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Aberdeen GP 2 LLP

Members' report and financial statements

Registered number SO305096

For the year ended 31 December 2017



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Partnership information

Designated members

Aberdeen Alternatives (Holdings) Limited
Aberdeen General Partner 2 Limited

Independent auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Registered office

10 Queen's Terrace
Aberdeen
AB10 1XL

Bankers

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

Members' report

The Members, as listed on page 1, submit their report and audited financial statements of Aberdeen GP 2 LLP ("the Partnership") for the year ended 31 December 2017.

The Partnership qualifies as a small partnership in accordance with Section 5 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and the Members' report has therefore been prepared in accordance with the exemption available for small partnerships and excludes a strategic report.

Business review and principal activities

The Partnership is the general partner of a Limited Partnership, namely PE2 LP. PE2 LP is a limited partnership registered in Scotland under registration number SL011887, which was launched on 29 November 2012.

On 14 August 2017, Aberdeen Asset Management PLC ("AAM PLC"), the Partnership's previous ultimate parent undertaking, was party to an all-share merger with Standard Life PLC ("SL PLC"), at which point the Partnership's ultimate parent undertaking became Standard Life Aberdeen PLC ("SLA PLC" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). As a result, the Partnership is a subsidiary of the Standard Life Aberdeen Group.

Results and dividends

The results for year are set out on page 7 and show the Partnership made neither a profit nor loss during the year (2016: £nil). The Partnership paid the income it received from its general partner share, net of expenses to Aberdeen Fund Managers Limited ("AFML") in lieu of the provision of services as fund manager. The Members do not recommend the payment of a dividend (2016: £nil).

Future developments

The Partnership remains committed to the business of PE2 LP and will continue to act as the General Partner.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Partnership's Members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business.

Principal risks and uncertainties

The Partnership is exposed to specific financial risks as detailed in note 6. The Standard Life Aberdeen Group, of which the Partnership is part, has an established Enterprise Risk Management framework, integrating oversight of strategic planning, operational management of the business and internal control.

Members' report (continued)

Members and their interests

The Members at the date of this report are as stated on page 1. There were no new member appointments or resignations during the year and no Member had any interest in any material contract or arrangement with the Partnership.

Disclosure of information to auditor

The Members who held office at the date of approval of this Members' report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor is unaware; and each Member has taken all the steps that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Independent auditor

Following the merger of AAM PLC and SL PLC, KPMG LLP was appointed as auditor for the Standard Life Aberdeen Group effective for periods beginning on or after 1 October 2016. The Independent Auditor, KPMG, have indicated their willingness to continue in office.

On behalf of the Board



ANDREW MCCAFFREY

Aberdeen Alternatives (Holdings) Limited
14 September 2018

Statement of members' responsibilities in respect of the Member's 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 IFRSs as adopted by the EU 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 they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditor's report to the members of Aberdeen GP 2 LLP

Opinion

We have audited the financial statements of Aberdeen GP 2 LLP ("the LLP") for the year ended 31 December 2017 which comprise the Income statement, Balance sheet, Cash flow statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The members are responsible for the other information, which comprises 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; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.

We have nothing to report in these respects.

Independent auditor's report to the members of Aberdeen GP 2 LLP (continued)

Members' responsibilities

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

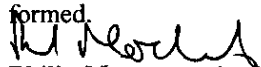
Auditor's responsibilities

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.

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.



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
14 September 2018

Income statement

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Income	3	209,545	261,555
Other expenses	4	<u>(209,545)</u>	<u>(261,555)</u>
Profit for the year available for discretionary distribution among Members		<u>-</u>	<u>-</u>

There is no other comprehensive income other than the profit for the current and prior financial year respectively. Accordingly, no statement of other comprehensive income has been presented.

Profit for the year arises from continuing operations.

The notes on pages 10 to 13 form an integral part of these financial statements.

Balance sheet

As at 31 December 2017

	Notes	2017 £	2016 £
Current assets			
Cash and cash equivalents		45,697	62,577
Current Liabilities			
Trade and other payables	5	<u>45,697</u>	<u>62,577</u>
Net assets attributable to members		<u>-</u>	<u>-</u>
Represented by:			
Members capital		<u>-</u>	<u>-</u>

The notes on pages 10 to 13 form an integral part of these financial statements.

No statement of changes in net assets attributable to the Members has been prepared on the basis the Partnership has made no profit or loss and there have been no member capital contributions during the year.

These financial statements were approved by the Members on 14 September 2018 and were signed on their behalf by:


ANDREW MCCAFFLEY
Aberdeen Alternatives (Holdings) Limited

Cash flow statement

For the year ended 31 December 2017

	2017 £	2016 £
Operating activities		
Profit for the year	-	-
Decrease in trade and other receivables	-	13
(Decrease) \ increase in trade and other payables	<u>(16,880)</u>	<u>62,577</u>
Cash generated from operating activities	(16,880)	62,590
 (Decrease) \ increase in cash and cash equivalents	 (16,880)	 62,590
Cash and cash equivalent at beginning of the year	<u>62,577</u>	<u>(13)</u>
Cash and cash equivalents	<u>45,697</u>	<u>62,577</u>

The notes on pages 10 to 13 form an integral part of these financial statements.

Notes to the financial statements

1. General information

The Partnership was established as a limited liability partnership under the laws of Scotland. The address of its registered office is 10 Queen's Terrace, Aberdeen, AB10 1XL.

These financial statements were authorised for issue by the Members of the Partnership on 14 September 2018.

2. Accounting policies

Basis of preparation

The financial statements of Aberdeen GP 2 LLP comprise the income statement, balance sheet, and the cash flow statement together with the related notes to the financial statements. The financial statements are compliant with the CCAB Statement of Recommended Practice on Accounting by Limited Liability Partnerships.

The financial statements are presented in GBP which is the Partnership's functional and presentation currency.

The 2017 statutory financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the European Union and Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 applicable to partnerships reporting under IFRS. The standards applied by the Partnership are those endorsed by the European Union and effective at the date the financial statements are approved by the Board. Consequently, the financial statements comply with International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Disclosure impact of new and future accounting standards

(a) Standards and amendments to existing standards effective 1 January 2017

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that have a material impact on the Partnership's financial results.

(b) New standards, amendments and interpretations effective after 1 January 2017 and not early adopted

The standards detailed beneath are effective for accounting periods beginning on or after 1 January 2018. They will have no recognition or measurement impact on Income Statement or Balance Sheet. The disclosure impact on the financial statements is yet to be assessed:

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and liabilities. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement and requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost.

IFRS 15, 'Revenue from Contracts with Customers', specifies how a company should recognise revenue, as well as requiring those companies to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Financial instruments

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Members' drawings and capital

Drawings are made as and when working capital allows. Such drawings are based on the members' entitlements as set out in the members' agreement. Members' capital is subscribed in accordance with the current members' agreement.

Revenue recognition and expenses

Fee income and expenses are recognised in the income statement as the related services are provided. Fee income and expenses are measured at the fair value of the consideration receivable and payable respectively.

Critical accounting estimates and judgement

There are no critical accounting estimates or judgements which are material to the financial statements.

Going concern

The Members are satisfied that the Partnership has sufficient financial resources to continue as a going concern for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. Income

	2017 £	2016 £
General partner management fees	<u>209,545</u>	<u>261,555</u>

Management fee income represents the amount the Partnership was entitled to receive as General Partner to the underlying limited partnership detailed in the Members' report.

4. Other expenses

	2017 £	2016 £
Advisory fees	205,040	258,502
Bank charges	53	53
Professional fees	1,272	-
Audit fees	3,180	3,000
Total	<u>209,545</u>	<u>261,555</u>

Advisory fees represent the Partnership's share of the General Partner fees payable to AFML in lieu of the provision of services as the fund manager to the Limited Partnership.

The Partnership has no employees and the Members received no share of profits.

5. Trade and other payables

	2017 £	2016 £
Other payables	4,452	-
Amounts payable to group undertakings	41,245	62,577
Total	<u>45,697</u>	<u>62,577</u>

Amounts payable to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)

6. Financial risk management

The Partnership's financial instruments expose it to specific risks. The significance of these risks to the Partnership is explained beneath.

Credit risk

Credit risk arises when the possibility exists of a counterparty defaulting on its obligations. The Partnership does not anticipate any material losses as a result of credit risk. Cash and cash equivalents are held with an A rated financial institution.

Market risk

Market risk is defined as the potential loss in value or earnings of the Partnership arising from changes in external market factors such as:

- Interest rates
- Foreign exchange rates
- Equity markets

At the reporting date, the Partnership does not consider itself to have significant exposure to market risk.

Liquidity risk

Liquidity risk reflects an enterprise's inability to raise funds to meet commitments. The Partnership does not consider itself to have significant exposure to liquidity risk.

Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2017 £	Fair value amount 2017 £	Carrying amount 2016 £	Fair value amount 2016 £
Cash and cash equivalents	45,697	45,697	62,577	62,577
Trade and other payables	(45,697)	(45,697)	(62,577)	(62,577)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Cash and cash equivalents

The fair value is considered to be equal to the carrying value.

Trade and other receivables / Trade and other payables

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Offsetting

The Partnership has no financial assets or financial liabilities, which are subject to offsetting or similar agreements.

Notes to the financial statements (continued)

7. Related parties

The Members received no remuneration in respect of their services to the Partnership.

The Partnership is the general partner of a Limited Partnership, namely PE2 LP. PE2 LP is a limited partnership registered in Scotland under registration number SL011887, which was launched on 29 November 2012.

The Partnership had related party relationships with a fellow group subsidiary, namely AFML. Details of related transactions during the current and prior financial year are disclosed in the table below:

Nature of transaction	Related party	Included in income statement for the year to 31 December 2017 £	Outstanding balance at 31 December 2017 £	Included in income statement for period ended 31 December 2016 £	Outstanding balance at 31 December 2016 £	Disclosure in financial statements
<i>Advisory Fees</i>	<i>AFML</i>	<i>205,040</i>	<i>-</i>	<i>258,502</i>	<i>-</i>	<i>Advisory Fees</i>
<i>Advisory Fees</i>	<i>AFML</i>	<i>-</i>	<i>41,245</i>	<i>-</i>	<i>62,557</i>	<i>Trade and other payables</i>

8. Ultimate parent undertaking

At the balance sheet date, the Partnership's ultimate parent undertaking and controlling party was SLA PLC. The results of the Partnership are consolidated in the Group accounts of AAM PLC, which is the smallest group that the results are consolidated within, which are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1XL. From 14th August 2017 the results of the Partnership are also consolidated in the Group accounts of SLA PLC, which are available to the public and may be obtained from 30 Lothian Road, Edinburgh, EH1 2DH.