

# Standard Life Savings Limited

Annual Financial Statements  
for the year ended 31 December 2019

Registration no: Scotland Number SC180203



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## **Directors and Officers**

### **Directors**

Tanya Castell	Non-Executive Director
Aileen Gillan	Non-Executive Director
David Marock	Non-Executive Director
Carolyn Cathleen Raffaelli	Non-Executive Director & Chair
Noel Butwell	Director
Neil Machray	Director
Michael Tumilty	Director

### **Company Secretary**

Wendy Smith

### **Registered Office**

1 George Street  
Edinburgh  
EH2 2LL

### **Registered Number**

SC180203

### **Independent Auditors**

KPMG LLP  
Chartered Accountants and Statutory Auditors  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## Report by the Directors

The Directors present their report and the audited financial statements of Standard Life Savings Limited ("the Company") for the year ended 31 December 2019. The Company is an investment company incorporated in Scotland (registration number SC180203) and is part of Standard Life Aberdeen plc ("SLA plc" or, together with its subsidiaries, "the Standard Life Aberdeen Group").

The Company's business activities, together with the factors likely to affect the future development, performance and principal risks and uncertainties are set out in the Strategic Report.

### Dividend

The Directors paid no dividends in 2019 (2018: £nil) to the Company's immediate parent company, namely SLA plc.

### Directors

The names of the current Directors are listed on page 2. The changes to Directors during the year, and subsequent to it, are shown below:

Carolyn Cathleen Raffaeli (appointed 20 February 2019)  
Aileen Gillan (appointed 20 February 2019)  
Tanya Castell (appointed 19 March 2019)  
Finbar O'Dwyer (resigned 19 June 2019)  
Andrew Warner (resigned 7 August 2019)  
Noel Butwell (appointed 20 September 2019)  
Neil Machray (appointed 7 February 2020)  
Michael Tumilty (appointed 18 February 2020)

The appointment of Directors is not subject to retirement by rotation. There was a significant amount of changes to Directors during the year. The majority of these changes were driven by SLA plc's sale of Standard Life Assurance Limited ("SLAL").

### Directors' liability insurance

During 2019, SLA plc maintained Directors' and Officers' liability insurance on behalf of its Directors and Officers to provide cover should any legal action be brought against them. This liability insurance qualifies as a third party indemnity and was in force at the date of signing.

### Our people

The majority of the staff who manage the affairs of the Company are employed by Standard Life Employee Services Limited ("SLES"), a related party and their costs are recharged to the Company.

SLES takes pride in the high achieving, diverse and healthy working environment it has created, where all employees are valued, empowered and treated as individuals. It treats those with disabilities fairly in relation to job applications, training, promotion and career development. Adjustments are made to train and enable employees who become disabled whilst working in SLES to allow them to continue and progress in their role.

SLES 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, sex, marital status or disablement.

SLES is committed to engaging with employee representatives on a broad range of issues, including consultation on any major business change.

SLES also uses its internal intranet to communicate with our staff on matters which may concern them as employees and to ensure that our employees are fully aware of any financial and economic factors which may affect the performance of the Company.

## **Report by the Directors *continued***

### **Going Concern**

The Company has made profits in the financial year and is forecast to make profits for the foreseeable future, has sufficient financial resources and a strong cash position. 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.

### **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.

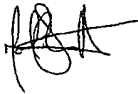
### **Statement of disclosure of information to the independent auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Independent auditor**

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

The Directors' report was approved by the Board and signed on its behalf by;



**Noel Butwell**  
**Director**  
**27 April 2020**

## Strategic Report

### Review of business and future developments

The principal activity of the Company is to operate a wrap platform which offers access to a range of mutual funds and other investment products provided by Standard Life Aberdeen Group, third party fund managers and investment product providers. The Company is also the manager of the mutual funds' individual savings accounts and personal equity plans. 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 ("CRD IV"). The Company is within the scope of CRD IV country by country reporting obligations.

### Key performance indicators

The Directors of SLA plc manage the Standard Life Aberdeen Group's operations on a business segment basis. The development and performance of the Company is discussed in the Platforms & Wealth section within the Strategic Report in SLA plc's Annual Report and Accounts which does not form part of this report. The value of the Company's business is not fully reflected on a standalone basis, however the Company is an integral part of the UK Platforms & Wealth proposition which makes a significant contribution to the overall profitability of SLA plc's business in the UK.

Adjusted profit and its component parts are the key performance indicators used by the Company's Board and executive management to explain the financial performance by the Company. Adjusted profit excludes impacts arising from restructuring costs and corporate transaction expenses and items which are one-off and, due to their size or nature, are not indicative of long-term operating performance.

	2019 £'000	2018 £'000
Turnover	146,341	112,684
Expenses	(102,568)	(87,263)
<b>Profit before tax</b>	<b>43,773</b>	<b>25,422</b>

The following table shows adjusted profit for the Company reconciled to IFRS profit for the year:

	2019 £'000	2018 £'000
<b>Adjusted profit before tax</b>	<b>45,511</b>	<b>26,438</b>
Adjusted for the following items		
Restructuring and corporate transaction expenses	(1,738)	(1,016)
<b>Total adjusting items</b>	<b>(1,738)</b>	<b>(1,016)</b>
<b>Profit before tax</b>	<b>43,773</b>	<b>25,422</b>

Turnover has increased by £33,657 (30%) largely as a result of the full year impact of allocating platform costs charged by SLAL and Standard Life International Limited from turnover to expenses and recognising Phoenix commercial credits.

Adjusted profit before tax has increased by £19,073k (72%) largely as a result of recognising Phoenix commercial credits and greater cost allocations following a loss in cost synergies previously shared with SLAL.

In addition CRD IV requires disclosure on return on assets, calculated as the profit after tax divided by total average assets (calculated as the average of the opening and closing asset position on the balance sheet) increased to 12.6% (2018: 8.4%).

## Strategic Report *continued*

### 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. Where appropriate the Board has considered these obligations during 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 in the following table:

the likely consequence of any decision in the long term	The Board of Directors of the Company operate the Company in accordance with the Board Charter and the overall Standard Life Aberdeen plc ("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. For example, the Company has agreed that it is in the long term interests of the member to combine the technology stacks for the Wrap and Elevate platforms operated by the Company and its subsidiary Elevate Portfolio Services Limited.
the interests of the company's employees	The Company does not have any direct employees. Within the SLA plc Group of companies, 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 SLA plc group of companies 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. In addition the Board of Directors receives reports regarding customer services as part of its regular meetings, and has engaged directly with FNZ, a key supplier. For example, throughout the year the Board was involved in oversight of the relationship with FNZ, which included the attendance of the FNZ Chair and CEO at the May Board meeting.
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 company has no direct environmental or community impact beyond the impact of the wider group.
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 SLA plc group of companies, 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.

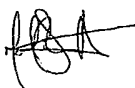
## Strategic Report *continued*

### Principal risks and uncertainties

Our approach to risk management is focused on delivering the right outcomes, through a strong risk and compliance culture. The Standard Life Aberdeen Group, of which the Company is a part, operates a 'three lines of defence' model in the management of risk so that there are clearly defined roles and responsibilities within our Enterprise Risk Management Framework. This sets the framework for assessing, monitoring, controlling and governing the risks of the business. The specific risks we face as a business are driven by what we choose to do and how we do it, as well as the wider environment in which we operate. These risks are grouped under principal risks which form the basis of our detailed risk taxonomy. The principal risks to our business and our approach to managing these risks are as follows:

Principal risks to our business	Our approach to managing these risks:
<p><b>Strategic Risk</b> - Those risks which threaten the achievement of the strategy through failing to meet customer/client expectations, poor strategic decision-making, implementation or response to changing circumstances.</p> <p>The Company has considered the impact of <b>Brexit</b> and does not consider there to be any material impact on the Company's financial statements during 2020 and beyond.</p>	<p>The Chief Executive (supported by the executive leadership team) is responsible for the development of the strategy and the monitoring of its progress and success. There is regular monitoring of the business plan, through performance/financial indicators and managing relationships with strategic partners.</p> <p>The customers using the platform are mainly UK based. Brexit is not expected to have a significant impact on the structure or operations of the Company.</p>
<p><b>Financial Risk:</b> The risk that we have insufficient financial resources. Our business is exposed to the overall level of revenue margins on our platforms services; and financial discipline is required to manage our cost base and align it to our revenue outlook.</p>	<p>By stressing our financial resilience, holding capital against our risks and reviewing these risks on an ongoing basis.</p> <p>Through management of fees and costs in relation to our proposition.</p>
<p><b>Conduct risk:</b> The risk that through our behaviours, strategies, decisions and actions we fail to meet customer/client expectations, and/or deliver unfair outcomes, and/or have poor market conduct.</p>	<p>Our conduct risk framework was strengthened during 2019 and our conduct risk metrics have been stable throughout the year. The Global Code of Conduct is applicable for all of our people; and mandatory training modules embed a strong conduct culture across our business.</p>
<p><b>Regulatory and legal risk:</b> The risk of regulatory or legal sanction, reputational damage or financial consequences as a result of a failure to comply with, or adequately allow for changes in, all applicable laws and legislation, contractual requirements or regulations.</p>	<p>Through open and transparent relationships with our regulators to support trust and clarity in terms of their expectations; meeting our regulatory obligations and scanning the regulatory horizon to engage early in any areas of potential regulatory change.</p> <p>Our Legal team support our senior management in relevant areas across our business.</p>
<p><b>Operational risk:</b> The risk that people, processes, systems or external events impede our ability to meet our strategic objectives. The transformation change programme will deliver simpler and more reliable processes, however while this programme is being executed this principal risk will be elevated.</p> <p><i>Operational Risks include process execution and trade errors, people, technology; business resilience and continuity, fraud and financial crime; change management, supplier risk, and financial management process risks.</i></p>	<p>There is an ongoing programme of investment and improvements through transformation and we maintain close oversight of our key suppliers and their impact on the risk profile of the business.</p> <p>There are controls to mitigate fraud and financial crime and continued investment in systems and process to improve monitoring.</p> <p>Improvements to our operational resilience framework include actions to better manage the risks from our suppliers.</p>
<p><b>Coronavirus (COVID-19):</b> This risk could materially impact the global economy and delivery of our business plan.</p>	<p>We are managing the impact of COVID-19 coronavirus, utilising business continuity and resilience processes where appropriate.</p>

On behalf of Board of Directors



Noel Butwell  
Director  
27 April 2020



## **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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then 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.

The Directors are responsible for preparing the CBCR information in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013. In preparing the CBCR Information, the Directors are responsible for:

- interpreting the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- determining the acceptability of the basis of preparation of the CBCR information;
- making judgements and estimates that are reasonable and prudent; and
- establishing such internal control as the Directors determine
- is necessary to enable the preparation of CBCR Information that is free from material misstatement, whether due to fraud or error.

The CBCR information does not constitute the company's statutory accounts for the financial year ended 31 December 2019.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD LIFE SAVINGS LIMITED**

## **Opinion**

We have audited the financial statements of Standard Life Savings Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 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:

- 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD LIFE SAVINGS LIMITED** *continued*

## **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.

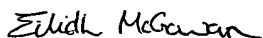
## **Auditor's responsibilities**

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](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Eilidh McGowan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
27 April 2020

**Profit and loss account  
for the year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Turnover</b>			
Fee income	2	145,867	112,121
Finance income	3	474	563
<b>Total turnover</b>		<b>146,341</b>	<b>112,684</b>
<b>Expenses</b>			
Administration expenses		102,567	87,263
Finance costs	3	1	-
<b>Total expenses</b>		<b>102,568</b>	<b>87,263</b>
<b>Profit before tax</b>		<b>43,773</b>	<b>25,422</b>
Tax expense	6	7,378	3,965
<b>Profit for the year</b>		<b>36,395</b>	<b>21,457</b>

The Company has no comprehensive income or expense other than the profit recognised in the current and prior year. Accordingly a separate statement of total comprehensive income is not presented in these financial statements. All results derive from continuing operations.

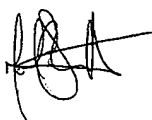
The notes on pages 14 to 21 form an integral part of these financial statements.

**Balance sheet  
as at 31 December 2019**

	Notes	Restated *	
		2019 £'000	2018 £'000
<b>Assets</b>			
Intangible assets	4	3,735	2,300
Deferred acquisition costs	8	4,298	4,186
Investments in subsidiaries	9	81,549	81,549
Current tax assets		-	97
Deferred tax assets	7	2,927	2,927
Trade and other receivables	10	41,383	130,352
Cash and cash equivalents		124,943	98,023
<b>Total assets</b>		<b>258,835</b>	<b>319,434</b>
<b>Equity</b>			
Share capital	11	70,000	70,000
Retained Earnings		168,227	131,832
<b>Total equity</b>		<b>238,227</b>	<b>201,832</b>
<b>Liabilities</b>			
Trade and other payables	12	20,608	117,602
<b>Total liabilities</b>		<b>20,608</b>	<b>117,602</b>
<b>Total liabilities and equity</b>		<b>258,835</b>	<b>319,434</b>

\*Please see note 15 for an explanation of the restatement.

Approved and authorised for issue by the Board of Directors on 27 April 2020 and signed on its behalf by the following Director:



**Noel Butwell  
Director**

The notes on pages 14 to 21 form an integral part of these financial statements.

**Statement of changes in equity  
for the year ended 31 December 2019**

	<b>Share capital 2019 £'000</b>	<b>Retained earnings 2019 £'000</b>	<b>Total equity 2019 £'000</b>
<b>At 1 January</b>	<b>70,000</b>	<b>131,832</b>	<b>201,832</b>
Profit for the financial year	-	36,395	36,395
<b>At 31 December</b>	<b>70,000</b>	<b>168,227</b>	<b>238,227</b>

	<b>Share capital 2018 £'000</b>	<b>Retained earnings 2018 £'000</b>	<b>Total equity 2018 £'000</b>
<b>At 1 January</b>	<b>70,000</b>	<b>110,375</b>	<b>180,375</b>
Profit for the financial year	-	21,457	21,457
<b>At 31 December</b>	<b>70,000</b>	<b>131,832</b>	<b>201,832</b>

The notes on pages 14 to 21 form an integral part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

#### (a) Basis of preparation

These separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). Accordingly, in the year ended 31 December 2019 the Company has continued to adopt Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the FRC and has transitioned from reporting under International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the European Union (EU) to FRS 101. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 incorporating the Amendments to FRS 101 issued by the FRC up to March 2018. This transition is not considered to have had a material effect on the financial statements. The financial statements have been prepared on a going concern basis and under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, comparative period reconciliations, requirement to disclose the effects of new but not yet effective IFRS's and certain related party transactions.

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

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.

The Company has no employees.

#### (b) Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements requires management to exercise judgements in applying the accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the year. Judgements and sources of estimation uncertainty are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where those judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements are as follows:

##### Key judgements

- Carrying value of investments in subsidiaries – refer to (d) and Note 9.
- Deferred acquisition costs – refer to (i) and Note 8

##### Key estimates

- Phoenix credits – SLA plc is currently engaged in ongoing discussions with Phoenix in respect of disagreements over the operation of certain aspects of the agreements that were entered into at the time of the sale of SLAL to Phoenix and which impact the payments under the transaction terms. Management's estimate of the impact of these discussions on the value of the arrangements entered into with Phoenix at the time of the sale of SLAL to Phoenix has been recognised in the financial statements.

#### (c) 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 it has sufficient financial resources and a strong cash position. 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 £34.4m 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;

## Notes to the financial statements *continued*

### 1. Accounting policies *continued*

#### (c) Going concern *continued*

- 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.

#### (d) Investments

Subsidiaries are all entities, including special purpose entities, which the Company is considered to control. Subsidiaries are held at cost, including capitalisation of any acquisition costs, less any impairment charge.

#### (e) Fee income

Fee income represents provision of investment management and administration services from fund platforms and investment contracts. This income is recognised as services are provided and it is almost certain that the fee income will be received. Included within other fee income are expected Phoenix credits.

#### (f) Finance income

Interest income is derived on cash and cash equivalents and is recognised on an accruals basis.

#### (g) Administration expenses

Expenditure incurred by the Company is recognised in the period to which it relates. Expenses relating to a period that have not been invoiced are recognised on an accruals basis, while invoices received for expenses relating to future periods are prepaid. Included within administrative expenses are expected Phoenix credits.

#### (h) Finance costs

Interest expense on borrowings is recognised in the financial statements as it accrues.

#### (i) Deferred acquisition costs

Under IFRS 15 incremental costs that are directly attributable to securing a contract to provide access to investment services are deferred.

Deferred acquisition costs are amortised over the life of the contract, estimated to be 5 years, as the related revenue is recognised. After initial recognition deferred acquisition costs are reviewed and are written off to the extent that they are no longer considered to be recoverable.

#### (j) Taxation

Current tax is based on the taxable profits or losses for the year, after adjustments in respect of prior years. Amounts are charged or credited to the income statement or equity as appropriate.

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that there is expected to be future taxable profit or investment return to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the reporting date.



**Notes to the financial statements *continued*****14. Ultimate parent undertaking and controlling party**

The ultimate parent and controlling party of the Company is SLA plc.

Under s400 of the Companies Act 2006 the Company has taken the exemption from preparing consolidated financial statements since it is a wholly owned subsidiary of SLA plc. Copies of SLA plc consolidated financial statements can be obtained from The Company Secretary, 1 George Street, Edinburgh, United Kingdom, EH2 2LL.

**15. Prior year adjustments**

In preparing these financial statements in accordance with FRS 101, the Directors have reconsidered the classification of certain short term investments and the comparative figures for the year ended 31 December 2018 have been revised from amounts previously reported to reclassify the investment in the Seabury Sterling Liquidity 1 Fund from interests in pooled funds to cash and cash equivalents (£93,898k). This restatement has had no impact on net assets or net current assets of the Company.

Debtors and other financial assets and other assets have been combined into trade and other receivables. This representation has had no impact on net assets or net current assets of the Company.

Other financial creditors and other creditors have been combined into trade and other payables. This representation has had no impact on net assets or net current assets of the Company.

**16. Country by country reporting**

Country	Name	Nature of activities	Number of employees	Turnover £k	Profit before tax £k	Corporation tax paid £k
United Kingdom	<b>Standard Life Savings Limited</b>	fund management	-	146,341	43,773	-

The below provides a brief outline of our approach to country by country reporting (CBCR) disclosure:

Companies	The Company highlighted in bold is CRD IV regulated.
Country	We have determined the country based on tax residence.
Nature of activities	We have classified our activities into fund management.
Number of employees	The number of employees reported is the average number of full time employees who were permanently employed by the entity during the period. Contractors are excluded.
Turnover	The approach to turnover disclosed in these CBCR disclosures is consistent with that applied in the underlying financial statements of the entity. It should be noted however that the disclosures have been prepared including inter-company transactions.
Profit/(loss) before tax	This is the accounting profit or loss before tax. As noted above for 'turnover', these numbers include inter-company transactions.
Tax paid	This is the amount of corporation tax paid during the period to taxation authorities.
Public subsidies received	There were no public subsidies received by any entities during the period.

**Notes to the financial statements** *continued***10. Trade and other receivables**

	2019	Restated*
	£'000	2018 £'000
Due from related parties	11,170	8,248
Management charges	10,488	9,716
Client money funding	19,589	12,308
Other debtors	136	100,080
<b>Total trade and other receivables</b>	<b>41,383</b>	<b>130,352</b>

\*Please see note 15 for an explanation of the restatement.

**11. Share capital****(a) Authorised, called up and fully paid share capital**

	2019	2019	2018	2018
	Number	£'000	Number	£'000
Ordinary shares of £1 each	70,000,000	70,000	70,000,000	70,000

**12. Trade and other payables**

	2019	Restated*
	£'000	2018 £'000
Due to related parties	7,384	8,310
Amounts owed to Standard Life Aberdeen Group undertakings	5,829	6,411
Other payables	37	98,882
Group tax relief	7,358	3,999
<b>Total trade and other payables</b>	<b>20,608</b>	<b>117,602</b>

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

\*Please see note 15 for an explanation of the restatement.

**13. Related party transactions****Transaction with and balances due from/to related parties**

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 other related parties during the year:

	2019	2018
	£'000	£'000
<b>Revenue:</b>		
Other related parties	5,954	1,985
<b>Total revenue</b>	<b>5,954</b>	<b>1,985</b>
<b>Expenses:</b>		
Other related parties	25,653	7,920
<b>Total expenses</b>	<b>25,653</b>	<b>7,920</b>

See note 10 and 12 for outstanding year end balance sheet position with related parties.

All transactions between key management and their close family members and the Company during the year are on terms which are equivalent to those available to all employees of SLA plc.

**Notes to the financial statements** *continued***1. Accounting policies** *continued***(k) Impairment of non-financial assets**

Intangible assets with finite economic useful life and investments in subsidiaries are tested for impairment at each reporting date if events or changes in circumstances indicate that the carrying value may not be recoverable. When an impairment test is conducted, the recoverable amount is assessed by reference to the higher of the value in use and the fair value less costs to sell.

The recoverable amount for intangible assets that are not yet available for use is estimated each year at the same time. If the carrying value of an intangible asset exceeds its recoverable amount then the carrying value is written down to the recoverable amount.

**(l) Intangible assets**

Intangible assets, including internally developed software and software purchased from third parties, 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 are either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or they arise from contractual or other legal rights, regardless of whether those rights are transferable or separable. Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over an estimated useful life of 5 years. Impairment losses are calculated and recorded on an individual basis in a manner consistent with policy. Amortisation commences at the time from which an intangible asset is available for use.

**(m) Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and highly liquid investments.

**(n) Pension costs and other post-retirement benefits**

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.

**(o) Dividends**

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

**2. Fee income**

	2019 £'000	2018 £'000
Fee income from fund platforms and investment contracts	133,170	109,966
Other fee income	12,697	2,155
<b>Total income</b>	<b>145,867</b>	<b>112,121</b>

**3. Finance income/costs**

	2019 £'000	2018 £'000
Interest income	474	563
<b>Total finance income</b>	<b>474</b>	<b>563</b>
Interest expense	1	-
<b>Total finance costs</b>	<b>1</b>	<b>-</b>

**Notes to the financial statements** *continued***4. Intangible assets**

	<b>Software</b>
	<b>2019</b>
	<b>£'000</b>
<b>Gross Amount:</b>	
At 1 January	2,300
Additions	1,632
<b>At 31 December</b>	<b>3,932</b>
<b>Accumulated amortisation:</b>	
At 1 January	-
Amortisation charge for the year	197
Impairment losses recognised	-
<b>At 31 December</b>	<b>197</b>
<b>Carrying amount at 31 December 2018</b>	<b>2,300</b>
<b>Carrying amount at 31 December 2019</b>	<b>3,735</b>

**5. Auditors' remuneration**

Auditors' remuneration in respect of the audit of the Company's financial statements amounted to £92k (2018: £55k). Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of SLA plc, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis.

**6. Tax expense****(a) Tax expense**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Current tax charge	7,377	3,999
Adjustments in respect of previous periods	1	(6)
<b>Total current tax</b>	<b>7,378</b>	<b>3,993</b>
Deferred tax credit arising from the current year	-	-
Adjustment to deferred tax in respect of prior years	-	(28)
<b>Total deferred tax</b>	<b>-</b>	<b>(28)</b>
<b>Total tax expense</b>	<b>7,378</b>	<b>3,965</b>

**(b) Reconciliation of tax charge**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit before tax</b>	<b>43,773</b>	<b>25,422</b>
<b>Tax at 19% (2018: 19%)</b>	<b>8,316</b>	<b>4,830</b>
Transfer pricing adjustment	(939)	(831)
Utilisation of losses not previously recognised in deferred tax	-	-
Recognition of previously unrecognised tax loss	-	-
Current tax prior year adjustment	1	(6)
Deferred tax prior year adjustment	-	(28)
<b>Total tax charge / (credit) for the year</b>	<b>7,378</b>	<b>3,965</b>

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 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 £344k.

**Notes to the financial statements** *continued***7. Deferred tax asset**

Movement in deferred tax assets

	2019	2018
	£'000	£'000
At 1 January	2,927	2,899
Amounts credited to income statement	-	28
<b>Total deferred tax asset at 31 December</b>	<b>2,927</b>	<b>2,927</b>

The deferred tax asset recognised is in respect of cumulative tax losses. Deferred tax assets are recognised to the extent that it is probable that the losses will be capable of being offset against future taxable profits. A deferred tax asset has been recognised in respect of the remaining cumulative tax losses carried forward of £17,217k (2018: £17,217k).

**8. Deferred acquisition costs**

	2019	2018
	£'000	£'000
At 1 January	4,186	4,813
Additions during the year	1,705	1,170
Amortisation charge	(1,593)	(1,797)
<b>At 31 December</b>	<b>4,298</b>	<b>4,186</b>

All of the deferred acquisition costs above are costs deferred on investment contracts (known as deferred origination costs).

The amount of deferred acquisition costs expected to be recovered after more than 12 months is £2,927k (2018: £2,721k). The amount of deferred acquisition costs expected to be recovered within 12 months is £1,371k (2018: £1,465k).

**9. Investments in subsidiaries**

The investments in subsidiaries balance comprises:

	2019	2018
	£'000	£'000
Equity investments – held at cost	81,549	81,549
<b>Total investments in subsidiaries</b>	<b>81,549</b>	<b>81,549</b>

(a) The movement in equity investments held at cost during the year was as follows:

	2019	2018
	£'000	£'000
At 1 January	81,549	76,549
Opening balance adjustment	-	-
Subsequent capital injections	-	5,000
<b>At 31 December</b>	<b>81,549</b>	<b>81,549</b>

(b) The Company's investment in subsidiaries and associates consists of the following unlisted entities:

Name of Related Undertaking	Country of incorporation and registration	Share Class	% Interest held	Registered Address
Standard Life Savings Nominees Ltd	Scotland	Ordinary	100%	1
Elevate Portfolio Services Ltd	England	Ordinary	100%	2
Origo Services Ltd	Scotland	Ordinary	19%	3

During the year shares held in Origo Services Limited were transferred from The Standard Life Assurance Company 2006 Limited to the Company. The associate interest was transferred at the book value previously held in the predecessor company.

1. 1 George Street, Edinburgh, United Kingdom, EH2 2LL
2. 14th Floor, 30 St Mary Axe, London EC3A 8BF
3. 7 Lochside View, Edinburgh, EH12 9DH

**Notes to the financial statements *continued***

**17. 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.