

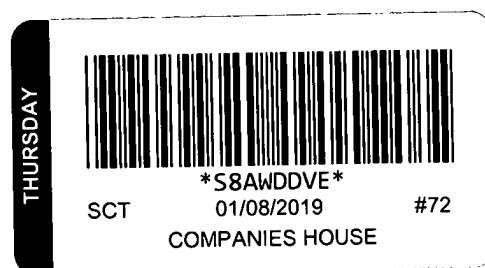
Registration number: SC184076



Standard Life Investments (Private Capital) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Contents

Company Information	1
Directors' Report	2
Strategic Report	3 to 4
Statement of Directors' Responsibilities	5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 25
Independent Auditor's Report	26 to 28

Company Information

Directors	D J Helmsley
	P McKellar
	R J McKillop
	R L Paris
	R Pim
Company secretary	H S Kidd
Registered office	1 George Street Edinburgh EH2 2LL
Auditor	KPMG LLP Chartered Accountants & Statutory Auditors Saltire Court 20 Castle Terrace Edinburgh United Kingdom EH1 2EG

Directors' Report

for the year ended 31 December 2018

The Directors present their annual report together with the audited financial statements of Standard Life Investments (Private Capital) Limited ("the Company") for the year ended 31 December 2018.

Directors of the company

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

D J Helmsley

P McKellar

R J McKillop

R L Paris

R Pim

S A Fitzgerald (resigned 28 October 2018)

The Company's ultimate parent company, Standard Life Aberdeen plc ("SLA plc"), maintains Directors' and Officers' liability insurance on behalf of its Directors and Officers.

Result for the year

The result for the year ended 31 December 2018 is a profit after tax of £8,230,000 (Restated 2017: £2,660,000). This is after consideration of prior year adjustments ("PYA") disclosed in Note 1.

Future outlook

The Directors are confident that the Company will maintain its financial position in the future.

Dividends

The directors recommended and paid dividends of £nil in 2018 (2017: £3,000,000) to its parent company.

Annual general meeting

There was no annual general meeting held in the year, as permitted by the Companies Act 2006.

Independent auditor


The Independent Auditors, KPMG LLP, have indicated their willingness to continue in office.

Disclosure of information to the auditor

So far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's Independent Auditor in connection with preparing their report) of which the Company's Independent Auditor is unaware.

Each of the Directors has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor is aware of that information.

Approved by the Board on 10 July 2019 and signed on its behalf by:



R L Paris
Director

Strategic Report

for the year ended 31 December 2018

Review of the Company's business

The principal activity is to hold a controlling interest in the private equity investment management business undertaken by SL Capital Partners LLP ("the LLP") and to provide private markets investment management and advisory services. In light of the accounting corrections explained in Note 1, a revised LLP agreement has been signed by the partners. See Note 14 for further details.

Key performance indicators ("KPIs")

The Company uses a number of key performance indicators ("KPIs") to monitor the performance of the business throughout the year. These KPIs are shown below:

	2018	Restated *
	£ 000	2017 £ 000
Turnover	11,012	11,500
Operating profit	9,865	3,295

In the current year, as opposed to being recharged into the Company in the prior-year, staff costs have been held within the the Parent (Standard Life Investments Limited), resulting in increased operating profit.

*Comparatives for the year ended 31 December 2017 have been restated. During the year there was a review of the LLP agreement signed in October 2016 subsequent to which changes have been made to the accounting of distributions made to A unit holders (of which the Company is a unit holder). These are explained in Note 1.

Principal risks and uncertainties

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

The Standard Life Aberdeen Group ("the 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 the Group 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 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 each of the risks, together with how they link to our new strategy, how they have evolved over the year and how they are managed can be found in the Standard Life Aberdeen Group accounts.

Strategic Report

for the year ended 31 December 2018 (continued)

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

Brexit: The Company continues to monitor the ongoing political debate to identify if any existing risk exposures have altered or new risks emerge. The wider SLA plc ("the Group") business remains well positioned to benefit from the trends which are shaping the investment landscape although there remains unavoidable uncertainty due to Brexit. Exposure to Brexit not only has the potential to create volatility for our customers' and clients' investments but also the Group's asset management distribution capability to European clients. The Group has established a new Dublin based entity to mitigate the ongoing risks but political risks in the UK and Europe could threaten the operation of services for the Group, as they could for many other industries and companies. Active regulatory engagement and close monitoring of ongoing political debates are in place. The main revenue the Company receives comes from UK based subsidiaries and whilst it's possible that Brexit could affect revenues, we don't anticipate there being a significant impact on the structure or operations of the Company. However, Brexit has the potential to create volatility in the valuation of investments in the underlying funds and therefore the revenue earned by the Company through dividends from subsidiaries.

Strategic risks: Notably investment performance; distribution and client management; and ensuring we meet the evolving needs of our clients and customers. Political change also continues to be a key strategic risk with the new laws and regulations having the potential to impact both client behaviours and our global operating model.

Operational risk: IT failure and security including cyber risk; third party oversight; and process execution failure.

Conduct risk: Specifically the risk that our behaviours, strategies, decisions and actions deliver unfair outcomes to our customers and clients and/or poor market conduct. We have no appetite for either of these.

Regulatory and legal risk: We operate in a highly regulated industry and our global footprint exposes us to an increasing number of regulatory regimes which have the potential to expose the Company to risks.

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

Environmental matters

The Company follows the environmental strategy of the Standard Life Aberdeen Group which is disclosed within the Standard Life Aberdeen plc accounts.

Approved by the Board by written resolution and signed on 10 July 2019 by:



R L Paris
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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*.

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 apply them consistently;
- make judgements and accounting 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.

Profit and Loss Account
for the year ended 31 December 2018

		2018	Restated *
	Note	£ 000	2017
			£ 000
Turnover			
Income from subsidiary undertakings		10,948	11,500
Management fees		64	-
Total turnover		11,012	11,500
Restructuring costs		(69)	-
Total administrative expenses		(1,078)	(8,205)
Operating profit	3	9,865	3,295
Finance income	4	117	71
Profit before tax		9,982	3,366
Tax expense	5	(1,752)	(706)
Profit for the year		8,230	2,660

The notes on pages 10 to 25 form part of these financial statements.

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018	Restated *
	£ 000	2017
		£ 000
Profit for the year	8,230	2,660
Items that may be reclassified subsequently to profit or loss		
Loss on cash flow hedges (net)	(199)	(30)
Total comprehensive income for the year	8,031	2,630

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.


Balance Sheet as at 31 December 2018

		2018	Restated *
	Note	£ 000	2017 £ 000
Assets			
Non-current assets			
Deferred tax assets	6	-	12
Investments in subsidiaries	7	2,483	2,471
Total non-current assets		2,483	2,483
Current assets			
Trade and other receivables	8	11,544	10,965
Cash and cash equivalents	9	25,580	20,231
Total current assets		37,124	31,196
Total assets		39,607	33,679
Equity and liabilities			
Equity			
Share capital	10	5	5
Other reserves		-	199
Retained earnings		28,830	20,600
Equity attributable to equity holders of the parent		28,835	20,804
Liabilities			
Current liabilities			
Current tax liabilities	6	569	2,395
Trade and other payables	11	10,203	10,480
Total current liabilities		10,772	12,875
Total equity and liabilities		39,607	33,679

The notes on pages 10 to 25 form part of these financial statements.

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

The financial statements on pages 6 to 25 were approved on behalf of the Board of Directors by written resolution and signed on 10 July 2019 by the following Director:


 R L Paris
 Director

(Registration number: SC184076)

Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital £ 000	Other reserves £ 000	Restated * Retained earnings £ 000	Total £ 000
Balance as at 1 January 2017 (as originally reported)	5	229	6,829	7,063
Effect of restatement	-	-	14,111	14,111
Restated balance as at 1 January 2017	5	229	20,940	21,174
Comprehensive income				
Profit for the year	-	-	2,660	2,660
Other comprehensive expense	-	(30)	-	(30)
Total comprehensive (expense)/income	-	(30)	2,660	2,630
Transactions with owners				
Dividends to equity holders	-	-	(3,000)	(3,000)
Balance as at 31 December 2017	5	199	20,600	20,804

	Share capital £ 000	Other reserves £ 000	Restated* Retained earnings £ 000	Total £ 000
Balance as at 1 January 2018 (as originally reported)	5	199	9,635	9,839
Effect of restatement	-	-	10,965	10,965
Restated balance as at 1 January 2018	5	199	20,600	20,804
Comprehensive income				
Profit for the year	-	-	8,230	8,230
Other comprehensive expense	-	(199)	-	(199)
Total comprehensive (expense)/income	-	(199)	8,230	8,031
Transactions with owners				
Dividends to equity holders	-	-	-	-
Balance as at 31 December 2018	5	-	28,830	28,835

The notes on pages 10 to 25 form part of these financial statements.

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

Notes to the Financial Statements for the year ended 31 December 2018

1 Accounting policies

The Company's significant accounting policies are included at the beginning of the relevant note. This section outlines the basis of preparation, significant accounting policies which apply to the financial statements as a whole, and a summary of the Company's critical accounting estimates and judgements in applying accounting policies.

(a) Basis of preparation

(i) Statement of compliance

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 2018 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council, as well as the Companies Act 2006.

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

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in relation to the effects of new but not yet effective IFRSs;

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

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

For the transition to FRS 101 (which has occurred during the current-year), the Company has applied IAS 1 whilst ensuring its assets and liabilities are measured in compliance with FRS 101, effective from 1 January 2017, the beginning of the comparative period. This transition has had no significant impact on the Company's financial position, performance, equity or total comprehensive income for either the year-ended 31 December 2018 or the comparative period ended 31 December 2017, and has resulted in no impairment losses as at 31 December 2017. The most recent financial statements prepared under International Financial Reports Standards were for the year to 31 December 2017.

The company is a wholly owned subsidiary of Standard Life Aberdeen plc and is therefore exempt from the requirement to prepare consolidated accounts by virtue of section 401 of the Companies Act 2006.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)**(a) Basis of preparation (continued)****(ii) Prior year adjustments**

PYA 1 (LLP Agreement A Units): Review of the SL Capital Partners LLP agreement ("LLP agreement") found that a specific clause providing discretion over the distribution of profits to the Company as holder of the A units was removed as part of the 2016 revision to the LLP agreement. Since 2016 distributions are mandatory under the terms of the LLP agreement and these are now considered to be debt instruments as opposed to equity instruments and should be accounted for under IFRS 9. Consequently these distributions are now being treated as income in the year profits have been earned as opposed to dividends at the point these were declared. This has a timing impact on when profit distributions to the company are recognised in the financial statements with dividends declared in the years ending 31 December 2017 and 31 December 2018 now being recognised as income in the years ending 31 December 2016 and 31 December 2017 respectively.

PYA 2 (Seabury restatement): In preparing these financial statements in accordance with FRS 101, the Directors have reconsidered the classification of certain short term investments and the comparative figures for the year ended 31 December 2017 have been revised from amounts previously reported to reclassify the investment in the Seabury Sterling Liquidity 1 Fund from Investment Securities (current) to Cash Equivalents. This restatement has had no impact on net assets or net current assets of the Company. Income in relation to this Fund has been reclassified from other operating income to net finance income.

The adjustments made are shown below:

	Previously stated 31 December 2017 £ 000	PYA 1 £ 000	PYA 2 £ 000	Restated 31 December 2017 £ 000
Income from subsidiary undertakings	14,717	(3,146)	(71)	11,500
Finance income	-	-	71	71
Net profit and loss impact	14,717	(3,146)	-	11,571
Investment securities	20,225	-	(20,225)	-
Cash and cash equivalents	6	-	20,225	20,231
Amounts owed by subsidiary undertakings	-	10,965	-	10,965
Retained earnings	9,635	10,965	-	20,600

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(a) Basis of preparation (continued)

The impact of these restatements on the 2017 opening balances is shown below:

	Previously stated 1 January 2017 £ 000	PYA 1 £ 000	PYA 2 £ 000	Restated 1 January 2017 £ 000
Investment securities	20,519	-	(20,519)	-
Cash and cash equivalents	6	-	20,519	20,525
Amounts owed by subsidiary undertakings	-	14,111	-	14,111
Retained earnings	6,829	14,111	-	20,940

(iii) New interpretations and amendments to existing standards that have been adopted by the Company

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 has replaced IAS 18 'Revenue' and related interpretations. IFRS 15 provides a new five-step revenue recognition model for determining recognition and measurement of revenue from contracts with customers. A detailed impact assessment was completed for all major revenue streams, reviewing contracts and analysing the revenue recognised. No significant impacts to profit or net assets were identified for the Company.

IFRS 9 'Financial Instruments'

IFRS 9 has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. There has been no material impact on the Company's financial performance or position and no comparative numbers have been adjusted following the adoption of IFRS 9.

(b) Turnover

Turnover, representing a non-discretionary entitlement receivable from the LLP, is recognised over the period on which it is earned on an accruals basis.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(c) Expense recognition

Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where there is an indication of impairment, an impairment review is performed and an impairment loss recognised in the profit and loss account to the extent that the carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price (fair value less costs to sell) and value in use. In assessing value in use, any estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the net asset value is used where appropriate. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit, or group of units, to which the asset belongs.

Non-financial assets which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

(d) Foreign currency

Foreign currency transactions and fair values are translated using the exchange rates applying to the functional currency, which is Sterling, prevailing at the dates of the transactions or at the date the fair value was determined, with related foreign currency exchange gains or losses reflected in the profit and loss account. Translation differences on non-monetary items such as investments in associates are reported as part of the fair value gain or loss.

(e) Financial assets - designation

(i) Designation as fair value through profit or loss (FVTPL)

Financial assets are designated as FVTPL where the asset or liability is part of a group of assets that are evaluated and managed on a fair value basis.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are considered as non-current assets. The Company's loans and receivables comprise 'Trade and other receivables' in the balance sheet.

(f) Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

2 Key estimates and judgements

The preparation of financial statements, in conformity with FRS 101, may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In the process of applying the Company's accounting policies, management has made no key estimates or judgements.

3 Operating profit

The Company has no employees (2017: nil) and is managed by the parent undertaking. Certain expenses, including auditors' remuneration (see below), are met by a group undertaking and are recovered from the Company through administrative and management charges.

	2018 £ 000	2017 £ 000
Independent Auditor's remuneration (see below)	<u>15</u>	<u>14</u>
Fees payable to the Company's Independent Auditor:		
Audit of the financial statements	6	5
Services pursuant to legislation	<u>9</u>	<u>9</u>
Total payable to the Company's Independent Auditor	<u>15</u>	<u>14</u>

4 Finance income

Interest income of £117,000 (2017: £71,000) is derived primarily from 'Cash and cash equivalents'. Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

5 Tax expense

Accounting policy

The current tax expense is based on the taxable results for the year, using tax rates enacted or substantively enacted at the balance sheet date, including any adjustments in respect of prior years.

Deferred tax is provided using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable results will be available against which the temporary differences can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Where local tax law allows, deferred tax assets and liabilities are netted off on the balance sheet. The tax rates used to determine deferred tax are those enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly in equity respectively.

(a) Analysis of the tax expense for the year:

	2018 £ 000	2017 £ 000
Current tax		
UK corporation tax	1,945	653
Adjustment to current tax in respect of prior years	(6)	53
Total current tax	1,939	706
Deferred tax		
Deferred tax credit arising in the current year	(187)	-
Total tax expense	1,752	706

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

5 Tax expense (continued)

(b) Reconciliation of tax expense:

	2018 £ 000	* Restated 2017 £ 000
Profit before tax	9,982	3,366
Tax at UK corporation tax rate of 19% (2017: 19.25%)	1,897	648
Effects of:		
Adjustment to current tax in respect of prior years	(6)	53
Other tax effects for reconciliation between accounting profit and tax expense (income)	(139)	5
Total tax expense	1,752	706

The standard rate of UK corporation tax for the accounting period is 19% (2017: 19.25%). The UK corporation tax rate has reduced to 19% from 1 April 2018 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.

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

6 Tax assets and liabilities

(a) Tax assets and liabilities

	2018 £ 000	2017 £ 000
Deferred tax assets (see (b) below)	-	12
Total tax assets	-	12
Current tax liability	(569)	(2,395)
Total tax liabilities	(569)	(2,395)

(b) Recognised deferred tax

	2018 £ 000	2017 £ 000
Deferred tax assets comprise:		
Unrealised losses on cash flow hedges	-	12
Gross deferred tax assets	-	12
Less: offset of deferred tax liabilities	-	-
Net deferred tax assets	-	12

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

6 Tax assets and liabilities (continued)

Movements in net deferred tax assets comprise:

At 1 January	12	42
Amounts transferred to other reserves	(12)	(30)
At 31 December	-	12

7 Investments in subsidiaries

Accounting policy

Subsidiaries are all entities, including structured entities, over which the Group has control. Control exists if the Company has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns.

The Company's investments in subsidiaries are held at cost.

Where there is an indication of impairment, an impairment review is performed and an impairment loss recognised in the profit and loss account to the extent that the carrying amount exceeds its recoverable amount.

Dividend income received from subsidiaries is included as 'Income from subsidiary undertakings' in the profit and loss account.

	2018	2017
	£ 000	£ 000
Subsidiaries		
At 1 January	2,471	2,460
Additions	12	11
At 31 December	2,483	2,471

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

7 Investments in subsidiaries (continued)

Additions during the year consisted of investments in ASI (General Partner PFF 2018) SARL, ASI (General Partner SOF IV) Limited and ASI (General Partner PE2) Limited.

The following are particulars of the Company's subsidiary undertakings as at the balance sheet date:

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Parent Entity - Standard Life Investments (Private Capital) Limited				
SLIPC (General Partner Infrastructure II) SARL	Investment management	2 Boulevard de la Foire, Luxembourg 1528	100%	100%
SLIPC (General Partner Infrastructure II LTP 2017) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	100%
SLIPC (General Partner PMD Co-invest 2017) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	100%
SLIPC (General Partner SCF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	100%
ASI (General Partner PFF 2018) SARL	Investment management	35a Avenue John F Kennedy, Luxembourg 1855	100%	0%
ASI (General Partner SOF IV) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	0%
ASI (General Partner 2019 European PE B) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	100%	0%
ASI (General Partner PE2) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SL Capital Partners LLP	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SL Capital Ignis Private Equity Founder LP	Investment management	1 George Street, Edinburgh, EH2 2LL, Scotland	65%	65%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

7 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Parent Entity - SL Capital Partners LLP				
SLCP (General Partner ESP 2006) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2008) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2008 Coinvestment) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP CAL) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner NASP 2006) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner NASP 2008) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2004) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner CPP) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

7 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
SLCP (General Partner Edcastle) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Tidal Reach) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESF II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner NASF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner USA) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF II) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF III) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Pearl Private Equity) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Pearl Strategic Credit) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%

Notes to the Financial Statements
for the year ended 31 December 2018 (continued)

7 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
SL Capital Partners (US) Limited	Equity research and marketing services	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Europe VI) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner EC) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
Ignis Cayman GP2 Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104 Cayman Islands	60%	60%
Ignis Cayman GP3 Limited	Investment management	C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104 Cayman Islands	60%	60%
SLCP (Holdings) Limited	Holding company	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Infrastructure I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (General Partner Infrastructure Secondary I) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (Founder Partner Ignis Private Equity) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%
SLCP (Founder Partner Ignis Strategic Credit) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

7 Investments in subsidiaries (continued)

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
SLCP (General Partner 2016 Co-Investment) Limited	Investment management	1 George Street, Edinburgh, EH2 2LL Scotland	60%	60%

The underlying limited partnerships meet the definition of subsidiaries under the Companies' Act but have not been disclosed in the table above.

8 Trade and other receivables

Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment where this is deemed necessary.

	2018	Restated *
	£ 000	£ 000
Amounts owed by subsidiary undertakings	10,949	10,965
Amounts owed by Standard Life Aberdeen Group undertakings	64	-
Due from other funds	531	-
Total trade and other receivables	11,544	10,965

All trade and other receivables are current and have a maturity of less than one year or no contractual maturity date. All of the financial assets above are non-interest bearing.

* Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

9 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash at bank, money at call and short notice with banks, and any highly liquid investments, and are measured at amortised cost.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

9 Cash and cash equivalents (continued)

	2018	Restated *
	2017	
	£ 000	£ 000
Cash at bank and in hand	2	6
Seabury Sterling Liquidity 1 Fund	25,578	20,225
	<u>25,580</u>	<u>20,231</u>

* The investment in the Seabury Sterling Liquidity 1 Fund has been reclassified as a cash equivalent in order to more accurately reflect the underlying liquid nature of the investment. Refer to Note 1.

10 Share capital

Accounting Policy

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable.

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

11 Trade and other payables

Accounting Policy

Trade and other payables are recognised at their initial fair value and subsequently measured at amortised cost.

	2018	2017
	£ 000	£ 000
Accruals and deferred income	177	3,465
Amounts owed to SLA Group undertakings	4,459	968
Amounts owed to the LLP	5,566	6,047
Other payables	<u>1</u>	<u>-</u>
Total trade and other payables	<u>10,203</u>	<u>10,480</u>

All trade and other payables are expected to be settled within 12 months.

Notes to the Financial Statements

for the year ended 31 December 2018 (continued)

12 Unconsolidated structured entities

A structured entity is defined as an entity where control is not necessarily held through voting rights linked to ownership stake but rather through rights arising from contractual agreements that give power to direct the relevant activities.

As 'Manager' the Company has exposure to, but no direct holding in, a range of vehicles including limited partnerships. These vehicles are structured in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity and as such are classified as structured entities. Investments in these entities are classified as investments in associates where the Standard Life Aberdeen Group has an investment and significant influence.

The Company has interests in a number of investment vehicles, primarily limited partnerships, with day to day responsibility for the operation of those vehicles but no direct investments.

The purpose and activity of these vehicles is to invest assets in order to secure investment returns (either capital or income returns) in return for a management fee. The Company's maximum exposure to loss in relation to these vehicles is the management fee debtor. There are no material differences in the risks, exposure or operation of the structured entities and the combined Assets under Management of these entities is £883.8m (2017: £nil).

The table below summarises transactions of the Company with unconsolidated structured entities.

	2018 £ 000	2017 £ 000
Turnover	64	-
Debtors	64	-

13 Related party transactions

(a) Parent and ultimate controlling party

The Company's parent undertaking is Standard Life Investments Limited (registered office 1 George Street, Edinburgh, EH2 2LL) whilst the ultimate controlling party is Standard Life Aberdeen plc (registered office 1 George Street, Edinburgh, EH2 2LL).

Copies of the Annual Report and Accounts of Standard Life Aberdeen plc are available to the public to download on the website www.standardlifeaberdeen.com.

(b) Company transactions between and balances with related parties

In the normal course of business, the Company enters into transactions with related parties in respect of investment management business.

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
for the year ended 31 December 2018 (continued)

13 Related party transactions (continued)

		2018	
		Amounts owed by related parties	Amounts owed to related parties
	Revenue £ 000	Expenses £ 000	£ 000
SL Capital Partners LLP	10,948	431	5,567
		2017 Restated *	
		Amounts owed by related parties	Amounts owed to related parties
	Revenue £ 000	Expenses £ 000	£ 000
SL Capital Partners LLP	11,500	1,816	6,047

*Comparatives for the year ended 31 December 2017 have been restated. Refer to Note 1.

(c) Key management personnel

No amounts are payable to the Directors in respect of their services to the Company as at 31 December 2018 (2017: £nil).

14 Events after the balance sheet date

On 10 July 2019 a revised LLP agreement has been signed in respect of SL Capital Partners LLP. This revised agreement re-instated a specific clause providing discretion over the distribution of future profits. Consequently the Company will recognise future distributions from SL Capital Partners LLP as dividend income, recognised as income only at the point where these are declared. From this date the two sole members of SL Capital Partners LLP will be the Company and Standard Life Investments Limited.

Independent Auditor's Report to the Members of Standard Life Investments (Private Capital) Limited

Our opinion

We have audited the financial statements of Standard Life Investments (Private Capital) 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 the Notes to the Financial Statements, including the accounting policies in the notes.

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 profit 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.

Independent Auditor's Report to the Members of Standard Life Investments (Private Capital) Limited (continued)

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.

Strategic report and directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and 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. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception text

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.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Standard Life Investments (Private Capital) Limited (continued)

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

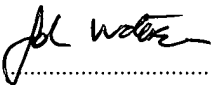
Auditor's responsibilities

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.



John Waterson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG

10 July 2019