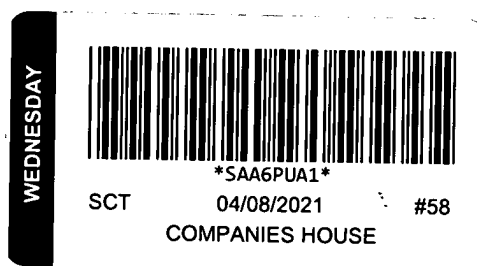


SL Capital Partners LLP

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Registration number: SO301408



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LLP Information

Members Standard Life Investments (Private Capital) Limited
Standard Life Investments Limited

Registered office 1 George Street
Edinburgh
Scotland
EH2 2LL

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

Strategic Report for the Year Ended 31 December 2020

The Members present their strategic report on SL Capital Partners LLP ("the LLP") for the year ended 31 December 2020.

Business review and future developments

The LLP's principal activity is to provide private equity investment management and advisory services. The LLP is part of Standard Life Aberdeen plc ("SLA plc" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). In previous years the financial statements have been prepared on a going concern basis. However, on 27 August 2020, the Members took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Members have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

On 10 July 2019 a Sale and Purchase Agreement ("SPA") was entered into between Standard Life Investments Limited ("SLIL") and the LLP where the B units previously held by the individual Members were terminated and their interest in the LLP was acquired by SLIL. On the same date a revised SL Capital Partners LLP agreement ("LLP agreement") was signed whereby reinstating the discretionary clause removed from the 2016 LLP agreement, which means dividends payable to Members are no longer mandatory. The LLP agreement was signed by the sole Members of the LLP, Standard Life Investments (Private Capital) Limited ("SLI PC") and SLIL. The agreements signed 10 July 2019 have no impact on the going concern assessment. Refer to Note 1.

The LLP is regulated by the Financial Conduct Authority and acts as manager to a number of funds governed under the Alternative Investment Fund Manager Directive. The LLP also has Markets in Financial Instruments Directive permissions under the Capital Requirements Directive.

Key performance indicators ("KPIs")

The LLP uses a number of KPIs to monitor the performance of the business throughout the year. These KPIs are shown below:

	2020 £ 000	2019 £ 000
Assets under management ("AUM")	4,931,127	5,185,401
Revenue	29,038	28,753
Operating profit	1,548	3,621
Equity attributable to equity holders of the parent	8,895	7,306
Regulatory capital surplus	1,952	490

AUM / Revenue

AUM and revenues are largely unchanged from the prior year.

Operating profit

Operating profit has decreased by £2,073k (57%) as a result of a higher cost allocation from other Standard Life Aberdeen Group companies partially offset by the non recurring profit share made to SLI PC in the prior year.

Equity attributable to equity holders of the parent

Net assets have increased by £1,589k (22%) as a result of profits generated in the year.

Strategic Report for the Year Ended 31 December 2020 (continued)

Regulatory capital surplus

The regulatory capital surplus at 31 December 2020 has increased by £1,462k (299%) as a result of including prior period profits in the capital base, partially offset by increased capital requirement.

Principal risks and uncertainties

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

The Standard Life Aberdeen Group, of which the LLP is a part, has an established Risk Enterprise Management framework. This has been strengthened in the year by introducing new risk tolerances to support governance and risk management; extending and refining risk taxonomy to describe risk more accurately; and extending the Senior Manager and Certification Regime across all UK regulated subsidiaries, including the roll-out of training on conduct rules and other support for senior managers and certified employees.

The principal risks and uncertainties facing the LLP are integrated into the principal risks of the Standard Life Aberdeen Group and are therefore not managed separately. Accordingly, the principal risks and uncertainties of SLA plc, which include those of the LLP, are discussed fully in the SLA plc Annual Report and Accounts which does not form part of this report.

The list below does however provide a summary of the key risks facing both SLA plc and the LLP.

COVID-19

COVID-19 has had a major impact on SLA plc's operating environment that will extend well into 2021. This includes the vast majority of SLA plc's employees working from home who now use the enhanced IT infrastructure that was implemented in response to the pandemic and the application of stricter processes and safeguards to protect critical workers who need to be in the office. The commercial environment also remained challenging during 2020, exacerbated by the impact of the pandemic. The Standard Life Aberdeen Group has shown resilience in dealing with the effects of the pandemic and continues to manage its market, operational and financial impact. The management of key risks and uncertainties caused by the pandemic are discussed below.

Brexit

The UK's withdrawal from the EU caused political and commercial uncertainty in 2020. This has been partly addressed by the Trade and Cooperation Agreement, although questions remain about the longer-term outlook for financial services. The Standard Life Aberdeen Group has prepared extensively for the UK's exit and continues to closely monitor developments and actively engage with industry groups, including the Investment Association.

Strategic risk

These are risks that could prevent SLA plc from achieving its strategic aims and include failing to meet client expectations, poor strategic decision making, poor implementation or failure to adapt. They could have short and long-term financial impact. The Executive Leadership Team has been reorganised to align with SLA plc's growth vectors and are working to establish areas of accountability, milestones, ways of working and specific actions that will deliver against the strategic plan.

Strategic Report for the Year Ended 31 December 2020 (continued)**Principle risks and uncertainties (continued)***Process execution and trade errors*

This is the risk that processes, systems or external events could produce operational errors. Events requiring investigation and remediation have not led to material adverse impacts on clients. Potentially important systems outages have been managed using established incident management processes and senior risk committees have been reviewing the impact of COVID-19 on these processes. Underlying causes of error continue to be monitored to identify areas for action and a culture of accountability and continuously improving how issues are addressed is promoted. The Enterprise Risk Management framework also continues to be updated and improved with issues potentially having an impact on clients being fast tracked to a dedicated task force.

Financial risk

This is the risk of having insufficient resources, suffering losses from adverse markets or the failure or default of counterparties. This is managed through review of SLA plc's cost base and identifying opportunities for further cost reduction. Capital is also held against identified risks which are reviewed on an ongoing basis.

Conduct risk

This is the risk of failing to deliver fair client outcomes for clients through inappropriate actions and decisions which could lead to reputational damage and loss of income. A key priority in response to COVID-19 has been running the LLP's business with minimal impact to clients. During 2020 the Standard Life Aberdeen Group refreshed its Global Code of Conduct, which was rolled out to all employees. Teams were trained to understand how to apply these conduct rules into their roles and continues to be a regular agenda items at the Risk and Capital Committee.

Regulatory and legal risk

High volumes of regulatory change can present interpretation and implementation challenges. This can lead to a risk of failing to comply with, or allow for changes in, law and legislation, contractual requirements or regulations, globally. This in turn could lead to sanctions, reputational damage and loss of income. The impact of COVID-19 and risks from Brexit meant that SLA plc needed to engage closely with regulators throughout 2020. The regulatory landscape also continues to be monitored globally so there is an opportunity to engage in potential change early. This includes the launch of a regulatory scanning tool during 2020 to enhance this process. Trust and transparency is critical with all regulatory bodies and SLA plc's legal team supports senior managers across the business.

Technology

There is a risk that technology may fail to adapt to business needs. There is also a risk of unauthorised users accessing systems and cyber-attacks. This risk is relevant to a wide range of potential threats including weather events, internal failure, external intrusion and supplier failure. The current IT estate is complex and will remain so until separation from Phoenix is complete. Dependence on third party suppliers also needs to be managed in a dedicated way where 2020 only saw minor disruptions to service. There is an ongoing programme to invest in and enhance IT infrastructure controls. The IT systems environment is benchmarked to identify areas for improvement and IT resilience is monitored at senior executive committees. SLA plc maintains a state of heightened vigilance for cyber intrusion with dedicated teams actively monitoring and managing cyber security risks. This includes regular testing on penetration and crisis management, and in 2020 this included a reverse stress test of a cyber-attack.

Strategic Report for the Year Ended 31 December 2020 (continued)**Principle risks and uncertainties (continued)*****Business resilience and continuity***

A wide range of internal and external incidents can impact business resilience and continuity and include environmental issues, terrorism, economic instabilities, cyber-attacks and operational incidents. The risk of disruption from inside the organisation remains broadly stable. However, tools for exploiting IT vulnerabilities are becoming more widely available externally. COVID-19 has been a real test of business resilience and has meant adapting ways of working to protect client interests and the ability of employees to work effectively from home. The Standard Life Aberdeen Group continues to enhance its operational resilience framework and strengthen its response to disruption. Business continuity and contingency planning processes are regularly reviewed and tested, and have helped minimise disruption for employees working from home. Protective controls have also been implemented to allow critical workers to be in offices.

Fraud and financial crime

As a business that handles clients' money there is a risk of fraudulent and dishonest activity. Continuing to be vigilant to the risk that external parties are connected with criminal behaviour is key and there have been low levels of fraud in 2020. This includes adapting successfully to the operational challenges of COVID-19. SLA plc has sound processes in place to identify client activity linked with financial crime, globally. Controls are also in place for anti-money laundering, anti-bribery, fraud and other areas of financial crime with continued investment in systems and processes to improve monitoring these. The Global Code of Conduct and Policy Framework provides employees with a set of standards to follow.

Third party management

Activities are outsourced to suppliers with specialist capabilities which means exposure to the risk of third parties failing to deliver in line with contractual obligations. It is SLA plc's responsibility to make sure these firms deliver, supported through continued streamlining delivery and reduced complexity. In 2020 the potential impacts of COVID-19 were also monitored, as well as Brexit on supply chains, to minimise the risk of disruption to the business. Strong relationships with suppliers continues to be key with the SLA plc Board modifying this risk to promote active management of third-party relationships, strengthening controls and governance structures. SLA plc's Supplier Code of Conduct requires third parties to acknowledge their responsibilities for delivering best practice.

Financial management process

Sound and reliable financial reporting informs the LLP's performance, future planning and disclosures to external stakeholders. Failures in these processes would expose the business and shareholders to the risk of making poorly-informed decisions. In 2020, employees successfully moved to home working, with minimal disruption to financial management processes. Financial reporting activities align to external reporting standards and industry best practice. The Audit Committee reviews and, where necessary, challenges reporting outputs. The Chief Risk Officer also provides an independent review of the business plan to support decision making.

Strategic Report for the Year Ended 31 December 2020 (continued)

Environmental matters

The LLP follows the environmental strategy of the Standard Life Aberdeen Group which is disclosed within the SLA plc Annual Report and Accounts.

Approved by the Members on 4 May 2021 and signed on their behalf by A W Mitchell in his capacity as Director of Standard Life Investments (Private Capital) Limited:

A handwritten signature in black ink, appearing to read 'A W Mitchell', written over a dotted line.

A W Mitchell

Members' Report for the Year Ended 31 December 2020

The Members present their annual report together with the audited financial statements of the LLP for the year ended 31 December 2020.

Members of the LLP

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

Standard Life Investments (Private Capital) Limited

Standard Life Investments Limited

The LLP's ultimate parent company, SLA plc, maintains members' and officers' liability insurance on behalf of its members and officers.

Going concern

In previous years the financial statements have been prepared on a going concern basis. However, on 27 August 2020, the Members took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Members have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

Political donations

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

Independent auditor

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

Disclosure of information to the auditors

Each Member has taken steps that they ought to have taken as a Member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information. The Members confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Modern slavery act

As a global investment company, SLA plc wants to do all it can to help tackle human trafficking, forced labour, bonded labour and child slavery by focusing on its operations, supply chain and investment process. SLA plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the SLA plc website.

Members' Report for the Year Ended 31 December 2020 (continued)

Statement of Members' Responsibilities in respect of the Members' Report and the financial statements.

The Members are responsible for preparing the Members' Report, and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework and applicable law.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the Members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so (as explained in note 1 the Members do not believe it is appropriate to prepare these financial statements on a going concern basis).

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.

Approved by the Members on 4 May 2021 and signed on their behalf by A W Mitchell in his capacity as Director of Standard Life Investments (Private Capital) Limited:



A W Mitchell

Independent Auditor's Report to the Members of SL Capital Partners LLP

Opinion

We have audited the financial statements of SL Capital Partners LLP ('the LLP') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP 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.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Members and management as to the LLP's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading Members' meeting minutes to assess for any discussion of fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

Independent Auditor's Report to the Members of SL Capital Partners LLP (continued)

On this audit we have rebutted the fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Members and other management (as required by auditing standards), and from inspection of the LLP's regulatory and legal correspondence, and discussed with the Members and other management the policies and procedures regarding compliance with laws and regulations.

As the LLP is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and distributable profits legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the LLP's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of financial services regulations, including Client Assets, market abuse regulations and certain aspects of legislation recognising the financial and regulated nature of the LLP's activities and its legal form

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Members and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of SL Capital Partners LLP (continued)

Other information

The Members are responsible for the other information, which comprises the strategic report and the Members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 7 the Members 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities


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

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

Independent Auditor's Report to the Members of SL Capital Partners LLP (continued)

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

This report is made solely to the Members of the LLP as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's Members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Hannah Walsh (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EG

4 May 2021

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	3	29,038	28,753
Administrative expenses		<u>(27,490)</u>	<u>(25,132)</u>
Operating profit	4	1,548	3,621
Net finance income	5	<u>44</u>	<u>130</u>
Profit before tax		1,592	3,751
Current tax expense		<u>(3)</u>	<u>(3)</u>
Profit for the year		<u>1,589</u>	<u>3,748</u>

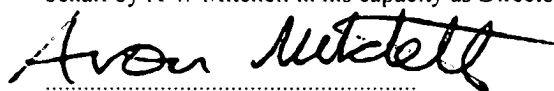
The LLP has not recorded any other comprehensive income during the years to 31 December 2020 or 31 December 2019. A separate statement of comprehensive income is therefore not disclosed.

The notes on pages 16 to 25 form an integral part of these financial statements.

Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Assets			
Non-current assets			
Investments in subsidiaries	6	<u>1</u>	<u>1</u>
Total non-current assets		<u>1</u>	<u>1</u>
Current assets			
Trade and other receivables	7	2,960	3,199
Cash and cash equivalents		<u>21,860</u>	<u>18,420</u>
Total current assets		<u>24,820</u>	<u>21,619</u>
Total assets		<u>24,821</u>	<u>21,620</u>
Equity and liabilities			
Equity			
Retained earnings		6,435	4,846
Members' capital	8	<u>2,460</u>	<u>2,460</u>
Equity attributable to equity holders of the parent		<u>8,895</u>	<u>7,306</u>
Current liabilities			
Trade and other payables	9	<u>15,926</u>	<u>14,314</u>
Total current liabilities		<u>15,926</u>	<u>14,314</u>
Total liabilities		<u>15,926</u>	<u>14,314</u>
Total equity and liabilities		<u>24,821</u>	<u>21,620</u>

The financial statements on pages 12 to 27 were approved by the Members on 4 May 2021 and signed on their behalf by A W Mitchell in his capacity as Director of Standard Life Investments (Private Capital) Limited:



A W Mitchell

Registration number: SO301408

The notes on pages 16 to 25 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2020

	Members' capital	Members' capital B, B5 & R units	Special reserves	Other reserves	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2019	2,460	21	1,000	23	(9,569)	(6,065)
Profit for the year	-	-	-	-	3,748	3,748
Cancellation of units	-	(21)	-	(23)	44	-
Termination of B units	-	-	(1,000)	-	1,000	-
Sale and purchase agreement	-	-	-	-	9,623	9,623
At 31 December 2019	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,846</u>	<u>7,306</u>

	Members' capital	Members' capital B, B5 & R units	Special reserve	Other reserves	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2020	2,460	-	-	-	4,846	7,306
Profit for the year	-	-	-	-	1,589	1,589
At 31 December 2020	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,435</u>	<u>8,895</u>

The notes on pages 16 to 25 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2020

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The LLP meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2020 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

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

- International Accounting Standard ("IAS") 1 Presentation of Financial Statements requirement for comparative period reconciliations for share capital;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 7 Statement of Cash Flows and related notes;
- IAS 8 Accounting Policies requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRS");
- IFRS 15 Revenue from Contracts with Customers; and
- IAS 24 Related Party disclosures in respect of transactions with wholly owned subsidiaries.

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

- Certain disclosures required by IFRS 7 Financial Instruments Disclosures.

Going concern

In previous years the financial statements have been prepared on a going concern basis. However, on 27 August 2020, the Members took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Members have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**1 Accounting policies (continued)****Changes in accounting policy**

No new standards, interpretations and amendments effective for the first time from 1 January 2020 have had an impact on the Company.

Revenue recognition

The LLP's primary source of revenue is fee income from investment management activities. Management fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AUM. The fees are recognised when it is highly probable that a significant reversal will not be required.

Other revenue represents income from the recharge of costs to other Standard Life Aberdeen Group companies. Other revenue is recognised when it is highly probable that a significant reversal will not be required.

Net finance income

All interest income is derived from cash and cash equivalents and is recognised on an accruals basis.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Foreign currency transactions and balances**(i) Functional currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in thousands of pounds sterling, which is the LLP's presentational and functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

Financial assets**(i) Amortised cost**

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of amounts due from Standard Life Aberdeen Group undertakings, accrued income and other receivables. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.

Impairment of financial assets

An expected credit loss impairment model is applied to financial assets measured at amortised cost. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition or they relate to trade receivables in which case lifetime expected losses are recognised.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)
1 Accounting policies (continued)**Financial liabilities****(i) Amortised cost**

These instruments include amounts owed to Standard Life Aberdeen Group undertakings and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and investments in money market funds, which are recognised at fair value and subsequently measured at amortised cost.

Taxation

UK taxation payable on profits of the LLP is the liability of the individual Members and is not incorporated within these financial statements. However, there is a different tax treatment for LLPs in the United States ("US") and this has resulted in the LLP suffering state taxes in the US.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Members' capital

The LLP issued three types of financial instrument to its Members on inception in 2007. A and C units were issued to SLI PC in consideration for the transfer of its private equity business. B units were issued to the Executive Members in consideration for cash. In 2016 one C unit was issued to SLIL. The LLP issued two further types of financial instrument to its Members, B5 units were issued to new Executive Members and R units were issued to Restricted Members.

On 10 July 2019 a new LLP agreement was signed whereby all A, B and C units were extinguished. In their place the Members were allocated 100 units that were shared in the same ratio as the profit entitlement, SLI PC 60 units and SLIL 40 units. The £2.4m capital investment that SLI PC holds is unchanged.

Under the previous LLP agreement profits to unitholders were distributed in the period they were earned. Those amounts payable to Members are recognised in the profit and loss account as 'Administrative expenses' and presented in the balance sheet as 'Trade and other payables'. When the new LLP agreement was signed, the discretionary clause regarding profit share was reinstated with the consequence that future profits will be paid as a dividend when that is declared. There is no dividend recognition in the current year.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the period. There is one critical judgement, disclosed beneath:

Critical judgements:

Disclosure of interest in other entities - The LLP has interests in unconsolidated structured entities during the year and management's judgement has been exercised when assessing the relationship with these entities and exposures to variable returns from the performance of that entity. As a result of this judgement, entities classified as unconsolidated structured entities are included in the disclosure in note 10.

3 Revenue

The analysis of the LLP's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Management fees	28,556	28,268
Other revenue	482	485
Total revenue	29,038	28,753

Other revenue in the comparative period (£485k) is now shown separately from Management Fees (£28,268k), to better reflect the nature of the underlying recurring revenue of the LLP.

4 Operating profit

Arrived at after crediting/(charging)

	2020 £ 000	2019 £ 000
Foreign exchange (losses)/gains	(157)	279
Audit of the financial statements	22	19

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Net finance income

	2020 £ 000	2019 £ 000
Finance income		
Interest income	44	130
Net finance income	44	130

6 Investments in subsidiaries

	2020 £ 000	2019 £ 000
As at 1 January	1	1
As at 31 December	1	1

The particulars of the LLP's subsidiary undertakings as at the statement of financial position date are in note 16.

7 Trade and other receivables

	2020 £ 000	2019 £ 000
Current trade and other receivables:		
Amounts due from Standard Life Aberdeen Group undertakings	2,607	2,774
Accrued income	257	348
Other receivables	96	77
Total current trade and other receivables	2,960	3,199

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

All trade and other receivables are expected to be recovered within 12 months.

8 Members' capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Members capital of £1 each	2,460	2,460	2,460	2,460

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Trade and other payables

	2020	2019
	£ 000	£ 000
Current trade and other payables:		
Amounts owed to Standard Life Aberdeen Group undertakings	15,885	14,299
Other payables	41	15
Total current trade and other payables	15,926	14,314

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

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

10 Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The LLP has assessed whether the funds it manages are structured entities, through review of the above factors, including the rights to remove the LLP as fund manager or other key management role. The LLP considers the following as structured entities - limited partnerships.

The structured entities are generally financed by the purchase of units or shares by investors, although some funds are able to obtain external debt financing, and allow clients to invest in a portfolio of assets in order to provide a return through capital appreciation and/or investment income. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

AUM within unconsolidated structured entities is shown below:

	2020	2019
	£ 000	£ 000
Unconsolidated structured entities	2,953,154	3,279,978

The table below summarises the revenue & carrying values in the balance sheet:

	2020	2019
	£ 000	£ 000
Revenue	16,143	15,511
Receivables	258	491
Payables	-	246

Maximum exposure to loss

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Unconsolidated structured entities (continued)

The LLP's maximum exposure to loss in relation to these vehicles is the management fee receivable. In certain circumstances, the LLP may be exposed to a loss relating to the annual operating costs of a limited number of those vehicles. Such amounts are deemed to be immaterial.

Financial support

The LLP has not provided financial support to any unconsolidated structured entity through guarantees over the repayment of borrowings, or otherwise, and has no contractual obligations or current intention of providing financial support in the future.

11 Related party transactions

The LLP has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. During the prior year the LLP became a 100% owned subsidiary of the SLA group and all related party transactions were with fellow wholly owned subsidiaries. There is therefore no related party disclosure for the current year (2019: nil).

12 Parent and ultimate parent undertaking

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

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

13 Related undertakings

The Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires disclosure of certain information about the LLP's related undertakings. Details of the LLP's subsidiaries are shown in Note 16. Details of the LLP's unconsolidated structured entities are shown in Note 10. The LLP has related undertakings in General Partners and Limited Partner General Partners, which meet the definition of related undertakings under the Companies Act but these have not been disclosed.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Contingent liabilities

The LLP is subject to regulation in all of the territories in which it operates its investment businesses. In the UK, where the LLP primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The LLP, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the LLP incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

15 Events after the balance sheet date

On 27 August 2020, the Members approved the transfer of all investment management and administration services to other companies in SLA plc, with the transfers expected to take place during 2021. Following these transfers, there is no plan to find a replacement trade.

16 Investment holdings

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (Holdings) Limited ¹	United Kingdom	Direct	
Ignis Cayman GP2 Limited ²	Cayman Islands	Indirect	
Ignis Cayman GP3 Limited ²	Cayman Islands	Indirect	
SL Capital Partners (US) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner CPP) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner EC) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Edcastle) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESF II) Limited ¹	United Kingdom	Indirect	

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)
16 Investment holdings (continued)

Name of undertaking	Country of registration	Direct / Indirect	Percentage owned other than 100%
SLCP (General Partner ESP 2004) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2006) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2008 Coinvestment) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP 2008) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner ESP CAL) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Europe VI) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner II) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Infrastructure I) Limited	United Kingdom	Indirect	
SLCP (General Partner Infrastructure Secondary I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASP 2006) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner NASP 2008) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Pearl Private Equity) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Pearl Strategic Credit) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner SOF I) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner SOF II) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner SOF III) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner Tidal Reach) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner USA) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner) Limited ¹	United Kingdom	Indirect	
SLCP (Founder Partner Ignis Private Equity) Limited ¹	United Kingdom	Indirect	
SLCP (Founder Partner Ignis Strategic Credit) Limited ¹	United Kingdom	Indirect	
SLCP (General Partner 2016 Co-Investment) Limited ¹	United Kingdom	Indirect	

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investment holdings (continued)

Registered Office

¹ 1 George Street, Edinburgh, EH2 2LL, Scotland

² C/O Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

The underlying Limited Partners of the LLP meet the definition of subsidiary undertakings under the Companies Act but these have not been disclosed in the table above.