDFC AMC is a strategic investment in a leading asset manager in India, one of the world's fastest growing markets.

During the year the Company disposed of 10% (6,422,310 shares) of its investment in HDFC AMC. During the prior year the Company disposed of 21% (16,864,585 shares) of its investment in HDFC AMC.

The particulars of the associates as at the statement of financial position date are in note 28.

14 Investments in securities

The following are the particulars of the Company's investment securities as at the statement of financial position date:

	2019 £ 000	2018 £ 000
Seed capital investments	762	576
Private equity investments	13,505	14,514
	14,267	15,090

15 Provisions

	Onerous contracts £ 000	Total £ 000
At 1 January 2019	172	172
Increase (decrease) in existing provisions	(172)	(172)
At 31 December 2019	-	-

As a result of the merger with Aberdeen Asset Management the property rented in Frankfurt has now been vacated. Accordingly, a provision was made for the onerous lease, the remainder of this provision has been released in the current year.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Trade and other receivables

	2019	2018
Non-current trade and other receivables:	**£ 000**	**£ 000**
Amounts owed by Standard Life Aberdeen Group undertakings	325,000	195,000
Total non-current trade and other receivables	**325,000**	**195,000**

	2019	Restated* 2018
Current trade and other receivables:	**£ 000**	**£ 000**
Trade receivables	39,963	43,984
Amounts owed by Standard Life Aberdeen Group undertakings	51,669	160,822
Accrued income	27,976	17,495
Other receivables	10,528	110
Income tax asset	1,011	2,887
Corporate tax asset	2,631	-
Total current trade and other receivables	**133,778**	**225,298**

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

*Comparatives for the year ended 31 December 2018 have been restated. Refer to Note 26.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

17 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary shares of £1 each	34,440	34,440	34,440	34,440

18 Trade and other payables

	2019	2018
Non-current trade and other payables:	**£ 000**	**£ 000**
Other payables	59,800	67,599
Total non-current trade and other payables	**59,800**	**67,599**

	2019	2018
Current trade and other payables:	**£ 000**	**£ 000**
Accruals and deferred income	94,735	102,257
Amounts owed to Standard Life Aberdeen Group undertakings	46,375	45,053
Other payables	25,834	17,872
Total current trade and other payables	**166,944**	**165,182**

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

In the prior period a contract liability of £78m was recognised within other payables, of which £7.8m (2018 £2.6m) was released to the profit and loss account in the period. The remaining liability at 31 December 2019 is £67.6m. The contract liability will be recognised in the profit and loss account over a 10 year period (commencing in 2018) as the services are provided on a straight line basis.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Derivative financial instruments

	2019 Contract amount £ 000	2019 Fair value assets £ 000	2019 Fair value liabilities £ 000
Non-current			
Forwards	6,577	253	-

	2018 Contract amount £ 000	2018 Fair value assets £ 000	2018 Fair value liabilities £ 000
Non-current			
Forwards	8,053	-	102

20 Leases

(i) Leases where the Company is lessee

The Company leases various offices and equipment used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The range of terms for current leases ranges is 24 months to 22 years.

The Company has recognised the following liabilities in relation to these leases:

	2019 £ 000	2018 £ 000
Property	73,774	-
Equipment	170	-
Total	73,944	-

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Leases (continued)

(i) Leases where the Company is lessee (continued)

Lease liabilities maturity analysis

The following table provides analysis of the maturity analysis of the contractual undiscounted cash flows for the lease liabilities:

	2019 £ 000	2018 £ 000
Less than one year	4,764	-
2 years	5,543	-
3 years	5,543	-
4 years	5,543	-
5 years	5,543	-
6 years	5,490	-
7 years	5,490	-
8 years	5,490	-
9 years	5,490	-
10 years	5,489	-
Between 10 to 15 years	21,797	-
More than 15 years	14,264	-
Total lease liabilities (undiscounted)	**90,446**	**-**

Details of the movements in the Company's right-of-use assets including additions and depreciation are included in Note 9. The interest on lease liabilities for the year ended 31 December 2019 is included in Note 7.

21 Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Company has assessed whether the funds it manages are structured entities, through review of the above factors, including the rights to remove the Company as fund manager or other key management role. The Company considers the following as structured entities Open Ended Investment Companies, Unit Trusts, Common Investment Funds and specific Private Equity Funds.

The structured entities are generally financed by the purchase of units or shares by investors, although some funds are able to obtain external debt financing, and allow clients to invest in a portfolio of assets in order to provide a return through capital appreciation and/or investment income. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

21 Unconsolidated structured entities (continued)

AuM within unconsolidated structured entities is shown below:

	2019 £ 000	2018 £ 000
Unconsolidated structured entities	15,061,686	15,036,574

The table below summarises the revenue & carrying values in the balance sheet:

	2019 £ 000	2018 £ 000
Revenue	32,963	55,146
Receivables	4,476	4,863
Payables	3,408	4,423

Maximum exposure to loss

The Company does not have a direct exposure to the AuM it manages, with the associated risks and rewards residing with external investors. The Company's maximum exposure to loss is therefore limited to future fee income, where investors decide to withdraw funds, reducing the net asset value of the entities and the fair value of any investments in structured entities held by the Company at each reporting date.

Financial support

The Company has not provided financial support to any unconsolidated structured entity through guarantees over the repayment of borrowings, or otherwise, and has no contractual obligations or current intention of providing financial support in the future.

22 Related party transactions

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

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

The following are details of significant transactions with related parties (excluding fellow wholly owned subsidiaries and key management personnel) during the year and the year end balances arising from such transactions.

	2019			
	Revenue/Dividends £ 000	Expenses £ 000	Receivables £ 000	Payables £ 000
Standard Life Assurance Limited	169,119	54	31,906	-
Other Associates	17,158	-	-	-
	186,277	**54**	**31,906**	-

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Related party transactions (continued)

	*Restated 2018			
	Revenue/Dividends £ 000	Expenses £ 000	Receivables £ 000	Payables £ 000
Standard Life Assurance Limited	64,109	221	32,929	162
Other Associates	14,014	-	-	-
	78,123	**221**	**32,929**	**162**

The 2018 revenue and expenses relating to Standard Life Assurance Limited (SLAL) only include amounts recorded following the sale of SLAL from the SLA Group to the Phoenix Group on 31 August 2018. Following the sale, SLAL became a related party of Standard Life Investments Limited.

* Comparatives for the year ended 31 December 2018 have been restated to include previously unidentified relationships with related parties.

23 Parent and ultimate parent undertaking

The Company's immediate parent is Standard Life Investments (Holdings) Limited and its ultimate parent is SLA plc, both of which are incorporated in the United Kingdom and registered in Scotland.

The most senior parent entity producing publicly available financial statements is SLA plc. Copies of the consolidated Annual Report and Accounts are available to the public from 1 George Street, Edinburgh, EH2 2LL, or to download on the website www.standardlifeaberdeen.com.

24 Employee share-based payments

The Company does not operate any share-based payment schemes. During the year the Company's ultimate parent company, Standard Life Aberdeen plc (SLA plc), operated a number of share-based payment schemes, the majority of which are equity settled. Details of these arrangements affecting the Company are as follows:

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

24 Employee share-based payments (continued)

(i) Long-term incentive plans

The Standard Life Aberdeen Group operates the following LTIPs:

Plan	Recipients	Grant date	Conditions which must be met prior to vesting
Standard Life Aberdeen plc long-term incentive plan (Standard Life Aberdeen plc LTIP)	Executives and senior management	Granted annually in March	Service and performance conditions as set out in the Directors' remuneration report within the Standard Life Aberdeen Annual Report.
Standard Life Investments long-term incentive plan (Group's LTIP)	Executives and senior management of Standard Life Investments	Granted annually in March	Service and performance conditions as set out in the Directors' remuneration report within the Standard Life Aberdeen Annual Report.
Restricted stock plan (RSP)	Executives (other than directors) and senior management	May be granted at any time	Service or, service and performance conditions. These are tailored to the individual award.

All of the awards are equity settled other than awards made under the Group's LTIP in respect of certain employees overseas which are cash settled.

(ii) Short-term incentive plan (annual bonus deferred shares)

The majority of the members of the executive and senior management including executive directors participate in the Group annual bonus. Under the terms of the 2019 and 2018 annual bonus, half of any bonus earned by executive directors and members of the executive team above 25% of salary will be settled in nil cost options which are deferred for a period of two years, subject to the deferred amount being worth 10% or more of salary.

The value of any dividends paid on those shares over the two year deferral period will be added in the form of additional options to the value of the deferred bonus.

Employees may forfeit some or all of awards made under any of the above share based payment schemes if they leave the Group prior to the end of the awards vesting period.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

24 Employee share-based payments (continued)

(iii) Sharesave (Save-as-you-earn)
The Standard Life Aberdeen Group operates Save-as-you-earn (SAYE) plans, which allow eligible employees in the UK and Ireland the opportunity to save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in the Company. The shares can be purchased at the end of the savings period at a predetermined price.

Employees are granted a predetermined number of options based on the monthly savings amount and duration of their contract. The conditions attached to the options are that the employee remains in employment for three years after the grant date of the options and that the employee satisfies the monthly savings requirement. Settlement will be made in the form of shares.

(iv) Share incentive plans
The Standard Life Aberdeen Group operates share incentive plans, allowing employees the opportunity to buy shares from their salary each month. The maximum purchase that an employee can make in any year is £1,800. The Group offers to match the number of shares bought up to a value of £50 each month. The matching shares awarded under the share incentive plan are granted at the end of each month. The matching shares are generally subject to a three year service period.

(v) Deferred awards – Equity settled
Awards made in 2010 to 2019 reach their earliest vesting dates in equal tranches over a three 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.

(vi) 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.

The weighted average share price of options exercised:

	2019 pence	2018 pence
Long-term incentive plan (including RSPs)	254.00	352.00
Short-term incentive plan	-	404.00
Sharesave	305.00	364.00
Deferred awards	277.00	-

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

24 Employee share-based payments (continued)

The following table shows the range of exercise prices of the options outstanding:

	2019 No. 000	2018 No. 000
Long-term incentive plans (including RSPs)		
£nil	31,962	46,590
Short-term incentive plan		
£nil	-	30
Sharesave		
199p	1,648	-
257p	354	1,056
272p	-	98
283p	228	672
296p	61	142
328p	33	289
345p	134	293
Deferred awards		
£nil	11,057	-

The weighted average remaining contractual life of options outstanding:

	2019 years	2018 years
Long-term incentive plan (including RSPs)	1.23	1.74
Short-term incentive plan	-	1.73
Sharesave	3.16	2.59
Deferred awards	9.29	-

25 Commitments

Commitments to investment securities

The Company has entered into partnership agreements which have committed the Company to invest a maximum of £18,850,000 (2018: £18,516,000) into limited partnerships. During the year the Company invested £321,000 (2018: £577,000) with a remaining undrawn commitment of £2,896,000 (2018: £3,586,000).

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

26 Prior-year adjustments ("PYA")

Dividends received (£121,809k), gain on sale of investments (£198,293k) and losses on valuation of investments (£820k) were included within 'Other operating income' on the face of the profit and loss account and as part of operating profit for the year ended 31 December 2018. In the current year the comparatives have been represented as separate captions on the face of the profit and loss account given their significance, with the gain on sale of investments and losses on valuation of investments reallocated beneath operating profit as these are not considered to be operating activities. As the result of this presentational change 'Operating profit' has been restated from £433,995k to £236,522k. There is no impact on profit before tax or equity attributable to equity holders for the comparative period presented.

Distributions from private equity funds (£1,690k) and Service fees (£484k) were included within 'Other operating income' on the face of the profit and loss account for the year ended 31 December 2018. In the current year the comparative has been represented as 'Other revenue' within the 'Revenue' note to reflect the fact these are ongoing revenues expected to be generated by the Company.

Management fees (£632,834k) and Performance fees (£761k) were presented as separate captions on the face of the profit and loss account for the year ended 31 December 2018. In the current year the comparative has been represented separately within the revenue note along with other components of revenue.

Transfer pricing income (£309,531k) was included within 'Management fees' income on the face of the profit and loss account for the year ended 31 December 2018. In the current year the comparative has been represented as 'Other revenue' within the 'Revenue' note to better reflect the nature of the revenue.

Current tax assets (£2,887k) were presented as a separate caption on the face of the balance sheet for the year ended 31 December 2018. In the current year the comparative has been presented within 'Trade and other receivables' along with other receivable components.

27 Events after the balance sheet date

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

On 16 June 2020, Standard Life Investments informed the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited that it intends to commence an offer for sale process in respect of up to 6,000,000 shares in HDFC AMC, with an option to additionally sell up to 6,000,000 shares in the event of oversubscription. Sale of 12,000,000 shares would equate to 5.64 % of the paid-up, issued equity share capital of HDFC AMC leaving a remaining shareholding of 21.25%. This would result in a decrease to the investment in associate position held on balance sheet and is expected to realise a gain on sale in the profit and loss account of approximately £260m if all 12,000,000 shares are sold.

Notes to the financial Statements for the Year Ended 31 December 2019 (continued)

28. Investment holdings

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
Standard Life Investments (Mutual Funds) Limited[1]	UK	Direct	
SLTM Limited[1]	UK	Direct	
Standard Life Investments (Corporate Funds) Limited[1]	UK	Direct	
Standard Life Investments (Private Capital) Limited[1]	UK	Direct	
Standard Life Investments (USA) Limited[1]	UK	Direct	
Standard Life Investments (Hong Kong) Limited[4]	Hong Kong	Direct	
Standard Life Investments (Jersey) Limited[6]	Jersey	Direct	
Standard Life Investments (France) SAS[8]	France	Direct	
Standard Life Investments (Singapore) Pte. Limited[9]	Singapore	Direct	
Standard Life Investments (General Partner EPGF) Limited[1]	UK	Direct	
Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited[3]	UK	Direct	
Standard Life Investments (General Partner UK PDF) Limited[1]	UK	Direct	
Standard Life Investments (General Partner PDFI) Limited[1]	UK	Direct	
Standard Life Investments (General Partner GARS) Limited[1]	UK	Direct	
Castlepoint General Partner Limited[2]	UK	Direct	
Standard Life Investments (General Partner MAC) Limited[1]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club) Limited[3]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club II) Limited[3]	UK	Direct	
Standard Life Investments (General Partner European Real Estate Club III) Limited[3]	UK	Direct	
Standard Life Investments (General Partner CRED) Limited[1]	UK	Direct	
Standard Life Investments Brent Cross General Partner Limited[1]	UK	Direct	
Standard Life Investments (General Partner GFS) Limited[1]	UK	Direct	
Standard Life Investments (General Partner Global Tactical Asset Allocation) Limited[1]	UK	Direct	
Standard Life Investments (General Partner ELIREF) S.a.r.l[10]	Luxembourg	Direct	
SLCP (Holdings) Limited[1]	UK	Direct	
ASI Churchill Square General Partner Limited[1]	UK	Indirect	
SL Capital Partners LLP[1]	UK	Direct/Indirect	40%Direct & 60% Indirect
SLIPC (General Partner Infrastructure II) S.a.r.l[5]	Luxembourg	Indirect	
SLIPC (General Partner Infrastructure II LTP 2017) Limited[1]	UK	Indirect	

Notes to the financial Statements for the Year Ended 31 December 2019 (continued)

28. Investment holdings (continued)

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLIPC (General Partner SCF I) Limited[1]	UK	Indirect	
Aberdeen Standard MSPC General Partner[10]	Luxembourg	Indirect	
ASI (General Partner 2019 European PE A Carry) Limited[1]	UK	Indirect	
ASI (General Partner European PE A) S.a.r.l[10]	Luxembourg	Indirect	
ASI (General Partner ECF II) Limited[1]	UK	Indirect	
ASI (SOF E GP) Limited[1]	UK	Indirect	
SLIPC (General Partner PMD Co-invest 2017) Limited[1]	UK	Indirect	
ASI (General Partner SOV IV) Limited[1]	UK	Indirect	
ASI (General Partner 2019 European PE B) Limited[1]	UK	Indirect	
ASI (General Partner PE2) Limited[1]	UK	Indirect	
ASI (General Partner PFF 2018) S.a.r.l[5]	Luxembourg	Indirect	
Standard Life Investments (PDF. No 1) Limited[6]	Jersey	Indirect	50.1%
Standard Life Investments Global Absolute Return Strategies Master Fund Limited[7]	Cayman Islands	Indirect	
Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund Limited[7]	Cayman Islands	Indirect	
Standard Life Investments European RE Club (Offshore Feeder) Limited[7]	Cayman Islands	Indirect	
Standard Life Investments European RE Club II (Offshore Feeder) Limited[7]	Cayman Islands	Indirect	
Standard Life Investments Global Focused Strategies Master Fund Limited[7]	Cayman Islands	Indirect	
Standard Life Investments Global Focused Strategies Offshore Feeder Fund Limited[7]	Cayman Islands	Indirect	
SLCP (General Partner ESP 2006) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2008) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2008 Coinvestment) Limited[1]	UK	Indirect	
SLCP (General Partner ESP CAL) Limited[1]	UK	Indirect	
SLCP (General Partner NASP 2006) Limited[1]	UK	Indirect	
SLCP (General Partner NASP 2008) Limited[1]	UK	Indirect	
SLCP (General Partner) Limited[1]	UK	Indirect	
SLCP (General Partner II) Limited[1]	UK	Indirect	
SLCP (General Partner ESP 2004) Limited[1]	UK	Indirect	
SLCP (General Partner CPP) Limited[1]	UK	Indirect	
SLCP (General Partner Edcastle) Limited[1]	UK	Indirect	
SLCP (General Partner Tidal Reach) Limited[1]	UK	Indirect	

Notes to the financial Statements for the Year Ended 31 December 2019 (continued)

28. Investment holdings (continued)

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (General Partner ESF I) Limited[1]	UK	Indirect	
SLCP (General Partner ESF II) Limited[1]	UK	Indirect	
SLCP (General Partner NASF I) Limited[1]	UK	Indirect	
SLCP (General Partner USA) Limited[1]	UK	Indirect	
SLCP (General Partner SOF I) Limited[1]	UK	Indirect	
SLCP (General Partner SOF II) Limited[1]	UK	Indirect	
SLCP (General Partner SOF III) Limited[1]	UK	Indirect	
SLCP (General Partner Pearl Private Equity) Limited[1]	UK	Indirect	
SLCP (General Partner Pearl Strategic Credit) Limited[1]	UK	Indirect	
SL Capital Partners (US) Limited[1]	UK	Indirect	
SLCP (General Partner Europe VI) Limited[1]	UK	Indirect	
SLCP (General Partner EC) Limited[1]	UK	Indirect	
Ignis Cayman GP2 Limited[7]	Cayman Islands	Indirect	
Ignis Cayman GP3 Limited[7]	Cayman Islands	Indirect	
SLCP (General Partner Infrastructure I) Limited[1]	UK	Indirect	
SLCP (General Partner Infrastructure Secondary I) Limited[1]	UK	Indirect	
SLCP (Founder Partner Ignis Private Equity) Limited[1]	UK	Indirect	
SLCP (Founder Partner Ignis Strategic Credit) Limited[1]	UK	Indirect	
SLCP(General Partner 2016 Co-Investment) Limited[1]	UK	Indirect	
Castlepoint Nominee Limited[2]	UK	Indirect	
Standard Life Investments UK Shopping Centre Feeder Fund Company Limited[6]	Jersey	Indirect	
HDFC Asset Management Company[11]	India	Direct	29.87%

Registered office

[1] 1 George Street, Edinburgh, EH2 2LL

[2] 11th Floor, 2 Snowhill, Birmingham, B4 6WR

[3] Bow Bells House, 1 Bread Street, London, EC4M 9HH

[4] 30th Floor, Jardine House, 1 Connaught Place, Hong Kong

[5] 2 Boulevard de la Foire, L-1528, Luxembourg

[6] Ogier House, The esplanade, St Helier, JE4 9WG

[7] C/o Maples Corporate services Limted, PO Box 309, Ugland House, KY1-1104, Cayman Islands

[8] 100 Avenue des Champs Elysees, 1 Rue de Berri, F-75008, Paris France

[9] 8 Marina Boulevard, 05-02 Marina Bay Financial Tower 1, 018981, Singapore

[10] 35A, Avenue JF Kennedy, L-1855, Luxembourg

[11] HUL House, 2nd Floor, H.T. Parekh Marg, 165-166 Backbay Reclamation, Mumbai - 400 020, India

The underlying Limited partnerships meet the definition of subsidiaries under the Companies Act but have not been disclosed in the table above