

**Edinburgh Fund Managers  
Group Limited**

Directors' report and financial  
statements

Registered number SC157875

For the year ended 30 September 2012

THURSDAY



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## Directors' report

The Directors present their report and the audited financial statements for the year ended 30 September 2012.

### Principal activity and business review

The Company acts as an intermediary holding company and also operates a defined benefit pension scheme which is closed to new service contributions.

### Results and dividends

The results for the year are set out on page 4. The profit after taxation for the year was £161k (2011: loss £631k) and arises primarily as a result of costs relating to the pension scheme and interest payable on the Company's bank overdraft, offset by a tax credit in the year.

The Directors are not entitled to recommend the payment of a dividend as the Company does not have distributable reserves at the year end. No dividends were paid in either 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 auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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

18 December 2012

## **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 2012 set out on pages 4 to 16. 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](http://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 2012 and of its profit 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 (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
37 Albyn Place  
Aberdeen  
AB10 1JB  
21 December 2012

**Profit and loss account**  
*for the year ended 30 September 2012*

	<i>Note</i>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Administrative expenses		<u>(1)</u>	<u>(6)</u>
<b>Operating loss</b>		<b>(1)</b>	<b>(6)</b>
Interest payable	5	(222)	(816)
Other finance costs	6	<u>(504)</u>	<u>(43)</u>
<b>Loss on ordinary activities before taxation</b>	1-5	<b>(727)</b>	<b>(865)</b>
Tax on loss on ordinary activities	7	<u>888</u>	<u>234</u>
<b>Profit/(loss) for the financial year</b>	12	<b><u>161</u></b>	<b><u>(631)</u></b>

A statement of movements on reserves is given in note 12.

Operating losses arise wholly from continuing operations.

The notes on pages 6 to 16 form part of these financial statements.

**Statement of total recognised gains and losses**  
*for the year ended 30 September 2012*

	<i>Note</i>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Profit/(loss) for the financial year		<b>161</b>	<b>(631)</b>
Actuarial loss on defined benefit pension scheme	14	(2,827)	(990)
Deferred tax arising on losses in the pension scheme		-	268
<b>Total recognised losses relating to the financial year</b>		<b><u>(2,666)</u></b>	<b><u>(1,353)</u></b>

**Balance sheet**  
*as at 30 September 2012*

	<i>Note</i>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Fixed assets</b>			
Investments	8	<u>9,079</u>	<u>9,079</u>
		<b>9,079</b>	<b>9,079</b>
<b>Current assets</b>			
Debtors	9	2,553	1,665
Creditors: amounts due within one year	10	<u>(46,518)</u>	<u>(42,964)</u>
<b>Net current liabilities</b>		<u>(43,965)</u>	<u>(41,299)</u>
<b>Total assets less current liabilities</b>		<u>(34,886)</u>	<u>(32,220)</u>
<b>Net liabilities</b>		<u>(34,886)</u>	<u>(32,220)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,426	1,426
Share premium	12	4,036	4,036
Other reserves	12	30,034	30,034
Profit and loss account	12	<u>(70,382)</u>	<u>(67,716)</u>
<b>Shareholders' deficit</b>	13	<u>(34,886)</u>	<u>(32,220)</u>

The notes on pages 6 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2012 were signed on its behalf by:

  
**A A Laing**  
 Director

## Notes to 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 made a profit in the year to 30 September 2012 however it does have 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.

#### *Investments*

Investments in subsidiary undertakings are stated at cost less impairment.

## Notes to the financial statements (*continued*)

### 1 Accounting policies (*continued*)

#### *Pension costs*

The Company operates a legacy defined benefit pension scheme which arose on acquisition of the Edinburgh Fund Management Group. The scheme is closed to new membership and to future service accruals. The Company's net obligation in respect of this scheme is calculated separately by estimating the amount of future benefit that members have earned in return for their service in prior periods; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The benefits are discounted at a rate equal to the yield on high credit rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. The assets of the scheme are held separately from those of the Company in an independently administered fund. The surplus or deficit in respect of defined benefit schemes is expressed as the excess or shortfall of the fair value of the assets of the scheme compared to the present value of the scheme liabilities and is recognised as an asset or liability of the Company.

Interest costs on the liability, expected return on plan assets and the costs of curtailments and settlements are recognised in the profit and loss account within administrative expenses. Actuarial gains and losses are recognised directly in the statement of total recognised gains and losses in the period in which they occur. When the calculation results in a benefit to the Group or Company, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan. Contributions to the scheme are paid according to the advice of an actuary.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in the statement of total recognised gains and losses. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding basis used for tax purposes. Deferred tax is generally 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. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.



**Notes to the financial statements** *(continued)*

**2 Notes to the profit and loss account**

Auditor's remuneration of £8k (2011:£6k) was borne by Aberdeen Asset Management 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 those 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 or previous year.

**5 Interest payable**

	2012 £'000	2011 £'000
Interest on bank overdraft	<u>222</u>	<u>816</u>

**6 Other finance costs**

	2012 £'000	2011 £'000
Interest on pension scheme liabilities	3,162	3,093
Expected return on pension scheme assets	<u>(2,658)</u>	<u>(3,050)</u>
	<u>504</u>	<u>43</u>

## Notes to the financial statements (continued)

### 7 Taxation

	2012 £'000	2011 £'000
<i>Analysis of tax credit in the year</i>		
Group relief recoverable	(888)	(1,081)
Deferred tax charge current period	-	847
Total current tax, being tax on profit/(loss) on ordinary activities	<u>(888)</u>	<u>(234)</u>

The rate of corporation tax in the UK was reduced from 26% to 24% effective 1 April 2012. The composite rate applied during the year is 25%. The current tax credit on the loss on ordinary activities for the year is higher than (2011: higher than) the standard rate of corporation tax in the UK of 25% (2011: 27%).

The differences are explained below.

	2012 £'000	2011 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(727)</u>	<u>(865)</u>
Current tax at 25% (2011: 27%)	(182)	(234)
Effects of:		
Non-taxable income	<u>(706)</u>	<u>(847)</u>
Total current tax credit (see above)	<u>(888)</u>	<u>(1,081)</u>

The Company has an unrecognised deferred tax asset of £2,113k (2011: £2,297k) in relation to carried forward losses which has not been recognised as it is unlikely that future taxable profits will be available against which such losses can be offset. In addition there is a deferred tax liability of £2,976k (2011: £1,345k) on the related pension asset, neither of which has been recognised.

#### *Factors affecting the future tax credit*

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the Company's future current tax credit accordingly.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the Company's future current tax credit accordingly.

## Notes to the financial statements (continued)

### 8 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.

<b>Name</b>	<b>Registered/ incorporated</b>	<b>Nature and place of business</b>	<b>% owned</b>
<b>Subsidiary undertakings</b>			
Edinburgh Fund Managers plc	Scotland	Non-trading (UK)	100
Edinburgh Unit Trust Managers Limited	Scotland	Non-trading (UK)	100
Edinburgh Portfolio Limited	England	Non-trading (UK)	100

### 9 Debtors

**2012  
£'000**

**2011  
£'000**

Amounts due from group undertakings

**2,553**

**1,665**

### 10 Creditors: amounts due within one year

**2012  
£'000**

**2011  
£'000**

Bank overdraft

**46,493**

**42,941**

Accruals

**25**

**23**

**46,518**

**42,964**

Details of security on bank overdraft are set out in note 15.

## Notes to the financial statements *(continued)*

### 11 Called up share capital

	2012 £'000	2011 £'000
<b>Allotted, called up and fully paid</b>		
28,523,919 ordinary shares of 5p each	<u>1,426</u>	<u>1,426</u>

### 12 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Special capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 October 2011	4,036	183	29,851	(67,716)	(33,646)
Profit for the year	-	-	-	161	161
Other recognised gains and losses	-	-	-	(2,827)	(2,827)
<b>At 30 September 2012</b>	<u>4,036</u>	<u>183</u>	<u>29,851</u>	<u>(70,382)</u>	<u>(36,312)</u>

### 13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit/(loss) for the financial year	161	(631)
Other recognised gains and losses	(2,827)	(722)
Net movement in shareholders' funds	<u>(2,666)</u>	<u>(1,353)</u>
Opening shareholders' deficit	<u>(32,220)</u>	<u>(30,867)</u>
Closing shareholders' deficit	<u>(34,886)</u>	<u>(32,220)</u>

## Notes to the financial statements (continued)

### 14 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 £3,330k (2011: £3,180k) to the scheme during the year. The net pension asset at 30 September 2012 was £nil (2011: £nil). An analysis of the movement on the pension asset is given below.

A full actuarial valuation was carried out at 30 June 2011 and updated to 30 September 2012 by a qualified independent actuary.

	2012 £'000	2011 £'000
Present value of funded defined benefit obligations	(66,356)	(62,941)
Fair value of plan assets	<u>79,295</u>	<u>68,322</u>
Funded status	12,939	5,381
Effect of surplus cap	<u>(12,939)</u>	<u>(5,381)</u>
Related deferred tax liability at 23% (2011: 25%)	-	-
Net pension asset	<u>-</u>	<u>-</u>

	2012 £'000	2011 £'000
Movements in present value of defined benefit obligation		
At 1 October	62,941	62,578
Interest cost	3,162	3,093
Actuarial losses/(gains)	2,134	(1,278)
Benefits paid	<u>(1,881)</u>	<u>(1,452)</u>
At 30 September	<u>66,356</u>	<u>62,941</u>

#### Movements in fair value of plan assets

	2012 £'000	2011 £'000
At 1 October	68,322	60,431
Expected return on plan assets	2,658	3,050
Actuarial gains	6,866	3,113
Contributions by employer	3,330	3,180
Benefits paid	<u>(1,881)</u>	<u>(1,452)</u>
At 30 September	<u>79,295</u>	<u>68,322</u>

## Notes to the financial statements *(continued)*

### 14 Pension liabilities *(continued)*

Expense recognised in the profit and loss account

	2012 £'000	2011 £'000
Interest on defined benefit pension plan obligation	3,162	3,093
Expected return on defined benefit pension plan assets	(2,658)	(3,050)
Total	<u>504</u>	<u>43</u>

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

	2012 £'000	2011 £'000
Other finance costs	<u>504</u>	<u>43</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £2,827k (2011:£990k).

	2012 £'000	2011 £'000
<b>Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on assets	6,866	3,113
Experience gains and losses on liabilities	1,716	190
Changes in assumptions	<u>(3,850)</u>	<u>1,088</u>
Actuarial gain recognised in STRGL	4,732	4,391
Effect of surplus cap	<u>(7,559)</u>	<u>(5,381)</u>
Total pension cost recognised in the STRGL	<u>(2,827)</u>	<u>(990)</u>

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 £26,339k (2011:£31,071k).

## Notes to the financial statements (continued)

### 14 Pension liabilities (continued)

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

	2012 Fair value £'000	2011 Fair value £'000	2012 Plan assets %	2011 Plan assets %
Equities and alternatives	14,349	12,981	18%	19%
Gilts and other bonds	36,832	32,112	47%	47%
LDI funds	26,492	22,546	33%	33%
Cash	1,622	683	2%	1%
	<b>79,295</b>	<b>68,322</b>	<b>100%</b>	<b>100%</b>

	2012 £'000	2011 £'000
Actual return on plan assets	<b>9,524</b>	<b>6,163</b>

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted, based on the actual asset allocation, to develop the expected long-term rate of return on assets assumptions for the portfolio. The expected asset return figures shown above are before any deduction for expenses incurred in the running of the plan. An expense deduction of 0.25% p.a. has been applied to these figures in calculating the overall expected return on assets, to reflect expenses met from the plan's assets during the year.

## Notes to the financial statements *(continued)*

### 14 Pension liabilities *(continued)*

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

	2012 %	2011 %
Discount rate	5.10	5.00
Expected rate of return on plan assets	3.85	4.98
Inflation	3.20	3.20

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) : 28.6 years (male), 29.8 years (female).
- Current member aged 40 (life expectancy at age 60) : 30.5 years (male), 31.8 years (female).

#### *History of plans*

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

##### *Balance sheet*

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of scheme liabilities	(66,356)	(62,941)	(62,578)	(57,016)	(43,302)
Fair value of scheme assets	79,295	68,322	60,431	52,240	48,783
Surplus/(deficit)	12,939	5,381	(2,147)	(4,776)	5,481

##### *Experience adjustments*

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Experience adjustments on scheme liabilities (as a percentage of scheme liabilities)	(2.6%)	(0%)	(0%)	(0%)	(2.8%)
Experience adjustments on scheme assets (as a percentage of scheme assets)	8.7%	5.0%	7.0%	1.0%	(12.5%)

The Company expects to contribute approximately £3,330k to its defined benefit plans in the next financial year.



## Notes to the financial statements *(continued)*

### 14 Pension liabilities *(continued)*

	2012 £'000	2011 £'000
Deferred tax		
Balance as at 1 October	-	579
Recognised directly in equity	-	268
Credit to profit and loss account	-	(847)
Balance at 30 September	-	-

### 15 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 2012 the net amount guaranteed under this arrangement was £nil (2011: £nil).

### 16 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.