Edinburgh Fund Managers

Group Limited

Directors' report and financial statements

Registered number SC157875

For the year ended 30 September 2011

Directors' report

The Directors present their report and the audited financial statements for the year ended 30 September 2011.

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 year are set out on page 4.

No dividends were paid during this year or the prior year.

Directors

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

M J Gilbert (Resigned 11 November 2011)
A A Laing
R M MacRae
A H Richards

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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

21 December 2011

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).

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 then apply them consistently;
- make judgments 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 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 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.

Independent auditor's 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 2011 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

C Burnet

C Burnet (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

21 December 2011

Profit and loss account

for the year ended 30 September 2011

	Note	2011 £'000	2010 £'000
Administrative expenses	2	**(6)**	(6)
Other operating expenses	4	**(43)**	(279)
Operating loss		**(49)**	(285)
Interest payable	5	**(816)**	(848)
Dividends received		**-**	1,304
(Loss) profit on ordinary activities before taxation	1-5	**(865)**	171
Tax on (loss) profit on ordinary activities	6	**234**	(290)
Loss for the financial year	11	**(631)**	(119)

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

Operating losses arise wholly from continuing operations.

The notes on pages 6 to 15 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 30 September 2011

	Note	2011 £'000	2010 £'000
Loss for the financial year		**(631)**	(119)
Actuarial loss on defined benefit pension schemes	13	**(990)**	(514)
Deferred tax arising on losses in the pension scheme		**268**	122
Total recognised losses relating to the financial year		**(1,353)**	(511)

Balance sheet
as at 30 September 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	7	**9,079**	9,079
		9,079	9,079
Current assets			
Debtors	8	**1,665**	606
Creditors: amounts due within one year	9	**(42,964)**	(38,984)
Net current liabilities		**(41,299)**	(38,378)
Total assets less current liabilities		**(32,220)**	(29,299)
Pension liabilities	13	**-**	(1,568)
Net liabilities		**(32,220)**	(30,867)
Capital and reserves			
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	**(67,716)**	(66,363)
Shareholders' deficit	12	**(32,220)**	(30,867)

The notes on pages 6 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 21 December 2011 were signed on its behalf by:

A A Laing
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 s400 of the Companies Act 2006 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.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The company made a loss in the year to 30 September 2011 and has net liabilities. It is reliant on the support of the ultimate parent company, Aberdeen Asset Management PLC, to meet its liabilities as they fall due within the next 12 months. The directors have received a letter of support from the directors of Aberdeen Asset Management PLC to provide such support.

The directors, having assessed the responses of the directors of the company's parent Aberdeen Asset Management PLC to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Aberdeen Asset Management group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of the company's ultimate parent undertaking, Aberdeen Asset Management PLC, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Taxation

The charge for taxation is based on the loss 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

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

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

Auditor's remuneration was £6,000 *(2010: £6,000* 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.

Staff numbers and costs
The Company employed no staff in the current year or previous year.

Notes *(continued)*

4 Other operating expenses

	2011 £'000	2010 £'000
Expected return on pension scheme assets	**3,050**	2,793
Interest on pension scheme liabilities	**(3,093)**	(3,072)
	(43)	(279)

5 Interest payable

	2011 £'000	2010 £'000
Interest on bank overdraft	**816**	848

6 Taxation

	2011 £'000	2010 £'000
Analysis of tax (credit) /charge in the year		
Group relief	**(1,081)**	(590)
Deferred tax charge current period	**847**	880
Total current tax, being tax on (loss)/profit on ordinary activities	**(234)**	290

Factors affecting the tax credit for the current period
The rate of corporation tax in the UK was reduced from 28% to 26% effective 1 April 2011. The composite rate applied during the year is 27%. The current tax credit for the year is higher than *(2010: higher than)* the standard rate of corporation tax in the UK 27% *(2010: 28%)*. The differences are explained below:

	2011 £'000	2010 £'000
Current tax reconciliation		
(Loss) profit on ordinary activities before tax	**(865)**	171
Current tax at 27% *(2010: 28%)*	**(234)**	48
Effects of:		
Expenses not deductible for tax purposes/non-taxable income	**(847)**	(287)
Unrelieved tax losses	-	239
Prior year adjustment	-	(590)
Total current tax credit (see above)	**(1,081)**	(590)

The company has an unrecognised deferred tax asset of £2,297,000 *(2010: £2,711,000)* which has not been recognised as it is unlikely that future taxable profits will be available against which such losses can be offset.The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26%

Notes *(continued)*

6 Taxation (continued)

(effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax credit.

7 Investments

	Subsidiary undertakings (unlisted) £000
Shares	
At beginning and end of year	**9,079**

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

Name Subsidiary undertakings	**Registered/ incorporated**	**Nature and place of business**	**% owned**
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

8 Debtors: amounts due within one year

	2011 £'000	2010 £'000
Amounts due from group undertakings	**1,665**	606

9 Creditors: amounts due within one year

	2011 £'000	2010 £'000
Bank overdraft	**42,941**	38,884
Accruals	**23**	100
	42,964	38,984

Details of security on bank overdraft are set out in note 14.

Notes *(continued)*

10 Called up share capital

	2011 £'000	2010 £'000
Allotted, called up and fully paid		
28,523,919 ordinary shares of 5p each	**1,426**	1,426

11 Reserves

	Share premium account £000	Capital redemption reserve £000	Special capital reserve £000	Profit and loss account £000	Total £000
At 1 October 2010	4,036	183	29,851	(66,363)	(32,293)
Loss for the year	-	-	-	(631)	(631)
Actuarial gain net of deferred tax	-	-	-	(722)	(722)
At 30 September 2011	**4,036**	**183**	**29,851**	**(67,716)**	**(33,646))**

12 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Loss for the financial year	**(631)**	(119)
Other recognised gains and losses	**(722)**	(392)
Net movement in shareholders' funds	**(1,353)**	(511)
Opening shareholders deficit	**(30,867)**	(30,356)
Closing shareholders' deficit	**(32,220)**	(30,867)

13 Pension liabilities

Defined benefit scheme

The Company operates a defined benefit scheme, the Edinburgh Fund Managers Retirement and Death Benefits Plan. The scheme is closed to new membership. The Company made contributions totalling £3,180,000 *(2010: £3,421,800)* to the scheme during the year.

The net pension liability at 30 September 2011 was £Nil *(2010: of £2,147,000)*.

Notes *(continued)*

13 Pension liabilities *(continued)*

An analysis of the movement on the pension deficit is given below.

A full actuarial valuation was carried out at 30 June 2008 and updated to 30 September 2011 by a qualified independent actuary.

	2011	2010
	£'000	£'000
Present value of funded defined benefit obligations	**(62,941)**	(62,578)
Fair value of plan assets	**68,322**	60,431
Funded status	**5,381**	(2,147)
Effect of surplus cap	**(5,381)**	-
Related deferred tax asset at 25% (2010 27%)	**-**	579
Net pension liability	**-**	(1,568)

Movements in present value of defined benefit obligation	**2011**	2010
	£'000	£'000
At 1 October	**62,578**	57,016
Interest cost	**3,093**	3,072
Actuarial (gains) losses	**(1,278)**	4,804
Benefits paid	**(1,452)**	(2,314)
At 30 September	**62,941**	(62,578)

Movements in fair value of plan assets

	2011	2010
	£'000	£'000
At 1 October	**60,431**	52,240
Expected return on plan assets	**3,050**	2,793
Actuarial gains	**3,113**	4,290
Contributions by employer	**3,180**	3,422
Benefits paid	**(1,452)**	(2,314)
At 30 September	**68,322**	60,431

Notes *(continued)*

13 Pension liabilities *(continued)*

Expense recognised in the profit and loss account

	2011	2010
	£'000	£'000
Interest on defined benefit pension plan obligation	**3,093**	3,072
Expected return on defined benefit pension plan assets	**(3,050)**	(2,793)
Total	**43**	279

The expense is recognised in the following line items in the profit and loss account:

	2011	2010
	£'000	£'000
Administrative expenses	**43**	279

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £990,000 *(2010: £514,000).*

	2011	2010
	£'000	£'000
Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	**3,113**	4,290
Experience gains and losses on liabilities	**190**	22
Changes in assumptions	**1,088**	(4,826)
Actuarial loss recognised in STRGL	**4,391**	(514)
Effect of surplus cap	**(5,381)**	-
Total pension cost recognised in the STRGL	**(990)**	(514)

Cumulative actuarial losses reported in the Statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17 are £31,071,000 (2010 £35,462,000).

Notes *(continued)*

13 Pension asset (liabilities) *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2011 Fair value £'000	2010 Fair value £'000
Equities and alternatives	**12,981**	32,115
Gilts and other bonds	**32,112**	4,254
LDI funds	**22,546**	21,151
Cash	**683**	2,911
	68,322	60,431
Actual return on plan assets	**6,163**	7,083

The fair value of plan assets and the return on those assets was as follows::

	Plan assets at 30/9/11	Plan assets at 30/09/10
Asset category:		
Equities and alternatives	**19%**	53%
Gilts and other bonds	**47%**	7%
LDI Funds	**33%**	35%
Cash	**33%**	5%
	1%	-
	100%	100%

To develop the expected long term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. After a deduction for expenses incurred in the running of the plan of 0.25%, this resulted in the selection of the 4.98% assumption at 30 September 2011.

Notes *(continued)*

13 Pension asset (liabilities) *(continued)*

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2011	2010
	%	%
Discount rate	**5.00**	5.50
Expected rate of return on plan assets	**4.98**	5.29
Inflation	**3.20**	3.30

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current member aged 60 (current life expectancy) : 28.2 years (male), 29.3 years (female).
- Current member aged 40 (life expectancy at age 60) : 29.6 years (male), 30.9 years (female).

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

Experience adjustments

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(62,941)**	(62,578)	(57,016)	(43,302)	(47,926)
Fair value of scheme assets	**68,322**	60,431	52,240	48,783	51,526
Surplus/(deficit)	**5,381**	(2,147)	(4,776)	5,481	3,600

Experience adjustments

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Experience adjustments on scheme liabilities (as a percentage of scheme liabilities)	**(0%)**	(0%)	(0%)	(2.8%)	0.1%
Experience adjustments on scheme assets (as a percentage of scheme assets)	**5%**	7%	1%	(12.5%)	(0.0%)

The Company expects to contribute approximately £3.2m to its defined benefit plans in the next financial year.

Notes *(continued)*

13 Pension liabilities *(continued)*

Deferred tax	2011 £'000	2010 £'000
Balance as at 1 October 2010	**579**	1,337
Recognised directly in equity	**268**	122
Credit to profit and loss account	**(847)**	(880)
Balance at 30 September 2011	**-**	579

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 2011 the net amount guaranteed under this arrangement was £nil *(2010: £nil)*.

15 Ultimate parent company

The Company's immediate and 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.