

**Standard Life**  
**Investments**

Registration number: SC085610

**Ignis Fund Managers Limited**

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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**Company Information**

**Directors**                    A S Acheson  
                                      J B Aird  
                                      S A Fitzgerald

**Company secretary**    H S Kidd

**Registered office**        1 George Street  
                                      Edinburgh  
                                      Lothian  
                                      EH2 2LL

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

## **Directors' Report for the year ended 31 December 2017**

The Directors present their report together with the audited financial statements of Ignis Fund Managers Limited (the Company) for the year ended 31 December 2017.

### **Directors**

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

*Directors of the Company during the year were as follows:*

A S Acheson

J B Aird

S A Fitzgerald

### **Result for the year**

The result for the year ended 31 December 2017 is a profit after tax of £826,000 (2016: £174,000). 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 £nil in 2017 (2016: £18,000,000) to its parent company.

### **Annual general meeting**

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

### **Independent Auditors**

During the financial year ended 31 December 2017, the Standard Life Aberdeen Group appointed KPMG LLP (KPMG) as principal auditor replacing PricewaterhouseCoopers LLP (PwC). The Independent Auditors, KPMG, 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 Auditors in connection with preparing their report) of which the Company's Independent Auditors are unaware.

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

Approved by the Board on 6 February 2018 and signed on its behalf by:



H S Kidd

Company secretary

## Strategic Report for the year ended 31 December 2017

### Review of the Company's business

The principal activity of the Company is the management of Ignis Strategic Solutions Funds plc, which invests in other hedge funds with an aim of achieving hedge fund equivalent returns.

The Company is a private limited company whose principal place of business is the UK. The Company is authorised and regulated by the Financial Conduct Authority.

During the year, the ultimate parent of the Company (Standard Life plc) merged with Aberdeen Asset Management plc to form Standard Life Aberdeen plc. The merger completed on 14 August 2017 and the Company became part of the Standard Life Aberdeen group. Thus far there has been no specific impact on the Company. A review will be conducted in 2018 as part of the wider integration activities to ascertain what specific impact, if any, this will have on the Company.

### 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:

	2017 £ 000	2016 £ 000
Total revenue	1,062	185
Revenue less expenses	1,054	150

### Principal risks and uncertainties

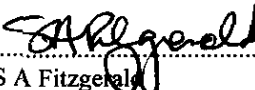
The management of the business and the execution of the Company's strategy are subject to a number of risks.

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 the Group that includes a clearly stated corporate organisational structure, appropriately delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework. The main business risks to which the Company is exposed, and its financial risk management objectives and policies, are considered in Note 17 to this report and financial statements. Other key business risks include the development and retention of key employees as well as competition from other providers of investment management services.

### 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 6 February 2018 and signed on its behalf by:

  
S A Fitzgerald  
Director

## **Statement of Directors' Responsibilities**

The Directors acknowledge they 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Income Statement for the year ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Revenue</b>			
Management fee income		1,042	132
Other operating income	3	20	53
<b>Total revenue</b>		<b>1,062</b>	<b>185</b>
<b>Operating expenses</b>			
Administrative expenses	4	(8)	(35)
<b>Total operating expenses</b>		<b>(8)</b>	<b>(35)</b>
<b>Revenue less expenses</b>		<b>1,054</b>	<b>150</b>
Foreign exchange (loss) / gain		(32)	81
<b>Profit before tax</b>		<b>1,022</b>	<b>231</b>
Tax expense	5	(196)	(57)
<b>Profit for the year attributable to equity holders of the Company</b>		<b>826</b>	<b>174</b>

The notes on pages 9 to 23 form part of these financial statements.


The Company has not recorded any other comprehensive income during the year to 31 December 2017 or 31 December 2016. A separate statement of comprehensive income is therefore not disclosed.

**Statement of Financial Position as at 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	6	11	14
<b>Total non-current assets</b>		<b>11</b>	<b>14</b>
<b>Current assets</b>			
Investment securities	7	5,455	6,307
Trade and other receivables	8	1,305	476
Cash and cash equivalents	9	2	2
<b>Total current assets</b>		<b>6,762</b>	<b>6,785</b>
<b>Total assets</b>		<b>6,773</b>	<b>6,799</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	1,308	1,308
Share premium	12	520	520
Retained earnings	13	1,998	1,172
<b>Total equity</b>		<b>3,826</b>	<b>3,000</b>
<b>Current liabilities</b>			
Current tax liabilities	6	237	1,925
Trade and other payables	14	2,710	1,874
<b>Total current liabilities</b>		<b>2,947</b>	<b>3,799</b>
<b>Total equity and liabilities</b>		<b>6,773</b>	<b>6,799</b>

The notes on pages 9 to 23 form part of these financial statements.

The financial statements on pages 5 to 23 were approved on behalf of the Board on 6 February 2018 and signed on its behalf by:

  
 S A Fitzgerald  
 Director

(Registered in Scotland Number SC085610)

**Statement of Changes in Equity for the year ended 31 December 2017**

	Note	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
<b>Balance at 1 January 2016</b>		1,308	520	18,998	20,826
<b>Comprehensive income</b>					
Profit for the year		-	-	174	174
<b>Total Comprehensive income</b>		-	-	174	174
<b>Transactions with owners</b>					
Dividends to equity holders	10	-	-	(18,000)	(18,000)
<b>Balance at 31 December 2016</b>		<b>1,308</b>	<b>520</b>	<b>1,172</b>	<b>3,000</b>
 <b>Balance at 1 January 2017</b>		 1,308	 520	 1,172	 3,000
<b>Comprehensive income</b>					
Profit for the year		-	-	826	826
<b>Total Comprehensive income</b>		-	-	826	826
<b>Balance at 31 December 2017</b>		<b>1,308</b>	<b>520</b>	<b>1,998</b>	<b>3,826</b>

The Company did not recognise any income or expenses directly in equity (2016: £nil). The total recognised income for the year comprised of the profit for the year.

The notes on pages 9 to 23 form part of these financial statements.



**Statement of Cash Flows for the year ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Cash flows generated from operating activities</b>			
Profit before tax		1,022	231
<b>Adjustments for:</b>			
Movement in investment securities	7	852	14,821
Movement in operating assets and liabilities	15	7	528
Tax paid		(1,881)	(493)
<b>Net cash flow generated from operating activities</b>		<b>-</b>	<b>15,087</b>
<b>Cash flows used in financing activities</b>			
Dividends paid	10	-	(18,000)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(18,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-</b>	<b>(2,913)</b>
Cash and cash equivalents at the beginning of the period		2	2,915
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2</b>	<b>2</b>

The notes on pages 9 to 23 form part of these financial statements.

## Notes to the Financial Statements for the year ended 31 December 2017

### 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 financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), with interpretations issued by the IFRS Interpretations Committee (IFRS IC), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

##### *(ii) New interpretations and amendments to existing standards that have been adopted by the Company*

There have been no new interpretations or amendments to existing accounting standards that have impacted the Company.

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

#### ***IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018)***

IFRS 15 will replace 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. New disclosure requirements including estimate and judgement thresholds will also be introduced. In 2015 the IASB issued amendments to the standard and delayed the mandatory adoption date until 1 January 2018. A detailed impact assessment was completed in 2017 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 (effective for annual periods beginning on or after 1 January 2018)***

IFRS 9 will replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 allows two measurement categories for financial assets in the statement of financial position: amortised cost and fair value. All equity instruments and derivative instruments are measured at fair value. As well as presentation and measurement changes, IFRS 9 also introduces additional disclosure requirements. Initial analysis indicates IFRS 9 is unlikely to have an impact on the Company because financial assets are currently measured at Fair Value Through Profit and Loss (FVTPL) or amortised cost.

#### **(b) Revenue recognition**

##### ***Management fee income***

All fees and costs associated with the provision of investment management services are recognised, subject to recoverability, as the services are provided.

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 2017 (continued)

### 1 Accounting policies (continued)

#### (c) Expense recognition

##### (i) *Administrative expenses*

Administrative expenses are recognised on an accruals basis.

##### (ii) *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.

#### (d) 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.

##### (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.

### 2 Key estimates and judgements

The preparation of financial statements, in conformity with IFRS, may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In the process of applying the Company's accounting policies, management has made no key estimates or judgements.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**3 Other operating income**

***Accounting Policy***

Other operating income includes investment gains and losses resulting from changes in market value on investments classified as FVTPL which are recognised in the period in which they occur.

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Income from collective investment schemes	20	53
<b>Total other operating income</b>	<b>20</b>	<b>53</b>

**4 Administrative expenses**

***Accounting policy***

Administrative expenses are recognised on an accruals basis.

The Company has no employees (2016: nil) and is managed by the parent undertaking. Certain expenses, including auditors remuneration (breakdown below) are met by a fellow subsidiary undertaking.

During the financial year ended 31 December 2017, the Standard Life Aberdeen Group appointed KPMG as principal auditor replacing PricewaterhouseCoopers LLP (PwC). Accordingly the fees relate to KPMG for 2017 and PwC for 2016. 2016 fees have been adjusted to exclude VAT.

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Auditors' remuneration</b>	<b>68</b>	<b>61</b>
Fees payable to the Company's auditors for the audit of the financial statements	59	61
Fees payable to the Company's auditors pursuant to legislation	9	-
<b>Total payable to the Company's auditors</b>	<b>68</b>	<b>61</b>

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

5 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.

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:

	2017 £ 000	2016 £ 000
<b>Current tax</b>		
United Kingdom corporation tax	194	43
Adjustment in respect of prior year	(1)	10
<b>Total current tax</b>	<b>193</b>	<b>53</b>
<b>Deferred tax</b>		
Deferred tax charge arising in the current year	3	4
<b>Total deferred tax</b>	<b>3</b>	<b>4</b>
<b>Total tax expense</b>	<b>196</b>	<b>57</b>

(b) Reconciliation of tax expense:

	2017 £ 000	2016 £ 000
Profit before tax	1,022	231
Corporation tax at standard rate of 19.25% (2016: 20%)	197	46
<b>Effects of:</b>		
Changes in tax rate	-	1
Adjustment in respect of prior year	(1)	10
<b>Total tax expense</b>	<b>196</b>	<b>57</b>

From April 2017 the main rate of UK corporation tax has decreased from 20% to 19%. Accordingly, this results in an average current tax rate of 19.25% for the year (2016: 20%).

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 6 Tax assets and liabilities

#### (a) Tax assets and liabilities

	2017 £ 000	2016 £ 000
Deferred tax assets (see (b) below)	11	14
<b>Total tax assets</b>	<b>11</b>	<b>14</b>
Current tax liabilities	237	1,925
<b>Total tax liabilities</b>	<b>237</b>	<b>1,925</b>

#### (b) Recognised deferred tax

	2017 £ 000	2016 £ 000
<b>Deferred tax assets comprise:</b>		
Accelerated capital allowances	11	14
<b>Gross deferred tax assets</b>	<b>11</b>	<b>14</b>

#### Movements in net deferred tax assets comprise:

At 1 January	14	18
Amounts debited to the income statement	(3)	(4)
<b>At 31 December</b>	<b>11</b>	<b>14</b>

The standard rate of UK corporation tax for the accounting period is 19.25% (2016: 20%). 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 2017.

### 7 Investment Securities

#### *Accounting Policy*

During the year ended 31 December 2017, Standard Life Aberdeen Group, and therefore the Company, has amended its accounting policy in relation to investment in associates. Previously, the Company determined associates to be entities over which the Company had significant influence but not control, where significant influence was determined to be the power to participate in the financial and operational policy decisions of the investee. For the Company, significant influence was considered to be present where, Standard Life Investments Limited, through its role as investment manager, had decision making power over the relevant activities of that entity.

In general, investment vehicles which are not subsidiaries are now considered to be associates where the Group holds more than 20% of the voting rights only. The change in accounting policy is deemed to make the financial statements more relevant to users and to be more consistent with industry presentation. The impact of this change in accounting policy on the Company is that items previously disclosed as investment in associates are now disclosed as investment securities where they do not meet the 20% voting right threshold. Investment securities are all accounted for using the FVTPL method.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**7 Investment Securities (continued)**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Investments in regulated collective investment vehicles	5,455	6,307
	<b>5,455</b>	<b>6,307</b>

The following are the particulars of the Company's investment securities:

Name of investment security	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
Seabury Assets Fund plc (Fund No.1)	Collective investment	70 Sir Rogerson's Quay, Dublin Ireland	0.31%	0.36%
Ignis Strategic Solutions Fund plc	Investment Management	2nd Floor, Beaux Lane House, Mercer Street Lower, Dublin Ireland	0.001%	0.001%

The holding in Ignis Strategic Solutions Fund plc is immaterial.

**8 Trade and other receivables**

**Accounting Policy**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost.

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts owed by Standard Life Aberdeen Group undertakings	-	31
Prepayments and accrued income	1,289	445
Management fee debtors	16	-
<b>Total trade and other receivables</b>	<b>1,305</b>	<b>476</b>

All 'Trade and other receivables' are current and have a maturity of less than one year or no contractual maturity date. All of the financial assets above are non-interest bearing. Note 17 to these financial statements provides an analysis of the credit risks from the financial assets noted above.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**9 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 with less than three months to maturity from the date of acquisition, and are measured at amortised cost.

	2017 £ 000	2016 £ 000
Cash at bank and in hand	2	2
	<u>2</u>	<u>2</u>

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

All of the 'Cash and cash equivalents' balances at the statement of financial position date were held with counterparties rated (Standard & Poor's) A or above (2016: A or above).

**10 Dividends**

**Accounting policy**

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

	2017 £ 000	2016 £ 000
Dividends paid to parent undertaking	-	18,000
	<u>-</u>	<u>18,000</u>

**11 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**

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>1,308</u>	<u>1,308</u>	<u>1,308</u>	<u>1,308</u>



**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**12 Share premium**

	2017 £ 000	2016 £ 000
Ordinary share premium	520	520
<b>Total share premium</b>	<b>520</b>	<b>520</b>

**13 Retained earnings**

	2017 £ 000	2016 £ 000
At January 1	1,172	18,998
Profit for the year attributable to equity holders	826	174
Dividends	-	(18,000)
<b>At 31 December</b>	<b>1,998</b>	<b>1,172</b>

**14 Trade and other payables**

**Accounting Policy**

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

	2017 £ 000	2016 £ 000
Amounts due to Standard Life Aberdeen Group undertakings	2,375	1,473
Accrued rebates	335	401
	<b>2,710</b>	<b>1,874</b>

All trade and other payables are expected to be settled within 12 months or have no contractual maturity date. All of the financial liabilities listed above are non-interest bearing.

**15 Movement in operating assets and liabilities**

	2017 £ 000	2016 £ 000
<b>Movement in operating assets:</b>		
Trade and other receivables	(829)	3,002
	<b>(829)</b>	<b>3,002</b>
<b>Movement in operating liabilities:</b>		
Trade and other payables	836	(2,474)
	<b>836</b>	<b>(2,474)</b>
<b>Movement in operating assets and liabilities</b>	<b>7</b>	<b>528</b>

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 16 Structured entities

#### **Accounting Policy**

The Company has an investment in the Seabury Assets Fund. This vehicle is structured in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity and as such are classified as structured entities. Investments in this entity are classified as investment securities.

A structured entity is defined as an entity where control is not necessarily held through voting rights linked to ownership stake but rather through rights arising from contractual agreements that give power to direct the relevant activities. The Company has interests in unconsolidated structured entities. The Company has an investment in the Seabury Assets Fund, held at FVTPL. The Company's maximum exposure to loss in respect of the interests in these vehicles is the management fee debtor. Further information on income relating to this relationship as well as the numerical value of this debtor is included with Note 18. The purpose and activity of these vehicles is to invest the pooled assets in order to secure investment returns (either capital or income returns) in return for a management fee. The Assets Under Management of these entities is £0.5bn (2016: £0.6bn). Information on how the Company manages its exposure to risk can be found in Note 17.

### 17 Financial risk management

#### **(a) Standard Life Aberdeen Group approach to risk management**

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

#### **(b) Standard Life Investments (Holdings) Limited and its subsidiaries (the Group) approach to risk and capital management**

The Company operates within the governance structure of the Group. The Group has its own established governance framework, with clear terms of reference for the Group Board and risk committees and a clear organisation structure, with documented, delegated authorities and responsibilities.

The Group takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Group's risk profile. The Group Board has approved Standard Life Aberdeen Group risk policies and has approved certain Group specific policies which determine the framework for identifying, assessing, monitoring and controlling risk.

Capital is managed within the regulatory framework in which the Group operates. This makes use of an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Group Board, to identify the risks to which the business is exposed and to quantify their impact on capital, including changes thereto by way of stress and scenario tests. The ICAAP estimates how much capital is needed to cover the risks to which the Company is, or might be, exposed to. The Group is required at all times to maintain at least this level of capital. The Company does not have its own ICAAP but is a component of the Group ICAAP. The Group's calculation thereof is subject to review by the FCA who also monitors capital management by way of quarterly and annual submissions made by the Group and periodic visits. The ICAAP is subject to high level quarterly review within the Group, with detailed annual review and approval by the Group Board. The potential impact of any significant risks identified out with these timescales would be subject to immediate review.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 17 Financial risk management (continued)

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

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

## (i) Statement of financial position reconciliation

	2017			
	FVTPL	Loans and	Non-financial	Total
	£ 000	receivables	assets	£ 000
	£ 000	£ 000	£ 000	£ 000
Deferred tax	-	-	11	11
Investment securities	5,455	-	-	5,455
Trade and other receivables	-	1,305	-	1,305
Cash and cash equivalents	2	-	-	2
<b>Total assets</b>	<b>5,457</b>	<b>1,305</b>	<b>11</b>	<b>6,773</b>

	2016			
	FVTPL	Loans and	Non-financial	Total
	£ 000	receivables	assets	£ 000
	£ 000	£ 000	£ 000	£ 000
Deferred tax	-	-	14	14
Investment securities	6,307	-	-	6,307
Trade and other receivables	-	465	11	476
Cash and cash equivalents	2	-	-	2
<b>Total assets</b>	<b>6,309</b>	<b>465</b>	<b>25</b>	<b>6,799</b>

2017			
	Financial liabilities £ 000	Non-financial liabilities £ 000	Total £ 000
Current tax liabilities	-	237	237
Trade and other payables	2,710	-	2,710
<b>Total liabilities</b>	<b>2,710</b>	<b>237</b>	<b>2,947</b>

2016			
	Financial liabilities £ 000	Non-financial liabilities £ 000	Total £ 000
Current tax liabilities	-	1,925	1,925
Trade and other payables	1,874	-	1,874
<b>Total liabilities</b>	<b>1,874</b>	<b>1,925</b>	<b>3,799</b>

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 17 Financial risk management (continued)

#### (ii) Fair value of assets and liabilities

All assets that are held as FVTPL are carried at their fair value which is stated in the table above. All assets listed as FVTPL are classified as designated on initial recognition. There are no liabilities held at FVTPL. Due to the short term nature of current financial assets and current financial liabilities carried at amortised cost, the carrying value is approximate to the fair value.

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

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

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

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

Investment securities are classified as level 2 and consists of amounts held in an unlisted collective investment scheme. This investment is valued using prices sourced from the primary exchange on which it is listed or valued using observable market data. However, since it is not generally considered to be quoted in an active market, it has been treated as level 2 within the fair value hierarchy.

#### (iii) Credit risk

The Company is exposed to credit risk through capital investments, cash deposits, trade receivables and intercompany balances. For cash deposits an internal credit assessment of each counterparty is used to set counterparty limits by the Group. This is presented to the Standard Life Aberdeen Group Credit Risk Committee for review and approval. Intercompany balances with Standard Life Aberdeen Group entities have no past history of default. All trade and other receivable balances due, and the financial suitability of material counterparties, are assessed regularly.

Management fee income provides the majority of the Company's revenues and is the largest component of 'Trade and other receivables'. Funds are managed in accordance with legal agreements in place with both Standard Life Aberdeen Group companies and third parties, that specify contractual payment terms. The majority of receipts by value are received quarterly.

Cash deposits, comprising the majority of 'Cash and cash equivalents', are placed for terms of less than three months, with counterparties selected according to the criteria noted and are all rated (Standard & Poor's) A or above (2016: A or above). The table below provides an analysis of total assets bearing credit risk:

	2017 £ 000	2016 £ 000
Investment securities	5,455	6,307
Trade and other receivables	1,305	465
Cash and cash equivalents	2	2
	<b>6,762</b>	<b>6,774</b>

At the statement of financial position date, none of the financial assets above were impaired or past due.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 17 Financial risk management (continued)

#### (iv) Market risk

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

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

The Company is domiciled in and was incorporated in Scotland.

The impact of a fall in asset values at a point in time would primarily impact revenue, which is accrued based on those values, and is not hedged. A 10% change in market levels would result in a change in profit after tax of £84,000 (2016: £11,000).

The Company has no exposure to exchange rate risk.

The Company has no material exposure to interest rate risk in 2017 or 2016.

#### (v) Liquidity risk

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

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

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

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

	2017		
	Due on demand	Due within 1 month	Total
	£ 000	£ 000	£ 000
<b>Financial assets</b>			
Investment securities	5,455	-	5,455
Trade and other receivables	-	1,305	1,305
Cash and cash equivalents	2	-	2

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

17 Financial risk management (continued)

	2016		
	Due on demand £ 000	Due within 1 month £ 000	No contractual maturity date £ 000
<b>Financial assets</b>			<b>Total £ 000</b>
Investment securities	6,307	-	-
Trade and other receivables	-	434	31
Cash and cash equivalents	2	-	-
	2017		
		Due within 1 month £ 000	No contractual maturity date £ 000
<b>Financial liabilities</b>			<b>Total £ 000</b>
Trade and other payables		335	2,375
	2016		
		Due within 1 month £ 000	No contractual maturity date £ 000
<b>Financial liabilities</b>			<b>Total £ 000</b>
Trade and other payables		401	1,473

(vi) Operational risk

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

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

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

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

The impact of a material change to the operational risk profile of the Group, such as through a one-off transaction, the launch of new products etc. is assessed and managed through the risk governance process.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**18 Related party transactions**

**(a) Parent and ultimate controlling party**

The Company's parent undertaking is Ignis Asset Management Limited (registered office 1 George Street, Edinburgh, EH2 2LL), and the ultimate controlling party is Standard Life Aberdeen plc (registered office Standard Life House, 30 Lothian Road, EH1 2DH).

Copies of the Annual Report and Accounts of Standard Life Aberdeen plc are available to the public to download on the website [www.standardlifeaberdeens.com](http://www.standardlifeaberdeens.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. Such related party transactions are unsecured.

The following are details of significant transactions with related parties during the year and the year end balances arising from such transactions:

	2017			
	Revenues £ 000		Amounts owed by related parties £ 000	Amounts owed to related parties £ 000
Other	1,062		1,305	2,375
	<b>1,062</b>		<b>1,305</b>	<b>2,375</b>

	2016			
	Revenues £ 000	Expenses £ 000	Amounts owed by related parties £ 000	Amounts owed to related parties £ 000
Parent	-	1	-	-
Other	158	-	31	1,473
Unit trust manager and OEIC relationship	27	-	-	-
	<b>185</b>	<b>1</b>	<b>31</b>	<b>1,473</b>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad and doubtful debts has been recognised in the current or prior years in respect of the amounts owed by related parties.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

**18 Related party transactions (continued)**

**(c) Compensation of key management personnel**

No amounts are payable to the Directors in respect of their services to the Company as at 31 December 2017 (2016: £nil).

**19 Related undertakings**

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings. Details on the Company's significant holdings are shown in Note 7. The Company has no other significant holdings therefore has no other disclosures in related undertakings.

**20 Events after the statement of financial position date**

There have been no significant events after the reporting period.



## **Independent Auditor's Report to the Members of Ignis Fund Managers Limited**

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### **Opinion**

We have audited the financial statements of Ignis Fund Managers Limited ("the company") for the year ended 31 December 2017 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, 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 2017 and of its profit for the year then ended;
  - have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

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### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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### **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**

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 Ignis Fund Managers Limited (continued)**

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### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, 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.

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### **Auditor's responsibilities**

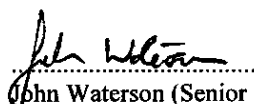
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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### **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  
*Chartered Accountant*  
Saltire Court  
20 Castle Terrace  
Edinburgh  
United Kingdom  
EH1 2EG

6 February 2018