

Standard Life
Investments

**STANDARD LIFE INVESTMENTS
LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**

TUESDAY



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19/05/2015 #804
COMPANIES HOUSE

Registered in Scotland Number SC123321

General Information

Directors

A S Acheson

R A Charnock

C M Clark

D T Cumming

W R Littleboy

J Martin

R L Paris

N K Skeoch

(Chief Executive)

G B Stern

M Tumilty

C R Walklin

Company Secretary

D J Burns

Registered Office

1 George Street

Edinburgh

EH2 2LL

United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

**Directors' annual report
for the year ended 31 December 2014**

The Directors present their report together with the financial statements of Standard Life Investments Limited (the Company) for the year ended 31 December 2014:

Directors

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

R A Charnock was appointed as a Director on 1 January 2014.

G Teasdale resigned as a Director on 8 October 2014.

R A Renaud resigned as a Director on 30 January 2015.

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

Result for the year

The result for the year ended 31 December 2014 is a profit after tax of £130,112,000 (2013: £98,409,000). The Directors consider the result to be satisfactory.

Dividends

The Directors recommended and paid dividends of £143,000,000 in 2014 (2013: £94,000,000) to its parent company.

Charitable and political donations

The Company made no charitable donations during the year (2013: £nil). The Company did not make any donations to any political party, organisation or election candidate, or incur any political expenditure.

Annual general meeting

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

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Disclosure of information to the Independent Auditors

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

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

By order of the Board of Directors (the Board)



D J Burns, Company Secretary
Edinburgh, 17 February 2015

**Strategic annual report
for the year ended 31 December 2014**

Review of the Company's business

The principal activity of the Company is to provide investment management services to members of the Standard Life plc group (the Standard Life Group), mutual funds, pension funds and other institutions.

Future outlook

The Directors are confident of maintaining the performance in the future.

Key performance indicators (KPIs)

The Directors of Standard Life Investments (Holdings) Limited (SLIH), the Company's direct parent undertaking, manage the operations of the Standard Life Investments (Holdings) Limited group (the Group), on a divisional basis. The Company is a direct subsidiary of SLIH, and therefore, a member of the Group. The Company's Directors therefore believe that an analysis using KPIs for the Company is not necessary or appropriate for gaining an understanding of the development, performance or position of the business of the Company. The KPIs of the Group can be found in the Group's annual report and financial statements (Group Annual Report).

Principal risks and uncertainties

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

The main business risks to which the Company is exposed, and its financial risk management objectives and policies, are considered in Note 24 to this report and financial statements. Other key business risks include the development and retention of key employees as well as competition from other providers of investment management services.

Employees

The Company's policy is to recruit, develop and employ staff on the basis of the suitability of their qualifications and experience to the work performed, regardless of ethnic origin, religion, sex, marital status or disability. Full consideration is given to continuing the employment of staff who become disabled and to provide training and career development opportunities to disabled employees.

The Company keeps staff informed of progress and policies through line management channels, training courses, conferences and an internal communication programme, which consists of various in-house publications and briefing seminars with staff. The Company carries out regular employee surveys to measure employee engagement and uses the results to develop action plans.

Environmental matters

The Company follows the environmental strategy of the Standard Life Group which is to consume fewer of the world's resources, reduce waste, recycle more and dispose of what remains sensitively.

On behalf of the Board of Directors



C R Walklin, Director

London, 17 February 2015

Statement of Directors' responsibilities for preparing the financial statements for the year ended 31 December 2014

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the Independent Auditors' reports, is made to help shareholders distinguish the respective responsibilities of the Directors and the Independent Auditors in relation to the financial statements for 2014.

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

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

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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Income statement
for the year ended 31 December 2014**

		2014	2013
	Note	£'000	£'000
Revenue			
Management fee income		490,628	420,279
Other operating income	3	58,187	32,391
Total revenue		548,815	452,670
Fee and commission expense		(20,094)	(16,317)
Net revenue		528,721	436,353
Operating expenses			
Administrative expenses		(367,868)	(315,005)
Total operating expenses		(367,868)	(315,005)
Operating profit		160,853	121,348
Finance income	6	4	3
Finance costs	7	(64)	(153)
Restructuring costs	8	(6,647)	(991)
Net foreign exchange (loss) / gain		(1,452)	122
Profit before tax		152,694	120,329
Tax expense	9	(22,582)	(21,920)
Profit for the year attributable to equity holders of the Company		130,112	98,409

The notes on pages 9 to 37 form part of these financial statements.

The Company has not recorded any other comprehensive income during the years to 31 December 2014 or 31 December 2013. A separate statement of comprehensive income is therefore not disclosed.

**Statement of financial position
as at 31 December 2014**

		2014	2013*
	Note	£'000	£'000
Assets			
Non-current assets			
Intangible assets	11	11,516	5,486
Tax assets	12	12,074	12,473
Investment in subsidiaries	13	27,906	28,362
Investment in associates	14	28,409	27,132
Total non-current assets		79,905	73,453
Current assets			
Investment in associates	14	84,243	99,317
Investment securities	15	-	43,397
Trade and other receivables	16	161,927	101,366
Cash and cash equivalents	17	2,229	3,761
Total current assets		248,399	247,841
Assets held for sale	18	670	-
Total assets		328,974	321,294
Equity			
Share capital	19	34,440	34,440
Retained earnings	20	103,488	113,662
Equity attributable to equity holders of the parent		137,928	148,102
Liabilities			
Non-current liabilities			
Trade and other payables	21	29,299	24,680
Total non-current liabilities		29,299	24,680
Current liabilities			
Current tax liabilities	12	1,444	179
Trade and other payables	21	160,303	148,333
Total current liabilities		161,747	148,512
Total liabilities		191,046	173,192
Total equity and liabilities		328,974	321,294

*Comparatives for the year ended 31 December 2013 have been restated. Refer to Note 1.

The notes on pages 9 to 37 form part of these financial statements.

The financial statements on pages 5 to 37 were approved on behalf of the Board of Directors on 5 February 2015 and signed on its behalf on 17 February 2015 by the following Director:



C R Walklin, Director

**Statement of changes in equity
for the year ended 31 December 2014**

	Note	Share capital £'000	Retained earnings £'000	Total equity attributable to equity holders of the parent £'000
Balance at 1 January 2013		34,440	105,182	139,622
Comprehensive income				
Profit for the year		-	98,409	98,409
Total comprehensive income for the year		-	98,409	98,409
Other changes in equity				
Tax taken to equity	20	-	4,071	4,071
Total other changes in equity		-	4,071	4,071
Transactions with owners				
Dividends and distributions to equity holders	10	-	(94,000)	(94,000)
Balance at 31 December 2013		34,440	113,662	148,102
Balance at 1 January 2014		34,440	113,662	148,102
Comprehensive income				
Profit for the year		-	130,112	130,112
Total comprehensive income for the year		-	130,112	130,112
Other changes in equity				
Tax taken to equity	20	-	2,714	2,714
Total other changes in equity		-	2,714	2,714
Transactions with owners				
Dividends and distributions to equity holders	10	-	(143,000)	(143,000)
Balance at 31 December 2014		34,440	103,488	137,928

The notes on pages 9 to 37 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Profit before tax		152,694	120,329
Finance income classified as investing activity	6	(4)	(3)
Finance costs classified as financing activity	7	64	153
		152,754	120,479
Adjustments for:			
Movement in fair value of investment securities		(3,797)	(3,081)
Purchase of investment securities and associates		(1,295,706)	(746,818)
Disposal of investment securities and associates		1,317,677	702,044
Purchase of certificates of deposit		(39,904)	
Disposal of certificates of deposit		78,924	-
Amortisation of intangible fixed assets	11	604	640
Impairment reversal on investments in subsidiary undertakings	13	(214)	(846)
Dividends received from subsidiary undertakings classified as investing activities	10	(53,052)	(22,008)
Dividend received from associate classified as investing activity	10	(2,565)	(7,810)
Movement in operating assets and liabilities	22	(43,972)	37,065
Group relief included in operating assets and liabilities		11,542	11,880
Taxation and group relief paid		(29,746)	(21,995)
Net cash flows from operating activities		92,545	69,550
Cash flows from investing activities			
Purchase of investment in subsidiary undertakings	13	-	(2,075)
Proceeds from disposal of investment in subsidiary undertakings	13	-	218
Dividends received from subsidiary undertakings	10	53,052	22,008
Dividends received from associate	10	2,565	7,810
Purchase of intangible assets	11	(6,634)	(1,805)
Finance income	6	4	3
Net cash flows from investing activities		48,987	26,159
Cash flows used in financing activities			
Dividends and distributions to equity holders	10	(143,000)	(94,000)
Finance costs	7	(64)	(153)
Net cash flows used in financing activities		(143,064)	(94,153)
Net (decrease) / increase in cash and cash equivalents		(1,532)	1,556
Cash and cash equivalents at the beginning of the year		3,761	2,205
Cash and cash equivalents at the end of the year	17	2,229	3,761

The notes on pages 9 to 37 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

(a) Basis of preparation

(i) Statement of compliance

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

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The principal accounting policies set out below have been consistently applied to all financial reporting periods presented in these financial statements, unless otherwise stated. All amounts classified as current are expected to be settled/recovered in less than 12 months unless otherwise stated in the notes to these financial statements.

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

The Company has adopted the following new IFRS, International Accounting Standards (IAS), interpretations and amendments to existing standards, which are effective by EU endorsement for annual periods beginning on or after 1 January 2014 unless otherwise stated.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a single disclosure standard which applies to all entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information to enable users of the financial statements to evaluate the nature, risks and financial effects associated with interests in other entities. The required disclosures are grouped into the following main categories:

- Significant judgements and assumptions
- Interests in subsidiaries
- Interests in joint arrangements and associates
- Interests in unconsolidated structured entities.

The required disclosures are provided in the accounting policies, Note 14 'Investments in associates' and Note 23 'Structured entities.'

Amendments to IAS 28 Investments in Associates and Joint Ventures (2011)

IAS 28 (2011) is revised to include joint ventures as well as associates. The standard has been revised to allow an entity to elect to measure an investment in associate at fair value through the profit and loss (FVTPL) where that investment is held by, or indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities. As a result the scope of the standard has been widened to include all investments in any entity over which the Company has significant influence.

The impact of the adoption of IAS 28 (2011) is that a number of equity investments in entities over which the Company has significant influence which were previously out of scope of IAS 28 have now been brought into scope resulting in the reclassification of these investments as investments in associates. Where FVTPL is available the Company has continued to measure these investments at FVTPL. The standard has been applied retrospectively and the impact on the consolidated statement of financial position for comparative periods presented is shown in the tables in (a)(vi) below.

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

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2015. The Group has not early adopted the standards, amendments and interpretations described below:

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

Notes to the financial statements (continued)**1. Accounting policies (continued)*****(iv) New standards, interpretations and amendments to published standards that are deemed not relevant to the Company***

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2014 or later periods. These are listed below and are deemed not relevant to the Company:

IFRS 10 Consolidated Financial Statements and amendments to IAS 27 Separate Financial Statements

IFRS 11 Joint Arrangements

Amendments to IAS 39 Financial Instruments: Recognition and Measurement

Amendments to IAS 32 Financial Instruments: Presentation

Amendments to IAS 36 Impairment of Assets

(v) Standards, interpretations and amendments to published standards that are not yet effective and which are not relevant to the Company

IFRIC2 21 Levies (17 June 2014)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (1 July 2014)

Annual improvements 2010-2012 cycle and Annual improvements 2011-2013 cycle (1 July 2014)

Amendment to IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets: Depreciation and Amortisation (1 January 2016)

Amendments to IAS 27 Equity Method in Separate Financial Statements (1 January 2016)

Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (1 January 2016)

Amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates and Joint Ventures (1 January 2016)

Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint Operation (1 January 2016)

Annual improvements 2012- 2014 cycle (1 January 2016)

Amendments to IAS 1 (1 January 2016)

(vi) Impact of retrospective application of new standards, interpretations and amendments to published standards

There was no impact to the Income Statement as a result of changes to accounting policies.

The following table show the impact of the accounting policy changes as a result of the adoption of IAS 28 (2011) on the statement of financial position as at 31 December 2013:

	As reported previously	Effect of IAS 28 (2011)	Restated
	£'000	£'000	£'000
Assets	321,294	-	321,294
Effect of restatement analysed as:			
Non-current assets			
Investment in associates	13,448	13,684	27,132
Investment securities	13,684	(13,684)	-
Current assets			
Investment in associates	-	99,317	99,317
Investment securities	142,714	(99,317)	43,397
Equity	148,102	-	148,102
Total liabilities	173,192	-	173,192

Notes to the financial statements (continued)

1. Accounting policies (continued)

(b) Revenue recognition

(i) Management fee income

All fees and costs associated with the provision of investment management services are recognised, subject to recoverability, as the services are provided. Front-end fees relating to investment management services are deferred as a liability and recognised over the average period during which services are provided.

Performance fees are calculated with reference to performance benchmarks specified in the individual investment management agreements. Revenues arising in respect of performance fee arrangements are recognised provided that the outcome of such arrangements can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(ii) Other operating income

'Other operating income' consists mainly of dividend income received from associate and subsidiary companies.

It also includes net income received in respect of the transfer of management of certain money market funds to an external provider in the current year and investment gains and losses resulting from changes in market value on investments classified as FVTPL and certain derivatives.

'Other operating income' is recognised on an accruals basis.

(c) Expense recognition

(i) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. Where there is an indication of impairment, an impairment review is performed and an impairment loss recognised in the income statement to the extent that the carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price (fair value less costs to sell) and value in use. In assessing value in use, any estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the net asset value is used where appropriate. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit, or group of units, to which the asset belongs.

Non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(ii) Administrative expenses

Administrative expenses are recognised on an accruals basis.

(d) Foreign currency

Foreign currency transactions and fair values are translated using the exchange rates applying to the functional currency, which is Sterling, prevailing at the dates of the transactions or at the date the fair value was determined, with related foreign currency exchange gains or losses reflected in the income statement. Translation differences on non-monetary items such as investments in associates are reported as part of the fair value gain or loss.

(e) Intangible assets

Intangible assets consist of 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.

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 the estimated useful life of up to five years of the intangible asset. Impairment losses are calculated and recorded on an individual basis in a manner consistent with policy (c) (i). Amortisation commences at the time from which an intangible asset becomes available for use.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(f) Income tax

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

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

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

(g) Financial assets - designation

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

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

All investment securities and derivatives are designated as FVTPL.

(ii) Loans and receivables

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

(h) Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies. Such power, generally but not exclusively, accompanies a shareholding of more than one half of the voting rights.

The Group uses the acquisition method of accounting for the value of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed when incurred.

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

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

(i) Investment in associates

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

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

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

(j) Investment securities and derivatives

Management determines the classification of investment securities and derivatives at initial recognition. The Company recognises investment securities at fair value on the trade date of the transaction. Directly attributable transaction costs are not included in the initial measurement value but are recognised in the income statement. All derivatives are held at fair value and changes in fair value are recorded in the income statement.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Fair values are based upon the current quoted bid price where an active market exists. Where a quoted price in an active market cannot be obtained, an appropriate market consistent valuation technique (for example discounted cash flows and recent market transactions) is used to determine fair value. Estimates and assumptions used in determining fair values are disclosed in note 2(i).

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment where this is deemed necessary. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) may be considered indicators that the trade receivable is impaired.

The amount of any provision is the difference between the asset's carrying amount and its estimated realisable value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Administrative expenses'. When a trade receivable is uncollectible, it is written off against 'Trade and other receivables'. Subsequent recoveries of amounts previously written off are credited against 'Administrative expenses' in the income statement.

(l) Cash and cash equivalents

'Cash and cash equivalents' include cash in hand, deposits held at call with banks, any short term highly liquid investments which have original maturities within three months and bank overdrafts that are repayable on demand and form an integral part of the Company's cash management strategy.

(m) Assets held for sale

Assets which have been classified as held for sale are presented separately in the statement of financial position. Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction. The relevant assets are investments in subsidiaries and are therefore valued at cost.

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The difference between the proceeds received on issue of the shares and the nominal value of the shares issued is recorded in the share premium account. Incremental costs directly attributable to the issue of new equity instruments are shown in the share premium account as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments in a business combination are included in the cost of acquisition.

(o) Trade and other payables

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

(p) Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made as lessees under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

There are no material finance leases affecting the Company as either lessor or lessee.

(q) Pension costs and other post retirement benefits

The Standard Life Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the Standard Life Group, determined by periodic actuarial calculations.

The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit schemes on a consistent and reasonable basis, therefore it treats these schemes as defined contribution schemes. Consequently the costs of these schemes and the defined contribution schemes represent the contributions payable for the accounting period.

For the defined contribution scheme, the Company pays contributions to separately administered pension insurance schemes. The contributions are recognised in staff expenses when they are due.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(r) Dividends

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

(s) Employee cash-based long-term incentive payments

The Company operates cash based LTIPs for certain senior employees. These are accounted for under IAS 19 'Employee Benefits' and are re-measured at fair value at each reporting date and at the settlement date, with any difference in value taken to the income statement.

(t) Employee share-based payments

Standard Life Group operates share incentive plans for all employees, share-based LTIPs and restricted stock for senior employees and may award annual performance shares to all eligible employees when targets for each scheme are met. The schemes are all in respect of Standard Life plc shares and further details are set out in Note 27. The majority of schemes are treated as equity-settled share-based payment schemes under IFRS 2 Share-based payment. For share-based payment employee transactions, services received are measured at fair value.

Fair value of options granted under share incentive schemes is determined using a relevant valuation technique, such as the Black Scholes option pricing model.

For equity-settled share-based payment employee transactions, the services received as compensation are measured at their fair value. This fair value is measured by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date, which is the date that the Standard Life Group and the employees have a shared understanding of the terms and conditions of the award. If that award is subject to an approval process then the grant date is the date when that approval is obtained. The charge in respect of the services received by the Group from its employees is recharged to the Group by Standard Life Group. Market vesting conditions and non-vesting conditions, such as the requirement of employees to save in a Save-as-you-earn scheme, are included in the calculation of the fair value of the instruments at the date of grant. Vesting conditions which are not market conditions are included in assumptions about the number of instruments that are expected to vest.

If the equity instruments granted vest immediately, the employees become unconditionally entitled to those equity instruments. Therefore, the Group recognises immediately the full charge in the income statement with a corresponding amount due to Standard Life Group.

If the equity instruments do not vest until the employee has fulfilled specified vesting conditions, the Group presumes that the services to be rendered by the employee as consideration for those equity instruments will be received in the future, during the period of those vesting conditions (vesting period). Therefore, the Group recognises the charge in respect of those services as they are rendered during the vesting period with a corresponding amount due to Standard Life Group.

Cancellations of awards granted arise where non-vesting conditions attached to the award are not met during the vesting period. Cancellations are accounted for as an acceleration of vesting and the remaining unrecognised expense in respect of the fair value of the award is recognised immediately.

At each period end the Group reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the income statement with a corresponding adjustment to the amount due to the Standard Life Group.

(u) Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

2. Key estimates and judgements

The preparation of financial statements, in conformity with IFRS, may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Key judgements made in selecting accounting policies and critical accounting estimates

In the process of applying the Company's accounting policies, management has used its judgement and made estimates and assumptions in determining the amounts recognised in the financial statements. These estimates and assumptions can affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, results ultimately may differ from these estimates. The most significant areas where judgements and estimates are made are set out below:

(i) Fair value calculations

Fair value is defined as the value at which assets, liabilities or positions could be closed out or sold in a transaction with a willing and knowledgeable counterparty. Where quoted market prices are not available, fair value is based upon cash flow models which use, wherever possible, independently sourced market parameters such as interest rate yield curves and option volatilities.

Other factors are also considered, such as counterparty credit quality and liquidity. Management must use judgement and estimates where not all necessary data can be externally sourced or where factors specific to the Company's holdings need to be considered. The accuracy of the fair value calculations would therefore be affected by unexpected market movements, inaccuracies within the models used compared to actual outcomes and incorrect assumptions.

(ii) Long-term incentive plans

The key judgement in respect of Standard Life Group's LTIP is in relation to the number of awards expected to vest at each individual vesting date or the cash amount payable at each reporting date. This judgement is arrived at using a number of factors, including expectations of the Group's future cumulative pre-variable compensation, Earnings Before Interest and Taxation (EBIT) from third party assets under management.

(iii) Impairment assumptions

The Company conducts annual impairment tests on its intangible assets and on the carrying value of the associate and subsidiaries. The recoverable amount is determined from the net realisable value or from value-in-use calculations. The key assumptions in the value-in-use calculations reflect management's expectations of the intangible assets and the medium-term operating performance of the associate and subsidiaries and growth prospects in the associate's and subsidiaries markets. Any assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3. Other operating income

	2014	2013
	£'000	£'000
Income from shares in Group undertakings	55,618	29,817
Gains on financial instruments carried at FVTPL	1,368	978
Distributions from private equity funds	860	634
Gains on disposal of money market mandates	-	620
Other	341	342
Total other operating income	58,187	32,391

Notes to the financial statements (continued)**4. Staff and other employee related costs**

	2014	2013
	£'000	£'000
The aggregate remuneration payable in respect of employees was:		
Wages and salaries	139,291	108,201
Social security costs	20,996	19,730
Other pension costs	10,136	10,021
Share based payment expenses	16,108	18,013
Cash based LTIPs	13,891	10,307
Other	4,717	2,767
Total staff and other employee related costs	205,139	169,039

The average number of staff of the Company during the year was 1,022 (2013: 912). The staff split by activity is as follows:

	2014	2013
Fund management	298	272
Global client group	225	199
Operations and change	337	321
Executive office, support, finance and risk	162	120
	1,022	912

Details of Directors' remuneration for services to the Company are contained in Note 25, 'Related party transactions'.

5. Operating profit

The following have been included in arriving at operating profit:

	2014	2013
	£'000	£'000
Staff and other employee related costs (Note 4)	205,139	169,039
Operating lease rentals	115	138
Amortisation of intangibles (Note 11)	604	640
Independent Auditors' remuneration (see below)	304	274
Fees payable to the Company's Independent Auditors for the audit of the Company financial statements	24	24
Fees payable to the Company's Independent Auditors:		
Services pursuant to legislation	4	13
Other assurance services	237	232
Tax services	39	5
Total payable to the Company's Independent Auditors	304	274

6. Finance income

Interest income of £4,000 (2013: £3,000) is derived primarily from 'Cash and cash equivalents'.

7. Finance costs

Finance costs of £64,000 (2013: £153,000) consist of overdraft interest and interest claims.

8. Restructuring costs

Restructuring costs of £6,647,000 in the current year relate to expenses incurred by the Company in connection with the integration of Ignis Asset Management Limited and its subsidiary entities into the SLI Group. The restructuring costs in the prior year relate to recharged from the Standard Life Group.

Notes to the financial statements (continued)**9. Tax expense****(a) Analysis of the tax charge for the year:**

	2014	2013
	£'000	£'000
Current tax		
United Kingdom corporation tax	23,528	23,607
Adjustment to tax expense in respect of prior years	173	(300)
Withholding tax	-	74
Total current tax	23,701	23,381
Deferred tax		
Deferred tax (credit) / charge arising in the current year (note 12(b))	(1,119)	(1,461)
Total deferred tax	(1,119)	(1,461)
Total tax expense	22,582	21,920

(b) Tax relating to items taken directly to equity

	2014	2013
	£'000	£'000
Current tax charge/(credit) on reserves for employee share-based	(4,232)	(4,831)
Deferred tax charge / (credit) on reserves for employee share-based payments	1,518	760
	(2,714)	(4,071)

(c) Reconciliation of tax expense:

	2014	2013
	£'000	£'000
Profit before tax	152,694	120,329
Tax at UK corporation tax rate of 21.5% (2013: 23.25%)	32,829	27,976
Effects of:		
Income not taxable	(11,997)	(6,784)
Disallowable expenses	904	350
Transfer pricing	62	(170)
Prior year adjustments in respect of current tax	173	(300)
Impairment of subsidiaries	(46)	(197)
Changes in deferred tax rate	657	971
Irrecoverable withholding tax	-	74
Total tax expense	22,582	21,920

From 1 April 2014 the main rate of UK corporation tax has decreased from 23% to 21%. Accordingly, this results in an average current tax rate of 21.5% for the year.

10. Dividends

	2014	2013
	£'000	£'000
Dividends paid to parent undertaking	143,000	94,000
Total dividends	143,000	94,000
Dividends received from subsidiary undertakings	53,052	22,008
Dividend received from associate	2,565	7,810
	55,617	29,818
	2014	2013
	pence per share	pence per share
Dividends paid to parent undertaking	415.2	272.9

Notes to the financial statements (continued)**11. Intangible assets**

	Total
	£'000
Cost:	
At 1 January 2013	4,889
Additions	1,805
At 31 December 2013	6,694
Additions	6,634
At 31 December 2014	13,328
Accumulated amortisation:	
At 1 January 2013	568
Amortisation for the year	640
At 31 December 2013	1,208
Amortisation for the year	604
At 31 December 2014	1,812
Net book value:	
At 31 December 2013	5,486
At 31 December 2014	11,516

Intangible assets, consisting of internally developed software, are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to 'Administrative expenses' on a straight-line basis over the estimated useful life of up to five years of the intangible asset.

Impairment losses are calculated and recorded on an individual basis in a manner consistent with Note 1 (c) (i).

There has been no impairment recorded in the year (2013: nil).

12. Tax assets and liabilities**(a) Tax assets and liabilities**

	2014	2013
	£'000	£'000
Current tax recoverable	-	-
Deferred tax assets (see (b) below)	12,074	12,473
Total tax assets	12,074	12,473
Current tax liabilities	1,444	179
Total tax liabilities	1,444	179

(b) Recognised deferred tax

	2014	2013
	£'000	£'000
Deferred tax assets comprise:		
Employee benefits	12,590	12,896
Legal & marketing provision	130	130
Unrelieved capital allowances	5	5
Gross deferred tax assets	12,725	13,031
Less: offset of deferred tax liabilities	(651)	(558)
Net deferred tax assets	12,074	12,473
Deferred tax liabilities comprise:		
Unrealised gain on investment securities	(651)	(558)
Gross deferred tax liabilities	(651)	(558)
Less: offset against deferred tax assets	651	558
Net deferred tax liabilities	-	-
Movements in net deferred tax assets comprise:		
At 1 January	12,473	11,772
Amounts credited / (charged) to the income statement (note 9(a))	1,119	1,461
Deferred tax taken to equity	(1,518)	(760)
At 31 December	12,074	12,473

Notes to the financial statements (continued)**12. Tax assets and liabilities (continued)**

Deferred tax balances have been measured at 20% , this being the tax rate substantively enacted at the statement of financial position date (2013: standard deferred tax rate 20% however 21.5% used for deferred tax balances expected to crystallise during 2014).

13. Investments in subsidiaries

	2014	2013
	£'000	£'000
At 1 January	28,362	25,659
Additional investment	-	2,075
Disposals	-	(218)
Impairment reversals	214	846
Reclassified as held for sale	(670)	-
At 31 December	27,906	28,362

Impairment reversals recognised during 2014 consist of £nil (2013: (£10,000)) relating to Standard Life Investments (Asia) Limited, £nil (2013: (£717,000)) relating to Standard Life Investments (USA) Limited and (£214,000) (2013: (£119,000)) relating to Standard Life Investments (France) SAS. The carrying values of the investments have been impaired to their recoverable amount. The recoverable amount of Standard Life Investments (USA) Limited is deemed to be £1,959,000 (2013: £1,959,000) and Standard Life Investments (France) SAS is deemed to be £2,633,000 (2013: £2,419,000).

The reclassification to held for sale in the current year relates to the intention to sell Standard Life Investments Inc. More detail is provided in Note 30.

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

Name	Country of registration/ incorporation	Share class	Direct or indirect % owned	Nature of business
Parent Entity - Standard Life Investments Limited				
Standard Life Investments (Mutual Funds) Limited	Scotland	Ordinary	100	Collective investment products
SLTM Limited	Scotland	Ordinary	100	Collective investment products
Standard Life Investments (Corporate Funds) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments (Switzerland) Limited	Switzerland	Ordinary	100	Investment management
Standard Life Investments (Private Equity) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments Inc.	Canada	Common	100	Investment management
Standard Life Investments (USA) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments (Hong Kong) Limited	Hong Kong	Ordinary	100	Investment management
Standard Life Investments (Jersey) Limited	Jersey	Ordinary	100	Property investment management
Standard Life Investments (France) SAS	France	Ordinary	100	Investment management
Standard Life Investments (General Partner EPGF) Limited	Scotland	Ordinary	100	Investment management

Notes to the financial statements (continued)**13. Investments in subsidiaries (continued)**

Name	Country of registration/ incorporation	Share class	Direct or indirect % owned	Nature of business
Parent Entity - Standard Life Investments Limited (continued)				
Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments (General Partner PDFI) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments (General Partner GARS) Limited	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 1 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 2 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 3 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 4 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 5 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 6 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 7 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 8 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 9 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustee No. 10 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustees No. 11 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Standard Life Investments (Trustees No. 12 UK PDF) Limited*	Scotland	Ordinary	100	Investment management
Castlepoint General Partner Limited	England & Wales	Ordinary	100	Investment management
Standard Life Investments (General Partner MAC) Limited	Scotland	Ordinary	100	Investment management
ILS Japan Kabushiki Kaisha~	Japan	Ordinary	100	Investment management
Standard Life Investments (General Partner European Real Estate Club) Limited	England & Wales	Ordinary	100	Property investment management
Standard Life Investments European RE Club (Offshore Feeder) Ltd	Cayman Islands	Ordinary	100	Property investment management
Standard Life Investments (General Partner CRED) Limited	England & Wales	Ordinary	100	Property investment management
Standard Life Investments - India Advantage Fund*	Mauritius	Ordinary	100	Investment management
Standard Life Investments (General Partner UK PDF) Limited	Scotland	Ordinary	100	Investment management

Notes to the financial statements (continued)**13. Investments in subsidiaries (continued)**

Name	Country of registration/ incorporation	Share class	Direct or indirect % owned	Nature of business
Parent Entity - Standard Life Investments (Private Equity) Limited				
SL Capital Partners LLP	Scotland	LLP	60	Investment management
Parent Entity - Standard Life Investments Inc.				
4384831 Canada Inc.	Canada	Ordinary	100	Investment management
Standard Life Investments (Real Estate) Inc.	Canada	Common	100	Investment management
Parent Entity - Standard Life Investments (Corporate Funds) Limited				
Standard Life Investments (PDF. No 1) Limited	Jersey	Ordinary	50.1	Investment management
Standard Life Investments Global Absolute Return Strategies Master Fund Limited*	Cayman Islands	Ordinary	100	Investment management
Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund Limited*	Cayman Islands	Ordinary	100	Investment management
Parent Entity - SLCP (Holdings) Limited				
SLCP (General Partner ESP 2006) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner ESP 2008) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner ESP 2008 Coinvestment) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner NASP 2008) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner II) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner ESP 2004) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner CPP) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner Edcastle) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner Tidal Reach) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner ESF I) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner ESF II) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner NASF I) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner USA) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner SOF I) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner SOF II) Limited	Scotland	Ordinary	60	Investment management
SL Capital Partners (US) Limited	Scotland	Ordinary	60	Equity research and marketing services

Notes to the financial statements (continued)**13. Investments in subsidiaries (continued)**

Name	Country of registration/ incorporation	Share class	Direct or indirect % owned	Nature of business
Parent Entity - SLCP (Holdings) Limited (continued)				
SLCP (General Partner Europe VI) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner EC) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner NASP 2006) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner Infrastructure I) Limited	Scotland	Ordinary	60	Investment management
SLCP (General Partner Infrastructure Secondary I) Limited	Scotland	Ordinary	60	Investment management
Ignis Cayman GP 2 Limited	Cayman Islands	Ordinary	100	Investment management
Ignis Cayman GP 3 Limited	Cayman Islands	Ordinary	100	Investment management
Parent Entity - SL Capital Partners LLP				
SLCP (Holdings) Limited	Scotland	Ordinary	60	Holding Company
Parent Entity - Standard Life Investments (Real Estate) Inc.				
Standard Life Investments (General Partner CREF) Inc.	Canada	Ordinary	100	Investment management
Parent Entity - Castlepoint General Partner Limited				
Castlepoint Nominee Limited	England & Wales	Ordinary	100	Investment management
Parent Entity - Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited				
Standard Life Investments UK Shopping Centre Feeder Fund Company Limited	Jersey	Ordinary	100	Investment management
Parent Entity - Standard Life Investments (USA) Limited				
Standard Life Investments (USA) Limited				
Standard Life Investments Securities LLC	US	Ordinary	100	Investment management
Parent Entity - Standard Life Portfolio Investments Limited				
Standard Life Investments Multi Asset Class Company	Cayman Islands	Ordinary	100	Investment management

* These entities are noted as subsidiaries due to ownership of share capital, however are not consolidated within the consolidated accounts of the Company's parent, in line with the requirements of IFRS 10.

~ This entity was incorporated after 31 December 2014 however before the signing date.

Notes to the financial statements (continued)**14. Investments in associates**

	2014	2013*
	£'000	£'000
Investment in Seabury	84,243	99,317
Investment in HDFC	13,448	13,448
Other	14,961	13,684
	112,652	126,449
	2014	2013
	£'000	£'000
Presented as:		
Non-current	28,409	27,132
Current	84,243	99,317
	112,652	126,449

*Investment in associates for 2013 has been restated. Refer to Note 1.

IAS 28 (2011) has resulted in the reclassification of associates as detailed in note 1. These have been reclassified as associates despite the Company's low percentage ownership because significant influence is deemed to arise as a result of the investment management relationship maintained within the Group. The impact of the reclassification was an increase of £113.0m in associates, primarily as a result of the inclusion of the Seabury assets fund as an associate (£99.3m).

The Company's other material associate, HDFC Asset Management Company Limited (HDFC AMC) is an investment management company incorporated in India. The Company holds a 40% (2013: 40%) interest in the equity share capital of HDFC AMC. HDFC AMC has a financial year end date of 31 March.

All other associates, the carrying amount of which is noted above, are measured at FVTPL. None of these are considered individually material to the Company (2013: none).

15. Investment securities

Investment securities comprise of the following listed and unlisted instruments:

	2014	2013*
	£'000	£'000
Equity securities - listed	-	-
Equity securities - unlisted	-	4,377
Debt securities - listed	-	39,020
	-	43,397
Non-current	-	-
Current	-	43,397
	-	43,397

*Refer to Note 1 (a)(vi) for more details.

Listed equity securities consisted of ordinary shares in a listed investment trust. Unlisted equity securities consisted of an investment in an unregulated property fund.

Listed debt securities consisted of amounts held in certificates of deposit.

Related party disclosures are contained within Note 25 'Related party transactions'.

16. Trade and other receivables

	2014	2013
	£'000	£'000
Amounts owed by subsidiary undertakings	125,771	67,503
Amounts owed by Standard Life Group undertakings	9,992	18,424
Prepayments and accrued income	17,234	8,253
Management fee debtors	8,659	5,369
Other	271	1,817
Total trade and other receivables	161,927	101,366

Notes to the financial statements (continued)

All of the financial assets above are non-interest bearing and expected to be settled within one year. Note 24 to these financial statements provides an analysis of the credit and foreign currency risks from the financial assets noted above.

17. Cash and cash equivalents

	2014	2013
	£'000	£'000
Cash at bank and in hand	2,063	3,696
Short-term bank deposits	166	65
Total cash and cash equivalents	2,229	3,761

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

All of the 'Cash and cash equivalents' balances at the statement of financial position date were held with counterparties rated (Standard & Poor's) A or above (2013: A or above).

18. Assets held for sale

Assets held for sale of £670,000 (2013: £nil) relate to the investment in SLI Inc that the Company sold on 30 January 2015. Refer to Note 30 for more details.

19. Share capital

	Allotted, Called Up and Fully Paid			
	2014		2013	
	No.	£'000	No.	£'000
Ordinary Shares of £1 each	34,440,000	34,440	34,440,000	34,440

20. Retained earnings

	2014	2013
	£'000	£'000
At 1 January	113,662	105,182
Profit for the year attributable to equity holders	130,112	98,409
Dividends and distributions	(143,000)	(94,000)
Tax credit relating to share option scheme	2,714	4,071
At 31 December	103,488	113,662

21. Trade and other payables

	2014	2013
	£'000	£'000
Accruals & deferred income	150,333	106,364
Amounts owed to Standard Life Group undertakings	33,562	59,943
Amounts owed to subsidiary undertakings	4,886	5,635
Other	821	1,071
Total trade and other payables	189,602	173,013
Presented as:		
Non-current	29,299	24,680
Current	160,303	148,333
Total trade and other payables	189,602	173,013

All trade and other payables, with the exception of certain accruals, are expected to be settled within 12 months. All of the financial liabilities listed above are non-interest bearing.

Notes to the financial statements (continued)**22. Movement in operating assets and liabilities**

	2014	2013
	£'000	£'000
Movement in operating assets:		
Trade and other receivables	(60,561)	(11,472)
	(60,561)	(11,472)
Movement in operating liabilities:		
Trade and other payables	16,589	48,537
	16,589	48,537
Movement in operating assets and liabilities	(43,972)	37,065

23. Structured Entities

A structured entity is defined as an entity where control is not necessarily held through voting rights linked to ownership stake but rather through rights arising from contractual agreements that give power to direct the relevant activities.

The principal types of structured entities in which the Company has an interest include:

OEIC's – open ended variable capital vehicles with a sub-fund umbrella structure

SICAV's – European equivalent of OEIC's with a similar sub-fund umbrella structure

Unit Trusts – a range of trusts, each offering a different investment objective and risk profile

The purpose and activity of these vehicles is to invest the pooled assets in order to secure investment returns (either capital or income returns) in return for a management fee. There are no material differences in the risks, exposure or operation of the unstructured entities and therefore we have combined the relevant disclosure. The combined Assets under Management of these entities is £94.0 bn (2013: £68.5bn).

Unconsolidated structured entities**(i) Investments in unconsolidated structured entities**

The Company has investments in the following unconsolidated structured entities:

Investments in Associates – Standard Life Investments is the asset manager and has significant influence. The types of vehicles that are included in this category are listed above.

The Company's maximum exposure to loss in respect of the interests presented above is the carrying value of the Company's investment or the management fee debtor.

Information on how the Company manages its exposure to risk can be found in Note 24 'Financial Risk Management'.

(ii) Other interests in unconsolidated structured entities

Where the Company is the asset manager of a particular investment vehicle with day to day responsibility for the operation of that vehicle, it considers itself to be a sponsor of that entity. These disclosures relate to interests in structured entities in which the Company does not have a direct holding but does sponsor the vehicle.

There are no current intentions to provide support to an unconsolidated structured entity in the foreseeable future.

Information on how the Company manages its exposure to risk can be found in Note 24 'Financial Risk Management'.

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

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

(b) The Group's approach to risk and capital management

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

Notes to the financial statements (continued)**24. Financial risk management (continued)**

The Group takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Group's risk profile. The Group Board has approved a risk policy which outlines the framework for identifying, assessing, monitoring and controlling risk.

Capital is managed within the regulatory framework in which the Group operates. This makes use of an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Group Board, to identify the risks to which the Company is exposed and to quantify their impact on economic capital, including changes thereto by way of stress and scenario tests. The ICAAP estimates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk. The Group is required at all times to maintain at least this level of capital. While the Company does not have its own ICAAP it is a part of the Group ICAAP. The Group's calculation thereof is subject to review by the Financial Conduct Authority (FCA) who also monitor compliance by way of quarterly and annual submissions made by the Group and periodic visits.

The ICAAP is subject to high level quarterly review within the Group, with detailed annual review and approval by the Group Board. The potential impact of any significant risks identified out with these timescales would be subject to immediate review.

(c) The management of financial and non-financial risks

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

(i) Statement of financial position reconciliation

2014				
	Financial assets			Total
	FVTPL	Loans and receivables	Non-financial assets	
	£'000	£'000	£'000	
Intangible assets	-	-	11,516	11,516
Investments in subsidiaries	-	-	27,906	27,906
Tax assets	-	-	12,074	12,074
Investments in associates	99,204	-	13,448	112,652
Assets held for sale	-	-	670	670
Trade and other receivables	-	160,592	1,335	161,927
Cash and cash equivalents	-	2,229	-	2,229
Total assets	99,204	162,821	66,949	328,974

2013*				
	Financial assets			Total
	FVTPL	Loans and receivables	Non-financial assets	
	£'000	£'000	£'000	
Intangible assets	-	-	5,486	5,486
Investments in subsidiaries	-	-	28,362	28,362
Tax assets	-	-	12,473	12,473
Investments in associates	113,001	-	13,448	126,449
Investment securities	43,397	-	-	43,397
Trade and other receivables	-	100,734	632	101,366
Cash and cash equivalents	-	3,761	-	3,761
Total assets	156,398	104,495	60,401	321,294

*Refer to Note 1 (a)(vi) for more details.

Notes to the financial statements (continued)**24. Financial risk management (continued)**

	2014		
	Financial liabilities	Non-financial liabilities	Total
	£'000	£'000	£'000
Current tax liabilities	-	1,444	1,444
Trade and other payables	189,185	417	189,602
Total liabilities	189,185	1,861	191,046

	2013		
	Financial liabilities	Non-financial liabilities	Total
	£'000	£'000	£'000
Current tax liabilities	-	179	179
Trade and other payables	172,651	362	173,013
Total liabilities	172,651	541	173,192

(ii) Fair value of assets and liabilities

All financial assets that are held as FVTPL are carried at their fair value which is stated in the table above. All assets listed as FVTPL are classified as designated on initial recognition. Due to the short-term nature of current financial assets and current financial liabilities the amortised cost is approximate to the fair value.

The accounting standards define fair value hierarchy levels which describe the nature of an instrument's fair value measurement as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table classifies the financial instruments held at FVTPL into one of the above three levels:

	2014			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Investment in associates	256	89,554	9,394	99,204
	256	89,554	9,394	99,204

	2013*			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Investment securities	-	39,020	4,377	43,397
investments in associates	218	104,265	8,518	113,001
	218	143,285	12,895	156,398

*Refer to Note 1 (a)(vi) for more details.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market, and are therefore treated as level 1 instruments within the fair value hierarchy.

Level 2 securities consist of unlisted investments in regulated collective investment schemes. These investments are valued using prices sourced directly or indirectly. Since they are not generally considered to be quoted in an active market, they have been treated as level 2 within the fair value hierarchy.

Notes to the financial statements (continued)**24. Financial risk management (continued)**

Valuation techniques are used for level 3 equity securities. The Company's exposure to these relates primarily to private equity investments. The majority of the Company's private equity investments are carried out through European fund of funds structures, where the Company receives valuations from the investment managers of the underlying funds. The valuation of these investments by the investment managers of the underlying funds is based on European Venture Capital Association Guidelines, including price/earnings ratio based valuations.

Private equity fund valuations are provided by the respective managers of the underlying funds and are assessed on an individual investment basis, with an adjustment made if necessary for significant movements between the date of the valuation and the end of the reporting period. Sensitivities are determined by comparison to the private equity market. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are treated as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

A 10% change in the assumptions to reasonably possible alternatives would impact shareholder profit before tax or shareholder total assets or liabilities by £939,400 (2013: £1,289,500) for level 3 investments.

(iii) Reconciliation of movements in level 3 instruments

Included in level 3 investment securities are private equity co-investments and an investment in an unregulated property fund. The movements in level 3 financial assets and liabilities held at fair value are set out below.

	2014	2013
	Investment securities	Investment securities
	£'000	£'000
At 1 January	12,895	9,135
Total gains or losses recognised in the income statement	780	(215)
Purchases	2,500	6,677
Sales	(6,195)	(2,494)
Foreign exchange adjustment	(586)	(208)
At 31 December	9,394	12,895

Total gains and losses recognised in the income statement shown above are included in 'Other operating income'.

(iv) Credit risk

The Company is exposed to credit risk through capital investments, cash deposits, trade receivables and intercompany balances. For cash deposits an internal credit assessment of each counterparty is used to set counterparty limits by the Group. This is presented to the Standard Life Group Credit Risk Committee for review and approval.

Management fee income provides the bulk of the Company's revenues and is the largest component of 'Trade and other receivables'. Funds are managed in accordance with legal agreements in place with both Standard Life Group companies and third parties, that specify contractual payment terms. The majority of receipts by value are received either monthly or quarterly from Standard Life Group entities who have had no defaults in the past.

Cash deposits, comprising the majority of 'Cash and cash equivalents', are placed for terms of less than three months, with counterparties selected according to the criteria noted and are all rated (Standard & Poor's) A or above (2013: A or above).

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

	2014	2013*
	£'000	£'000
Investment securities	-	43,397
Trade and other receivables	160,592	100,734
Investment in associates	99,204	113,001
Cash and cash equivalents	2,229	3,761
	262,025	260,893

*Refer to Note 1 (a)(vi) for more details.

Notes to the financial statements (continued)**24. Financial risk management (continued)**

At the statement of financial position date, none of the financial assets above were impaired but 'Trade and other receivables' classified as past due amounted to £2,235,000 (2013: £908,000), of which £1,832,000 (2013: £908,000) was overdue for greater than one month, £nil over three months (2013: £nil), £nil over six months (2013: £nil) and £nil (2013: £nil) over twelve months.

(v) Market risk

Market risk is the risk of adverse impact on the Company of changes in the fair values of financial instruments from fluctuations in foreign currency exchange rates, interest rates, property prices and equity prices.

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

The impact of a fall in asset values at a point in time would primarily impact revenue, which is accrued based on those values, and is not hedged. A 10% change in market levels would result in a change in profit after tax of £38,514,000 (2013: £32,256,000).

The Company transacts most of its business in Sterling but has exposure to foreign exchange movements through its overseas subsidiaries, its Indian associate, foreign currency denominated cash balances, and fee income derived from Canadian Dollar, US Dollar or Euro denominated assets, all unhedged. The Company's currency exposure within financial assets and liabilities at the statement of financial position date was as follows:

2014				
	Sterling	Euro	Other	Total
	£'000	£'000	currencies	£'000
Investment in associates	89,695	8,707	802	99,204
Trade and other receivables	146,849	10,030	3,713	160,592
Cash and cash equivalents	1,372	50	807	2,229
	237,916	18,787	5,322	262,025
2013*				
	Sterling	Euro	Other	Total
	£'000	£'000	currencies	£'000
Investments in associates	104,392	7,936	673	113,001
Investment securities	39,020	4,377	-	43,397
Trade and other receivables	93,268	6,699	767	100,734
Cash and cash equivalents	2,795	291	675	3,761
	239,475	19,303	2,115	260,893

*Refer to Note 1 (a)(vi) for more details.

2014				
	Sterling	Euro	Other	Total
	£'000	£'000	currencies	£'000
Trade and other payables	182,810	1,911	4,464	189,185
	182,810	1,911	4,464	189,185
2013				
	Sterling	Euro	Other	Total
	£'000	£'000	currencies	£'000
Trade and other payables	168,732	3,038	881	172,651
	168,732	3,038	881	172,651

Notes to the financial statements (continued)**24. Financial risk management (continued)**

A 10% movement in the exchange rate between Sterling and the main currency to which the Company is exposed, would have the following impact:

2014	
10% Increase in currency against Sterling	10% decrease in currency against Sterling
Euro	Euro
£'000	£'000
Impact on profit after tax	
1,639	(1,341)
2013	
10% Increase in currency against Sterling	10% decrease in currency against Sterling
Euro	Euro
£'000	£'000
Impact on profit after tax	
1,646	(1,347)

The Company has exposure to market risk in the UK only for equity securities.

The Company has minimal exposure to interest rate risk through its 'Cash and cash equivalents' as disclosed in the statement of financial position.

(vi) Liquidity risk

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

The Company's cashflows are such that short-term liabilities are generally matched by similarly short-term assets, and longer term liabilities are covered by short-term assets, normally held in cash or highly liquid securities. The Group manages its liquidity risk by regular monitoring of its cash position, credit control including credit risk assessment noted above, forward planning including cash flow analysis and regular reporting thereon to the Group Board and the Financial Risk and Capital Management Forum.

Surplus cash is generally invested in cash deposits with institutions meeting the Group's credit risk approval criteria, repayable on demand. These are disclosed in the statement of financial position under 'Cash and cash equivalents'.

Notes to the financial statements (continued)**24. Financial risk management (continued)**

The following table represents the Company's ability to meet its cash commitments as they fall due:

Financial assets	2014		
	Investment in associates	Trade and other receivables	Cash and cash equivalents
	£'000	£'000	£'000
Due on demand	84,243	-	2,229
Due within 1 month	-	403	-
Due within 1 year	-	1,832	-
No contractual maturity date	14,961	158,357	-
	99,204	160,592	2,229

Financial assets	2013*			
	Investment securities	Investment in associates	Trade and other receivables	Cash and cash equivalents
	£'000	£'000	£'000	£'000
Due on demand	43,397	99,317	-	3,761
Due within 1 month	-	-	14,807	-
No contractual maturity date	-	13,684	85,927	-
	43,397	113,001	100,734	3,761

*Refer to Note 1 (a)(vi) for more details.

Financial liabilities	2014	2013
	Trade and other payables	
	£'000	£'000
Due within 1 month	37,340	34,512
Due within 1 year	103,418	74,837
Due between 1 and 5 years	29,299	24,680
No contractual maturity date	19,127	38,622
	189,184	172,651

(vii) Operational risk

Operational risk is defined as the risk of loss, or adverse consequences for the business, resulting from inadequate or failed internal processes, people and systems, or from external events. The Group sets an acceptable level of operational risk as quantitative and qualitative risk limits.

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

The Group assesses its exposure to operational risk to enable efficient allocation of resources to manage such risks. The Group assesses its historical operational risk exposure using objective quantitative data. The Group also assesses the impact and likelihood of operational risks materialising in the future through a combination of qualitative data arising from management's judgement and historical data.

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

The impact of new products, significant changes in business operations, or any material one-off transactions on the operational risk profile of the Company is assessed and managed.

(d) Compliance with FCA regulatory requirements

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

Notes to the financial statements (continued)**24. Financial risk management (continued)****The FCA framework consists of three 'Pillars':**

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

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

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

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

http://www.standardlifeinvestments.com/Global_Pillar_3_Policy/getLatest.pdf

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

25. Related party transactions**Parent and ultimate controlling party**

The Company's parent undertaking is Standard Life Investments (Holdings) Limited, and the ultimate controlling party is Standard Life plc.

Copies of the Annual Report and Accounts of Standard Life plc are available to the public to download on the website www.standardlife.com.

Company transactions between and balances with related parties

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

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

2014			
	Revenues	Expenses	
	£'000	£'000	
			Amounts owed by related parties
			£'000
Pension schemes	-	10,136	-
Standard Life Group undertakings	517,755	73,395	135,763
Other	2,044	15,201	-
	519,799	98,732	135,763
			38,448
2013			
	Revenues	Expenses	
	£'000	£'000	
			Amounts owed by related parties
			£'000
Pension schemes	-	10,021	-
Standard Life Group undertakings	410,229	73,596	85,927
Other	15,695	9,986	-
	425,924	93,603	85,927
			65,578

Interest paid to the parent amounted to £nil (2013: £nil). Interest paid to other related parties amounted to £nil (2013: £nil).

Dividend income from subsidiaries amounted to £53,052,000 (2013: £22,008,000). Dividends owed by subsidiaries amounted to £nil (2013: £nil).

Dividend income from the associate amounted to £2,565,000 (2013: £7,810,000). Dividends owed by the associate amounted to £nil (2013: £nil).

Notes to the financial statements (continued)

25. Related party transactions (continued)

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad and doubtful debts has been recognised in the year, or in the prior year, in respect of the amounts owed by related parties. The investments held within the collective investment schemes are held with a related party. Refer to Note 15 'Investment Securities' for additional information on investment securities. Some of the investment securities held within the statement of financial position were sold to a related party after the statement of financial position date as discussed in Note 30.

Key management personnel

Key management personnel comprises 13 people (2013: 12 people) within the Company, including all directors. The remuneration of the Directors during the year was as follows:

	2014	2013
	£'000	£'000
Short-term benefits	11,924	10,906
Post employment benefits	18	16
Share-based payment expenses	7,926	5,615
Total key management personnel remuneration	19,868	16,537

£16,798,000 (2013: £13,408,000) was owing to key management personnel at the statement of financial position date.

Thirteen Directors (2013: twelve) of the Company were participants in LTIPs. The benefits arising under the incentive schemes are recorded in the period in which entitlement is determined. Of these Directors, there were Thirteen (2013: twelve) Directors whose qualifying services were received or are receivable in the year.

Thirteen (2013: twelve) Directors exercised share options during the year.

Retirement benefits are accruing to nine Directors (2013: nine) in respect of their services to the Company and its subsidiaries under a defined benefit scheme operated by the Standard Life Group and two (2013: four) under a defined contribution scheme.

The highest paid Director of the Company received aggregate remuneration during the year of £3,208,000 (2013: £2,748,000). At 31 December 2014, the highest paid Director also held accrued pension benefits of £14,000 (2013: £14,000) under the defined benefit pension scheme operated by the Standard Life Group. The company pension contributions for the highest paid Director for the year were £91,000 (2013: £84,000).

The highest paid Director has exercised share options during the year and qualifying services in relation to the Group's LTIP were received or are receivable during the year.

26. Pension obligations

The employees who manage the affairs of the Company are members of defined benefit pension schemes and defined contribution pension schemes operated by the Standard Life Group for its employees in the United Kingdom. There is no contractual agreement or policy for charging the net defined benefit cost of the defined benefit schemes across the participating companies. The sponsoring employer for the defined benefit schemes is Standard Life Assurance Limited (SLAL) and therefore the net defined benefit cost of the schemes is recognised by SLAL. As a result the Company records its contributions to the defined benefit schemes as an expense in the period they are payable. The contributions to the defined contribution and the defined benefit plans recognised as an expense for the year ended 31 December 2014 were £10,136,000 (2013: £10,021,000).

Details of the UK defined benefit pension schemes are disclosed in the consolidated financial statements of Standard Life plc.

Notes to the financial statements (continued)**27. 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 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:

a) Share options**(i) Long-term incentive plans**

The Standard Life Group operates the following LTIPs:

Plan	Recipients	Grant date	Conditions which must be met prior to vesting
Standard Life plc long-term incentive plan (Standard Life 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 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 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 employees in the US, France and Asia 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 2014 and 2013 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.

(iii) Sharesave (Save-as-you-earn)

The Standard Life 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.

b) Share awards**(i) Share incentive plans**

The Standard Life 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 £1,500. The Group offers to match the number of shares bought up to a value of £25 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.

Notes to the financial statements (continued)**27. Employee share based payments (continued)****c) Options granted and weighted average contractual life**

The number and weighted average exercise price for options outstanding during the year are as follows (for the Company element of the Standard Life plc LTIP and the Group's LTIP):

2014				
Number of options				
000's				
Long-term incentive plan (including RSP)	Short-term incentive plan	Sharesave	Weighted average exercise price for Sharesave	
Outstanding at 1 Jan	22,203	43	1,638	184p
Granted	5,742	15	905	296p
Forfeited	(5,629)	-	(6)	285p
Exercised	(8,982)	(25)	(550)	157p
Cancelled	-	-	(15)	275p
Outstanding at 31 Dec	13,334	33	1,972	242p
Weighted average remaining contractual life of options outstanding (years)	1.81	1.17	1.17	3.03
2013				
Number of options				
000's				
Long-term incentive plan (including RSP)	Short-term incentive plan	Sharesave	Weighted average exercise price for Sharesave	
Outstanding at 1 Jan	30,244	50	1,391	165p
Granted	5,511	19	283	272p
Forfeited	(6,227)	-	(22)	168p
Exercised	(7,325)	(26)	(12)	157p
Cancelled	-	-	(2)	157p
Outstanding at 31 Dec	22,203	43	1,638	184p
Weighted average remaining contractual life of options outstanding (years)	1.31	1.18	2.65	n/a

The number of options for 2013 has been restated in line with current year methodology. The exercise price for options granted under long-term and short-term incentive schemes is nil. Fair value of options granted under the Group's incentive schemes is determined using a relevant valuation technique, such as the Black Scholes option pricing model.

Notes to the financial statements (continued)**27. Employee share based payments (continued)**

The following table shows the assumptions that were considered in determining the fair value of options granted during the year (for the Group's LTIP):

	2014			
	Long-term incentive plan (excluding RSP)	RSP	Short-term incentive plans	Sharesave
Options granted during the year				
Date of grant	SLI LTIP 28 March 2014 and Group LTIP 20 May 2014	Throughout	28-Mar-14	06-Oct-14
Share price at grant date	380.30	381.80	380.30	390.50
Weighted average fair value	380.30	381.80	380.30	88.70
Exercise price	nil	nil	nil	296.10
Option term (years)	3.32	2.85	3.24	3.58
Options exercised during the year				
Weighted average share price at time of exercise	386.21	385.76	389.10	400.80

For the LTIPs, RSPs and short-term incentive plans, the dividend policy includes the entitlement to the receipt of dividends in respect of awards that ultimately vest between the date of grant and the vesting date. For the Sharesave scheme there is no dividend entitlement.

No departures from share option schemes are expected at grant date, with any leavers being accounted for on departure. In determining the fair value of options granted under the Sharesave scheme the historic volatility of the share price over a period of up to five years and a risk free rate determined by reference to swap rates was also considered.

The following table shows the range of exercise prices of options outstanding at 31 December 2014. All options are exercisable for a period of six months after the vesting date.

	2014	2013
	Number of options outstanding ('000's)	Number of options outstanding ('000's)
Long-term incentive plans	13,334	22,203
£nil		
Short-term incentive plans		
£nil	33	43
Sharesave		
157p	626	1,177
221p	177	177
272p	276	284
296p	893	-
Outstanding at 31 December	15,339	23,884

Notes to the financial statements (continued)**27. Employee share based payments (continued)****Share incentive plans**

The terms and conditions of each of the ongoing arrangements are set out in the table below and are based on the weighted average number of awards.

	2014	2013
Number of instruments granted	44,876	43,862
Share price at date of grant	389p	361p
Fair value per-granted instrument at grant date	389p	361p

The fair value of instruments granted under the share incentive plan is calculated by reference to the share price at grant date. The plan includes the entitlement to the receipt of dividends in respect of awards that ultimately vest between the date of grant and the vesting date. At the grant date all awards are expected to vest. No departures are expected at the grant date, with leavers being accounted for on departure.

(d) Employee share-based payment expense

The amounts recognised as an expense in Note 4 for equity settled share-based payment transactions with employees are as follows:

	2014	2013
	£'000's	£'000's
Share options granted under LTIPs	15,604	17,644
Share options granted under Sharesave	292	146
Share options granted under short-term incentive plans	37	65
Matching shares granted under share incentive plans	175	158
	16,108	18,013

28. Commitments**Operating lease commitments**

The Company's annual commitments under non-cancellable operating leases for land and buildings were as follows:

	2014	2013
	£'000	£'000
Within one year	125	125
Expiring during years two to five	-	63
	125	188

Commitments to limited partnerships

The Company has entered into partnership agreements which have committed the Company to invest a maximum of £16,653,000 (2013: £17,659,000) into limited partnerships. During the year the Company invested £419,000 (2013: £419,000) with a remaining maximum commitment of £5,325,000 (2013: £7,407,000).

29. Contingent assets

A minimum fee arrangement is in place with an external party, in relation to an agreement by the Company to sell investment solutions directly to customers. It is probable that this minimum fee will be payable to the Company and the maximum value of this as at the 31 December 2014 is £5,000,000.

30. Events after the statement of financial position date

On 30 January 2015, SLI Inc. was sold to another entity within the Standard Life Group for its fair value of £6,665,341.

Independent auditors' report to the members of Standard Life Investments Limited

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

Standard Life Investments Limited's financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the statement of cash flows for the year then ended;
- the statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Independent auditors' report to the members of Standard Life Investments Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

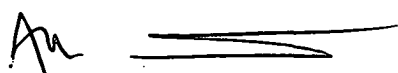
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



Allan Mcgrath (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

17 February 2015