

Registration number: SC123321

Aberdeen Standard
Investments

Standard Life Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

COMPANIES HOUSE
EDINBURGH

26 JUL 2019

FRONT DESK



Contents

Company Information	1
Directors' Report	2
Strategic Report	3 to 5
Statement of Directors' Responsibilities	6
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 40
Independent Auditor's Report	41 to 43

Company Information

Directors	R L Paris M J Gilbert N K Skeoch M Tumilty
Company secretary	H S Kidd
Registered office	1 George Street Edinburgh EH2 2LL
Auditors	KPMG LLP Chartered Accountants & Statutory Auditors Saltire Court 20 Castle Terrace Edinburgh United Kingdom EH1 2EG

Directors' Report for the year ended 31 December 2018

The directors present their annual report together with the audited financial statements of Standard Life Investments Limited (the Company) for the year ended 31 December 2018.

Directors of the company

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

R L Paris
M J Gilbert
N K Skeoch
M Tumilty
S A Fitzgerald (appointed 4 January 2018 and resigned 28 October 2018)

The Company's ultimate parent company, Standard Life Aberdeen plc ('SLA 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 2018 is a profit after tax of £387,966,000 (2017: £176,770,000). The directors consider the result to be satisfactory.

Future outlook

The directors are confident that the Company will maintain its financial position in the future.

Dividends

The directors recommended and paid dividends of £181,000,000 in 2018 (2017: £185,000,000) to its parent company.

Charitable donations

The Company did not make any material charitable donations during the year (2017: £nil).

Annual general meeting

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

Independent auditor

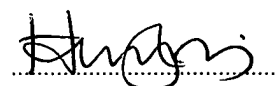
The Independent Auditor, KPMG LLP, have indicated their willingness to continue in office.

Disclosure of information to the auditor

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

Approved by the Board on 3 July 2019 and signed on its behalf by:



H S Kidd
Company secretary

Strategic Report

for the year ended 31 December 2018

Review of the Company's business

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

During the year the Company has partially disposed of its investment in associate, HDFC AMC, resulting in a gain of £198,293,000. During the year, as a result of the sale of Standard Life Assurance Limited to Phoenix, the Company has also put transitional service arrangements in place with Phoenix to cover third party administration services.

Continued lower investment performance and adverse market movements have resulted in reduced assets under management ('AUM') and therefore lower turnover during 2018.

Key performance indicators (KPIs)

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

	2018 £ 000	2017 £ 000
Net turnover	628,985	641,573
Operating profit	433,995	201,352
Assets under management	188,890,735	227,803,709

Assets under management have fallen as a result of net outflows relating to continued lower investment performance, combined with adverse market movements.

Net turnover has fallen in the year as a result of reduced assets under management as mentioned above.

Operating profit has increased as a result of a £198,293,000 gain on sale of associate, HDFC AMC, as well as reduced expenses, resulting from cost initiatives during the year, offset by increased restructuring costs.

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

Strategic Report for the year ended 31 December 2018 (continued)

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

The list below does however provide a summary of the key risks facing both SLA plc and the Company. Further details on each of the risks, together with how they link to our new strategy, how they have evolved over the year and how they are managed can be found in the Standard Life Aberdeen Group accounts.

The principal risks to which the Company is most specifically exposed can be categorised as follows:

Brexit: The Company continues to monitor the ongoing political debate to identify if any existing risk exposures have altered or new risks emerge. The wider SLA plc business remains well positioned to benefit from the trends which are shaping the investment landscape although there remains unavoidable uncertainty due to Brexit. Exposure to Brexit not only has the potential to create volatility for our customers' and clients' investments but also the SLA plc asset management distribution capability to European clients.

The Standard Life Aberdeen Group has established a new Dublin based entity to mitigate the ongoing risks but political risks in the UK and Europe could threaten the operation of services for the Group, as they could for many other industries and companies. Active regulatory engagement and close monitoring of ongoing political debates are in place. The investors in the agreements managed by Standard Life Investments Limited are mainly UK based and Brexit is therefore not expected to have a significant impact on the structure or operations of the Company. However, Brexit has the potential to create volatility in the valuation of the mandates and therefore the revenue earned by the Company.

Strategic risks: Notably investment performance; distribution and client management; and ensuring we meet the evolving needs of our clients and customers. Political change also continues to be a key strategic risk with the new laws and regulations having the potential to impact both client behaviours and our global operating model.

Operational risk: IT failure and security including cyber risk; third party oversight; and process execution failure.

Conduct risk: Specifically the risk that our behaviours, strategies, decisions and actions deliver unfair outcomes to our customers and clients and/or poor market conduct. We have no appetite for either of these.

Regulatory and legal risk: We operate in a highly regulated industry and our global footprint exposes us to an increasing number of regulatory regimes which have the potential to expose the Company to risks.

Financial market risk: Notably market risk; liquidity risk and counterparty failure.

Strategic Report
for the year ended 31 December 2018 (continued)

Employees

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

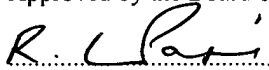
The Company is committed to engaging with employee representatives on a broad range of issues, including consultation on any major business change. The Company has a Partnership Agreement with BRIDGE, the Standard Life Investments Staff Association, which outlines how the Company and BRIDGE will work on shared objectives including employment security, terms and conditions, equality and diversity and health and safety.

Additional details relating to employees are disclosed in the Standard Life Aberdeen plc accounts.

Environmental matters

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

Approved by the Board on 3 July 2019 and signed on its behalf by:



R L Paris
Director

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

Profit and Loss Account
for the year ended 31 December 2018

		2018	Restated*
	Note	£ 000	2017
			£ 000
Turnover			
Management fees		632,834	645,750
Performance fees		761	-
Fee and commission expense		<u>(4,610)</u>	<u>(4,177)</u>
Net turnover		628,985	641,573
Other operating income	3	324,262	82,700
Restructuring costs	6	(77,448)	(30,957)
Administrative expenses		(434,126)	(488,709)
Amortisation of intangibles		<u>(7,678)</u>	<u>(3,255)</u>
Operating profit	5	433,995	201,352
Net finance income	7	<u>717</u>	<u>224</u>
Profit before tax		434,712	201,576
Tax expense	8	<u>(46,746)</u>	<u>(24,806)</u>
Profit for the year		<u>387,966</u>	<u>176,770</u>

The notes on pages 10 to 40 form part of these financial statements.

The Company has not recorded any other comprehensive income during the years to 31 December 2018 or 31 December 2017. A separate statement of comprehensive income is therefore not disclosed.

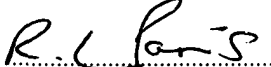
* Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

Balance Sheet as at 31 December 2018

		2018	Restated *
	Note	£ 000	2017
			£'000
Assets			
Non-current assets			
Property, plant and equipment	10	21,113	22,003
Intangible assets	11	23,776	29,661
Deferred tax assets	12	-	3,243
Investments in subsidiaries	13	28,064	28,118
Investments in associates	14	10,634	9,568
Investment securities	15	15,090	17,518
Trade and other receivables	17	195,000	-
Total non-current assets		293,677	110,111
Current assets			
Current tax assets	12	2,887	15,701
Trade and other receivables	17	222,411	191,810
Cash and cash equivalents	18	112,320	67,253
Derivative assets		-	76
Total current assets		337,618	274,840
Assets held for sale	22	-	3,880
Total assets		631,295	388,831
Equity			
Share capital	19	34,440	34,440
Retained earnings		361,283	154,681
Equity attributable to equity holders of the parent		395,723	189,121
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	2,517	-
Onerous lease provision	16	-	5,495
Trade and other payables	20	67,599	5,225
Total non-current liabilities		70,116	10,720
Current liabilities			
Onerous lease provision	16	172	2,950
Trade and other payables	20	165,182	186,040
Derivative liabilities	21	102	-
Total current liabilities		165,456	188,990
Total liabilities		235,572	199,710
Total equity and liabilities		631,295	388,831

* Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

The notes on pages 10 to 40 form part of these financial statements. The financial statements on pages 7 to 40 were approved on behalf of the Board of Directors on 3 July 2019 and signed on its behalf by the following Director:



R L Paris
Director

(Registration number: SC123321)

Statement of Changes in Equity
for the year ended 31 December 2018

	Note	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2017		34,440	162,543	196,983
Comprehensive income				
Profit for the year		-	176,770	176,770
Total comprehensive income		-	176,770	176,770
Other changes in equity				
Tax taken to equity	8	-	368	368
Total other changes in equity		-	368	368
Transactions with owners				
Dividends to equity holders	9	-	(185,000)	(185,000)
Balance as at 31 December 2017		34,440	154,681	189,121

	Note	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2018		34,440	154,681	189,121
Comprehensive income				
Profit for the year		-	387,966	387,966
Total comprehensive income		-	387,966	387,966
Other changes in equity				
Tax taken to equity	8	-	(364)	(364)
Total other changes in equity		-	(364)	(364)
Transactions with owners				
Dividends to equity holders	9	-	(181,000)	(181,000)
Balance as at 31 December 2018		34,440	361,283	395,723

The notes on pages 10 to 40 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2018

1 Accounting policies

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

(a) Basis of preparation

(i) Statement of compliance

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2018 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council, as well as the Companies Act 2006.

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

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in relation to the effects of new but not yet effective IFRSs;

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

- IFRS 2 Share Based Payments in respect of Group-settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

For the transition to FRS 101 (which has occurred during the current-year), the Company has applied IAS 1 whilst ensuring its assets and liabilities are measured in compliance with FRS 101, effective from 1 January 2017, the beginning of the comparative period. This transition has had no significant impact on the Company's financial position, performance, equity or total comprehensive income for either the year-ended 31 December 2018 or the comparative period ended 31 December 2017, and has resulted in no impairment losses as at 31 December 2017. The most recent financial statements prepared under International Financial Reporting Standards were for the year to 31 December 2017.

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Prior-period adjustments

Seabury restatement: In preparing these financial statements in accordance with FRS 101, the directors have reconsidered the classification of certain short term investments and the comparative figures for the year ended 31 December 2017 have been revised from amounts previously reported to reclassify the investment in the Seabury Sterling Liquidity 1 Fund from Investment Securities (current) to Cash Equivalents. This restatement has had no impact on net assets or net current assets of the Company. Income in relation to this Fund has been reclassified from other operating income to net finance income.

Fees and Commissions reclassification: £23,263,000 of rebate payments that were previously reported within fees and commission expense for the year ended 31 December 2017 have now been included within management fee income rather than disclosed separately under fees and commission expense, as these are not separate obligations that arise to third parties separate to the initial revenue contract. There is no impact on profit or net assets for any period presented.

The adjustments made are shown below:

	31 December 2017 £ 000	Seabury Restatement £ 000	Fees and Commissions Reclassification £ 000	Restated 31 December 2017 £ 000
Management fee income	669,013	-	(23,263)	645,750
Fees and commission expense	(27,440)	-	23,263	(4,177)
Investment securities	81,543	(64,025)	-	17,518
Cash and cash equivalents	3,228	64,025	-	67,253
Other operating income	82,981	(281)	-	82,700
Net finance income	(57)	281	-	224

The impact of these restatements on the 2017 opening balances is shown below:

	Opening balance 1 January 2017 £ 000	Adjustment £ 000	Restated balance 1 January 2017 £ 000
Investment securities	167,339	(137,140)	30,199
Cash and cash equivalents	1,768	137,140	138,908

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(a) Basis of preparation (continued)

In preparing these financial statement in accordance with FRS 101, the directors have reconsidered the presentation of the below items:

Other operating income has been presented separately and is no longer considered to form a part of net turnover. Accordingly, net turnover for the year ended 31 December 2017 has been restated from £724,554,000 to £641,573,000. There is no impact on profit or net assets for any period presented.

Fee and commission expense has been presented separately is now shown separately rather than a reduction in turnover as these are separate obligations that arise to third parties separate to the initial revenue contract. There is no impact on profit or net assets for any period presented.

Amortisation of intangibles have been presented as a separate line on the face of the Profit and Loss Account, instead of within administrative expenses. There is no impact on profit or net assets for any period presented as a result of this restatement.

Foreign exchange movements have been presented with administrative expenses, rather than as a separate line on the face of the Profit and Loss Account. There is no impact on profit or net assets for any period presented.

In preparing these financial statement in accordance with FRS 101, the directors have reconsidered the presentation of 'restructuring costs' in the profit and loss account, which is now considered to form a part of operating profit. Accordingly, operating profit for the year ended 31 December 2017 has been restated from £231,038,000 to £201,352,000. There is no impact on profit or net assets for any period presented.

(iii) New interpretations and amendments to existing standard that have been adopted by the Company

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 has replaced IAS 18 'Revenue' and related interpretations. IFRS 15 provides a new five-step revenue recognition model for determining recognition and measurement of revenue from contracts with customers. A detailed impact assessment was completed for all major revenue streams, reviewing contracts and analysing the revenue recognised. No significant impacts to profit or net assets were identified for the Company.

IFRS 9 'Financial Instruments'

IFRS 9 has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. There has been no material impact on the Company's financial performance or position and no comparative numbers have been adjusted following the adoption of IFRS 9.

(b) Revenue recognition

Turnover

The Company's primary source of revenue is fee income from investment management activities. Fee income includes management fees and performance fees and is shown net of rebates and commissions.

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of AUM. The fees are recognised as the service is provided and when it is probable that the fee will be received.

Performance fees are earned from some clients where the actual performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. They are only recognised at the end of these performance periods, when a reliable estimate of the fee can be made and it is almost certain that the fee will be received.

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(b) Revenue recognition (continued)

Rebates are for management fees and are paid by the Company based on an agreed percentage of AUM and are disclosed net within management fee income. Commissions are payments made to third parties for ongoing services over the period in which the services are provided. These services include distribution, listing of funds on platforms and sub-investment management. Payments are calculated as a percentage of assets managed and are paid in accordance with the related service agreements.

(c) Expense recognition

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 which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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) 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 investments in associates and derivatives are designated as FVTPL with the exception of the investment in HDFC Asset Management Company Limited (HDFC AMC) which is held at cost.

(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 considered as non-current assets. The Company's loans and receivables comprise 'Trade and other receivables' in the statement of financial position.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(f) 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.

(g) Pension costs and other post-retirement benefits

The Standard Life Aberdeen Group operates a number of defined benefit and defined contribution plans. The pension plans are funded by payments from employees and by the Standard Life Aberdeen Group, determined by periodic actuarial calculations.

The Group has no obligation to fund any deficit and has no right to any asset relating to the pension scheme. The assets and liabilities are included in the ultimate parent's financial statements. Consequently the costs of these schemes and the defined contribution schemes represent the contributions payable for the accounting period. The contributions are recognised in staff expenses when they are due.

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

The Company operates cash based LTIPs for certain senior employees. These are accounted for under IFRS 2 'Share-based payments' 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.

(i) 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.

2 Key estimates and judgements

The preparation of financial statements 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. In the process of applying the Company's accounting policies, management has made no key judgements.

Key estimates: Impairment of intangible assets

The Company assesses whether objective evidence of impairment exists for intangible assets. Impairments are recognised in the income statement in the period in which they occur, to the extent that the carrying value exceeds its recoverable amount. Internally developed software is tested for triggers of impairment annually. Internally developed software currently in development is also reviewed annually for impairment by comparing the carrying value with its recoverable amount.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

3 Other operating income

Accounting Policy

Investment gains and losses resulting from changes in market value on investments classified as FVTPL are recognised in the period in which they occur. Distributions from private equity funds, service fees and income from shares in group undertakings are recognised when the right to receive payment is established. The gain on sale of associate was recognised as the right to receive payment was established, refer to note 14. All other income is recognised on an accruals basis.

	2018	Restated*
	£ 000	2017
		£ 000
(Loss)/gain on financial instruments carried at FVTPL	(820)	1,926
Distributions from private equity funds	1,690	1,379
Service fees	484	4,520
Income from shares in group undertakings	107,795	61,465
Income from associate	14,014	11,540
Gain on sale of associate	198,293	-
Other	2,806	1,870
Total turnover	324,262	82,700

* Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

4 Staff and other employee related costs

The aggregate remuneration payable in respect of employees was:

	2018	2017
	£ 000	£ 000
Wages and salaries	107,979	151,365
Social security costs	17,513	22,508
Other pension costs	13,606	12,715
Share-based payment expenses	(3,598)	13,467
Cash based deferred payments	730	107
Other employee expense	27,088	5,274
Total staff and other employee related costs	163,318	205,436

Share-based payment expenses are negative in 2018 as these are based on a three year rolling comparison of the Standard Life Investments (Holdings) Limited's consolidated result against plan.

The average number of staff of the Company during year was 1,437 (2017: 1,489). The staff split by activity is as follows:

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

4 Staff and other employee related costs (continued)

	2018	2017
	No.	No.
Fund management	431	417
Global client group	409	425
Operations and change	432	427
Executive office support, finance and risk	165	220
	1,437	1,489

Details of directors' remuneration for services to the Company are contained in Note 24, 'Related party transactions'.

5 Operating profit

The following have been included in arriving at operating profit:

	2018	2017
	£ 000	£ 000
Staff and other employee related costs (Note 4)	(163,318)	(205,436)
Independent Auditor's remuneration (see below)	(348)	(300)
Depreciation expense	(2,663)	(652)
Net foreign exchange (losses)/gains	(607)	1,552

Fees payable to the Company's Independent Auditors:

Audit of the financial statements	103	25
Services pursuant to legislation	24	72
Other assurance services	221	203
Total payable to the Company's Independent Auditors	348	300

6 Restructuring costs

Costs are classified as restructuring costs if they relate to one-off significant events as defined by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Restructuring costs were incurred as follows: Integration of Ignis Asset Management Ltd £nil (2017: £8,145,000), merger with and integration of Aberdeen Asset Management plc £72,436,000 (2017: £22,812,000) and transformation through the Integrated Operating model £5,012,000 (2017: £nil).

7 Net finance income

Interest income of £717,000 (2017: £299,000) is derived primarily from 'Cash and cash equivalents'. Finance costs £nil (2017: £75,000) consists of overdraft interest and interest claims.

Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

8 Tax expense

Accounting policy

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

Deferred tax is provided using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable results will be available against which the temporary differences can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the reporting date.

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

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

	2018 £ 000	2017 £ 000
Current tax		
UK corporation tax	21,109	18,547
Overseas tax	21,590	106
Adjustment to current tax in respect of prior years	(1,344)	174
Total current tax	41,355	18,827
Deferred tax		
Deferred tax credit arising in the current year	4,085	5,979
Adjustment to deferred tax in respect of prior periods	1,306	-
Total deferred tax	5,391	5,979
Total tax expense	46,746	24,806

(b) Tax relating to items taken directly to equity

	2018 £ 000	2017 £ 000
Deferred tax charge/(credit) on reserves for employee share-based payments	364	(368)
Total tax charge/(credit) taken to equity	364	(368)

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

8 Tax expense (continued)

(c) Reconciliation of tax expense:

	2018	2017
	£ 000	£ 000
Profit before tax	434,712	201,576
Tax at UK corporation tax rate of 19% (2017: 19.25%)	82,595	38,803
Effects of:		
Income not taxable	(23,147)	(14,097)
Disallowable expenses	1,253	433
Transfer pricing	(246)	(158)
Overseas tax	21,590	106
Adjustment to current tax in respect of prior years	(1,344)	174
Adjustment to deferred tax in respect of prior years	1,306	-
Changes in deferred tax rates	735	(455)
Disposal of investment in HDFC	(35,996)	-
Total tax expense	46,746	24,806

The standard rate of UK corporation tax for the accounting period is 19% (2017: 19.25%). The UK corporation tax rate has reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. This future rate change has been taken into account in the calculation of the UK deferred tax balance at 31 December 2018.

9 Dividends

Accounting policy

Dividends paid are recognised directly in equity in the Company's financial statements in the period in which they are paid. Dividends received are recognised in the income statement when the right to receive payment is established.

	2018	2017
	£ 000	£ 000
Dividends paid to parent undertaking	181,000	185,000
Total dividends paid	181,000	185,000
Dividends received from subsidiary undertakings	107,795	61,465
Dividends received from associate	14,014	11,540
Total dividends received	121,809	73,005

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

10 Property and equipment

Accounting policy

Property and equipment is capitalised at cost and depreciation is charged to the income statement, within 'Administrative expenses', on a straight-line basis, over the estimated useful life of the asset. The estimated useful life of leasehold buildings is up to fifteen years. The estimated useful life of all other remaining property and equipment is between three and five years.

	Leasehold improvement £ 000	Furniture & equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 January 2017	2,132	-	-	2,132
Additions	10,180	8,201	2,142	20,523
At 31 December 2017	12,312	8,201	2,142	22,655
Additions	1,572	390	-	1,962
Disposals	-	-	(189)	(189)
At 31 December 2018	13,884	8,591	1,953	24,428
Depreciation				
At 1 January 2017	-	-	-	-
Charge for year	263	253	136	652
At 31 December 2017	263	253	136	652
Charge for the year	1,175	1,035	453	2,663
At 31 December 2018	1,438	1,288	589	3,315
Net book value				
At 31 December 2018	12,446	7,303	1,364	21,113
At 31 December 2017	12,049	7,948	2,006	22,003

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

11 Intangible assets

Accounting policy

Intangible assets relate to internally developed software and are recognised in the statement of financial position if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or arising from contractual or other legal rights, regardless of whether those rights are transferable or separable.

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. Internally developed software is tested for triggers of impairment annually. Internally developed software currently in development is also reviewed annually for impairment by comparing the carrying value with its recoverable amount. Impairment losses are calculated and recorded on an individual basis in a manner consistent with policy in note 1 (c). Amortisation commences at the time from which an intangible asset becomes available for use. Amortisation through both research and development, and the remaining intangible assets are presented on a separate line, 'Amortisation of intangibles.'

	Internally generated software development costs £ 000
Cost	
At 1 January 2017	35,102
Additions	5,544
At 31 December 2017	40,646
Additions	1,794
At 31 December 2018	42,440
Accumulated amortisation	
At 1 January 2017	7,730
Amortisation for the year	4,021
R&D tax claimed on capitalised expenditure*	(766)
At 31 December 2017	10,985
Amortisation for the year	7,038
R&D tax claimed on capitalised expenditure*	641
At 31 December 2018	18,664
Net book value	
At 31 December 2017	29,661
At 31 December 2018	23,776

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

11 Intangible assets (continued)

* The Research and Development (R&D) tax credit will be recognised in the income statement over the periods in which amortisation is recognised.

There has been no impairment recorded in the year (2017: nil).

12 Tax assets and liabilities

(a) Tax assets and liabilities

	2018 £ 000	2017 £ 000
Deferred tax assets (see (b) below)	-	3,243
Current tax assets	2,887	15,701
Total tax assets	2,887	18,944
Deferred tax liabilities	2,517	-
Total tax liabilities	2,517	-

(b) Recognised deferred tax

	2018 £ 000	2017 £ 000
Deferred tax assets comprise:		
Employee benefits	1,368	7,132
Legal and marketing provision	-	247
Gross deferred tax assets	1,368	7,379
Less: offset of deferred tax liabilities	(1,368)	(4,136)
Net deferred tax assets	-	3,243
Deferred tax liabilities comprise:		
Unrealised gain on investment securities	(1,218)	(1,347)
Research and Development claim on capitalised expenses	(2,394)	(2,578)
Accelerated capital allowances	(268)	(211)
Gross deferred tax liabilities	(3,880)	(4,136)
Less: offset against deferred tax assets	1,368	4,136
Net deferred tax liabilities	(2,512)	-

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

12 Tax assets and liabilities (continued)

Movements in net deferred tax liabilities comprise:

At 1 January	3,243	8,875
Amounts credited to the income statement (note 8 (a))	(5,391)	(5,979)
Deferred tax taken to equity	(364)	347
At 31 December	(2,512)	3,243

The standard rate of UK corporation tax for the accounting period is 19% (2017: 19.25%). The UK corporation tax rate has reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. These future rate changes have been taken into account in the calculation of the UK deferred tax balance at 31 December 2018.

13 Investments in subsidiaries

Accounting policy

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

The Company's investments in subsidiaries are held at cost.

Where there is an indication of impairment, an impairment review is performed by value in use calculations 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.

	2018	2017
	£ 000	£ 000
Subsidiaries		
At 1 January	28,118	28,148
Disposals	(54)	(30)
At 31 December	28,064	28,118

The disposal in 2018 was as a result of the transfer of Standard Life Investments (Schweiz) Limited to Aberdeen Standard Investments (Schweiz) Limited.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

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

			Proportion of ownership interest and voting rights held	
Name	Principal activity	Registered office	2018	2017
Parent entity - Standard Life Investments Limited				
Standard Life Investments (Mutual Funds) Limited	Collective investment products management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
SLTM Limited	Collective investment products management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (Corporate Funds) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (Private Capital) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (USA) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (Hong Kong) Limited	Investment management	30th Floor, Jardine House, One Connaught Place, Hong Kong	100%	100%
Standard Life Investments (Jersey) Limited	Property investment management	Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey	100%	100%
Standard Life Investments (France) SAS	Investment management	100 Avenue des Champs Elysees, 1 Rue de Berri, F-75008, Paris, France	100%	100%
Standard Life Investments (Switzerland) Limited	Investment management	Bahnhofstrasse 100, 8001, Zurich, Switzerland	0%	100%
Standard Life Investments (Singapore) Pte. Limited	Investment management	8 Marina Boulevard, #05-02, Marina Bay Financial Tower 1, 018981, Singapore	100%	100%
Standard Life Investments (General Partner EPGF) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited	Investment management	Bow Bells House, 1 Bread Street, London, EC4M 9HH, England and Wales	100%	100%
Standard Life Investments (General Partner UK PDF) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (General Partner PDFI) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Standard Life Investments (General Partner GARS) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (Trustee No. 1 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 2 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 3 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 4 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 5 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 6 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 7 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 8 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 9 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustee No. 10 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustees No. 11 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Standard Life Investments (Trustees No. 12 UK PDF) Limited *	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	0%	100%
Castlepoint General Partner Limited	Investment management	11th floor Two Snowhill, Birmingham B4 6WR, England & Wales	100%	100%
Standard Life Investments (General Partner MAC) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (General Partner European Real Estate Club) Limited	Property investment management	Bow Bells House, 1 Bread Street, London, EC4M 9HH, England & Wales	100%	100%
Standard Life Investments (General Partner European Real Estate Club II) Limited	Property investment management	Bow Bells House, 1 Bread Street, London, EC4M 9HH, England & Wales	100%	100%
Standard Life Investments (General Partner European Real Estate Club III) Limited	Property investment management	Bow Bells House, 1 Bread Street, London, EC4M 9HH, England & Wales	100%	100%
Standard Life Investments (General Partner CRED) Limited	Property investment management	Bow Bells House, 1 Bread Street, London, EC4M 9HH, England & Wales	100%	100%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Standard Life Investments - India Advantage Fund	Property investment management	C/O CIM Fund Services, 33 Edith Cavell Street, Port Louis, Mauritius	100%	100%
Standard Life Investments Brent Cross General Partner Limited	Property investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (General Partner GFS) Limited	Property investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
Standard Life Investments (General Partner Global Tactical Asset Allocation) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	100%
Parent Entity - Standard Life Investments (Private Capital) Limited				
SL Capital Partners LLP	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLIPC (General Partner Infrastructure II) S.a.r.l.	Investment management	2 Boulevard de la Foire, Luxembourg, 1528	100%	100%
SLIPC (General Partner Infrastructure II LTP 2017) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
SLIPC (General Partner SCF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
SLIPC (General Partner PMD Co-invest 2017) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	100%
ASI (General Partner SOV IV) Limited	Investment management	1 George Street, Edinburgh, EH2 ELL Scotland	100%	0%
ASI (General Partner 2019 European PE B) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	100%	0%
ASI (General Partner PE2) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
ASI (General Partner PFF 2018) Sarl	Investment management	2 Boulevard de la Foire 1528 Luxembourg	100%	0%
SL Capital Ignis Private Equity Founder LP	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	65%	65%
Parent Entity - Standard Life Investments (Corporate Funds) Limited				
Standard Life Investments (PDF. No 1) Limited	Investment management	Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey	50.1%	50.1%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Standard Life Investments Global Absolute Return Strategies Master Fund Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands	100%	100%
Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands	100%	100%
Standard Life Investments European RE Club (Offshore Feeder) Limited	Property investment management	PO BOX 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	100%	100%
Standard Life Investments European RE Club II (Offshore Feeder) Limited	Property investment management	PO BOX 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	100%	100%
Standard Life Investments Global Focused Strategies Master Fund Limited	Investment management	PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104, Cayman Islands	100%	100%
Standard Life Investments Global Focused Strategies Offshore Feeder Fund Limited	Investment management	PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104, Cayman Islands	100%	100%
Parent Entity - Standard Life Investments (USA)				
Standard Life Investments Securities LLC **	Investment management	Corporation Service Company Suite 400, Wilmington DE, US	100%	100%
Parent Entity - SLCP (Holdings) Limited				
SLCP (General Partner ESP 2006) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESP 2008) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESP 2008 Coinvestment) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESP CAL) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner NASP 2006) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner NASP 2008) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
SLCP (General Partner) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESP 2004) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner CPP) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Edcastle) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Tidal Reach) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner ESF II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner NASF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner USA) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner SOF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner SOF II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner SOF III) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Pearl Private Equity) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Pearl Strategic Credit) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SL Capital Partners (US) Limited	Equity research and marketing services	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Europe VI) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner EC) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
Ignis Cayman GP2 Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands	60%	60%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Ignis Cayman GP3 Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, Cayman Islands	60%	60%
SLCP (General Partner Infrastructure I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner Infrastructure Secondary I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (Founder Partner Ignis Private Equity) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (Founder Partner Ignis Strategic Credit) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
SLCP (General Partner 2016 Co-Investment) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	60%	60%
Parent Entity - Castlepoint General Partner Limited				
Castepoint Nominee Limited	Investment management	11th floor Two Snowhill Birmingham B4 6WR, England & Wales	100%	100%
Parent Entity - Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited				
Standard Life Investments UK Shopping Centre Feeder Fund Company Limited	Investment management	Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey	100%	100%
Parent Entity - Standard Life Investments (General Partner European Real Estate Club) Limited				
European RE Club (Luxembourg) S.a.r.l.14	Investment management	6B, rue Gabriel Lippmann, Parc d'Activite, Syrdall 2, L-5365, Munsbach, Luxembourg	100%	100%
European RE Club (Luxembourg) S.a.r.l. II14	Investment management	6B, rue Gabriel Lippmann, Parc d'Activite, Syrdall 2, L-5365, Munsbach, Luxembourg	100%	100%

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

13 Investments in subsidiaries (continued)

* These entities are noted as subsidiaries due to ownership of share capital, however are not consolidated in the Group financial statements.

** As of 1 January 2019 Standard Life Investment Securities LLC is wholly owned by Aberdeen Standard Investment Inc.

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

14 Investments in associates

Accounting Policy

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

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

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

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

	2018 £ 000	2017 £ 000
Investment in HDFC AMC	10,634	9,568
	10,634	9,568

8% of the 38% investment in HDFC AMC (previously classed as held for sale) was sold during the year, resulting in a gain of £198m, recognised within other income.

Details of the associates as at 31 December 2018 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
HDFC Management Company Limited (HDFC AMC)	Asset Investment management company	HUL house, 2nd Floor, H.T.Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai, India	30%	38.24%

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

15 Investment securities

Accounting Policy

Investment vehicles managed by the Company in which the Company does not hold more than 20% of the voting rights are classed as investment securities.

These investments are designated as fair value through profit or loss. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques, including arm's length market transactions.

	2018	Restated *
	£ 000	2017
		£'000
Seed capital investments	576	795
Private equity investments	14,514	16,723
	15,090	17,518

All other investment securities, are measured at FVTPL and are not considered individually material to the Company.

* Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

16 Onerous lease provision

Accounting Policy

A provision for the onerous lease is made equal to the present value of the expected expenditure required to settle the obligation.

As a result of the merger with Aberdeen Asset Management plc the properties rented in London, Frankfurt and Australia have now been vacated. Accordingly, a provision was made for the onerous leases reflecting the rent and occupancy costs expected to be incurred from the date the space becomes vacant to the next lease break point. £172,000 (2017: £2,950,000) of the provision is expected to be utilised within one year and is presented as current liabilities, with £nil (2017: £5,495,000) due after one year and presented as non-current liabilities. The London property lease has subsequently been novated to a third party, resulting in the provision being released.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

17 Trade and other receivables

Accounting Policy

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.

	2018	2017
	£ 000	£ 000
Amounts owed by subsidiary undertakings	316,550	142,403
Amounts owed by Standard Life Aberdeen Group undertakings	39,272	8,250
Prepayments and accrued income	17,495	24,169
Management fee debtors	43,984	16,882
Other	110	106
Total trade and other receivables	417,411	191,810
Presented as		
Non-current	195,000	-
Current	222,411	191,810
Total trade and other receivables	417,411	191,810

All of the financial assets above are non-interest bearing.

18 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash at bank, money at call and short notice with banks, and any highly liquid investments, and are measured at amortised cost.

	2018	Restated *
	£ 000	2017
		£ 000
Cash at bank and in hand	7,266	2,920
Seabury Sterling Liquidity 1 Fund	104,933	64,025
Short-term bank deposits	121	308
	112,320	67,253

* The investment in the Seabury Sterling Liquidity 1 Fund has been reclassified as a cash equivalent in order to more accurately reflect the underlying liquid nature of the investment. Refer to Note 1.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

19 Share capital

Accounting Policy

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

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	34,440	34,440	34,440	34,440

20 Trade and other payables

Accounting Policy

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

	2018	2017
	£ 000	£ 000
Accruals and deferred income	102,257	123,100
Amounts owed to Standard Life Aberdeen Group undertakings	38,169	56,546
Amounts owed to subsidiary undertakings	6,884	9,005
Other payables	85,471	2,614
Total trade and other payables	232,781	191,265
Presented as		
Non-current	67,599	5,225
Current	165,182	186,040
Total trade and other payables	232,781	191,265

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.

During the period a contract liability of £78m was recognised, of which £2.6m was released to the profit and loss account by 31 December 2018. Contained within other payables at 31 December 2018 is a £75.4m contract liability under IFRS 15. The contract liability will be recognised in the profit and loss account over a 10 year period as the services are provided on a straight line basis.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

21 Derivative financial instruments

Accounting Policy

Management determines the classification of derivatives at initial recognition. 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.

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 or recent market transactions) is used to determine fair value.

The Company has the following held for trading derivative financial instruments to achieve portfolio management in respect of investment securities denominated in foreign currency:

2018			
	Contract amount £ 000	Fair value assets £ 000	Fair value liabilities £ 000
Forwards	8,053	-	102
	8,053	-	102
2017			
	Contract amount £ 000	Fair value assets £ 000	Fair value liabilities £ 000
Forwards	8,797	76	-
	8,797	76	-

The fair value and foreign exchange movements on derivative financial instruments are shown in note 3.

22 Assets held for sale

Accounting Policy

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

At 31 December 2018 £nil (2017 £3,880,000) of the holding in HDFC AMC is classified as held for sale.

8.24% of the investment in HDFC AMC was disposed of during the year as noted in Note 14 'Investment in associate' (2017: no disposals).

23 Unconsolidated structured entities

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

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

23 Unconsolidated structured entities (continued)

The Company has assessed whether the funds it manages are structured entities, through review of the above factors, including the rights to remove the Standard Life Aberdeen Group companies as fund manager or other key management role. The Company considers the following as structured entities - Open ended investment companies ("OEICs"), Unit Trusts, Common Investment Funds and specific Private Equity Funds.

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

Total assets under management within unconsolidated structured entities as at 31 December 2018 were £15bn (2017: £21.8bn).

The table below summarises transactions of the Company with unconsolidated structured entities.

	2018 £ 000	2017 £ 000
Turnover	55,146	69,955
Debtors	4,863	7,559

Maximum exposure to loss

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

Financial support

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

24 Related party transactions

(a) Parent and ultimate controlling party

The Company's parent undertaking is Standard Life Investments (Holdings) Limited (registered office 1 George Street, Edinburgh, EH2 2LL) whilst the ultimate controlling party is Standard Life Aberdeen plc (registered office 1 George Street, Edinburgh, EH2 2LL).

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

(b) 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.

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

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

24 Related party transactions (continued)

(c) Key management personnel

Key management personnel comprises 5 people (2017: 10 people) comprising of all directors. The remuneration of the directors during the year was as follows:

	2018 £ 000	2017 £ 000
Short-term benefits	2,304	7,065
Share-based payment expenses	(58)	3,096
Total key management personnel remuneration	2,246	10,161

£1,560,000 (2017: £8,395,000) was owing to key management personnel at the statement of financial position date.

Four directors (2017: ten) 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 five (2017: ten) directors whose qualifying services were received or are receivable in the year. Five (2017: ten) directors exercised share options during the year.

Retirement benefits are accruing to two directors (2017: three) in respect of their services to the Company and its subsidiaries under a defined benefit scheme operated by the Standard Life Aberdeen Group and zero (2017: two) under a defined contribution scheme.

The highest paid Director of the Company received aggregate remuneration during the year of £1,342,000 (2017: £2,751,000). At 31 December 2018, the highest paid Director also held accrued pension benefits of £nil (2017: £nil) under the defined benefit pension scheme operated by the Standard Life Aberdeen Group. The company pension contributions for the highest paid Director for the year were £nil (2017: £nil).

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

25 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 Aberdeen 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 Employee Services Limited (SLESL) and therefore the net defined benefit cost of the schemes is recognised by SLESL. 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 2018 were £13,606,000 (2017: £12,715,000).

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

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

26 Employee share based payments

Accounting Policy

Standard Life Aberdeen 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 Aberdeen plc shares and further details are set out below. 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 (this is used for Sharesave save-as-you-earn).

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 Aberdeen 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 Company by Standard Life Aberdeen 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 Company recognises immediately the full charge in the income statement with a corresponding amount due to Standard Life Aberdeen Group.

If the equity instruments do not vest until the employee has fulfilled specified vesting conditions, the Company 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 Company recognises the charge in respect of those services as they are rendered during the vesting period with a corresponding amount due to Standard Life Aberdeen 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 Standard Life Aberdeen 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 Aberdeen Group.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

26 Employee share based payments (continued)

The Company does not operate any share-based payment schemes. During the year the Company's ultimate parent company, Standard Life Aberdeen 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 Aberdeen Group operates the following LTIPs:

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

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

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

The majority of the members of the executive and senior management including executive directors participate in the Group annual bonus. Under the terms of the 2018 and 2017 annual bonus, half of any bonus earned by executive directors and members of the executive team above 25% of salary will be settled in nil cost options which are deferred for a period of two years, subject to the deferred amount being worth 10% or more of salary.

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

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

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

26 Employee share based payments (continued)

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

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

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

(b) Share awards

(i) Share incentive plans

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

(c) Options granted

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

	2018		
	Number of options		
	000's		
	Long-term incentive plan (including RSP)	Short-term incentive plan	Sharesave
Outstanding at 1 January	44,466	17	2,296
Granted	15,621	30	1,095
Forfeited	(9,025)	-	(193)
Exercised	(4,472)	(17)	(146)
Cancelled	-	-	(502)
Outstanding at 31 December	46,590	30	2,550
Weighted average remaining contractual life of options outstanding (years)	1.74	1.73	2.59
Weighted average share price of options exercised (pence)	352	404	364

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

26 Employee share based payments (continued)

	2017		
	Number of options		
	000's		
	Long-term incentive plan (including RSP)	Short-term incentive plan	Sharesave
Outstanding at 1 January	31,428	34	2,296
Granted	21,580	-	607
Forfeited	(4,411)	-	(52)
Exercised	(4,131)	(17)	(508)
Cancelled	-	-	(41)
Expired	-	-	(6)
Outstanding at 31 December	44,466	17	2,296
Weighted average remaining contractual life of options outstanding (years)	1.88	0.73	2.66
Weighted average share price of options exercised (pence)	351	356	421

The following table shows the range of exercise prices of options outstanding at 31 December 2017. All options are exercisable for a period of six months after the vesting date.

	2018 Number of options outstanding (000's)	2017 Number of options outstanding (000's)
Long-term incentive plans		
£nil	46,590	44,466
Short-term incentive plans		
£nil	30	17
Sharesave		
221p	-	9
257p	1,056	-
272p	98	113
283p	672	942
296p	142	245
328p	289	384
345p	293	603
	49,170	46,779

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

26 Employee share based payments (continued)

(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:

	2018 £ 000	2017 £ 000
Share options granted under LTIPs	(5,457)	12,665
Share options granted under Sharesave	502	456
Share options granted under short-term incentive plans	324	182
Matching shares granted under share incentive	133	164
Deferred charge	900	-
	<u>(3,598)</u>	<u>13,467</u>

27 Commitments

Operating lease commitments

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

	2018 £ 000	2017 £ 000
Within one year	6,907	5,531
In two to five years	24,278	20,804
In over five years	46,289	44,330
	<u>77,474</u>	<u>70,665</u>

The lease relates to the buildings that the employees of the Company occupy, or will occupy, and the amount payable under them is determined at market rates. There are no purchase clauses or restrictions relating to these leases.

Commitments to investment securities

The Company has entered into partnership agreements which have committed the Company to invest a maximum of £18,516,000 (2017: £18,942,000) into limited partnerships. During the year the Company invested £577,000 (2017: £250,000) with a remaining undrawn commitment of £3,586,000 (2017: £3,748,000).

28 Events after the statement of financial position date

There have been no material events after the reporting period.

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

Our opinion

We have audited the financial statements of Standard Life Investments Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and the Notes to the Financial Statements, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, including related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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

Going concern

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

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

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

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception text

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

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

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

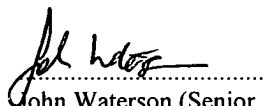
Auditor's responsibilities

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

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

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

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



John Waterson (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG

3 July 2019