

# **Edinburgh Fund Managers**

## **Group Limited**

**Directors' report and financial  
statements**

**Registered number SC157875**

**30 September 2008**

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## Directors' report

The Directors present their report and the audited financial statements for the year ended 30 September 2008.

### Principal activity and business review

The principal activity of the company is to act as an intermediate holding company within the Aberdeen Asset Management group of companies. The directors believe that this will continue in the forthcoming year.

### Results and dividends

The results for the period are set out on page 5.

No interim dividends were paid during the period (2007 - £nil) and no final dividend is proposed (2007 - £nil).

### Directors

The Directors who held office during the year and up to the date of this report were as follows:

M J Gilbert  
A A Laing  
R M MacRae  
A H Richards

### Disclosure of information to auditors

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

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



For Aberdeen Asset Management PLC  
Secretaries

10 Queen's Terrace  
Aberdeen  
AB10 1YG

23 January 2009

## **Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will *continue in business*.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.



KPMG Audit Plc

37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditors' report to the members of Edinburgh Fund Managers Group Limited**

We have audited the financial statements of Edinburgh Fund Managers Group Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Edinburgh Fund Managers Group Limited** *(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

23 January 2009

**Profit and loss account**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2008 £000</b>	<b>2007 £000</b>
Administrative expenses		(87)	(46,414)
<b>Operating loss</b>		<b>(87)</b>	<b>(46,414)</b>
Interest payable	5	(1,903)	(1,683)
<b>Loss on ordinary activities before taxation</b>	2-4	<b>(1,990)</b>	<b>(48,097)</b>
Tax on loss on ordinary activities	7	577	-
<b>Loss for the financial year</b>		<b>(1,413)</b>	<b>(48,097)</b>

A statement of movements on reserves is given in note 11.

Operating losses arise wholly from continuing operations.

**Statement of total recognised gains and losses**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2008 £000</b>	<b>2007 £000</b>
Loss for the financial year		(1,413)	(48,097)
Actuarial gain on defined benefit pension schemes	13	(2,144)	1,918
Deferred tax arising on gains in the pension scheme		-	(1,188)
Corporation tax on losses recognised in this statement		622	-
<b>Total recognised gains and losses relating to the financial year</b>		<b>(2,935)</b>	<b>(47,367)</b>

**Balance sheet**  
*as at 30 September 2008*

	<i>Note</i>	<b>2008 £000</b>	<b>2007 £000</b>
<b>Fixed assets</b>			
Investments	8	9,217	9,217
<b>Creditors: amounts due within one year</b>	9	(32,913)	(29,978)
<b>Net current liabilities</b>		(32,913)	(29,978)
<b>Total assets less current liabilities</b>		(23,696)	(20,761)
<b>Net liabilities</b>		(23,696)	(20,761)
<b>Capital and reserves</b>			
Called up share capital	10	1,426	1,426
Share premium	11	4,036	4,036
Other reserves	11	30,034	30,034
Profit and loss account	11	(59,192)	(56,257)
<b>Shareholders' deficit</b>	12	(23,696)	(20,761)

These financial statements were approved by the board of directors on 23 January 2009 and were signed on its behalf by:



**R M MacRae**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historic cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aberdeen Asset Management PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Aberdeen Asset Management PLC, within which this Company is included, can be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade, as the parent company, Aberdeen Asset Management PLC has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

#### *Taxation*

The charge for taxation is based on the loss / profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are converted at the rates of exchange on the last day of the financial year. Exchange differences are taken to the profit and loss account. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction.

#### *Investments*

Investments in subsidiary undertakings are stated at cost. Unlisted investments are shown at market value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

The Company operates a pension scheme which provides benefits based on average pensionable pay and which is now closed to new service contributions. Contributions to the scheme are paid according to the advice of an actuary. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2 Notes to the profit and loss account

Auditors remuneration of £5,400 (2007: £5,500) was borne by Edinburgh Fund Managers plc on behalf of the company.

### 3 Directors' remuneration

The directors did not receive any emoluments for their services to the company during either year.

The emoluments of the directors who are also directors of, and paid by, Aberdeen Asset Management PLC, the parent company, are disclosed in the accounts of that company.

### 4 Staff numbers and costs

The company employed no staff in the current year or previous year.

### 5 Interest payable

	2008 £000	2007 £000
Interest on bank overdraft	1,889	1,643
Interest on unsecured guaranteed loan notes	14	40
	<hr/>	<hr/>
	1,903	1,683
	<hr/>	<hr/>

**Notes (continued)**

**6 Other finance income**

	2008 £000	2007 £000
Expected return on pension scheme assets	2,791	2,620
Interest on pension scheme liabilities	(2,791)	(2,620)
	<u>-</u>	<u>-</u>

**7 Taxation**

	2008 £000	2007 £000
<i>Analysis of credit in the year</i>		
<i>Group relief</i>		
Group relief recoverable	(577)	-
	<u>(577)</u>	<u>-</u>
Total current tax, being tax on profit on ordinary activities	<u>(577)</u>	<u>-</u>

Factors affecting the tax credit for the current period

The current tax credit for the year is equal to (2007: lower than) the standard rate of corporation tax in the UK 29% (2007: 30%). The differences are explained below –

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,990)	(48,097)
	<u>(1,990)</u>	<u>(48,097)</u>
Current tax at 29% (2007: 30%)	(577)	(14,429)
<i>Effects of:</i>		
Expenses disallowed for corporation tax purposes	-	13,923
Other timing differences	-	(300)
Movement in unprovided deferred tax	-	806
	<u>(577)</u>	<u>-</u>
Total current tax credit (see above)	<u>(577)</u>	<u>-</u>

## Notes (continued)

### 8 Investments

	Subsidiary undertakings (unlisted) £000	Other Investments (unlisted) £000	Total £000
<i>Shares</i>			
At 1 October 2007 and 30 September 2008	9,202	15	9,217

All unlisted investments are shown at market value.

The share capital of the subsidiary undertakings consists solely of equity shares. The following are the principal subsidiaries of the group.

Name	Registered/ incorporated	Nature and place of business	% owned
<b>Directly held subsidiary undertakings</b>			
Edinburgh Fund Managers plc	Scotland	Investment management (UK)	100
Edinburgh Unit Trust Managers Limited	Scotland	Non-trading (UK)	100
Edinburgh Portfolio Limited	England	Non-trading (UK)	100
Edinburgh Securities Company Limited	Scotland	Investment company (UK)	100

### 9 Creditors: amounts due within one year

	2008 £000	2007 £000
Bank overdraft	32,520	27,105
Unsecured guaranteed loan notes 2003-2008	-	373
Amounts due to group undertakings	228	2,353
Accruals	165	147
	<b>32,913</b>	<b>29,978</b>

**Notes (continued)**

**10 Called up share capital**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
45,000,000 ordinary shares of 5p each	<b>2,250</b>	<b>2,250</b>
	<hr/>	<hr/>
<b>Allotted, issued and fully paid</b>		
28,523,919 ordinary shares of 5p each	<b>1,426</b>	<b>1,426</b>
	<hr/>	<hr/>

**11 Reserves**

	<b>Share premium account £000</b>	<b>Capital redemption reserve £000</b>	<b>Special capital reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 October 2007	4,036	183	29,851	(56,257)	(22,187)
Loss for the year	-	-	-	(1,413)	(1,413)
Other recognised gains and losses				(1,522)	(1,522)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2008</b>	<b>4,036</b>	<b>183</b>	<b>29,851</b>	<b>(59,192)</b>	<b>(25,122)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**12 Reconciliation of movements in shareholders' funds**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	<b>(1,413)</b>	<b>(48,097)</b>
Other recognised gains and losses	<b>(1,522)</b>	<b>730</b>
Opening shareholders (deficit) funds	<b>(20,761)</b>	<b>26,606</b>
	<hr/>	<hr/>
<b>Closing shareholders' deficit</b>	<b>(23,696)</b>	<b>(20,761)</b>
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## Notes (continued)

### 13 Pension liabilities

The Company operates a defined benefit scheme in the UK, the Edinburgh Fund Managers Retirement and Death Benefits Plan. The scheme is closed to new membership. The company made monthly contributions totalling £2,144,000 to the scheme during the year.

The net pension surplus at 30 September 2008 was £nil (2007: £nil). An analysis of the movement on the pension surplus is given below.

A full actuarial valuation was carried out at 30 June 2008 and updated to 30 September 2008 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2008	2007	2006	2005
Rate of increase in salaries	n/a	n/a	n/a	n/a
Rate of increase of pensions in payment*	3.5%	3.20%	2.80%	2.60%
Rate of increase of pensions in deferment	3.5%	3.20%	2.80%	2.60%
Discount rate	7.0%	5.90%	5.10%	5.10%
Price inflation	3.5%	3.20%	2.80%	2.60%

\*some pensioners receive a minimum increase of 3% p.a.

The assumptions used by the actuaries are considered to represent the best estimates chosen from a range of actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The market value at 30 September 2008 of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain were:

	2008 £000	2007 £000	2006 £000	2005 £000
Equities	26,507	30,440	28,176	26,363
Gilts	3,815	4,703	14,298	9,221
Corporate Bonds	-	-	2,755	2,800
LDI Funds	17,997	15,458	n/a	n/a
Cash	464	925	2,700	2,821
<b>Total market value of assets</b>	<b>48,783</b>	<b>51,526</b>	<b>47,929</b>	<b>41,205</b>
<b>Actuarial value of liabilities</b>	<b>(43,302)</b>	<b>(47,926)</b>	<b>(51,890)</b>	<b>(48,652)</b>
<b>Surplus/(Deficits) in the scheme</b>	<b>5,481</b>	<b>3,600</b>	<b>(3,961)</b>	<b>(7,447)</b>
<b>Surplus not recognised</b>	<b>(5,481)</b>	<b>(3,600)</b>	<b>-</b>	<b>-</b>
<b>Recoverable deficit in the schemes</b>	<b>-</b>	<b>-</b>	<b>(3,961)</b>	<b>(7,447)</b>
<b>Related deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>1,188</b>	<b>2,234</b>
<b>Net pension surplus/( liabilities)</b>	<b>-</b>	<b>-</b>	<b>(2,773)</b>	<b>(5,213)</b>

## Notes (continued)

### 13 Pension liabilities (continued)

The assumed long term rates of return on the scheme assets were as follows:

	2008	2007	2006
Equities	7.60%	7.70%	7.25%
Gilts	4.60%	4.70%	4.50%
Corporate Bonds	7.00%	5.90%	5.00%
LDI Funds	4.20%	4.70%	-
Cash	5.00%	5.75%	4.75%

The rates quoted above are the expected gross rates of return before allowance for any administrative expenses.

#### Analysis of the amount charged to operating profit

There were no charges to operating profit in 2007 or 2008.

	2008 £000	2007 £000
<b>Movement in surplus (deficit) during the year</b>		
Surplus (deficit) in scheme at beginning of year	3,600	(3,961)
Movement in year:		
Contributions	2,144	2,043
Actuarial (loss) gain	(263)	5,518
	<hr/>	<hr/>
Surplus in scheme at end of year	5,481	3,600
	<hr/>	<hr/>

	2008 £000	2007 £000
<b>Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on assets	(6,429)	(11)
Experience gains and losses on liabilities	(1,227)	(55)
Changes in assumptions	7,393	5,584
	<hr/>	<hr/>
	(263)	5,518
Adjustment due to surplus cap	(1,881)	(3,600)
	<hr/>	<hr/>
Actuarial (loss) gain recognised in STRGL	(2,144)	1,918
	<hr/>	<hr/>

**13 Pension liabilities (continued)**

	2008 £000	2007 £000
<b>Analysis of net interest cost on pension scheme</b>		
Expected return on pension scheme assets	2,791	2,620
Interest on pension liabilities	(2,791)	(2,620)
	<hr/>	<hr/>
Other finance income	-	-
	<hr/>	<hr/>

	2008 £000	2007 £000	2006 £000	2005 £000
<b>History of experience gains and losses</b>				
Difference between expected and actual return on scheme assets:				
	(6,429)	(11)	2,642	4,751
Percentage of year end market value of scheme assets	(12.5%)	(0.0%)	5.5%	11.5%
Experience gains and losses on liabilities	(1,227)	(55)	1,593	(901)
Percentage of year end actuarial value of scheme liabilities	(2.8%)	0.1%	3.1%	(1.9%)
Total amount recognised in statement of total recognised gains and losses	(263)	5,518	495	(2,411)
Percentage of year end actuarial value of scheme liabilities	(0.6%)	11.5%	1.0%	(5.0%)

**14 Contingent liabilities**

The Company's bank balance is part of a group working capital facility, which is secured by cross guarantees between the parent company and certain fellow subsidiary undertakings. At 30 September 2008 the net amount guaranteed under this arrangement was £nil (2007: £nil).

**15 Ultimate parent company**

The Company's ultimate parent company is Aberdeen Asset Management PLC, which is incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the group accounts of Aberdeen Asset Management PLC, which are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

No other group accounts include the results of the Company.