

Registration number: SC184076



## Standard Life Investments (Private Capital) Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2017



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SCT 15/06/2018 #53  
COMPANIES HOUSE

**Company Information**

**Directors**                S A Fitzgerald  
                                 D J Helmsley  
                                 P McKellar  
                                 R J McKillop  
                                 R L Paris  
                                 R Pim

**Company secretary**    H S Kidd

**Registered office**        1 George Street  
                                 Edinburgh  
                                 Lothian  
                                 EH2 2LL

**Auditors**                 KPMG LLP  
                                 *Chartered Accountants and Statutory Auditors*  
                                 Saltire Court  
                                 20 Castle Terrace  
                                 Edinburgh  
                                 United Kingdom  
                                 EH1 2EG

## **Directors' Report for the year ended 31 December 2017**

The Directors present their report together with the audited financial statements of Standard Life Investments (Private Capital) Limited (the Company) for the year ended 31 December 2017.

### **Directors**

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

Directors of the Company during the year were as follows:

S A Fitzgerald

D J Helmsley (appointed 28 March 2017)

P McKellar

R J McKillop (appointed 28 March 2017)

W R Littleboy (resigned 14 November 2017)

R L Paris

R Pim

### **Result for the year**

The result for the year ended 31 December 2017 is a profit after tax of £5,806,000 (2016: £6,273,000). The Directors consider the result to be satisfactory.

### **Future Outlook**

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

### **Dividend**

The Directors recommended and paid a dividend of £3,000,000 in 2017 (2016: £22,000,000) 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 Auditors**

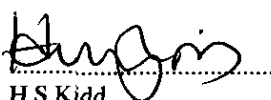
During the financial year ended 31 December 2017, the Standard Life Aberdeen Group appointed KPMG LLP (KPMG) as principal auditor replacing PricewaterhouseCoopers LLP (PwC). The Independent Auditors, KPMG, have indicated their willingness to continue in office.

### **Disclosure of information to Auditors**

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

Approved by the Board on 5 February 2018 and signed on its behalf by:



H S Kidd  
Company secretary

## Strategic Report for the year ended 31 December 2017

### 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.

During the year, the ultimate parent of the Company (Standard Life plc) merged with Aberdeen Asset Management plc to form Standard Life Aberdeen plc. The merger completed on 14 August 2017 and the Company became part of the Standard Life Aberdeen group. Thus far there has been no specific impact on the Company. A review will be conducted in 2018 as part of the wider integration activities to ascertain what specific impact, if any, this will have on the Company.

### 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 are shown below:

	2017 £ 000	2016 £ 000
Total revenue	14,717	11,198
Revenue less expenses	6,512	8,622

### Principal risks and uncertainties

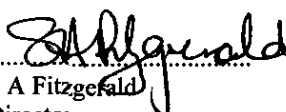
The management of the business and the execution of the Company's strategy are subject to a number of risks.

The Standard Life Aberdeen Group, 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 main business risks to which the Company is exposed, and its financial risk management objectives and policies, are considered in Note 17 to this report and financial statements. Other key business risks include the development and retention of key employees as well as competition from other providers of investment management services.

### 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 on 5 February 2018 and signed on its behalf by:

  
S A Fitzgerald  
Director

## **Statement of Directors' Responsibilities**

The Directors acknowledge they 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Income Statement for the year ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Revenue</b>			
Income from shares in Group undertaking	3	14,646	11,078
Other income	4	71	120
<b>Total revenue</b>		<b>14,717</b>	<b>11,198</b>
<b>Operating expenses</b>			
Administrative expenses		(8,205)	(2,576)
<b>Total operating expenses</b>		<b>(8,205)</b>	<b>(2,576)</b>
<b>Revenue less expenses</b>		<b>6,512</b>	<b>8,622</b>
Foreign exchange loss		-	(1)
<b>Profit before tax</b>		<b>6,512</b>	<b>8,621</b>
Tax expense	6	(706)	(2,348)
<b>Profit for the year attributable to equity holders of the Company</b>		<b>5,806</b>	<b>6,273</b>

The notes on pages 10 to 27 form part of these financial statements.

**Statement of Comprehensive Income for the Year Ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
Profit for the year		5,806	6,273
<b>Other comprehensive (expense) / income</b>			
Deferred tax on cash flow hedges	14	(30)	55
<b>Total comprehensive income for the year</b>		<b>5,776</b>	<b>6,328</b>

Comprehensive income is stated net of tax where applicable. There is no tax relating to "Other Comprehensive Income".

All items within the statement of Comprehensive Income can be reclassified to the income statement.

The notes on pages 10 to 27 form part of these financial statements.


## Statement of Financial Position as at 31 December 2017

	Note	2017 £ 000	Restated* 2016 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	7	2,471	2,460
Deferred tax assets	10	12	42
<b>Total non-current assets</b>		<b>2,483</b>	<b>2,502</b>
<b>Current assets</b>			
Investment securities	9	20,225	20,519
Cash and cash equivalents	11	6	6
<b>Total current assets</b>		<b>20,231</b>	<b>20,525</b>
<b>Total assets</b>		<b>22,714</b>	<b>23,027</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	5	5
Retained earnings	13	9,635	6,829
Other reserves	14	199	229
<b>Total attributable to equity holders of the Company</b>		<b>9,839</b>	<b>7,063</b>
<b>Current liabilities</b>			
Current tax liabilities	10	2,395	4,601
Trade and other payables	15	10,480	11,363
<b>Total current liabilities</b>		<b>12,875</b>	<b>15,964</b>
<b>Total equity and liabilities</b>		<b>22,714</b>	<b>23,027</b>

\*Comparatives for the year ended 31 December 2016 have been restated. Refer to Note 1.

The notes on pages 10 to 27 form part of these financial statements.

The financial statements on pages 5 to 27 were approved on behalf of the Board on 5 February 2018 and signed on its behalf by:

  
 S A Fitzgerald  
 Director

(Registration number: SC184076)



**Statement of Changes in Equity for the year ended 31 December 2017**

	Note	Share capital £ 000	Retained earnings £ 000	Other reserves £ 000	Total £ 000
<b>Balance at 1 January 2016</b>		5	22,556	174	22,735
<b>Comprehensive income</b>					
Deferred tax on cash flow hedges	14	-	-	55	55
Profit for the year		-	6,273	-	6,273
<b>Total Comprehensive income</b>		-	6,273	55	6,328
Dividends to equity holders	8	-	(22,000)	-	(22,000)
<b>Balance at 31 December 2016</b>		<u>5</u>	<u>6,829</u>	<u>229</u>	<u>7,063</u>
 <b>Balance at 1 January 2017</b>		5	6,829	229	7,063
<b>Comprehensive income</b>					
Deferred tax on cash flow hedges	14	-	-	(30)	(30)
Profit for the year		-	5,806	-	5,806
<b>Total Comprehensive income</b>		-	5,806	(30)	5,776
Dividends to equity holders	8	-	(3,000)	-	(3,000)
<b>Balance at 31 December 2017</b>		<u>5</u>	<u>9,635</u>	<u>199</u>	<u>9,839</u>

The notes on pages 10 to 27 form part of these financial statements.

**Statement of Cash Flows for the year ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		6,512	8,621
Movement in operating assets and liabilities	16	(883)	4,634
Movement in investment securities		294	8,746
Movement in group relief		(653)	-
Tax paid		(2,259)	-
<b>Net cash flows from operating activities</b>		<b>3,011</b>	<b>22,001</b>
<b>Cash flows used in financing activities</b>			
Dividend paid	8	(3,000)	(22,000)
Purchase of subsidiaries	7	(11)	-
<b>Net cash flows used in financing activities</b>		<b>(3,011)</b>	<b>(22,000)</b>
<b>Net increase in cash and cash equivalents</b>		-	1
Cash and cash equivalents at the beginning of the year		6	5
<b>Cash and cash equivalents at the end of the year</b>	11	<b>6</b>	<b>6</b>

The notes on pages 10 to 27 form part of these financial statements.

## Notes to the Financial Statements for the year ended 31 December 2017

### 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 financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), with interpretations issued by the IFRS Interpretations Committee (IFRS IC), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis and under the historical cost convention. Comparatives for the year ended 31 December 2016 have been restated on the Statement of Financial Position in relation to investment securities. Previously, investment securities were disclosed as non-current assets; however these have been reclassified as current assets during 2017 as we believe this to be a more meaningful classification.

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

There have been no new interpretations or amendments to existing accounting standards that have impacted the Company.

##### *(iii) Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company and that are considered relevant to the Company*

##### ***IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018)***

IFRS 15 will replace 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. New disclosure requirements including estimate and judgement thresholds will also be introduced. In 2015 the IASB issued amendments to the standard and delayed the mandatory adoption date until 1 January 2018. A detailed impact assessment was completed in 2017 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 (effective for annual periods beginning on or after 1 January 2018)***

IFRS 9 will replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 allows two measurement categories for financial assets in the statement of financial position: amortised cost and fair value. All equity instruments and derivative instruments are measured at fair value. As well as presentation and measurement changes, IFRS 9 also introduces additional disclosure requirements. Initial analysis indicates IFRS 9 is unlikely to have an impact on the Company because financial assets are currently measured at Fair Value Through Profit and Loss (FVTPL) or amortised cost.

#### **(b) Revenue recognition**

All fees and costs associated with the provision of investment management services are recognised, subject to recoverability, as the services are provided. Dividend income is recognised when the right to receive payment is established. The Company is also entitled to a profit share relating to revenue generated from the LLP.

#### **(c) 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 income statement.

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)****1 Accounting policies (continued)****(d) 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.

**2 Key estimates and judgements**

The preparation of financial statements, in conformity with IFRS, 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 Income from shares in Group undertaking**

In 2017 a profit share of £14,646,000 (2016: £11,078,000) was received from the LLP.

**4 Other income****Accounting Policy**

Other operating income includes realised gains on investment securities. Investment gains and losses resulting from changes in market value on investments classified as FVTPL are recognised in the period in which they occur.

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Realised gain on investment securities	71	120
<b>Total other income</b>	<b>71</b>	<b>120</b>

**5 Administrative expenses****Accounting Policy**

Administrative expenses are recognised on an accruals basis

Certain expenses, including auditors' remuneration (see following table), are met by the parent undertaking and are recovered from the Company through administrative and management charges.

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Auditors' remuneration</b>	<b>14</b>	<b>13</b>
Fees payable to the Company's auditors for the audit of the financial statements	5	5
Other assurance services	9	8
<b>Total payable to the Company's auditors</b>	<b>14</b>	<b>13</b>

During the financial year ended 31 December 2017, the Standard Life Aberdeen Group appointed KPMG as principal auditor replacing PricewaterhouseCoopers LLP (PwC). Accordingly the fees above relate to KPMG for 2017 and PwC for 2016. 2016 fees have been adjusted to exclude VAT.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 6 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 statement of financial position date, including any adjustments in respect of prior years.

Deferred tax is provided using the statement of financial position 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.

Current and deferred tax is recognised in the income statement 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 charge for the year:

	2017 £ 000	2016 £ 000
<b>Current taxation</b>		
United Kingdom corporation tax	653	2,341
Prior year adjustment in respect of current tax expense	53	7
<b>Total tax expense</b>	<b>706</b>	<b>2,348</b>

## (b) Reconciliation of tax expense:

	2017 £ 000	2016 £ 000
Profit before tax	6,512	8,621
Corporation tax at standard rate of 19.25% (2016: 20%)	1,254	1,724
<b>Effects of:</b>		
Taxation due in respect of LLP profits received in different accounting periods	(601)	617
Adjustment to tax expense in respect of prior years	53	7
<b>Total tax expense</b>	<b>706</b>	<b>2,348</b>

From April 2017 the main rate of UK corporation tax has decreased from 20% to 19%. Accordingly, this results in an average current tax rate of 19.25% for the year (2016: 20%).

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 7 Investment 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 income statement to the extent that the carrying amount exceeds its recoverable amount.

Dividend income received from subsidiaries is included as 'Other operating income' in the income statement.

	2017 £ 000	2016 £ 000
<b>Subsidiaries</b>		
At 1 January	2,460	2,460
Additions	11	-
<b>At 31 December</b>	<b>2,471</b>	<b>2,460</b>

Additions during the year consisted of £100 investments in the following entities; SLI PC (General Partner Infrastructure II LTP 2017) Limited; SLI PC (General Partner PMD Co-invest 2017) Limited and SLI PC (General Partner SCF I) Limited. In addition £11,000 was also invested in SLIPC (General Partner Infrastructure II) SARL.

SL Capital Partners LLP (the LLP) is 60% owned by Standard Life Investments (Private Capital) Limited. The LLP owns 100% of SLCP (Holdings) Limited. The details of Company's subsidiaries and the subsidiaries of the LLP are listed below.

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
SLIPC (General Partner Infrastructure II) SARL	Investment Management	2 Boulevard de la Foire, Luxembourg 1528	100%	0%
SLIPC (General Partner Infrastructure II LTP 2017) Limited	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	100%	0%
SLIPC (General Partner PMD Co-invest 2017) Limited	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	100%	0%

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 7 Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
SLIPC (General Partner SCF I) Limited	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	100%	0%
SL Capital Partners LLP	Investment Management	1 George Street Edinburgh EH2 2LL United Kingdom	60%	60%
SLCP (Holdings) Limited*	Holding Company	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
Ignis Cayman Limited*	GP 2 Investment Management	Care of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	60%	60%
Ignis Cayman Limited*	GP 3 Investment Management	Care of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	60%	60%
SL Capital Limited*	(US) Equity research and marketing services	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner CPP) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner EC) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Edcastle) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESF I) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 7 Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
SLCP (General Partner ESF II) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2004) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2006) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2008 Coinvestment) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner ESP 2008) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner CAL) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Europe VI) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner II) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Infrastructure I) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Infrastructure Secondary I) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner NASF I) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%



## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 7 Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
SLCP (General Partner NASP 2006) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner NASP 2008) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Pearl Private Equity) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Pearl Strategic Credit) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF I) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF II) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner SOF III) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Tidal Reach) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner USA) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (Founder Partner Ignis Private Equity) Limited*	Investment Management	1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 7 Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
SLCP (Founder Partner Investment Management Ignis Strategic Credit) Limited*		1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%
SLCP (General Partner Investment Management 2016 Co-investment) Limited*		1 George Street, Edinburgh, Lothian, EH2 2LL Scotland	60%	60%

\* Denotes subsidiaries of the LLP.

## 8 Dividends paid

**Accounting policy**

Dividends are recognised directly in equity in the Company's financial statements in the period in which they are paid.

	2017 £ 000	2016 £ 000
Dividends paid to parent undertaking	3,000	22,000
<b>Total dividends</b>	<b>3,000</b>	<b>22,000</b>

## 9 Investment securities

**Accounting Policy**

During the year ended 31 December 2017, Standard Life Aberdeen Group, and therefore the Company, has amended its accounting policy in relation to investment in associates. Previously, the Company determined associates to be entities over which the Company had significant influence but not control, where significant influence was determined to be the power to participate in the financial and operational policy decisions of the investee. For the Company, significant influence was considered to be present where, Standard Life Investments Limited, through its role as investment manager, had decision making power over the relevant activities of that entity.

In general, investment vehicles which are not subsidiaries are now considered to be associates where the Group holds more than 20% of the voting rights only. This change in accounting policy is deemed to make the financial statements more relevant to users and more consistent with industry presentation. The impact of this change in accounting policy on the Company is that items previously disclosed as investment in associates are now disclosed as investment securities where they do not meet the 20% voting right threshold. Investment securities are all accounted for using the FVTPL method.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 9 Investment securities (continued)

	2017 £ 000	Restated* 2016 £ 000
Investments in regulated collective investment vehicles	20,225	20,519
	<b>20,225</b>	<b>20,519</b>

\*Comparatives for the year ended 31 December 2016 have been restated. Refer to Note 1.

The Company has one material investment security, the details of which are noted below.

Name of investment security	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
Seabury Assets Fund plc (Fund No.1)	Collective investment	70 Sir Rogerson's Quay, Dublin Ireland	1.17%	1.18%

## 10 Tax assets and liabilities

## (a) Tax assets and liabilities

	2017 £ 000	2016 £ 000
Deferred tax assets (see (b) below)	12	42
<b>Total tax assets</b>	<b>12</b>	<b>42</b>
Current tax liabilities	(2,395)	(4,601)
<b>Total tax liabilities</b>	<b>(2,395)</b>	<b>(4,601)</b>

## (b) Recognised deferred tax

	2017 £ 000	2016 £ 000
<b>Deferred tax assets comprise:</b>		
Unrealised losses on cash flow hedges	12	42
<b>Net deferred tax assets</b>	<b>12</b>	<b>42</b>

## Movements in net deferred tax assets comprise:

At 1 January	42	(13)
Amounts transferred to other reserves (Note 14)	(30)	55
<b>At 31 December</b>	<b>12</b>	<b>42</b>

The standard rate of UK corporation tax for the accounting period is 19.25% (2016: 20%). The UK tax rate has reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. These future rate changes have been taken into account in the calculation of the UK deferred tax balance at 31 December 2017.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 11 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 with less than three months to maturity from the date of acquisition, and are measured at amortised cost.

	2017	2016
	£ 000	£ 000
Cash at bank	6	6

Cash at bank, deposits and overdrafts are subject to variable interest rates. All of the 'Cash and cash equivalents' balances at the statement of financial position date were held with counterparties rated (Standard & Poor's) A or above (2016: A or above).

## 12 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

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	5	5	5	5

## 13 Retained earnings

	2017	2016
	£ 000	£ 000
At 1 January	6,829	22,556
Profit for the year attributable to equity holders	5,806	6,273
Dividends and distributions	(3,000)	(22,000)
At 31 December	9,635	6,829

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 14 Other reserves

	2017 £ 000	2016 £ 000
At 1 January	229	174
Deferred tax on cash flow hedges	(30)	55
At 31 December	<u>199</u>	<u>229</u>

## 15 Trade and other payables

**Accounting Policy**

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

	2017 £ 000	2016 £ 000
Amounts owed to parent	314	222
Amounts owed to the LLP	6,047	9,767
Accruals and deferred income	3,465	1,120
Amounts owed to Standard Life Aberdeen Group entities	654	254
	<u>10,480</u>	<u>11,363</u>

All trade and other payables are non-interest bearing and are current, or have no contractual maturity date.

## 16 Movement in operating assets and liabilities

	2017 £ 000	2016 £ 000
<b>Movement in operating liabilities:</b>		
Trade & other payables	(883)	4,634
<b>Movement in operating liabilities</b>	<u>(883)</u>	<u>4,634</u>

## 17 Financial risk management

**(a) Standard Life Aberdeen Group approach to risk management**

Standard Life Aberdeen plc, the ultimate parent of the Company, has established an Enterprise Risk Management (ERM) Framework to provide the basis for ensuring that the risks inherent in the design and execution of all Standard Life Aberdeen Group strategy are managed in line with its expectations.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 17 Financial risk management (continued)

#### (b) Standard Life Investments (Holdings) Limited and its subsidiaries (the Group) approach to risk and capital management

The Company operates within the governance structure of the Group. The Group has its own established governance framework, with clear terms of reference for the Group Board (the Board) and risk committees and a clear organisation structure, with documented, delegated authorities and responsibilities.

The Group takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Group's risk profile. The Board operates within the Standard Life Aberdeen Group risk policies and has approved certain Group specific policies which determine the framework for identifying, assessing, monitoring and controlling risk.

Capital is managed within the regulatory framework in which the Group operates. This makes use of an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Group Board, to identify the risks to which the business is exposed and to quantify their impact on capital, including changes thereto by way of stress and scenario tests. The ICAAP estimates how much capital is needed to cover the risks to which the Company is, or might be, exposed to. The Group is required at all times to maintain at least this level of capital. The Company does not have its own ICAAP but is a component of the Group ICAAP. The Group's calculation thereof is subject to review by the FCA who also monitors capital management by way of quarterly and annual submissions made by the Group and periodic visits.

The ICAAP is subject to high level quarterly review within the Group, with detailed annual review and approval by the Group Board. The potential impact of any significant risks identified out with these timescales would be subject to immediate review.

#### (c) The management of financial and non-financial risks

##### (i) Statement of financial position reconciliation

The following tables reconcile the classes of financial instruments used for the risk management analysis to line items in the statement of financial position.

	2017		
	FVTPL	Non-financial	Total
	£ 000	assets £ 000	£ 000
Investment in subsidiary	-	2,471	2,471
Investment securities	20,225	-	20,225
Deferred tax assets	-	12	12
Cash and cash equivalents	6	-	6
<b>Total assets</b>	<b>20,230</b>	<b>2,483</b>	<b>22,714</b>

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 17 Financial risk management (continued)

	2016		
	FVTPL £ 000	Non-financial assets £ 000	Total £ 000
Investment in subsidiary	-	2,460	2,460
Investment securities	20,519	-	20,519
Deferred tax assets	-	42	42
Cash and cash equivalents	6	-	6
<b>Total assets</b>	<b>20,525</b>	<b>2,502</b>	<b>23,027</b>

	2017		
	Financial liabilities £ 000	Non-financial liabilities £ 000	Total £ 000
Current tax liabilities	-	2,395	2,395
Trade and other payables	10,480	-	10,480
<b>Total liabilities</b>	<b>10,480</b>	<b>2,395</b>	<b>12,875</b>

	2016		
	Financial liabilities £ 000	Non-financial liabilities £ 000	Total £ 000
Current tax liabilities	-	4,601	4,601
Trade and other payables	11,363	-	11,363
<b>Total liabilities</b>	<b>11,363</b>	<b>4,601</b>	<b>15,964</b>

*(ii) Fair value of assets and liabilities*

Due to the short term nature of current financial assets and current financial liabilities the amortised cost is approximate to the fair value.

*(iii) Credit risk*

The Company is exposed to credit risk through capital investments and cash deposits. For cash deposits an internal credit assessment of each counterparty is used to set counterparty limits by the Group. This is presented to the Standard Life Aberdeen Group Credit Risk Committee for review and approval.

Income from shares in Group undertakings provides the majority of the Company's revenues and is the largest component of 'Trade and other receivables'. The majority of receipts of this value are received annually as the profit share is declared.

Cash deposits, comprising the majority of 'Cash and cash equivalents', are placed for terms of less than three months, with counterparties selected according to the criteria noted and are all rated (Standard & Poor's) A or above (2016: A or above). The following table provides an analysis of total assets bearing credit risk:

**Notes to the Financial Statements for the year ended 31 December 2017 (continued)****17 Financial risk management (continued)**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash and cash equivalents	6	6
Investment securities	20,225	20,519
<b>At 31 December</b>	<b>20,231</b>	<b>20,525</b>

At the statement of financial position date, none of the financial assets were impaired or past due.

**(iv) Market risk**

Market risk is the risk of adverse impact on the Company of changes in the fair values of financial instruments held by the LLP from fluctuations in foreign currency exchange rates, interest rates and market movements.

The Company is domiciled in and was incorporated in Scotland.

The Group uses sensitivity test-based analysis including market movements, foreign exchange and interest rate movements, detailed in its ICAAP, to understand their impact on expected earnings for decision-making and planning purposes.

The impact of a fall in asset values at a point in time is currently primarily limited to the impact on dividends receivable from the LLP.

The Company transacts most of its business in Sterling but has exposure to foreign exchange movements through dividend income derived from US Dollar or Euro denominated assets, all unhedged. The Company's currency exposure at the statement of financial position date was as follows:

	<b>2017</b>		
	<b>Sterling</b>	<b>Euro</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Investment securities	20,225	-	20,225
Cash and cash equivalents	2	4	6
	<b>20,227</b>	<b>4</b>	<b>20,231</b>

	<b>2016</b>		
	<b>Sterling</b>	<b>Euro</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Investment securities	20,519	-	20,519
Cash and cash equivalents	2	4	6
	<b>20,521</b>	<b>4</b>	<b>20,525</b>



## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

## 17 Financial risk management (continued)

*(v) Liquidity risk*

Liquidity risk is the risk of the Company being unable to maintain sufficient cash and marketable securities to enable it to meet cash flow obligations as they fall due.

The Group manages its liquidity risk by regular monitoring of its cash position, credit control including the credit risk assessment noted above, forward planning including cash flow analysis, and regular reporting thereon to the Board.

All of the financial assets are due on demand in the year and prior year and are recorded at their carrying value which is considered to be their fair value.

Financial liabilities include amounts due to the LLP. This amount relates to unremitted earnings due from the LLP that cannot be recognised until approved by the LLP Management Board.

2017				
	Due within 1 month £ 000	Due within 1 year £ 000	No contractual maturity date £ 000	Total £ 000
<b>Financial liabilities</b>				
Trade and other payables	119	3,346	7,015	10,480
	<b>119</b>	<b>3,346</b>	<b>7,015</b>	<b>10,480</b>
2016				
	Due within 1 month £'000	Due within 1 year £'000	No contractual maturity date £'000	Total £'000
<b>Financial liabilities</b>				
Trade and other payables	93	1,027	10,243	11,363
	<b>93</b>	<b>1,027</b>	<b>10,243</b>	<b>11,363</b>

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

### 17 Financial risk management (continued)

#### *(vi) Operational risk*

Operational risk is defined as the risk of loss, or adverse consequences for the business, resulting from inadequate or failed internal processes, people and systems, or from external events. The Group sets an acceptable level of operational risk as quantitative and qualitative risk limits.

The types of operational risk the Company is exposed to are identified using the following operational risk categories: fraud or irregularities; regulatory or legal; customer treatment; business interruption; supplier failure; planning; process execution and people. Activities undertaken to ensure the practical operation of the controls over financial risks (i.e. market, credit, liquidity and insurance risk) are treated as an operational risk framework.

The Group assesses its exposure to operational risk to enable efficient allocation of resources to manage such risks. The Group assesses its historical operational risk exposure using objective quantitative data. The Group also assesses the impact and likelihood of operational risks materialising in the future through a combination of qualitative data arising from management's judgement and historical data.

The Group's control environment is subject to quarterly self-assessment by management. Managers are responsible for correcting any control weaknesses identified through this process, taking into account the cost of implementing preventive or corrective action plans and the Group's acceptable level of operational risk.

The impact of a material change to the operational risk profile of the Group, such as through a one-off transaction, the launch of new products etc. is assessed and managed through the risk governance processes.

#### **(d) Compliance with FCA regulatory requirements**

The Capital Requirements Directive and Regulation created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. In the United Kingdom, this has been implemented by our regulator, the FCA, which has created rules and guidance specifically through the creation of the General Prudential Sourcebook (GENPRU), the Investment Firms Prudential Sourcebook (IFPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU).

#### *The FCA framework consists of three 'Pillars':*

**Pillar 1** sets out the minimum capital requirements that companies need to retain to meet their credit, market and operational risk;

**Pillar 2** requires each company, and the FCA, to take a view on whether the Company needs to hold additional capital against firm-specific risks not covered by Pillar 1;

**Pillar 3** requires each company to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position.

Chapter 11 of BIPRU sets out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. The disclosure of this document meets the Company's obligation with respect to Pillar 3, and can be found at:

[https://www.standardlifeinvestments.com/Pillar\\_3\\_disclosure.pdf](https://www.standardlifeinvestments.com/Pillar_3_disclosure.pdf)

The Pillar 3 disclosure does not fall within the remit of the annual audit.

## Notes to the Financial Statements for the year ended 31 December 2017 (continued)

**18 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 its ultimate controlling parent is Standard Life Aberdeen plc (registered office Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH).

Copies of the Annual Report and Financial Statements of Standard Life plc are available to be downloaded on the website [www.standardlife.com](http://www.standardlife.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. Such related party transactions are unsecured.

The following are details of significant transactions with related parties during the year and the year end balances arising from such transactions:

	<b>2017</b>		
	<b>Revenues £ 000</b>	<b>Expenses £ 000</b>	<b>Amounts owed to related parties £ 000</b>
Parent	-	-	314
Standard Life Aberdeen Group entities	14,646	1,759	6,701
Collective investment schemes	71	-	-
	<b>14,717</b>	<b>1,759</b>	<b>7,015</b>
	<b>2016</b>		
	<b>Revenues £ 000</b>	<b>Expenses £ 000</b>	<b>Amounts owed to related parties £ 000</b>
Parent	-	-	222
Standard Life Aberdeen Group entities	11,078	273	10,021
Collective investment schemes	120	-	-
	<b>11,198</b>	<b>273</b>	<b>10,243</b>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in the year or prior year. No expense for bad and doubtful debts has been recognised in the current year, or prior year, in respect of the amounts owed by related parties.

The investments held within the collective investment schemes are held with a related party. Refer to Note 9 'Investment securities' for additional information.

## **Notes to the Financial Statements for the year ended 31 December 2017 (continued)**

### **18 Related party transactions (continued)**

#### **(c) Key management personnel**

No amounts are payable to the Directors in respect of their services to the Company as at 31 December 2017 (2016: £nil).

### **19 Related undertakings**

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Details on the Company's subsidiaries are shown in Note 7. The Company has no other significant holdings and therefore has no disclosures in related undertakings.

### **20 Events after the statement of financial position date**

There have been no significant events after the reporting period.

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

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### **Opinion**

We have audited the financial statements of Standard Life Investments (Private Capital) Limited ("the Company") for the year ended 31 December 2017 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies.

In our opinion the financial statements:

- *give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;*
  - *have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.*

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### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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### **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**

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)**

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### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, 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.

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### **Auditor's responsibilities**

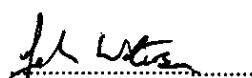
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. *Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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](http://www.frc.org.uk/auditorsresponsibilities).

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### **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  
*Chartered Accountant*  
Saltire Court  
20 Castle Terrace  
Edinburgh  
United Kingdom  
EH1 2EG

5 February 2018