Edinburgh Fund Managers Group Limited

Directors' Report and Financial Statements

Registered number SC157875

For the year ended 31 December 2018

Contents

Directors' Report

The Directors present the Directors' Report on Edinburgh Fund Managers Group Limited ("the Company") for the year ended 31 December 2018.

Business review and future developments
The Company operates a defined benefit pension scheme which is closed to new service contributions and there are no plans to change the principal activity of the Company.

On 9 November 2015 the Trustees of the Edinburgh Fund Managers Group scheme completed a partial buy-in with Legal & General ("L&G"), paying a premium of £103.6m. The buy-in covers all the benefits in respect of the deferred membership as at 9 November 2015 (excluding enhanced deferred revaluation in excess of statutory revaluation applied after this date). From 22 November 2029, L&G will also meet pension and contingent spouses benefits in respect of the pensioner membership as at 9 November 2015.

The Company qualifies as a small company in accordance with Sections 381-382 of the Companies Act 2006 (the "Act"). 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.

The results for the year are set out on page 6 and show that the Company made a loss after tax of £819k (2017: loss £1,009k).

Brexit could potentially impact the legislative basis under which the scheme operates and the scheme's future investment strategy. The impact of any future changes to the above items could impact the financial statements, although this is not able to be quantified at present.

Dividends
No interim dividends (2017: £nil) were paid to the Company's parent undertaking. No final dividend has been recommended by the Directors (2017: £nil).

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

A A Laing	(resigned 13 March 2019)
R J McNay	(appointed 13 March 2019)

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

Principal risks and uncertainties
The Standard Life Aberdeen Group ("SLA plc"), of which the Company is part, has an established Enterprise Risk Management framework, integrating oversight of strategic planning, operational management of the business and internal control.

The principal risks and uncertainties facing the Company are integrated into the principal risks of the merged group under SLA plc and are therefore not managed separately. Accordingly, the principal risks and uncertainties of SLA plc, which include those of the Company, are discussed fully in the SLA plc Annual Report and Accounts which does not form part of this report.

The list below does however provide a summary of the key risks facing both SLA plc and the Company. Further details on financial market risk, together with how this links to our new strategy, how this has evolved over the year and how this is managed can be found in the SLA plc accounts.

The principal risks to which the Company is most specifically exposed can be categorised as follows:

***Pension scheme assets and liabilitie*s**: The Company is exposed to specific risks in relation to adverse movements in the underlying assumptions used to value the scheme assets and liabilities. Many of these risks are out with the direct control of management and are dependent upon macro-economic events. The board meets regularly with the Company's actuaries to monitor key macro-economic assumptions impacting the valuation of the scheme assets and liabilities.

Directors' Report *(continued)*

Principal risks and uncertainties *(continued)*

Financial market risk: notably market risk; liquidity risk and counterparty failure.

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.

Independent auditor
The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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), including FRS 101 *Reduced Disclosure Framework* ("FRS 101").

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 year.

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

By order of the Board

R J McNay
Director
12 September 2019

Independent Auditor's Report to the Members of Edinburgh Fund Managers Group Limited

Opinion

We have audited the financial statements of Edinburgh Fund Managers Limited ("the Company") for the year ended 31 December 2018 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, including related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Independent Auditor's Report to the Members of Edinburgh Fund Managers Group Limited *(continued)*

Directors' report *(continued)*

Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Phil Merchant

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG
12 September 2019

Profit and loss account

For the year ended 31 December 2018

	Note	**12 months to 31 Dec 2018 £'000**	15 months to 31 Dec 2017 £'000
Administrative expenses		**(257)**	(344)
Operating loss	*4*	**(257)**	(344)
Finance expense relating to scheme assets and liabilities	*6*	**(427)**	(612)
Other net finance expense	*7*	**(392)**	(210)
Loss on ordinary activities before taxation		**(1,076)**	(1,166)
Tax credit	*8*	**257**	157
Loss for the financial year/period		**(819)**	(1,009)

Operating losses arise from continuing operations in the UK.

The notes on pages 10 to 17 form part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2018

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Loss for the financial year/period	**(819)**	(1,009)
Other comprehensive income:		
Items that will not be reclassified to profit and loss		
Re-measurement gain on pension scheme	**548**	1,061
Tax on re-measurement of pension scheme	**(93)**	(473)
Total recognised loss relating to the financial year/period	**(364)**	(421)

The notes on pages 10 to 17 form part of these financial statements.

Balance sheet

At 31 December 2018

	Note	2018 £'000	2017 £'000
Current assets			
Debtors	9	**16,320**	15,618
Deferred tax assets > 1 year	10	**2,462**	3,000
		18,782	18,618
Creditors: amounts due within one year	11	**(69,338)**	(65,646)
Net current liabilities		**(50,556)**	(47,028)
Total assets less current liabilities		**(50,556)**	(47,028)
Creditors: amounts due greater than one year			
Pension deficit	16	**(14,483)**	(17,647)
Net liabilities		**(65,039)**	(64,675)
Capital and reserves			
Called up share capital	12	**1,426**	1,426
Share premium account		**4,036**	4,036
Other reserves		**30,034**	30,034
Profit and loss account		**(100,535)**	(100,171)
Shareholders' funds		**(65,039)**	(64,675)

The notes on pages 10 to 17 form part of these financial statements.

These financial statements were approved by the Board of Directors on 12 September 2019 and were signed on its behalf by:

R J McNay
Director

Statement of changes in equity
At 31 December 2018

	Share capital	Share premium	Profit and loss account	Special capital reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	1,426	4,036	(99,750)	30,034	(64,254)
Loss for the period	-	-	(1,009)	-	(1,009)
Other comprehensive income for the period	-	-	588	-	588
Total comprehensive loss for the period	-	-	(421)	-	(421)
Balance at 31 December 2017	1,426	4,036	(100,171)	30,034	(64,675)
Loss for the year	-	-	(819)	-	(819)
Other comprehensive income for the year	-	-	455	-	455
Total comprehensive loss for the year	-	-	(364)	-	(364)
Balance at 31 December 2018	**1,426**	**4,036**	**(100,535)**	**30,034**	**(65,039)**

The notes on pages 10 to 17 form part of these financial statements.

Notes to the financial statements

1. General information

The Company is a private company limited by share capital and incorporated and domiciled in the United Kingdom. The address of the registered office is:

10 Queen's Terrace
Aberdeen
Scotland
AB10 1XL

The Company's business activities, together with expected future developments and key risks facing the Company are detailed in the Directors' Report.

These financial statements were authorised for issue by the Board of Directors on 12 September 2019.

2. Accounting policies

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

Basis of preparation

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for year ended 31 December 2018 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

Application of FRS 101, in conjunction with the equivalent disclosures being available in the group accounts of SLA plc, has allowed the Company to take advantage of various disclosure exemptions. These are presentation of a cash-flow statement, new IFRSs not yet effective, financial instruments, key management compensation and transactions with group companies.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

Going concern

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

The Company made a loss in the financial year and has net liabilities. The Company is therefore reliant on support from AAM 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 AAM PLC to continue to provide further financial and other support to the Company, including not seeking repayment of amounts currently made available for at least for the next twelve months and thereafter for the foreseeable future to enable it to continue to trade.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of AAM 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.

Notes to the financial statements *(continued)*

2. Accounting policies *(continued)*

Pension assets, liabilities and 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 liability 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 defined benefit obligation, interest income on plan assets and administration expenses are recognised in the profit and loss account. The expected return on plan assets and the impact of changes in assumptions are recognised in other comprehensive income during the year 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.

Financial assets

Classification, recognition and measurement

- Amortised cost – These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of amounts owed by group undertakings. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

Impairment of financial assets

The carrying amount of all financial assets are formally reviewed for impairment purposes at the end of each reporting year, or during the year where objective evidence exists of any indicators of impairment.

Current and deferred tax

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 other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable profit/loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable/receivable in respect of previous periods.

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 calculated at the tax rates enacted or substantively enacted that are expected to apply when the asset is realised or the liability settled. 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, except in respect of taxable or deductible temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

Critical accounting estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the year. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates. Critical estimates and assumptions are shown in note 3.

Notes to the financial statements *(continued)*

3. Critical accounting judgements and estimates

- *Defined benefit pension liability* – The defined benefit liability is an area requiring management estimation to determine future benefits to be paid and is considered to be a critical accounting estimate. The defined benefit pension liability is underpinned by a number of actuarial assumptions as detailed in note 16.

Management have not identified any critical accounting judgements when preparing the financial statements.

4. Notes to the profit and loss account

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Auditor remuneration :		
Statutory audit	**10**	11

Amounts payable to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of SLA plc.

5. Employees and Directors

The emoluments of those directors who are paid by other SLA plc companies are included in the financial statements of those companies. No director received any remuneration in respect of the services to the Company during the year (2017: nil).

The Company has no employees and therefore has incurred no direct staff costs.

6. Finance (expense)/income relating to scheme assets and liabilities

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Interest expense on defined benefit obligation	**2,178**	2,709
Interest income on plan assets	**(1,751)**	(2,097)
	427	612

7. Other net finance expense

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Interest on bank overdraft	**392**	210
	392	210

Notes to the financial statements *(continued)*

8. Taxation

Analysis of tax credit in the year/period:

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
UK corporation tax		
Current tax on ordinary activities for the year/period	**(702)**	(841)
Deferred tax		
Deferred tax on defined benefit scheme	**445**	684
Tax on ordinary activities	**(257)**	(157)

Analysis of tax (credit)/charge in other comprehensive income in the year/period:

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Deferred tax impact	**93**	473

Reconciliation of the tax credit in the year/period

The tax credit assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.0% (2017: 19.4%). The differences are explained below:

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Loss for the financial year/period	**(1,076)**	(1,166)
Current tax at 19% (2017: 19.4%)	**(204)**	(226)
Effects of:		
Deferred tax allocated through profit and loss	**(53)**	69
Total tax credit	**(257)**	(157)

Factors affecting the future tax charge

The standard rate of UK corporation tax for the accounting year/period is 19% (2017: 19.4%).

The UK corporation tax rate has reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. This future rate change has been taken into account in the calculation of the UK deferred tax balance at 31 December 2018.

Notes to the financial statements *(continued)*

9. Debtors

	2018 **£'000**	2017 £'000
Amount owed by Group undertakings:	**16,320**	15,618

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Deferred tax

	2018 **£'000**	2017 £'000
At 1 January	**3,000**	4,157
Charge to the profit and loss account	**(445)**	(684)
Credit/(charge) through other comprehensive income	**(93)**	(473)
At 31 December	**2,462**	3,000

The deferred tax asset can be analysed as follows:

	2018 **£'000**	2017 £'000
Defined benefit pension scheme	**2,462**	3,000

Deferred tax has been calculated at 17% (2017: 17%) based on the rate which is expected to apply to the year in which the asset will be realised.

11. Creditors: amounts due within one year

	2018 **£'000**	2017 £'000
Bank overdraft	**69,327**	65,635
Accruals	**11**	11
	69,338	65,646

12. Called up share capital

	2018 **£'000**	2017 £'000
Authorised, allotted, called up and fully paid:		
28,523,919 (2017: 28,523,919) ordinary shares of 5p each	**1,426**	1,426

13. Contingent assets

The Company's bank balance is part of a Group working capital facility in support of which cross guarantees are provided by the parent company, the Company and certain fellow subsidiary undertakings. At 31 December 2018, the net amount guaranteed under this arrangement was £69,327k (2017: £65,635k).

14. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Notes to the financial statements *(continued)*

15. Ultimate parent company

The Company's immediate parent company is Aberdeen Asset Management PLC ("AAM PLC") and its ultimate parent company is SLA plc, which are both incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the Group accounts of SLA plc, which is the largest and smallest group that the results are consolidated within, which are available to the public and may be obtained from 1 George Street, Edinburgh, EH2 2LL.

16. Pension

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 £3.3m (2017: £4.1m) to the scheme during the year and expects to contribute at the same rate next year.

The net pension liability recognised at 31 December 2018 is £14.5m (2017: £17.6m). An analysis of the movement in the pension liability is given below.

A full actuarial valuation was carried out at 30 June 2016 by a qualified independent actuary.

	2018	2017
	£'000	£'000
Present value of funded defined benefit obligations	**(73,548)**	(87,164)
Fair value of plan assets	**59,065**	69,517
Defined benefit deficit	**(14,483)**	(17,647)

Movements in present value of defined benefit obligation

	2018	2017
	£'000	£'000
At 1 January	**(87,164)**	(93,811)
Interest cost	**(2,178)**	(2,709)
Benefit payments from scheme	**9,960**	10,694
Effects of changes in demographic assumptions	**-**	(4,150)
Effects of changes in financial assumptions	**5,834**	(657)
Experience adjustments	**-**	3,469
	(73,548)	(87,164)

Movements in fair value of plan assets

	2018	2017
	£'000	£'000
At 1 January	**69,517**	71,934
Interest income	**1,751**	2,097
Employer contributions	**3,300**	4,125
Benefits paid from scheme	**(9,960)**	(10,694)
Administrative expenses	**(257)**	(344)
Re-measurement (losses)/gains	**(5,286)**	2,399
	59,065	69,517

Notes to the financial statements *(continued)*

16. Pension *(continued)*

Movements in liability during the year/period

	2018 **£'000**	2017 £'000
At 1 January	**(17,647)**	(21,877)
Pension expense recognised in profit and loss	**(684)**	(956)
Amounts recognised in other comprehensive income	**548**	1,061
Employer contributions	**3,300**	4,125
	(14,483)	(17,647)

Expense recognised in the profit and loss account

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Net interest expense	**(427)**	(612)
Administrative expenses	**(257)**	(344)
	(684)	(956)

Net interest expense is recognised as other finance expense in the profit and loss account.

Income recognised in other comprehensive income

	12 months to 31 Dec 2018 £'000	15 months to 31 Dec 2017 £'000
Changes in demographic assumptions	**-**	(4,150)
Changes in financial assumptions	**5,834**	(657)
Experience adjustments	**-**	3,469
Re-measurement (losses)/gains on plan assets	**(5,286)**	2,399
	548	1,061

Plan assets

	2018 Fair value £'000	2017 Fair value £'000	**2018 Plan assets %**	2017 Plan assets %
Cash and cash equivalents	**406**	251	**0.7**	0.4
Equity instruments	**3,316**	2,420	**5.6**	3.5
Assets held by insurance company	**55,343**	66,846	**93.7**	96.1
	59,065	69,517	**100.0**	100.0

Notes to the financial statements *(continued)*

16. Pension *(continued)*

The principal assumptions used by the scheme actuaries are detailed beneath.

Weighted average assumptions used to determine the defined benefit obligation

	2018	2017
	%	%
Discount rate	**2.98**	2.65
Rate of price inflation (RPI)	**3.23**	3.21
Rate of price inflation (CPI)	**2.23**	2.21
Rate of pension increase	**3.05**	2.99

Weighted average assumptions used to determine the defined benefit cost

	2018	2017
	%	%
Discount rate	**2.65**	2.45
Rate of price inflation (RPI)	**3.21**	2.97
Rate of price inflation (CPI)	**2.21**	1.97
Rate of pension increase	**2.99**	2.97

Mortality assumptions

The mortality assumptions for the UK defined benefit schemes at 31 December 2018 follow the 88% SAPS S2PA light tables. These assumptions are shown in the table below:

	2018	2017
	Years	Years
Implied life expectancy at age 60		
Male currently aged 60	**29.9**	29.8
Male currently aged 40	**32.1**	32.0
Female currently aged 60	**31.1**	31.0
Female currently aged 40	**33.5**	33.3