

**Edinburgh Fund Managers  
Group Limited**

Directors' report and financial  
statements

Registered number SC157875

For the year ended 30 September 2014

MONDAY



SCT      \*S3ZVTJAG\*      #398  
26/01/2015  
COMPANIES HOUSE

## Contents

Directors' report	1
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	2
Independent auditor's report to the members of Edinburgh Fund Managers Group Limited	3
Profit and loss account and Statement of total recognised gains and losses	4
Balance sheet	5
Notes to the financial statements	6

## Directors' report

The Directors present their report and the audited financial statements for the year ended 30 September 2014.

The Company qualifies as a small company in accordance with Sections 381-382 of the Companies Act 2006 (the "Act") and the Directors' Report has therefore been prepared taking into consideration the provisions of Part 15 of the Act.

In preparing this report, the Directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 and have not prepared a strategic report

### 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 loss after taxation for the year was £423k (2013: loss £348k) and arises primarily as a result of costs relating to the pension scheme and interest payable on the Company's bank overdraft.

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:

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  
13 January 2015

## **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 2014 set out on pages 4 to 12. 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2014 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

13 January 2015

**Profit and loss account**  
*for the year ended 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Administrative expenses	2	<u>(15)</u>	<u>-</u>
<b>Operating loss</b>		<b>(15)</b>	<b>-</b>
Interest payable	4	(257)	(239)
Other finance costs	5	<u>(270)</u>	<u>(216)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(542)</b>	<b>(455)</b>
Tax on loss on ordinary activities	6	<u>119</u>	<u>107</u>
<b>Loss for the financial year</b>	11	<u><b>(423)</b></u>	<u><b>(348)</b></u>

A statement of movements on reserves is given in note 10.

Operating loss arises wholly from continuing operations in the UK.

The notes on pages 6 to 12 form part of these financial statements.

**Statement of total recognised gains and losses**  
*for the year ended 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Loss for the financial year		(423)	(348)
Actuarial loss on defined benefit pension scheme	12	(3,030)	(3,085)
Tax credit arising on losses in the pension scheme		667	725
<b>Total recognised loss relating to the financial year</b>		<u><b>(2,786)</b></u>	<u><b>(2,708)</b></u>

**Balance sheet**  
*as at 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Current assets</b>			
Debtors	7	13,235	12,464
<b>Creditors: amounts due within one year</b>	8	<u>(53,615)</u>	<u>(50,058)</u>
<b>Net current liabilities</b>		<u>(40,380)</u>	<u>(37,594)</u>
<b>Net liabilities</b>		<u>(40,380)</u>	<u>(37,594)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,426	1,426
Share premium	10	4,036	4,036
Other reserves	10	30,034	30,034
Profit and loss account	10	<u>(75,876)</u>	<u>(73,090)</u>
<b>Shareholders' deficit</b>	11	<u>(40,380)</u>	<u>(37,594)</u>

The notes on pages 6 to 12 form part of these financial statements.

These financial statements were approved by the board of Directors on 13 January 2015 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 Section 400 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 ("FRS") 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 loss in the year to 30 September 2014 and it 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.

#### *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.



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

### 1 Accounting policies *(continued)*

#### *Pension costs (continued)*

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 other finance costs. 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.

### 2 Notes to the profit and loss account

Auditor's remuneration of £8k (2013: £8k) was borne by Aberdeen Asset Management PLC on behalf of the Company.

Administrative expenses for the year relate mainly to the write off of an intercompany loan balance no longer deemed to be recoverable.

### 3 Directors' remuneration and staff numbers

No remuneration was paid to the Directors in either year. The emoluments of those Directors who are also Directors of and paid by Aberdeen Asset Management PLC, the ultimate parent company, are disclosed in those accounts.

The Company employed no staff in the current or prior year.

### 4 Interest payable

	2014 £'000	2013 £'000
Interest on bank overdraft	<u>257</u>	<u>239</u>

### 5 Other finance costs

	2014 £'000	2013 £'000
Interest on pension scheme liabilities	3,357	3,006
Expected return on pension scheme assets	(3,087)	(2,790)
	<u>270</u>	<u>216</u>

## Notes to the financial statements (continued)

### 6 Taxation

	2014 £'000	2013 £'000
<i>Analysis of tax credit in the year</i>		
Tax on loss on ordinary activities	(119)	(107)

The rate of corporation tax in the UK was reduced from 23% to 21% effective 1 April 2014. The composite rate applied during the year is 22%. The current tax credit on the loss on ordinary activities for the year is the same as (2013: same as) the standard rate of corporation tax in the UK of 22% (2013: 23.5%).

The differences are explained below.

	2014 £'000	2013 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(542)	(455)
Current tax at 22% (2013: 23.5%)	(119)	(107)
<i>Effects of:</i>		
Other timing differences	-	-
Total current tax credit (see above)	(119)	(107)

At 30 September 2014, the Company has an unrecognised deferred tax asset of £1,837k (2013: £1,929k) 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 £3,380k (2013: £2,042k) on the related pension asset, which has also not been recognised.

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

A reduction in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) was enacted on 2 July 2013. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 September 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### 7 Debtors

	2014 £'000	2013 £'000
Amounts due from group undertakings	13,235	12,464

### 8 Creditors: amounts due within one year

	2014 £'000	2013 £'000
Bank overdraft	53,590	50,033
Accruals	25	25
	53,615	50,058

Details of security on bank overdraft are set out in note 13.

## Notes to the financial statements (continued)

### 9 Called up share capital

	2014 £'000	2013 £'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>

### 10 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Special capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 October	4,036	183	29,851	(73,090)	(39,020)
Loss for the year	-	-	-	(423)	(423)
Other recognised gains and losses	-	-	-	(2,363)	(2,363)
<b>At 30 September</b>	<u>4,036</u>	<u>183</u>	<u>29,851</u>	<u>(75,876)</u>	<u>(41,806)</u>

### 11. Reconciliation of movements in shareholders' deficit

	2014 £'000	2013 £'000
Loss for the financial year	(423)	(348)
Other recognised gains and losses	<u>(2,363)</u>	<u>(2,360)</u>
Net reduction in shareholders' deficit	<u>(2,786)</u>	<u>(2,708)</u>
Opening shareholders' deficit	<u>(37,594)</u>	<u>(34,886)</u>
Closing shareholders' deficit	<u>(40,380)</u>	<u>(37,594)</u>

### 12 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 £3,300k (2013: £3,300k) to the scheme during the year and expects to contribute the same next year. The net pension asset recognised at 30 September 2014 was £nil (2013: £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 2014 by a qualified independent actuary.

	2014 £'000	2013 £'000
Present value of funded defined benefit obligations	(80,435)	(75,440)
Fair value of plan assets	<u>97,334</u>	<u>85,166</u>
Funded status	16,899	9,726
Effect of surplus cap	<u>(16,899)</u>	<u>(9,726)</u>
Related deferred tax liability at 20% (2013: 21%)	-	-
Net pension asset	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

### 12 Pension liabilities (continued)

<i>Movements in present value of defined benefit obligation</i>	2014 £'000	2013 £'000
At 1 October	75,440	66,356
Interest cost	3,357	3,006
Actuarial losses	3,308	8,108
Benefits paid	(1,670)	(2,030)
At 30 September	<u>80,435</u>	<u>75,440</u>

<i>Movements in fair value of plan assets</i>	2014 £'000	2013 £'000
At 1 October	85,166	79,295
Expected return on plan assets	3,087	2,790
Actuarial gains	7,451	1,811
Contributions by employer	3,300	3,300
Benefits paid	(1,670)	(2,030)
At 30 September	<u>97,334</u>	<u>85,166</u>

<i>Expense recognised in the profit and loss account</i>	2014 £'000	2013 £'000
Interest on defined benefit pension plan obligation	3,357	3,006
Expected return on defined benefit pension plan assets	(3,087)	(2,790)
Total	<u>270</u>	<u>216</u>

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

	2014 £'000	2013 £'000
Other finance costs	<u>270</u>	<u>216</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £3,030k loss (2013: £3,085k loss).

	2014 £'000	2013 £'000
<b>Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on assets	7,451	1,811
Experience gains and losses on liabilities	-	-
Changes in assumptions	<u>(3,308)</u>	<u>(8,108)</u>
Actuarial gain/(loss) recognised in STRGL	4,143	(6,297)
Effect of surplus cap	<u>(7,173)</u>	<u>3,212</u>
Total pension loss recognised in the STRGL	<u>(3,030)</u>	<u>(3,085)</u>

## Notes to the financial statements (continued)

### 12 Pension liabilities (continued)

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 £28,493k (2013: £32,636k). The fair value of the plan assets and the return on those assets were as follows:

	2014 Fair value £'000	2013 Fair value £'000	2014 Plan assets %	2013 Plan assets %
Equities and alternatives	14,387	14,000	14.8%	16.4%
Gilts and other bonds	1,734	3,603	1.8%	4.2%
LDI funds	80,509	67,014	82.7%	78.8%
Cash	704	549	0.7%	0.6%
	<b>97,334</b>	<b>85,166</b>	<b>100%</b>	<b>100%</b>
			<b>2014 £'000</b>	<b>2013 £'000</b>
Actual return on plan assets			<b>10,538</b>	<b>4,601</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% per annum 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. After a deduction for expenses incurred in running the plan, this resulted in the selection of the 3.11% expected long-term rate of return on assets assumption as at 30 September 2014.

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

	2014 %	2013 %
Discount rate	4.50	4.60
Expected long-term rate of return on plan assets	3.59	3.49
Inflation (CPI)	2.90	2.30

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) : 28.6 years (male), 30.0 years (female).
- Current member aged 40 (life expectancy at age 60) : 30.5 years (male), 32 years (female).

## Notes to the financial statements (continued)

### 12 Pension liabilities (continued)

#### History of plans

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

#### Balance sheet

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of scheme liabilities	(80,435)	(75,440)	(66,356)	(62,941)	(62,578)
Fair value of scheme assets	97,334	85,166	79,295	68,322	60,431
Surplus/(deficit)	16,899	9,726	12,939	5,381	(2,147)
Experience adjustments					
	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Experience adjustments on scheme liabilities	-	-	1,716	190	22
Experience adjustments on scheme assets	7,451	1,811	6,866	3,113	4,290

### 13 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 2014 the net amount guaranteed under this arrangement was £nil (2013: £nil).

### 14 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.