Standard Life
Investments

IGNIS ASSET MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Registered in Scotland Number SC200801

General Information

Directors

A S Acheson

J B Aird

S A Fitzgerald

Company Secretary

H S Kidd

Registered Office

1 George Street

Edinburgh

Lothian

EH2 2LL

United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

Directors' report
for the year ended 31 December 2016

The Directors present their report together with the audited financial statements of Ignis Asset Management Limited (the Company) for the year ended 31 December 2016.

Directors

The names of the current Directors of the Company are shown on page 1.

C A Hankin resigned as Company Secretary on 29 January 2016.

H S Kidd was appointed as Company Secretary on 29 January 2016.

S A Fitzgerald was appointed as a Director on 2 February 2016.

C M Clark resigned as a Director on 27 May 2016.

C R Walklin resigned as a Director on 27 May 2016.

R L Paris resigned as a Director on 27 May 2016.

A S Acheson was appointed as a Director on 30 May 2016.

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

Change of registered address

On 31 March 2016 the Company changed registered address from 50 Bothwell Street, Glasgow, G2 6HR, United Kingdom to the address detailed on page 1.

Result for the year

The result for the year ended 31 December 2016 is a profit after tax of £37,446,000 (2015: £30,008,000). The Directors consider the result to be satisfactory.

Dividends

The Directors recommended and paid dividends of £81,800,000 in 2016 (2015: £30,000,000) 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

PricewaterhouseCoopers LLP has been the Standard Life Group's auditors since 1994. In order to comply with regulations regarding mandatory auditor rotation and tendering, in last year's annual Standard Life plc accounts it was announced that the Standard Life Group were about to commence a tender process for the appointment of the external auditor. This tender resulted in the proposal, subject to shareholder approval at the 2017 AGM, to appoint KPMG as the external independent auditor for the 2017 financial year.

Disclosure of information to the Auditors

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

By order of the Board of Directors

H S Kidd, Company Secretary

Edinburgh, 15 February 2017

Strategic report
for the year ended 31 December 2016

Review of the Company's business

The principal activity of the Company is that of a holding company.

Key performance indicators (KPIs)

The Directors of Standard Life Investments (Holdings) Limited (SLIH) manage the operations of the Standard Life Investments (Holdings) Limited group (the Group), on a divisional basis. The Company is an indirect subsidiary of SLIH, therefore a member of the Group. The Company's Directors therefore believe that an analysis using KPIs for the Company is not necessary or appropriate for gaining an understanding of the development, performance and position of the Company. The KPIs of the Group can be found in the Group's annual report and financial statements.

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 main business risks to which the Company is exposed and its financial risk management objectives and policies, are considered in Note 20 to this report and financial statements. Other key business risks include competition from other providers of investment management services.

Environmental matters

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

On behalf of the Board of Directors

SAFitzgerald

S A Fitzgerald, Director

Edinburgh, 15 February 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Income statement
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue			
Net investment income		81,800	30,000
Other operating income	3	9	9
Total revenue		**81,809**	**30,009**
Operating profit		**81,809**	**30,009**
Finance income	5	-	1
Transfer of investment management contracts	7	(44,361)	-
Foreign exchange differences		-	(1)
Profit before tax		**37,448**	**30,009**
Tax expense	6	(2)	(1)
Profit for the year attributable to equity holders of the Company		**37,446**	**30,008**

The notes on pages 9 to 20 form part of these financial statements.

The Company has not recorded any other comprehensive income during the years to 31 December 2016 or 31 December 2015. A separate statement of comprehensive income is therefore not disclosed.

Statement of financial position
as at 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Investments in subsidiaries	7	166,027	260,406
Investment in associates	8	1	1
Total non-current assets		166,028	260,407
Current assets			
Investment in associates	8	1,238	1,160
Trade and other receivables	9	-	3
Cash and cash equivalents	10	1	50
Total current assets		1,239	1,213
Total assets		**167,267**	**261,620**
Equity			
Share capital	12	30,001	30,001
Share premium	13	49,999	49,999
Retained earnings	14	87,264	80,818
Other reserve	15	-	50,000
Capital contribution reserve	16	-	50,800
Total equity		**167,264**	**261,618**
Liabilities			
Current liabilities			
Deferred tax liabilities	17	1	1
Current tax liabilities	17	2	1
Total current liabilities		**3**	**2**
Total liabilities		**3**	**2**
Total equity and liabilities		**167,267**	**261,620**

The notes on pages 9 to 20 form part of these financial statements.

The financial statements on pages 5 to 20 were approved on behalf of the Board of Directors on 9 February 2017 and signed on its behalf on 15 February 2017 by the following Director:

S A Fitzgerald, Director

Statement of changes in equity
for the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Retained earnings £'000	Other reserves £'000	Total equity attributable to equity holders of the Company £'000
Balance at 1 January 2015	30,001	49,999	50,800	80,810	50,000	261,610
Comprehensive income						
Profit for the year	-	-	-	30,008	-	30,008
Total comprehensive income for the year	-	-	-	30,008	-	30,008
Transactions with owners						
Dividends paid	-	-	-	(30,000)	-	(30,000)
Balance at 31 December 2015	***30,001***	***49,999***	***50,800***	***80,818***	***50,000***	***261,618***
Balance at 1 January 2016	30,001	49,999	50,800	80,818	50,000	261,618
Comprehensive income						
Profit for the year	-	-	-	37,446	-	37,446
Total comprehensive income for the year	-	-	-	**37,446**	-	**37,446**
Transactions with owners						
Bonus issue of shares	50,800	-	(50,800)		(50,000)	(50,000)
Solvency statement proceedure	(50,800)	-	-	50,800	-	-
Dividends paid	-	-	-	(81,800)	-	(81,800)
Balance at 31 December 2016	**30,001**	**49,999**	-	**87,264**	-	**167,264**

The notes on pages 9 to 20 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit before tax		**37,448**	**30,009**
Interest income classified as investing activity	5	-	(1)
		37,448	30,008
Adjustments for:			
Movement in investments in associates		(78)	(160)
Disposal on non-current assets held for sale		-	10
Fair value loss on non-current assets held for sale		-	1
Movement in operating assets & liabilities	18	(3)	(3)
Group relief paid		2	-
Movement in Group relief included in operating assets and liabilities		3	-
Net cash flows from operating activities		**37,372**	**29,856**
Cash flows from investing activities			
Interest received	5	-	1
Net cash flows from investing activities		-	**1**
Cash flows used in financing activities			
Distribution	7	18	-
Transfer of investment management contracts	7	44,361	-
Dividend paid	11	(81,800)	(30,000)
Net cash flows used in financing activities		**(37,421)**	**(30,000)**
Net decrease in cash, cash equivalents and bank overdrafts		(49)	(143)
Cash and cash equivalents at the beginning of the year		50	193
Cash and cash equivalents at the end of the year	10	**1**	**50**

The notes on pages 9 to 20 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2016

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 (IFRIC), 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.

(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 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

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

IFRS 15 will replace: IAS 11 *Construction contracts*, IAS 18 *Revenue* and related interpretations.

It provides a new five-step revenue recognition model for the recognition of and measurement of revenue from contracts with customers.

A detailed impact assessment commenced in 2015, reviewing contracts and analysing the revenue recognised by the Group. Further analysis of the revenues generated within the investment management business was completed in 2016 with no material impact expected.

(b) Revenue recognition

Income from shares in investment

Net investment income consists of dividends receivable as a result of the Company's 100% holding in Ignis Investment Services Limited.

(c) Expense recognition

Impairment of non-financial assets

The carrying amounts of assets are reviewed at each statement of financial position 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 income statement 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, the 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. 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 other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the financial statements for the year ended 31 December 2016 (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.

(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 statement of financial position date. These are classified as 'Non-current assets'. The Company's loans and receivables comprise 'Cash and cash equivalents' in the statement of financial position.

(e) Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

2. Key estimates and judgements

In the process of applying the Company's accounting policies, management has used its judgement and made estimates and assumptions in determining the amounts recognised in the financial statements. These estimates and assumptions can 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 reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, results ultimately may differ from these estimates. The most significant areas where judgements and estimates are made are set out below.

Impairment assumptions

The Company conducts annual impairment tests on the carrying value of the associate and subsidiaries which are held at cost. The recoverable amount is determined from the net realisable value or from value-in-use calculations. The key assumptions in the value-in-use calculations reflect management's expectations of the medium-term operating performance of the associate and subsidiaries and growth prospects in the associates and subsidiaries markets.

3. Other operating income

Accounting Policy

Other operating income for 2016 consists of realised gains on associates.

Investment gains and losses resulting from changes in market value on investments classified as FVTPL are recognised in the period in which they occur.

Distributions from collective investment schemes are recognised when the right to receive payment is established.

	2016	2015
	£'000	£'000
Realised gain on associates	9	7
Gains on assets held for sale	-	2
Total other operating income	**9**	**9**

4. Administrative expenses

Accounting Policy

Administrative expenses are recognised on an accruals basis.

The Company has no employees (2015: nil) and is managed by the parent undertaking. Certain expenses, including auditors remuneration for statutory audit services of £9,000 (2015: £9,000) for the year were met by the parent undertaking.

5. Finance income

All finance income for 2015 is derived from 'Cash and cash equivalents' (2016:£nil).

Notes to the financial statements for the year ended 31 December 2016 (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:

	2016	2015
	£'000	£'000
Current tax		
United Kingdom corporation tax	2	2
Adjustment in respect of prior year	-	(1)
Total current tax	**2**	**1**
Total tax expense	**2**	**1**

(b) Reconciliation of tax expense :

	2016	2015
	£'000	£'000
Profit before tax	37,448	30,009
Tax at UK corporation tax rate of 20% (2015: 20.25%)	7,490	6,077
Effects of:		
Income not taxable	(7,488)	(6,075)
Adjustment in respect of prior year	-	(1)
Total tax expense	**2**	**1**

From 1 April 2015 the main rate of UK corporation tax has decreased from 21% to 20%. Accordingly, this results in an average current tax rate of 20% for the year (2015: 20.25%).

7. Investments in subsidiaries

Accounting Policy
Subsidiaries are all entities, including structured entities, over which the Company has control. Control exists and consolidation is required 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. Control is reassessed if facts and circumstances indicate changes to any of these elements of control.

	2016	2015
	£'000	£'000
At 1 January	260,406	260,406
Solvency statement procedure within subsidiary	(50,018)	-
Transfer of investment management contracts	(44,361)	-
At 31 December	**166,027**	**260,406**

Subsidiaries of the Company made use of the solvency statement procedure laid out in section 829(2) of the Companies Act to convert reserves into distributable reserves and make a distribution to the Company, thereby reducing the value of their net assets.

Notes to the financial statements for the year ended 31 December 2016 (continued)

7. Investments in subsidiaries (continued)

The following are particulars of the Company's subsidiary undertakings:

Name	Country of registration/ incorporation	Share class	% owned	Nature Of business
Ignis Investment Services Limited[1]	Scotland	Ordinary	100	Investment management
Ignis Fund Managers Limited[1]	Scotland	Ordinary	100	Investment management
Scottish Mutual PEP & ISA Managers Limited[2]	England & Wales	Ordinary	100	Investment management
Scottish Mutual Investment Managers Limited[1]	Scotland	Ordinary	100	Investment management
Ignis Nominees Limited[1]	Scotland	Ordinary	100	Investment management

As part of the impairment review of the Company's investment in Ignis Fund Managers Limited, a comparison has been made between the carrying value of that investment and the value in use. The value in use has reduced as a result of the movement of investment management contracts from Ignis Fund Managers Limited to Standard Life Investments (Mutual Funds) Ltd during the year, leading to a reduction in investment valuation of £44,361,000.

The addresses of the subsidiary undertakings are shown below:

1. George Street, Edinburgh, Lothian, EH2 2LL
2. 31st Floor, 30 St.Mary Axe, London, EC3A 8BF

The company received a distribution of £18,414 in 2016 on liquidation of Scottish Mutual International Fund Managers Limited.

8. Investments in associate

Accounting Policy
Associates are entities over which the Company has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The Company considers itself to have significant influence over entities where, Standard Life Investments Limited, through its role as investment manager, has decision making power over the relevant activities of that entity. All investments in associates are accounted for using FVTPL.

	2016	2015
	£'000	£'000
Non current	1	1
Current	1,238	1,160
	1,239	**1,161**

Notes to the financial statements for the year ended 31 December 2016 (continued)

8. Investments in associate (continued)

The following are the particulars of the Company's investments in associates:

Name	Country of registration/ incorporation	Share class	% owned	Nature Of business
Seabury Assets Fund plc (Fund No.1)[1]	Ireland	Ordinary	0.07	Collective investment
UK Equity High Income Fund Platform 1 Inc. [2]	Scotland	Ordinary	0.00	Investment Management

The address of the investments in associate is shown below:

1. 70 Sir Rogerson's Quay, Dublin, Ireland
2. 1 George Street, Edinburgh, Lothian, EH2 2LL, United Kingdom

9. Trade and other receivables

Accounting Policy
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 statement of financial position date. These are classified as 'Non-current assets'. The Company's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the statement of financial position for 2015 and cash and cash equivalents for 2016.

	2016	2015
	£'000	£'000
Due from Standard Life Investments Group undertakings	-	3
Total trade and other receivables	**-**	**3**

All Trade and other receivables are current and have no contractual maturity date. All of the financial assets above are non-interest bearing. Note 20 to these financial statements provides an analysis of the credit risks from the financial assets noted above.

10. 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.

	2016	2015
	£'000	£'000
Cash at bank and in hand	1	50
	1	**50**

Cash at bank and in hand and deposits 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 (2015: A or above).

Notes to the financial statements for the year ended 31 December 2016 (continued)

11. Dividends

Accounting Policy
Dividend distribution to the Company's sole shareholder is recognised directly in equity in the Company's financial statements in the period in which the dividend is paid.

	2016	2015
	£'000	**£'000**
Dividends paid to parent undertaking	81,800	30,000
	81,800	**30,000**

Refer to Note 7 for details of the liquidation distribution.

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			
	2016		**2015**	
	No.	**£'000**	**No.**	**£'000**
Ordinary Shares of £1 each	30,001,000	30,001	30,001,000	30,001
	30,001,000	**30,001**	**30,001,000**	**30,001**

13. Share premium

	2016	2015
	£'000	**£'000**
At 1 January	49,999	49,999
At 31 December	**49,999**	**49,999**

14. Retained earnings

	2016	2015
	£'000	**£'000**
At 1 January	80,818	80,810
Profit for the year attributable to equity holders	37,446	30,008
Dividends paid	(81,800)	(30,000)
Solvency statement procedure	50,800	-
At 31 December	**87,264**	**80,818**

On 2 June 2016 the Company allotted 50,000,000 ordinary shares by way of a bonus issue (converting the capital contribution reserve to distributable reserves).

Notes to the financial statements for the year ended 31 December 2016 (continued)

15. Other reserves

Accounting Policy
The other reserve relates to a previous surplus in the carrying value of subsidiaries.

	2016	2015
	£'000	£'000
At 1 January	50,000	50,000
Solvency statement procedure	(50,000)	-
At 31 December	-	**50,000**

On 2 June 2016 the Company made use of the solvency statement procedure laid out in section 829(2) of the Companies Act to reduce the share capital (equivalent to the bonus issue of shares) by £50,000,000.

16. Capital contribution reserve

Accounting Policy
Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as a distributable reserve.

	2016	2015
	£'000	£'000
At 1 January	50,800	50,800
Dividend received	(50,800)	-
At 31 December	-	**50,800**

The Company made use of the solvency statement procedure laid out in section 829(2) of the Act to reduce the share capital by £50,000,000.

17. Tax liabilities

(a) Tax assets and liabilities

	2016	2015
	£'000	£'000
Deferred tax liabilities	1	1
Total deferred tax liabilities	**1**	**1**
Current tax liabilities	2	1
Total current tax liabilities	**2**	**1**
Total tax liabilities	**3**	**2**

(b) Recognised deferred tax

	2016	2015
	£'000	£'000
Deferred tax liabilities comprise:		
Deferred acquisition costs	1	1
Gross deferred tax liabilities	**1**	**1**

The standard rate of UK corporation tax for the accounting period is 20% (2015: 20.25%). The UK tax rate will reduce to 19% from 1 April 2017 and 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 2016.

Notes to the financial statements for the year ended 31 December 2016 (continued)

18. Movements in operating assets

	2016	2015
	£'000	£'000
Movement in operating assets:		
Trade and other receivables	(3)	(3)
	(3)	**(3)**
Movement in operating assets	**(3)**	**(3)**

19. Structured entities

Accounting Policy
The Company has an investment in the Seabury Assets Fund. This vehicle is 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 this entity are classified as investments in associates because the Group has significant influence.

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. The Company has no other interests in structured entities.

Information on how the Company manages its exposure to risk can be found in Note 20 'Financial risk management'.

20. Financial risk management

(a) Standard Life Group approach to risk management

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

(b) The Group's approach to risk and capital management

The Company operates within the governance structure of the Standard Life Group. The Group also has its own established governance framework, with clear terms of reference for the board of directors of SLIH (the Group 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 Group Board has approved a risk policy which outlines 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), to identify the risks to which the Company is exposed and to quantify their impact on economic 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. While the Company does not have its own ICAAP it is a part of the Group ICAAP. The Group's calculation thereof is subject to review by the Financial Conduct Authority (FCA) who also monitor compliance 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 outwith these timescales would be subject to immediate review.

Notes to the financial statements for the year ended 31 December 2016 (continued)

20. Financial risk management (continued)

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

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

(i) Statement of financial position reconciliation

	2016			
	Financial assets			
	FVTPL	Loans and receivables	Non-financial assets	Total
	£'000	£'000	£'000	£'000
Investment in subsidiaries	-	-	166,027	166,027
Investment in associates	1,238	-	-	1,238
Non-current assets held for sale	1	-	-	1
Cash and cash equivalents	-	1	-	1
Total assets	**1,239**	**1**	**166,027**	**167,267**

	2015			
	Financial assets			
	FVTPL	Loans and receivables	Non-financial assets	Total
	£'000	£'000	£'000	£'000
Investment in subsidiaries	-	-	260,406	260,406
Investment in associates	1,160	-	-	1,160
Non-current assets held for sale	1	-	-	1
Trade and other receivables	-	3	-	3
Cash and cash equivalents	-	50	-	50
Total assets	**1,161**	**53**	**260,406**	**261,620**

All liabilities in 2016 and 2015 are non-financial.

(ii) Fair value of assets and liabilities

All assets that are held as FVTPL are carried at their fair value which is stated in the table above. All assets listed as FVTPL are classified as designated on initial recognition. Due to the short term nature of current financial assets carried at amortised cost, the carrying value is approximate to the fair value. Intercompany balances with Standard Life Group entities have had no defaults in the past.

The accounting standards define fair value hierarchy levels which describe the nature of an instrument's fair value measurement as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The non-current assets held for sale are level 1 assets and relate to seed holdings in collective investments vehicles. Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market, and are therefore treated as level 1 instruments within the fair value hierarchy.

The investment in associates is classified as level 2 and consists of amounts held in an unlisted collective investment scheme. This investment is valued using prices sourced from the primary exchange on which it is listed or valued using observable market data. However, since it is not generally considered to be quoted in an active market, it is treated as level 2 within the fair value hierarchy.

Notes to the financial statements for the year ended 31 December 2016 (continued)

20. Financial risk management (continued)

(iii) Credit risk

The Company is exposed to credit risk through 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 Group Credit Risk Committee for review and approval.

Cash deposits, comprising the majority of 'Cash and cash equivalents', are placed for terms of less than 3 months, with counterparties selected according to the criteria noted above. 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 (2015: A or above).

The table below provides an analysis of total assets bearing credit risk:

	2016	2015
	£'000	£'000
Investment in associates	1,238	1,160
Non-current assets held for sale	1	1
Trade and other receivables	-	3
Cash and cash equivalents	1	50
	1,240	**1,214**

At the statement of financial position date, none of the financial assets above 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 from fluctuations in foreign currency exchange rates, interest rates and market movements.

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

The Company is domiciled in and was incorporated in Scotland.

The Company is not directly exposed to market risk.

The Company has minimal exposure to exchange rate risk.

The Company has no material exposure to interest rate risk.

(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 cashflow obligations as they fall due.

The Company's cashflows are such that short-term liabilities are generally matched by similarly short-term assets, and longer term liabilities are covered by short-term assets, normally held in cash or highly liquid securities. The Group manages its liquidity risk by regular monitoring of its cash position, credit control including credit risk assessment noted above, forward planning including cash flow analysis and regular reporting thereon to the Board.

Surplus cash is generally invested in cash deposits with institutions meeting the Group's credit risk approval criteria, repayable on demand. These are disclosed in the statement of financial position under 'Cash and cash equivalents'.

Notes to the financial statements for the year ended 31 December 2016 (continued)

20. Financial risk management (continued)

(v) Liquidity risk (continued)

The following table represents the Company's ability to meet its cash commitments as they fall due:

	2016			
Financial assets	**Investment in associates**	**Non-current assets held for sale**	**Cash and cash equivalents**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Due on demand	1,238	-	1	1,239
No contractual maturity date	-	1	-	1
	1,238	**1**	**1**	**1,240**

	2015				
Financial assets	**Investment in associates**	**Non-current assets held for sale**	**Trade & other receivables**	**Cash and cash equivalents**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Due on demand	1,160	-	-	50	1,210
No contractual maturity date	-	1	3	-	4
	1,160	**1**	**3**	**50**	**1,214**

(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 controls over financial risks (i.e. market, credit, liquidity and insurance risk) are treated as an operational risk.

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 new products, significant changes in business operations, or any material one-off transactions on the operational risk profile of the Company is assessed and managed.

21. Related party transactions

(a) Parent and ultimate controlling party

The Company's parent undertaking is Standard Life Investments (Holdings) Limited, and the ultimate controlling party is Standard Life plc.

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

Notes to the financial statements for the year ended 31 December 2016 (continued)

21. Related party transactions (continued)

(b) Transactions between and balances with related parties

In the normal course of business, the Company enters into transactions with related parties in respect of its investment management business. Such related party transactions are at arm's length and are unsecured.

In 2016 the Company received revenue from a collective investment scheme of £9,000 (2015: £7,000). The Company had amounts due from Standard Life Group entities in 2015 of £3,000 (2016:£nil).

The investments held in collective investment schemes within the statement of financial position in the year and prior year are held with a related party and the dividend income received in the year and prior year were from a related party. Trade and other receivables in 2015 were also due from Standard Life Group entities.

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in the year or prior year.

(c) Compensation of key management personnel

The Executive Directors of the Company did not receive any remuneration for services to the Company.

22. Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings. Details on the Company's subsidiaries and associates are shown in Note 7 and 8 respectively. The Company has no other significant holdings and therefore has no other disclosures in related undertakings.

23. Events after the statement of financial position date

There have been no significant events after the reporting period.

Independent Auditors' Report to the Members of Ignis Asset Management Limited

Report on the financial statements

Our opinion

In our opinion, Ignis Asset Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the Income statement for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Ignis Asset Management Limited (continued)

Report on the financial statements (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Christopher Meyrick (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

15 February 2017