Parmenion Capital Partners LLP

Annual report and financial statements

Registered number OC322243

For the year ended 31 December 2019

Contents page

Designated Members and Advisers

Designated members

Aberdeen Asset Management PLC
Aberdeen Investments Limited

Registered office

Aurora
Counterslip
Bristol
BS1 6BX

Independent auditor

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

Members' Report

The members present their report on Parmenion Capital Partners LLP (the "LLP" or "Parmenion") for the year ended 31 December 2019.

Business review and future developments

The principal activity of the LLP during the year was to offer collective investment fund based discretionary management and platform custody services to the retail clients of UK authorised Independent Financial Advisers. There are no plans to change the principal activity of the LLP.

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

Parmenion has maintained focus on ensuring that its systems and processes meet the highest industry standards. Parmenion has invested significantly, to ensure the robustness and scalability of its infrastructure and has made key hires to further enhance the quality and skills of the Parmenion team. This investment has been further supported by additional investment made by the Group that has strengthened the capital adequacy of the business.

On 1 May 2018, the trade and assets of indirect subsidiaries Parmenion Investment Management Limited and Sorbin Systems Limited were hived up into their parent company, Asander Investments Limited ("Asander"). The trade and Assets of Asander, which is a directly held subsidiary of Parmenion, were in turn hived up into the LLP. Parmenion Investment Management Limited, Sorbin Systems Limited and Asander Investments Limited were all dissolved on 15 October 2019.

Designated Members

The designated members during the year under review and up to the date of this report were:

Aberdeen Asset Management PLC
Aberdeen Investments Limited

Members' capital, interests and rights

Following the change in ownership, the new members' agreement in respect of members' capital, interests and participation rights are:

Each member's capital contribution is determined by the Limited Liability Partnership Agreement. No member is entitled to receive interest on their capital contributions to the LLP and their contribution is repayable on the date that they leave the partnership.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Each members' entitlement to any profits is of the same proportions to which they have made equity capital contributions as per the Limited Liability Partnership Agreement. The members may only take drawings after taking into account the working capital needs of the LLP (and any other FCA requirement).

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' equity interests'.

Details of changes in members' capital and interests in the year ended 31 December 2019 are set out in the financial statements.

Key performance indicators

The LLP tracks turnover and assets under management ("AUM") as key performance indicators. The table below shows AUM growth from 31 December 2018 to 31 December 2019:

	As at 31 December 2019 £'000	*As at 31 December 2018 £'000*
Assets under management	**6,960,347**	5,205,619

Principal risks and uncertainties

The LLP is exposed to a range of significant risks and operates under the Group risk management framework. The oversight and implementation of risk strategy for the LLP and the Group is managed at an executive level through the risk management committee, together with the risk, compliance, legal and internal audit departments. The members of the Group meet regularly and consider the risks facing the LLP and controls required to manage these risks, as well as the output from the aforementioned governance committees held at an executive level.

The principal risks relating to the LLP are:

Investment mandate

This is the risk of intentional or unintentional errors (including exceeding client exposure limits or mandated risk levels) leading to compensation payments for breach of investment mandates.

Client and investment mandate restrictions are automated as far as possible to reduce areas where judgement or manual intervention is required. Timely and accurate monitoring of restrictions is facilitated through the compliance monitoring system. If an investment breach is identified, the factors leading to the breach are promptly analysed and the position corrected. There is segregation of duties between all conflicting roles and there are also overarching controls in various committees, as well as an independent oversight review of portfolio data by the market risk team.

Product

Product risk arises from poor product design or undue complexity, resulting in the misleading promotion of, or misrepresenting of products to clients. It can also arise when products no longer meet the clients' objectives or requirements. The product division ensures the LLP has a clear, identifiable focus on product governance and post fund launch activities.

There is a product development team which oversees the assessment and launch of all new products. There is a company-wide approach covering all asset classes as well as product and competitor reviews. New fund proposals and strategies are evaluated and approved by the Product Development Committee, which considers the risks, potential investor profiles and distribution channels to ensure suitability and commercial viability. Periodic post-sale product analysis is conducted to confirm products are performing as expected and meeting the needs of clients.

Distribution and client management

Client relationships are fundamental to the LLP's business and retention of AUM. The main source of business originates through two channels of distribution: directly from institutions and indirectly through investment intermediaries. There is therefore the risk of misleading clients or misrepresenting products to clients which could create regulatory censure as well as loss of clients. Poor management of client or distributor relationships is also a risk. Client needs and expectations continue to evolve and change in profile, and there is a risk of failure to customise and tailor service models to suit their specific requirements.

The Board views meeting customers' needs and expectations as integral to the LLP's culture. Client relations teams keep in regular contact with clients to ensure their needs are addressed and there are product specialists in distribution teams for key capabilities including property, money market solutions, alternatives and quantitative strategies. The Group's global network of offices allows local and the leading private banks and wealth managers to be serviced appropriately. In addition there are a number of committees focused on reviewing business conduct from a customer perspective, including the conduct committee, investor protection committee, pricing committee and conflicts of interest committee.

External service providers

The LLP uses a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring the LLP has significant influence and leverage. However, it also exposes the LLP to concentration risk and dependence on strategic providers. Operations teams oversee these third party administrators and monitor agreed service levels through a suite of key indicators, focusing on significant aspects such as service quality and risks. Contingency plans in the event of the withdrawal or failure of a strategic supplier are reviewed by the Board. The Group also regularly review the business recovery infrastructure and strategy of these suppliers. This includes visits by senior executives to strategic suppliers during the year and on-going monitoring and review by control oversight functions.

Brand and marketing

Digital developments are transforming interactions with clients. There is a risk of reputational damage if the pace with how an increasing number of clients and stakeholders want, and expect, to interact with us is not met, and if brand or marketing activities are inconsistent with the Group's culture or operations.

A dedicated marketing team oversees all social media communications, to ensure regulatory compliance, and to develop the digital offering to help communication with client audiences in an engaging way. Reputational standing and changes in reputation are tracked through a specialist company who analyse industry, media and social commentary to help understand what influences reputation and comparison with peers. The compliance team works closely with the business to check marketing materials are consistent with products and capabilities.

Loss of key investment personnel

Retaining, developing and investing in talent is fundamental to the LLP's stability and long term success. The LLP's reputation and client retention could be damaged through significant changes in investment personnel. Failure to prevent the departure of qualified employees dedicated to overseeing and implanting current and future regulatory standards and initiatives could also negatively impact on the LLP's operations.

The LLP does not have "star" fund managers; instead there are teams with complementary skillsets who discuss investment decisions and take collective responsibility. This team based approach seeks to avoid reliance on any one individual. There is a strong development programme for fund managers that seeks to encourage performance and loyalty through appropriate remuneration and benefits packages, which includes a significant deferred element. Appraisals and remuneration are designed to develop, attract, motivate and retain staff. Succession plans are in place to ensure there is cover for key roles, and these are formally reviewed and updated annually. This strategy is disseminated through all levels of the organisation, so each business area can engage with the LLP's ambitions of growth.

Technology and information security

The LLP's technological infrastructure is critical to the operation and the delivery of products and services to clients. Technology and information security risk relates to the risks that technology systems are inadequate or that they fail to adapt to changing requirements. It also covers cyber related risks where the LLP is exposed to financial loss or damage to reputation as a result of failure of information technology systems; a flaw or weakness in hardware, software or process that exposes a system to compromise by third parties; and, that data is held insecurely or breached. Technology and data innovation are also transforming many aspects of the investment process. There is a risk that systems and platforms do not have the flexibility to support a more diverse client base and the LLP fails to utilise data to gain a competitive advantage.

The Information Security and Business Continuity Committee provides the overall strategic direction, framework and policies for technology and information security, with a particular focus, currently, on cyber-crime prevention. This is supported by the global cyber security programme which is focussed on the protection of the confidentiality and integrity of information assets.

External global capacity is employed to support the management and protection of networks, critical internal assets and data. This includes an incident response service in real time as they occur to identify and thwart potential malicious activity. A periodic risk assurance review of information security and cyber risk framework is undertaken by a professional service firm, to benchmark against peers.

Business continuity

The LLP has an obligation to ensure the business can operate at all times. There is a risk that potential impacts and threats to the LLP are not identified, and build the resilience and capability required to ensure an effective response that safeguards the interests of key stakeholders, reputation, brand and value creating activities.

Business continuity management policies and recovery plans have been established, which define the standards and requirements for business continuity, pandemic preparedness, crisis management and recovery. Plans are regularly tested. Off-site backup facilities are in place for the principal office the wide network of offices globally also provides resilience and security that key operations can be moved and/or managed from one location to another at short notice if necessary.

The impact of the coronavirus pandemic has been severely detrimental to business across the globe, and the LLP is no exception to this. However, the strength of our business continuity plans has been demonstrated, as the LLP has been able to continue to operate in a 'business as usual' manner, maintaining an exceptional level of service for our clients and successfully implementing off site working. There will of course be a negative bearing on our 2020 results, and we have modelled various scenarios to forecast this. The most adverse scenarios considered included no new business flows for a six month period and a £2bn market loss in 2020. Whilst these most severe scenarios would see significant reductions in revenues, with mitigating actions already having been undertaken, the business is still well placed to continue as a going concern. Most importantly, our cash balance remains strong, meaning we are in strong position to weather the financial impact of the pandemic.

Legal and regulatory

The LLP is subject to regulatory oversight and inspection by the FCA and operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the LLP. The LLP may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulations. Conduct and culture, and managing or avoiding conflicts of interest, are key responses to this risk.

The management of legal and regulatory risk is the responsibility of the senior management of all functions, supported by the in-house legal and compliance teams. The legal and compliance teams track legal and regulatory developments to ensure the LLP is prepared for changes. In addition to developing policies, delivering training and performing monitoring checks, they provide advice to other divisions to ensure compliance with legal and regulatory requirements. They also work with project groups to implement key regulatory changes. The three lines of defence model clarifies essential roles and duties to ensure effective communication of risk management and control. There is an open and constructive relationship with regulators and participation in industry forums and associations so that information is shared regarding possible legal and regulatory changes.

Capital management

Capital serves as a buffer to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of the LLP and to comply with the requirements of the FCA. The regulatory capital requirement of the LLP is established through reference to the Capital Requirements Directive IV (CRD IV). The LLP aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

The LLP has documented the disclosures required by the FCA under CRD IV. These are available from the LLP's website at www.parmenion.co.uk.
The CRD IV requires Country by Country Reporting (CBCR). However, all turnover of the LLP is derived from the UK and the Company has no establishments overseas. The requirement is therefore met by the information disclosed within these financial statements.

Credit risk

The LLP's exposure to credit risk arises primarily from counterparty exposure in the form of trade debtors, exposures to other group companies and deposits placed with banks.

The value of deposits held with counterparties is managed against limits set in the Group's treasury policy. The treasury function is supported by the front office credit team, as well as the market risk function that perform internal credit reviews. Exposures to other Group companies are monitored on a regular basis with regular settlements made between counterparties.

Liquidity risk

The LLP aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the LLP's reputation.

The LLP's cash position, available facilities and forecast cash flows is monitored by the Group's treasury function and access to appropriate liquidity is made available where necessary. Compliance with the LLP's regulatory capital requirements is also regularly monitored to ensure no breaches occur.

Equal opportunities

Standard Life Aberdeen is a global group with customers spanning a multitude of countries, cultures and professions, and we view diversity as a valuable business asset. By having a workforce that reflects the communities where we work, we gain an important competitive advantage. We do not tolerate harassment or bullying. Details of the Group's equal opportunities policy are available on the corporate sustainability section of the group website (www.standardlifeaberdeen.com). The LLP gives full and fair consideration to applications for employment from disabled persons. If employees become disabled, we provide continuing employment wherever possible and subject to local laws and regulations. For the purposes of training and career development, all employees are treated equally.

Health and safety

The LLP has in place a health and safety policy which can be accessed by all staff via an internal database. The aim is to provide both staff and visitors with a safe and healthy working environment. The LLP is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Post Balance Sheet Events

On 28th January 2020, Self Directed Holdings Limited, a direct subsidiary of Parmenion Capital Partners LLP, was dissolved.

Disclosure of information to auditors

The designated members at the date of approval of this Members' Report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Independent Auditors

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

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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 Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.

On behalf of the members:

Martin Jennings

On Behalf of Aberdeen Asset Management PLC, a Designated Member

Independent auditor's report to the members of Parmenion Capital Partners LLP

Opinion

We have audited the financial statements of Parmenion Capital Partners LLP ("the LLP") for the year ended 31 December 2019 which comprise the Statement of comprehensive income and Balance sheet and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP'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 members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP'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 LLP will continue in operation.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 10, the members 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 LLP'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 LLP 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 members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Jones

Andrew Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

24 June 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	**Year ended 31 December 2019 £**	*Year ended 31 December 2018 £*
Turnover	*4*	**25,572,461**	*21,264,461*
Administrative expenses	*5*	**(29,833,583)**	*(23,354,848)*
Operating loss		**(4,261,122)**	*(2,090,387)*
Dividends received		**-**	*2,371,540*
Interest receivable and similar income	*7*	**548,138**	*345,227*
Interest payable and similar charges	*7*	**(305,221)**	*(68,343)*
(Loss)/Profit and total comprehensive income for the financial period available for discretionary division among members		**(4,018,205)**	*558,037*

Turnover and operating loss arise from continuing operations in the UK.

The notes on pages 12 to 24 form part of these financial statements.

Balance sheet
At 31 December 2019

	Note	As at 31 December 2019 £	*As at 31 December 2018 £*
Fixed assets			
Intangible fixed assets	8	**9,857,007**	*9,810,909*
Tangible fixed assets	9	**8,473,496**	*1,688,419*
Investments	10	**100,108**	*73,102*
		18,430,611	*11,572,430*
Current assets			
Debtors due within one year	11	**4,814,311**	*3,751,416*
Debtors due greater than one year	11	**-**	*344,038*
Cash and cash equivalents		**7,187,407**	*5,601,150*
		12,001,718	*9,696,604*
Creditors: amounts due within one year	12	**(7,976,083)**	*(8,017,461)*
Net current assets		**4,025,635**	*1,679,143*
Total assets less current liabilities		**22,456,246**	*13,251,573*
Creditors: amounts greater than one year	13	**(7,187,680)**	-
Net assets		**15,268,566**	*13,251,573*
Members' interests			
Members' equity interests	16	**15,268,566**	*13,251,573*
Total members' interests		**15,268,566**	*13,251,573*

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved and authorised for issue by the designated members of the LLP on 24th June 2020 and were signed on its behalf by:

Martin Jennings
On Behalf of Aberdeen Asset Management PLC, a Designated Member

Notes to the financial statements

1. General information

Parmenion Capital Partners LLP (the "LLP") is a LLP incorporated and domiciled in England and Wales. The address of the registered office is:

Aurora
Counterslip
Bristol
BS1 6BX

The LLP's business activities, together with expected future developments and key risks facing the LLP are detailed in the Members' report.

These financial statements were authorised for issue by the designated members on 24 June 2020.

2. Accounting policies

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

Basis of preparation

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

Application of FRS 101, in conjunction with the equivalent disclosures being available in the group accounts of Standard Life Aberdeen PLC, has allowed the LLP to take advantage of various disclosure exemptions. These include presentation of a cash-flow statement, standards not yet effective, financial instruments, key management compensation, share based payments involving the equity instruments of other group entities and transactions with group companies.

The financial statements have been prepared under the historical cost convention and in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

The LLP is ultimately a wholly owned subsidiary of Standard Life Aberdeen PLC and is therefore exempt from the requirement to prepare consolidated accounts by virtue of section 400 of the Companies Act 2006.

Going concern

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

The LLP made a loss this year, but is forecast to make profits for the foreseeable future, has sufficient financial resources and a strong cash position. Based upon their own assessment, the members believe that the LLP holds adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Turnover

Revenue is recognised to the extent it is probable that economic benefits will flow to the LLP and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, custody fees and other income.

Management and custody fees are based on the value of the LLP's assets under management.

Other income represents recharges to other group companies and third party portfolio management fees. There has been no impact on the LLP's financial statements of the adoption of IFRS 15.

2. Accounting policies *(continued)*

Financial assets

IFRS 9 Financial Instruments was adopted on 1 January 2019, replacing IAS 39. There was no material impact on the recognition, measurement or disclosure of financial assets as a result of this adoption.

Classification

- Loans and receivables – These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of trade debtors, amounts due from group undertakings and loans and borrowings.

- Other financial assets – These instruments include cash and cash equivalents, other debtors and prepayments and accrued income.

Recognition and measurement

- Loans and receivables – These instruments are initially recognised at transaction value net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

- Other financial assets – These instruments are initially recognised at transaction value and subsequently at amortised cost using the effective interest rate method, with the exception of cash and cash equivalents, where cost is deemed to represent a fair value.

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

Impairment of financial assets

The carrying amount of all financial assets are formally reviewed for impairment purposes at the end of each reporting period, or during the period where objective evidence exists that an impairment exists. Trade receivables are reviewed for impairment on an ongoing basis where any impairment is offset against the carrying amount of the balance. Impairment of intangibles is discussed further in the section '*Intangible fixed assets and amortisation*' on page 14.

Financial liabilities

Classification

- Other financial liabilities - These instruments include trade creditors, amounts due to group undertakings, accruals and deferred income and other creditors.

Recognition and measurement

- Other financial liabilities - These instruments are initially recognised at transaction value and subsequently at amortised cost using the effective interest rate method.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged on all tangible fixed assets on a straight line basis calculated to write each asset down to its estimated residual value over its expected useful life at the following annual rates:

Fixtures and fittings	-	33% on cost
Computer equipment	-	33% on cost
Leasehold Improvements	-	20% on cost

Notes to the financial statements *(continued)*

2. Accounting policies *(continued)*

Intangible fixed assets and amortisation

Website development costs are stated at cost less amortisation. Amortisation is provided on a straight line basis over the estimated useful economic life of five years. Remaining useful lives vary between 1 and 5 years.

The carrying amounts of the LLP's intangible fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Investment in subsidiaries

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

Members' remuneration and interests

Working members are permitted to make monthly drawings at rates agreed by the Remuneration Committee of the firm. These agreements are on a contractual basis. All existing working members at the date of the acquisition by the Aberdeen Group ceased to be working members and became employees.

Pension costs

The LLP contributes to a group personal pension plan operated by the ultimate designated member. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividend income

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

Other employee benefits

Share-based payments

The SLA Group operates a Save as you Earn scheme which offers all eligible employees the opportunity to buy shares at a pre-determined price in SLA through saving from their monthly salary over a 3 or 5 year term. SLA recharges the cost of these awards to each subsidiary based on the fair value of the option at the award date.

IFRS 16 Leases

On 1 January 2019 the LLP adopted IFRS 16 Leases. IFRS 16 replaces IAS 17 Leases and introduces a new single accounting approach for lessees for all leases. As a result there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

Critical accounting estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the year/period. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates. Critical estimates and assumptions are detailed in note 3.

Notes to the financial statements *(continued)*

2. Accounting policies *(continued)*

Impairment of non-financial assets

In respect of investments in subsidiaries, an impairment loss is recognised when events or changes in circumstances indicate that the recoverable amount of the asset may not exceed its carrying value. If any such indication exists, the asset's recoverable amount is estimated and any provision for impairment recognised. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

3. Critical accounting judgements and estimates

Critical estimates and assumptions are disclosed below:

- *Intangible assets*: - Determination of amounts to be recognised as internal website development and determination of the useful lives of these assets. Items are capitalised up to the time the project goes live and then amortised over their determined useful economic life from that point. Any subsequent capital expenditure is capitalised and amortised immediately. See note 8.

- *Property lease under IFRS 16* – There is no implicit borrowing rate included within the office lease and therefore Parmenion have adopted the incremental borrowing rate of 2.2235% in their calculation of the present value of the discounted lease payments. This IBR is both country specific and has taken into account the lease term.

4. Turnover

Turnover arose wholly within the United Kingdom, analysis of turnover by class of business is as follows:

	Year ended 31 December 2019 £	*Year ended 31 December 2018 £*
Management and custody fees	**25,374,490**	*20,491,514*
Other income	**197,971**	*772,947*
	25,572,461	*21,264,461*

5. Notes to the profit and loss account

	Year ended 31 December 2019 £	*Year ended 31 December 2018 £*
Operating loss is stated after charging:		
Depreciation – owned assets	**1,562,209**	*197,099*
Depreciation – leased assets	**-**	*144,444*
Auditor remuneration:		
Statutory audit	**36,000**	*18,847*

Notes to the financial statements *(continued)*

6. Employees and members

The average number of persons employed by the LLP, not including members with contracts of employment, during the period was as follows:

	Year ended 31 December 2019 number	*Year ended 31 December 2018 number*
Selling and administration	**198**	*141*

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2019 £	*Year ended 31 December 2018 £*
Salaries and bonuses	**11,132,832**	*7,896,696*
Social security costs	**1,329,333**	*949,980*
Pension costs	**1,711,318**	*1,170,104*
Other benefits	**398,033**	*229,330*
	14,571,516	*10,246,110*

7. Net finance income

	Year ended 31 December 2019 £	*Year ended 31 December 2018 £*
Finance income		
Bank interest receivable	**27,258**	*45,671*
Bank interest receivable – client money	**518,924**	*294,780*
Loan interest receivable	**1,956**	*4,776*
	548,138	*345,227*
Finance expense		
Interest on group borrowings	**83,373**	*68,343*
Lease interest paid	**2,236**	-
Write off of accrued interest on preference shares*	**57,538**	-
Interest on the lease liability	**162,074**	-
	305,221	*68,343*
Net finance income	**242,917**	*276,884*

* The write off arose following the hive down of the trade and assets of Self Directed Holdings Limited (SDHL) into Self Directed Investments Limited (SDIL). Prior to the hive down, SDHL utilised its remaining cash reserves to settle a portion of the outstanding accrued interest on preference share held by LLP. There were insufficient funds to pay the whole balance, the remaining debt was written off by LLP.

Notes to the financial statements *(continued)*

8. Intangible fixed assets

	Website development £
Cost	
At 1 January 2019	13,744,360
Work in progress	1,165,283
Additions	1,606,574
Disposals	(593,893)
At 31 December 2019	**15,922,324**
Amortisation	
At 1 January 2019	3,933,451
Charge for the period	2,131,866
At 31 December 2019	6,065,317
Net book value	
At 31 December 2019	**9,857,007**
At 31 December 2018	*9,810,909*

The LLP recognises as intangible assets website development which has been developed internally and other purchased technology which is used in managing and executing our business. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible, and the LLP has both the intention and ability to use the completed asset. Intangible assets are recognised at cost and amortisation is charged to the income statement over the length of time the LLP expects to derive benefits from the asset, starting from the point in time when the asset comes into use.

The allocation of the income statement charge to each reporting period is dependent on the expected pattern over which future benefits are expected to be derived. Where this pattern cannot be determined reliably the charge is allocated on a straight line basis over a period of five years.

Notes to the financial statements *(continued)*

9. Tangible fixed assets

	Right of use Asset £	Fixtures and Fittings £	Leasehold Improvements £	Computer Equipment £	Total £
Cost					
At 1 January 2019	-	*289,276*	*1,331,921*	*1,374,695*	*2,995,892*
Opening adjustment IFRS16	7,289,135	-	-	-	7,289,135
Additions	-	334,413	649,977	316,731	1,301,121
Disposals	-	(48,873)	(460,363)	(657,524)	(1,166,760)
At 31 December 2019	7,289,135	574,816	1,521,535	1,033,902	10,419,388
Depreciation					
At 1 January 2019	-	*115,529*	*448,189*	*743,755*	*1,307,473*
Charged to reserves	35,198				
Charge for the period	936,686	178,573	300,002	354,720	1,805,179
Disposals	-	(48,873)	(460,363)	(657,524)	(1,166,760)
At 31 December 2019	971,884	245,229	287,828	440,951	1,945,892
Net Book Value					
At 31 December 2019	**6,317,251**	**329,587**	**1,233,707**	**592,951**	**8,473,496**
At 31 December 2018	-	*173,747*	*883,732*	*630,940*	*1,688,419*

Notes to the financial statements *(continued)*

9. Tangible fixed assets (continued)

Of the fixed assets above, the following assets were held under finance leases:

	Leasehold Improvements £	Computer Equipment £	Total £
Cost			
At 1 January 2019	*297,420*	*347,721*	*645,141*
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	297,420	347,721	645,141
Depreciation			
At 1 January 2019	*297,420*	*343,738*	*641,158*
Charge for the period	-	3,983	3,983
Disposals	(297,420)	(347,721)	(645,141)
At 31 December 2019	-	-	-
Net book value			
At 31 December 2019	-	-	-
At 31 December 2018	-	*3,983*	*3,983*

10. Investments

	Subsidiary undertakings (unlisted) £
Cost	
At 1 January 2019	73,102
Additions*	100,006
Disposals	(73,000)
Net book value	
At 31 December 2019	**100,108**
At 31 December 2018	*73,102*

* The addition arose following the hive down of Self Directed Holdings into Self Directed Investments Limited and the subsequent reduction of their share capital and transfer of ownership of Self Directed Investments Limited from Aberdeen Asset Management Limited to Parmenion Capital Partners LLP. The LLP injected £100,000 of capital into Self Directed Investments Limited on the transfer of ownership.

10. Investments (continued)

The following were subsidiary undertakings of the Company:

Name of undertaking	Country of registration	Direct/ indirect holding	Total holding	Principal activity
Parmenion Nominees Limited	UK	Direct	100%	Dormant
Wise Trustee Limited	UK	Direct	100%	Dormant
Parmenion Capital Limited	UK	Direct	100%	Dormant
Wealth Horizon Limited	UK	Direct	100%	Dormant
Self Directed Investments Limited	UK	Direct	100%	Trading
Self Directed Holdings Limited*	UK	Direct	100%	Trading

* Self Directed Holdings Limited was dissolved on 28 January 2020

The registered address for all the subsidiary companies listed above is:

Aurora
Counterslip
Bristol
BS1 6BX

11. Debtors

Amounts due within one year:	31 December 2019 £	*31 December 2018 £*
Trade debtors	2,981,509	*1,988,701*
Loans and borrowings receivable	-	*200,000*
Other debtors	11,070	*82,656*
VAT	-	*312,893*
Amount owed by group undertakings	408,919	*452,018*
Prepayments and accrued income	1,412,813	*715,148*
	4,814,311	*3,751,416*

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

Included within loans and borrowings due within one year is an amount of £nil (2018: £200,000) which relates to an interest bearing loan given to a connected party. The interest rate attached to the loan is charged at HMRC's official beneficial loan rate, calculated on an annual basis throughout the period of the loan and payable within 1 month of the year having elapsed. The loan was written off in the period.

Amounts due after one year:	31 December 2019 £	*31 December 2018 £*
Other debtors (Note 17)	-	*344,038*
	-	*344,038*

Notes to the financial statements *(continued)*

12. Creditors: amounts due within one year

	31 December 2019 £	*31 December 2018 £*
Trade creditors	**733,141**	*1,539,429*
Social security and other taxes	**653,895**	*712,118*
Finance lease obligations	-	*13,300*
VAT	**55,474**	-
Other creditors	**618,827**	*324,300*
Amounts owed to group undertakings	**2,217,827**	*2,255,882*
Accruals and deferred income	**3,433,390**	*3,172,432*
Right of use liability	**263,529**	-
	7,976,083	*8,017,461*

Included within amounts owed to group undertakings is a loan of £2,000,000 (2018: £2,000,000). The interest rate attached to the loan is charged at the Bank of England base rate plus 3% per annum, calculated each year from the drawdown. The loan is unsecured with no fixed date of repayment and is repayable on demand.

Included within amounts owed to group undertakings is an amount of £217,827 (2018: £255,882). The amount is unsecured, interest free with no fixed date of repayment and is repayable on demand.

Obligations under finance leases are secured on the assets to which they relate.

13. Creditors: amounts greater than one year

Amounts falling due after more than one year:

	31 December 2019 £	*31 December 2018 £*
Right of use liability	**7,187,680**	-
	7,187,680	-

14. Commitments

Total commitments under non-cancellable operating leases are as follows:

	31 December 2019 £ Land & buildings	*31 December 2018 £ Land & buildings*
Operating leases which expire:		
In less than one year	-	*922,066*
In the second to fifth years inclusive	-	*3,338,028*
In more than five years	-	*3,894,365*
	-	*8,154,459*

15. Share-based payments

The LLP's ultimate designated member, Aberdeen Asset Management PLC (AAM PLC), operates share-based payment schemes in which employees of the parent and certain subsidiary companies participate. AAM PLC and employing subsidiaries are required to account for the fair value of the share options and long-term incentive at grant date over the vesting period. AAM PLC recharges each subsidiary with the specific cost of the schemes based on the cost incurred for each employee.

The following disclosures relate to the share schemes operated by AAM PLC in which employees of the LLP participate.

Save as You Earn (SAYE)

The Group operates 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 is made in the form of shares.

Notes to the financial statements *(continued)*

16. Members' interests

	Members' capital (classified as equity) £	Other reserves (losses) £	Other reserves (profits) £	Other reserves (share option reserve) £	Total as at 31 December 2019 £	*Total as at 31 December 2018 £*
Balance at 1 January 2019	11,500,100	(4,308,806)	3,486,479	2,573,800	13,251,573	*6,360,139*
Share Option Reserves transferred through hive up	-	-	-	-	-	*333,397*
Reversal of deferred rent due to adoption of IFRS16	-	-	278,169	-	-	-
Backdated depreciation of the right of use asset	-	-	(242,971)	-	35,198	-
Profit/(Loss) for the period available for discretionary division among members	-	(4,018,205)	-	-	(4,018,205)	*558,037*
Members interests after profit for the period	11,500,100	(8,327,011)	3,521,677	2,573,800	9,268,566	*7,251,573*
Introduced by members	6,000,000	-	-	-	6,000,000	*6,000,000*
Members' equity interests	**17,500,100**	**(8,327,011)**	**3,521,677**	**2,573,800**	**15,268,566**	*13,251,573*

Notes to the financial statements *(continued)*

17. Related party transactions

At 31 December 2018, other debtors greater than one year represented preference shares issued by Self Directed Holdings Limited, a company related by virtue of certain common directors, with a coupon rate of 5%. Their redemption date is the earliest of the third anniversary of the date of issue of the preference shares, the date when Self Directed Holdings Limited returns assets on liquidation, or at the sole discretion of the directors of Self Directed Holdings Limited. Of the amount due at 31 December 2018, £300,000 was issued on 8th October 2014, and the remainder was issued on 30 September 2016. Following the decision to dissolve the company, the preference shares were subject to a reduction in capital and were subsequently written off in June 2019. The company was dissolved on 28th January 2020.

During the period ended 30 September 2016, the LLP loaned Self Directed Holdings Limited £200,000. At 31 December 2019 £nil (2018: £200,000) was due in relation to this loan and is included within loans and borrowings due within one year. The loan was written off during the year ended 31 December 2019.

At the period end, the balance due from LLP to Self Directed Investments Limited amounted to £25,227 (balance due to LLP from Self Directed Investments Limited 2018: £50,879). This related to staff costs.

On 31 July 2019, as part of Standard Life Aberdeen PLC's strategic joint venture with Virgin Money, Aberdeen Asset Management PLC completed the acquisition of 50% (less one share) of Virgin Money Unit Trust Managers Limited (VMUTM) for an upfront cash payment of £40m plus 50% of the capital in the business and certain other costs. The LLP recharges Virgin Money Unit Trust Managers Limited monthly under a platform services agreement whereby the LLP has been appointed to configure a platform for the joint venture.

18. Ultimate controlling party

The LLP was under the control of the designated members during the period.

Aberdeen Asset Management PLC, is the controlling designated member by way of its majority interest in the LLP. Aberdeen Asset Management PLC is incorporated in the United Kingdom and registered in Scotland.

The results of the LLP are consolidated in the Group accounts of Standard Life Aberdeen PLC, which is the largest and smallest group that the results are consolidated within, which are available to the public and may be obtained from Standard Life House, 30 Lothian Road, Edinburgh, Scotland, EH1 2DH.

No other Group accounts include the results of the LLP.