Edinburgh Fund Managers Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Registration number: SC157875

Contents

Company Information

Director

R J McNay
H A Staples
R C Edwards

Company secretary

Aberdeen Asset Management PLC

Registered office

10 Queen's Terrace
Aberdeen
Scotland
AB10 1XL

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Director's Report for the Year Ended 31 December 2019

The Director presents their annual report together with the audited financial statements of the Edinburgh Fund Managers Group Limited (the "Company") for the year ended 31 December 2019.

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 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.

Directors of the Company

The Directors, who held office during the year, were as follows:

R J McNay (appointed 13 March 2019)
A A Laing (resigned 13 March 2019)
H A Staples (appointed 1 March 2021)
R C Edwards (appointed 1 March 2021)

The Company's ultimate parent company, Standard Life Aberdeen Group plc ("SLA plc", or together with its subsidiaries, "the Standard Life Aberdeen Group") maintains Directors' and officers' liability insurance on behalf of its directors and officers.

Company secretary

The company secretary during the year was as follows:

Aberdeen Asset Management PLC

Result for the year

The result for the year ended 31 December 2019 is a loss after tax of £858k (2018: £819k).

Principal risk and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks.

The Standard Life Aberdeen Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across SLA plc that includes a clearly stated corporate organisational structure, appropriately delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

The principal risks and uncertainties facing the Company are integrated into the principal risks of the Standard Life Aberdeen Group 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.

Director's Report for the Year Ended 31 December 2019 (continued)

Principal risk and uncertainties (continued)

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

Pension scheme assets and liabilities

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. Management meets regularly with the Company's actuaries to monitor key macro-economic assumptions impacting the valuation of the scheme assets and liabilities.

Brexit

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.

Coronavirus (COVID-19)

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Standard Life Aberdeen Group is utilising business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

Operational risk

Notably IT failure and security including cyber risk; third party oversight including both outsourcing and supplier relationships; process execution failure; and the impact of inaccurate or incomplete information for financial management and decision making. The risks are mitigated by the Company and the Standard Life Aberdeen Group maintaining a strong and well established risk management framework as a foundation for the effective management of process risk across the business.

Financial risk

The Company has no appetite to fail to maintain sufficient resources to meet its capital requirements and liabilities as they fall due. This requires the effective management and oversight of market and credit risk exposures resulting from the defined benefit pension scheme reported through the Company. Risks are mitigated by regular monitoring and reporting of key assumptions used to assess the pension asset / liability and through making regular contributions to the pension scheme.

Going concern

The Company has made losses in the financial year and has net liabilities. The Board's assessment of going concern took into account recent market developments and the uncertainty caused by COVID-19. Based on their assessment the Company is reliant on support from Aberdeen Asset Management PLC ("AAM PLC") to meet its liabilities as they fall due within the next 12 months from the date of approval of the financial statements. The Director has received a letter of support from the Directors of AAM PLC to continue to provide further financial and other support to the Company, to enable it to continue to trade. Further information is provided in note 1.

Dividends

The Director paid no dividends in 2019 (2018: £nil) to the Company's immediate parent, AAM PLC.

Director's Report for the Year Ended 31 December 2019 (continued)

Political donations
It is the Company's policy not to make donations for political purposes.

Independent auditor
The Independent Auditor, KPMG LLP, has indicated their willingness to continue in office.

Disclosure of information to the auditors
The Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Director confirms that there is no relevant information that the Director knows of and of which they know the auditor is unaware.

Statement of Director's Responsibilities
The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director prepares financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 101 Reduced Disclosure Framework ("FRS 101").

Under company law the Director 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 Director is required to:

- select suitable accounting policies and 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.

Director's Report for the Year Ended 31 December 2019 (continued)

Statement of Director's Responsibilities (continued)

The Director is 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.

Approved by the Board on 24 March 2021 and signed on its behalf by:

R J McNay
Director

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

Opinion

We have audited the financial statements of Edinburgh Fund Managers Group Limited ("the Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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

Going concern

The Director has 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 over 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, 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.

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

Director's Report
The Director is responsible for the Director's 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 Director's 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. Based solely on that work:

- we have not identified material misstatements in the Director's 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 Director's 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.

Director's responsibilities
As explained more fully in their statement set out on page 4 and 5, the Director is 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.

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

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

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Philip Merchant (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date 24 March 2021

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Administrative expenses		(210)	(257)
Operating loss	3	**(210)**	**(257)**
Finance expense relating to scheme assets and liabilities	4	(385)	(427)
Other finance expenses	5	(531)	(392)
Loss before tax		**(1,126)**	**(1,076)**
Tax credit	6	268	257
Loss for the year		**(858)**	**(819)**

The notes on pages 13 to 22 form an integral part of these financial statements.

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Loss for the year		**(858)**	**(819)**
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of net defined benefit liability	12	(1,019)	548
Tax on re-measurement of pension scheme	6	173	(93)
		(846)	**455**
Total comprehensive loss for the year		**(1,704)**	**(364)**

The notes on pages 13 to 22 form an integral part of these financial statements.

Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Deferred tax asset	8	2,175	2,462
Total non-current assets		**2,175**	**2,462**
Current assets			
Trade and other receivables	7	17,048	16,320
Total current assets		**17,048**	**16,320**
Total assets		**19,223**	**18,782**
Equity			
Called up share capital	9	1,426	1,426
Share premium reserve		4,036	4,036
Other reserves		30,034	30,034
Retained losses		(102,239)	(100,535)
Equity attributable to equity holders of the parent		(66,743)	(65,039)
Liabilities			
Non-current liabilities			
Pension liability	12	12,797	14,483
Total non-current liabilities		**12,797**	**14,483**
Current liabilities			
Bank overdrafts		73,158	69,327
Accruals		11	11
Total current liabilities		73,169	69,338
Total liabilities		**85,966**	**83,821**
Total equity and liabilities		**19,223**	**18,782**

Approved by the Board on 24 March 2021 and signed on its behalf by:

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R J McNay
Director

Registration number: SC157875

The notes on pages 13 to 22 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £ 000	Share premium reserve £ 000	Other reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2018	1,426	4,036	30,034	(100,171)	(64,675)
Loss for the year	-	-	-	(819)	(819)
Other comprehensive income	-	-	-	455	455
Total comprehensive income	-	-	-	(364)	(364)
Balance at 31 December 2018	**1,426**	**4,036**	**30,034**	**(100,535)**	**(65,039)**
Loss for the year	-	-	-	(858)	(858)
Other comprehensive loss	-	-	-	(846)	(846)
Total comprehensive loss	-	-	-	(1,704)	(1,704)
Balance at 31 December 2019	**1,426**	**4,036**	**30,034**	**(102,239)**	**(66,743)**

The notes on pages 13 to 22 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

Summary of significant accounting policies and key accounting estimates and judgements
The following accounting policies have been applied consistently to all years 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 period ended 31 December 2019 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

Summary of disclosure exemptions
In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- International Accounting Standard ("IAS") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Polices requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS"); and
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of SLA plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and IFRS 7 Financial Instrument Disclosures.

Going concern
The Company has made a loss in the financial year and has net liabilities.

In preparing these financial statements, the Directors have considered the uncertainty created by COVID 19. Whilst there are many unknowns at the date of approval of the financial statement, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own business continuity actions.

The Company, as part of the Standard Life Aberdeen Group, is taking proactive action and is activating business continuity plans to minimise the risk of disruption to business operations, considering Government advice and the need to safeguard the health of our employees.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Going concern (continued)
In light of the uncertainty created by COVID 19, losses generated in the year and a net liability position, the Company is reliant on support from AAM PLC to meet its liabilities as they fall due within the next 12 months. The Directors has received a letter of support from the Directors of AAM PLC to continue to provide further financial and other support to the Company, 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 this will not be the case.

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 financial statements.

Financial assets

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 owned by Standard Life Aberdeen 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 amounts 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 that impairment exists.

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 comprehensive income.

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 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 possible that taxable profits will be available against which deductible temporary differences can be utilised.

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 years; 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 Company'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.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Pension assets, liabilities and costs (continued)
The surplus or liability in respect of defined benefit scheme 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 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.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can 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 period. Key estimates and judgements are disclosed beneath:

Critical 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 pension liability is underpinned by a number of actuarial assumptions as detailed in note 12.

Critical judgements

Defined benefit pension liability – The assessment of whether the Company is the sponsoring employer of the defined benefit pension scheme and therefore should recognise the defined benefit pension liability in the Company's financial statements is a critical accounting policy judgement.

IAS 19 Employee Benefits requires that, where the risks of a pension scheme are shared between entities under common control and no contractual agreement or stated policy exists for charging to the individual group entities, the scheme should be recognised in the financial statement of the sponsoring employer. IAS 19 does not define the criteria to assess what constitutes a sponsoring employer. Management have therefore applied judgement to determine which Standard Life Aberdeen Group company should recognise the Edinburgh Fund Managers Group PLC Retirement and Death Benefits Plan ("the Scheme") in their financial statements.

Under UK pensions requirements defined benefit pension schemes have both a Principal Employer and a Statutory Employer, who may or may not be the same entity.

In relation to the Scheme the following matters are noted:

- Principal Employer – Occupational pension schemes must identify one of the participating employers as the principal employer. For the Scheme the principal employer is another company in the Standard Life Aberdeen group. The principal employer has special powers and duties, such as in relation to rule amendments. The principal employer for the Scheme also agrees the schedule of contributions, and has signed the trust deed with the trustees of the Scheme. The Principal Employer and Standard Life Aberdeen plc have provided guarantees to the Scheme trustees in relation to any funding shortfall.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

- Statutory employer – This is the employer which is legally responsible for meeting the funding objective of the pension scheme; paying the section 75 debt (share of the scheme's liabilities) when an employment cessation event occurs on employer departure, on scheme wind-up or on employer insolvency; and triggering entry to a Pension Protection Fund (PPF) assessment period on insolvency. This is the Company. The Company also pays all Scheme contributions.

Given the limited guidance in IAS 19 we consider that there are arguments that would support both the Company and the Principal Employer being the sponsoring employer for the Scheme. Our judgement is that it is most appropriate for the Company to be the IAS 19 sponsoring employer, and therefore to recognise the defined benefit pension liability, as:

- The Company has been determined by the trustees of the scheme to be the statutory employer, which means the Company is legally responsible for key specific matters as set out above
- The Company is responsible for paying any Section 75 debt (which can be considered the key risk for the employers in relation to the Scheme), and also does pay all Scheme contributions and therefore bears the current financial implications of the Scheme

3 Operating loss

The Independent Auditor's remuneration for statutory audit services for the year ended 31 December 2019 was £15k (2018: £10k), which has been borne by another Standard Life Aberdeen Group undertaking.

Amounts receivable by 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.

4 Finance expense relating to scheme assets and liabilities

	2019 £ 000	2018 £ 000
Interest expense on defined benefit obligation	2,163	2,178
Interest income on plan assets	(1,778)	(1,751)
	385	427

5 Other finance expenses

	2019 £ 000	2018 £ 000
Interest on bank overdraft	531	392

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Tax credit

Analysis of tax credit in the year:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(728)	(702)
Deferred taxation		
Deferred tax on defined benefit scheme	460	445
Tax credit in the profit and loss account	**(268)**	**(257)**

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

	2019 £ 000	2018 £ 000
Deferred tax on re-measurement of net defined benefit pension liability	(173)	93

The tax credit assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(1,126)	(1,076)
Corporation tax at standard rate	(214)	(204)
Change in rates on deferred tax balances	(54)	(53)
Total tax credit	**(268)**	**(257)**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020.

On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The proposed increase in the rate of UK corporation tax is expected to be enacted in Finance Act 2021.

As these rate changes were not substantively enacted as at 31 December 2019, they have not been taken account of in computing the UK deferred tax assets and liabilities which are reflected in the statement of financial position for that date. These changes will have a consequential effect on the Company's future tax charge. The effect of these change in the rate of UK corporation tax, if it had been substantively enacted at 31 December 2019, would have been to increase the deferred tax asset by £1,024k.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Trade and other receivables

	2019	2018
Current trade and other receivables:	**£ 000**	**£ 000**
Amounts owed by Standard Life Aberdeen Group undertakings	17,048	16,320
Total current trade and other receivables	**17,048**	**16,320**

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

8 Deferred tax

	2019	2018
	£ 000	**£ 000**
As at 1 January	2,462	3,000
Credit through profit and loss account	(460)	(445)
Credit/(charge) through other comprehensive income	173	(93)
As at 31 December	2,175	2,462

The deferred tax asset can be analysed as follows:

	2019	2018
	£ 000	**£ 000**
Defined benefit pension scheme	2,175	2,462

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The proposed increase in the rate of UK corporation tax is expected to be enacted in Finance Act 2021.

As these rate changes were not substantively enacted as at 31 December 2019, they have not been taken account of in computing the UK deferred tax assets and liabilities which are reflected in the statement of financial position for that date. These changes will have a consequential effect on the Company's future tax charge. The effect of these change in the rate of UK corporation tax, if it had been substantively enacted at 31 December 2019, would have been to increase the deferred tax asset by £1,024k.

9 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	**£ 000**	**No.**	**£ 000**
Ordinary shares of £0.05 each	28,523,919	1,426	28,523,919	1,426

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Parent and ultimate parent undertaking

The Company's immediate parent company is AAM PLC and its ultimate parent company is SLA plc, both of which are incorporated in the United Kingdom and registered in Scotland.

The most senior parent entity producing publicly available financial statements is SLA plc. Copies of the consolidated Annual Report and Accounts of SLA plc are available to the public from 1 George Street, Edinburgh, EH2 2LL, or to download on the website www.standardlifeaberdeen.com.

11 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.

12 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 contributions to the defined benefit plan for the year ended 31 December 2019 were £3,300k (2018: £3,300k), the Company expects to contribute at the same rate next year.

The net pension deficit recognised at 31 December 2019 is £12,797k (2018: £14,483k). An analysis of the movement in the pension asset is given below.

A full actuarial valuation was carried out at 30 June 2019 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	2019 £ 000	2018 £ 000
Fair value of scheme assets	68,248	59,065
Present value of funded defined benefit obligations	(81,045)	(73,548)
Defined benefit pension scheme deficit	**(12,797)**	**(14,483)**

Movements in fair value of plan assets

	2019 £ 000	2018 £ 000
At 1 January	59,065	69,517
Interest income	1,778	1,751
Employer contributions	3,300	3,300
Benefits payments from scheme	(1,915)	(9,960)
Administrative expenses	(210)	(257)
Re-measurement gains/(losses)	6,230	(5,286)
At 31 December	68,248	59,065

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Pension (continued)

Movements in present value of defined benefit obligation

	2019 £ 000	2018 £ 000
At 1 January	(73,548)	(87,164)
Effects of changes in demographic assumptions	6,309	-
Effects of changes in financial assumptions	(9,961)	5,834
Effects of experience adjustments	(3,597)	-
Interest cost	(2,163)	(2,178)
Benefits payments from scheme	1,915	9,960
At 31 December	(81,045)	(73,548)

Amounts recognised in the profit and loss account

	2019 £ 000	2018 £ 000
Administrative expenses	210	257
Net interest cost	385	427
	595	**684**

(Losses)/gains recognised in the Statement of Comprehensive Income

	2019 £ 000	2018 £ 000
Changes in demographic assumptions	6,309	-
Changes in financial assumptions	(9,961)	5,834
Experience adjustments	(3,597)	-
Re-measurement (losses)/gains on plan assets	6,230	(5,286)
	(1,019)	548

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Pension (continued)

Plan assets

The major categories of scheme assets are as follows:

	2019 Fair value £ 000	2018 Fair value £ 000
Cash and cash equivalents	461	406
Equity instruments	4,726	3,316
Assets held by insurance company	63,061	55,343
	68,248	59,065

Principal actuarial assumptions

The principal assumptions used by the scheme actuaries are detailed below:

Weighted average assumptions used to determine the defined benefit obligation

	2019 %	2018 %
Discount rate	2.11	2.98
Rate of pension increases	2.91	3.05
Rate of price inflation (RPI)	3.00	3.23
Rate of price inflation (CPI)	2.10	2.23

Weighted average assumptions used to determine the defined benefit cost

	2019 %	2018 %
Discount rate	2.98	2.65
Rate of pension increases	3.05	2.99
Rate of inflation (RPI)	3.23	3.21
Rate of inflation (CPI)	2.23	2.21

Mortality assumptions

The mortality assumptions for the UK defined benefit scheme at 31 December 2019 follow the 103/106% of S3PMA light tables for male pensioners/non-pensioners and 101/103% of S3PFA light tables for female pensioners/non-pensioners (2018: 88% SAPS S2PA). The implied life expectancy at age 60 assumptions are shown in the table below:

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Pension (continued)

Mortality assumptions (continued)

	2019 Years	2018 Years
Male currently aged 60	28.2	29.9
Female currently aged 60	29.9	31.1
Male currently aged 40	29.7	32.1
Female currently aged 40	31.5	33.5

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2019 + 0.1% £ 000	 - 0.1% £ 000	2018 + 0.1% £ 000	 - 0.1% £ 000
Adjustment to discount rate				
Present value of defined benefit obligation	(1,417)	1,455	(1,326)	1,367

	2019 + 0.1% £ 000	 - 0.1% £ 000	2018 + 0.1% £ 000	 - 0.1% £ 000
Adjustment to rate of inflation				
Present value of defined benefit obligation	1,396	(1,364)	1,346	(1,310)

	2019 + 1 Year £ 000	2018 + 1 Year £ 000
Adjustment to mortality age assumption		
Present value of defined benefit obligation	3,292	2,469

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 2019, the net amount guaranteed under this arrangement was £73,158k (2018, £69,327k).

14 Events after the balance sheet date

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

On 20 November 2020 the High Court has ruled that the trustees of defined benefit pension schemes will have to revisit any pension transfers made over the past 30 years, and potentially top-up members' benefits where guaranteed minimum pay-outs were promised. There is therefore the risk of a potential charge through profit and loss with decisions to be made regarding next steps, including gathering data on the historic transfer values recorded in the Trustee Pension Scheme Accounts. This event is considered to be a non-adjusting post balance sheet event and given the proximity of the ruling to the date of signing the financial statements it is not possible to quantify the financial impact in the financial statements.