Parmenion Capital Partners LLP

Annual report and financial statements

Registered number OC322243

For the 15 month period ended 31 December 2017

Contents page

Designated members and advisers

Designated members	Aberdeen Asset Management PLC Aberdeen Investments Limited
Registered office	2 College Square Anchor Road Bristol BS1 5UE
Independent auditor	KPMG LLP Chartered Accountants and Statutory Auditors Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

The members present their report on Parmenion Capital Partners LLP ("LLP") for the 15 month period ended 31 December 2017.

Business review and future developments

The principal activity of the LLP during the period was to offer collective investment fund based discretionary management and platform custody services to the retail clients of UK authorised Independent Financial Advisers. There are no plans to change the principal activity of the LLP.

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

On 11 January 2016, Aberdeen Asset Management PLC and Aberdeen Investments Limited acquired and became the only designated members of the LLP. The LLP is therefore part of Aberdeen Asset Management PLC ("AAM PLC" or, together with its subsidiaries, "the Aberdeen Group"). On 14 August 2017 Aberdeen Asset Management PLC and Standard Life PLC merged and the merged entity Standard Life Aberdeen PLC is now the ultimate parent.

On the 30 August 2017 the accounting period end date was extended to the 31 December to fall into line with the new group reporting calendar. Therefore current period results reflect a 15 month period whereas comparatives reflect an 18 month period.

Parmenion has not lost focus on ensuring that its systems and processes meet the highest industry standard. Parmenion has invested significantly, through its wholly owned subsidiary Sorbin Systems Limited, to ensure the robustness and scalability of its infrastructure and has made key hires to further enhance the quality and skills of the Parmenion team. This investment has been further supported by additional investment made by Aberdeen that has strengthened the capital adequacy of the business.

Designated Members

The designated members during the period under review were:

Aberdeen Asset Management PLC
Aberdeen Investments Limited

Members' capital, interests and rights

Following the change in ownership, the new members' agreement in respect of members' capital, interests and participation rights are:

Each member's capital contribution is determined by the Limited Liability Partnership Agreement. No member is entitled to receive interest on their capital contributions to the LLP and their contribution is repayable on the date that they leave the partnership.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Each members' entitlement to any profits is of the same proportions to which they have made equity capital contributions as per the Limited Liability Partnership Agreement. The members may only take drawings after taking into account the working capital needs of the LLP (and any other FCA requirement).

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' equity interests'.

Details of changes in members' capital and interests in the period ended 31 December 2017 are set out in the financial statements.

Key performance indicators

The LLP tracks turnover and assets under management ("AUM") as key performance indicators. The table below shows AUM growth from 30 September 2016 to 31 December 2017:

	As at 31 December 2017 £'000	*As at 30 September 2016 £'000*
Assets under management	**4,382,968**	2,691,120

Principal risks and uncertainties

The LLP is exposed to a range of significant risks and operates under the Aberdeen Group risk management framework. The oversight and implementation of risk strategy for the LLP and the Group is managed at an executive level through the risk management committee, together with the risk, compliance, legal and internal audit departments. The members of the Group meet regularly and considers the risks facing the LLP and controls required to manage these risks, as well as the output from the aforementioned governance committees held at an executive level.

The principal risks relating to the LLP are:

Investment mandate

This is the risk of intentional or unintentional errors (including exceeding client exposure limits or mandated risk levels) leading to compensation for breach of investment mandates.

Client and investment mandate restrictions are automated as much as possible to reduce areas where judgement or manual intervention is required. Timely and accurate monitoring of restrictions is facilitated through the compliance monitoring system. If an investment breach is identified, the factors leading to the breach are promptly analysed and the position corrected. There is segregation of duties between all conflicting roles and there are also overarching controls in various committees, as well as an independent review of portfolio data by the market risk team.

Product

Product risk arises from poor product design or complexity, resulting in the misleading or misrepresenting of products to clients. It can also arise when products no longer meet the clients' objectives or requirements. The product division provides a clear, identifiable focus on product governance and post fund launch activities.

There is a centralised product development team which oversees the assessment and launch of all new products. There is a Group-wide approach covering all asset classes as well as product and competitor reviews. New fund proposals and strategies are evaluated and approved by the Product Development Committee, which considers the risks, potential investor profiles and distribution channels to ensure suitability and commercial viability. Product analysis is conducted to confirm products are performing as expected and meeting the needs of clients.

Distribution and client management

Client relationships are fundamental to the LLP's business and retention of AUM. The main source of business originates through two channels of distribution: directly from institutions and indirectly through investment intermediaries. There is therefore the risk of misleading clients or misrepresenting products to clients which could create regulatory censure as well as loss of clients. Poor management of client or distributor relationships is also a risk. Client needs and expectations continue to evolve and change in profile, and there is a risk of failure to customise and tailor service models to suit their specific requirements.

The Board views meeting customers' needs and expectations as integral to the LLP's culture. Client relations teams keep in regular contact with clients to ensure their needs are addressed and there are product specialists in distribution teams for key capabilities including property, money market solutions, alternatives and quantitative strategies. The Aberdeen Group's global network of offices allows local and the leading private banks and wealth managers to be serviced appropriately. In addition there are a number of committees focused on reviewing business conduct from a customer perspective, including the conduct committee, investor protection committee, pricing committee and conflicts of interest committee.

External service providers

The LLP uses a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring the LLP has significant influence and leverage. However, it also exposes the LLP to concentration risk and dependence on strategic providers. Operations teams oversee these third party administrators and monitor agreed service levels through a suite of key indicators, focusing on significant aspects such as service quality and risks. Contingency plans in the event of the withdrawal or failure of a strategic supplier are reviewed by the Board. The Aberdeen Group also regularly review the business recovery infrastructure and strategy of these suppliers. This includes visits by senior executives to strategic suppliers during the period and on-going monitoring and review by control oversight functions.

Brand and marketing

Digital developments are transforming interactions with clients. There is a risk of reputation damage if the pace with how an increasing number of clients and stakeholders want, and expect, to interact with us is not met, and if brand or marketing activities are inconsistent with the Aberdeen Group's culture or operations.

A dedicated marketing team oversees all social media communications, to ensure regulatory compliance, and to develop the digital offering to help communication with client audiences in an engaging way. Reputational change is tracked through a specialist company who analyse industry, media and social commentary to help understand what influences reputation and comparison with peers. The compliance team works closely with the business to check marketing materials are consistent with products and capabilities.

Loss of key investment personnel

Retaining, developing and investing in talent is fundamental to the LLP's stability and long term success. The LLP's reputation and client retention could be damaged through significant changes in investment personnel. Failure to prevent the departure of qualified employees dedicated to oversee and implement current and future regulatory standards and initiatives could also negatively impact on the LLP's operations.

The LLP does not have star fund managers; instead there are teams with complementary skillsets who discuss investment decisions and take collective responsibility. This team based approach seeks to avoid reliance on any one individual. There is a strong development programme for fund managers that seeks to encourage performance and loyalty through appropriate remuneration and benefits packages, which includes a significant deferred element. Appraisals and remuneration are designed to develop, attract, motivate and retain staff. Succession plans are in place to ensure there is cover for key roles, and these are formally reviewed and updated annually. This strategy is disseminated through all levels of the organisation, so each business area can engage with the LLP's ambitions of growth.

Technology and information security

The LLP's technological infrastructure is critical to the operation and the delivery of products and services to clients. Technology and information security risk relates to the risks that technology systems are inadequate or that they fail to adapt to changing requirements. It also covers cyber related risks where the LLP is exposed to financial loss or damage to reputation as a result of failure of information technology systems; a flaw or weakness in hardware, software or process that exposes a system to compromise by third parties; and, that data is held insecurely or breached. Technology and data innovation are also transforming many aspects of the investment process. There is a risk that systems and platforms do not have the flexibility to support a more diverse client base and the LLP fails to utilise data to gain a competitive advantage.

The Information Security and Business Continuity Committee provides the overall strategic direction, framework and policies for technology and information security, with a particular focus this period on cyber-crime prevention. This is supported by the global cyber security programme which is focussed on the protection of the confidentiality and integrity of information assets. External global capacity is employed to support the management and protection of networks, critical internal assets and data. This includes an incident response service in real time as they occur to identify and thwart potential malicious activity. A periodic risk assurance review of information security and cyber risk framework is undertaken by a professional service firm, to benchmark against peers.

Business continuity

The LLP has an obligation to ensure the business can operate at all times. There is a risk that potential impacts and threats to the LLP are not identified, and build the resilience and capability required to ensure an effective response that safeguards the interests of key stakeholders, reputation, brand and value creating activities.

Business continuity management policies and recovery plans have been established, which define the standards and requirements for business continuity, pandemic preparedness, crisis management and recovery. Plans are regularly tested. Off-site backup facilities are in place for the principal office the wide network of offices globally also provides resilience and security that key operations can be moved and/or managed from one location to another at short notice if necessary.

Legal and regulatory

The LLP is subject to regulatory oversight and inspection by the FCA and operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the LLP. The LLP may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulations. Conduct and culture, and managing or avoiding conflicts of interest, are also key themes.

The management of legal and regulatory risk is the responsibility of the senior management of all functions, supported by the in-house legal and compliance teams. The legal and compliance teams track legal and regulatory developments to ensure the LLP is prepared for changes. In addition to developing policies, delivering training and performing monitoring checks, they provide advice to other divisions to ensure compliance with legal and regulatory requirements. They also work with project groups to implement key regulatory changes. The three lines of defence model clarifies essential roles and duties to ensure effective communication of risk management and control. There is an open and constructive relationship with regulators and participation in industry forums and associations so that information is shared regarding possible legal and regulatory changes.

Capital management

Capital serves as a buffer to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of the LLP and to comply with the requirements of the FCA. The regulatory capital requirement of the LLP is established through reference to the Capital Requirements Directive IV (CRD IV). The LLP aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

The LLP has documented the disclosures required by the FCA under CRD IV. These are available from the LLP's website at www.parmenion.co.uk.
The CRD IV requires Country by Country Reporting (CBCR). However, all turnover of the LLP is derived from the UK and the Company has no establishments overseas. The requirement is therefore met by the information disclosed within these financial statements.

Credit risk

The LLP's exposure to credit risk arises primarily from counterparty exposure in the form of trade debtors, exposures to other group companies and deposits placed with banks.

The value of deposits held with counterparties is managed against limits set in the Aberdeen Group's treasury policy. The treasury function is supported by the front office credit team, as well as the market risk function that perform internal credit reviews. Exposures to other Aberdeen Group companies are monitored on a regular basis with regular settlements made between counterparties.

Liquidity Risk

The LLP aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the LLP's reputation.

The LLP's cash position, available facilities and forecast cash flows is monitored by the Aberdeen Group's treasury function and access to appropriate liquidity is made available where necessary. Compliance with the LLP's regulatory capital requirements is also regularly monitored to ensure no breaches occur.

Equal opportunities

Aberdeen Asset Management is a global group with customers spanning a multitude of countries, cultures and professions, and we view diversity as a valuable business asset. By having a workforce that reflects the communities where we work, we gain an important competitive advantage. We do not tolerate harassment or bullying. Details of the Group's equal opportunities policy are available on the corporate responsibility ('CR') section of the website. The LLP gives full and fair consideration to applications for employment from disabled persons. If employees become disabled, we provide continuing employment wherever possible and subject to local laws and regulations. For the purposes of training and career development, all employees are treated equally.

Health and safety

The LLP has in place a health and safety policy which can be accessed by all staff via an internal database. The aim is to provide both staff and visitors with a safe and healthy working environment. The LLP is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Post Balance Sheet Events

On 19 April 2018 a capital injection of £6m was approved by the Members.

The Members have approved the hive up of the trade and assets of the fellow group companies of Parmenion Investment Management Limited, Sorbin Systems Limited and Asander Investment Management Limited into Parmenion Capital Partners LLP. This is expected to be effective 1 May 2018.

There have been no other significant events affecting the Company since the period end.

Disclosure of information to auditors

The designated members 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 LLP's auditors 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 LLP's auditors are aware of that information.

Independent Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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.

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;
- 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.

These responsibilities are exercised by the designated members on behalf of the members.

On behalf of the members:

Martin Jennings

On Behalf of Aberdeen Asset Management PLC, a Designated Member

Independent auditor's report to the members of Parmenion Capital Partners LLP

Opinion

We have audited the financial statements of Parmenion Capital Partners LLP ("the LLP") for the 15 month period ended 31st December 2017 which comprise the Statement of comprehensive income and Balance Sheet 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 31st December 2017 and of its loss 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.

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

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.

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.

A Simpson

Alex Simpson

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

Statement of comprehensive income

For the 15 month period ended 31 December 2017

	Note	**15 month period ended 31 December 2017 £**	*18 month period ended 30 September 2016 £*
Turnover	4	**23,111,874**	*17,725,371*
Administrative expenses	5	**(23,113,278)**	*(18,174,863)*
Exceptional charge arising on crystallisation of employee incentive plan		-	*(2,240,403)*
Operating loss		**(1,404)**	*(2,689,895)*
Dividends received		-	*445,300*
Interest receivable and similar income	7	**107,282**	*312,305*
Interest payable and similar charges	7	**(89,443)**	*(48,299)*
Profit/(Loss) for the financial period before members' remuneration and profit shares		**16,435**	*(1,980,589)*
Members' remuneration charged as an expense	6	-	*(672,049)*
Profit/(Loss) and total comprehensive income for the financial period available for discretionary division among members		**16,435**	*(2,652,638)*

Following the sale to Aberdeen Asset Management Plc in January 2016, certain employees were eligible for a proportion of the net sales proceeds as part of the employee incentive plan. The charge of £2,240,403 has been shown on the face of the statement of comprehensive income as it represents an exceptional item.

Turnover and operating profit arise from continuing operations in the UK.

The notes on pages 12 to 23 form part of these financial statements.

Balance sheet
At 31 December 2017

	Note	Period Ended 31 December 2017 £	*Period ended 30 September 2016 £*
Fixed assets			
Tangible fixed assets	8	**442,077**	*559,319*
Investments	9	**73,102**	*73,102*
		515,179	*632,421*
Current assets			
Debtors due within one year	10	**8,843,649**	*3,858,742*
Debtors due greater than one year	10	**344,038**	*1,017,856*
Cash and cash equivalents		**4,400,244**	*3,303,371*
		13,587,931	*8,179,969*
Creditors: amounts due within one year	11	**(7,740,963)**	*(5,765,159)*
Net current assets		**5,846,968**	*2,414,810*
Total assets less current liabilities		**6,362,147**	*3,047,231*
Creditors: amounts greater than one year	12	**(2,038)**	*(203,527)*
Net assets		**6,360,109**	*2,843,704*
Members' interests			
Members' equity interests	15	**6,360,109**	*2,843,704*
Total members' interests		**6,360,109**	*2,843,704*

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved and authorised for issue by the designated members of the LLP on 25th April 2018 and were signed on its behalf by:

Martin Jennings
On Behalf of Aberdeen Asset Management PLC, a Designated Member

Notes to the financial statements

1. General information

Parmenion Capital Partners LLP (the "LLP") is a LLP incorporated and domiciled in England and Wales. The address of the registered office is:

2 College Square
Anchor Road
Bristol
BS1 5UE

The LLP's business activities, together with expected future developments and key risks facing the LLP are detailed in the members' report.

These financial statements were authorised for issue by the designated members on 25 April 2018.

2. Accounting policies

The following accounting policies have been applied consistently to all periods 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 2017 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure ("FRS 101") as issued by the Financial Reporting Council.

Application of FRS 101, in conjunction with the equivalent disclosures being available in the group accounts of Aberdeen Asset Management PLC, has allowed the LLP to take advantage of various disclosure exemptions. These include presentation of a cash-flow statement, standards not yet effective, financial instruments, key management compensation, share based payments involving the equity instruments of other group entities and transactions with group companies.

The financial statements have been prepared under the historical cost convention in accordance and with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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

Going concern

The LLP's business activities, together with the factors likely to affect its future development and financial position, are set out in the members' report.

The LLP is forecast to make profits for the foreseeable future, has sufficient financial resources and a strong cash position. The members believe that the LLP holds adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Turnover

Revenue is recognised to the extent that it is probable that economic benefits will flow to the LLP and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, custody fees and other income.

Management and custody fees are based on the value of the LLP's assets under management.

Other income represents recharges to other group companies.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Financial assets

Classification

- Loans and receivables – 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 trade debtors, amounts due from group undertakings and loans and borrowings.

- Other financial assets – These instruments include cash and cash equivalents, other debtors and prepayments and accrued income.

Recognition and measurement

- Loans and 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.

- Other financial assets – These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, with the exception of cash and cash equivalents.

The LLP has adopted trade date accounting. Accordingly, a financial investment is recognised on the date the LLP commits to its purchase and derecognised on the date on which the LLP commits to its sale.

Impairment of financial assets

The carrying amount of all financial assets are formally reviewed for impairment purposes at the end of each reporting period, or during the period where objective evidence exists that an impairment exists. Trade receivables are reviewed for impairment on an ongoing basis where any impairment is offset against the carrying amount of the balance.

Financial liabilities

Classification

- Other financial liabilities - These instruments include trade creditors, amounts due to group undertakings, accruals and deferred income and other creditors.

Recognition and measurement

- Other financial liabilities - These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged on all tangible fixed assets on a straight line basis calculated to write each asset down to its estimated residual value over its expected useful life at the following annual rates:

Fixtures and fittings	-	33% on cost
Computer equipment	-	33% on cost
Leasehold Improvements	-	20% on cost
Motor Vehicles	-	33% on cost

Investment in subsidiaries

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

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

Members' remuneration and interests

Working members are permitted to make monthly drawings at rates agreed by the Remuneration Committee of the firm. These agreements are on a contractual basis. All existing working members at the date of the acquisition by Aberdeen ceased to be working members and became employees.

Pension costs

The LLP contributes to a group personal pension plan operated by the ultimate designated member. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other employee benefits

Share-based payments and deferred fund awards

The LLP's ultimate designated member AAM PLC awards deferred shares and deferral into funds to employees as an element of annual bonus awards. These deferred shares are expensed on a straight-line basis over the service period to vesting, based on the Group's estimate of equity instruments that will eventually vest. Where AAM PLC makes awards under the deferred share schemes to employees of its subsidiaries, it recharges the cost of these awards to each subsidiary based on the cash value of the shares at the award date.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets obtained under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful economic lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Critical accounting estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions 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 year/period. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates. Critical estimates and assumptions are detailed in note 4.

Impairment of non-financial assets

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal.

Notes to the financial statements (continued)

2. Accounting policies *(continued)*

In respect of investments in subsidiaries an impairment loss is recognised when events or changes in circumstances indicate that the recoverable amount of the asset may not exceed its carrying value. If any such indication exists, the asset's recoverable amount is estimated and any provision for impairment recognised. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Employee Incentive Plan

An employee incentive plan had been put in place prior to the acquisition of the business by AAM. The purpose was to encourage key individuals to help grow the business and share in its success. Following the sale of the business, certain employees were entitled to receive a proportion of the net sale proceeds through the employee benefit plan. This crystallised a charge of £2,240,403 which was recognised in administrative expenses. There are no remaining outstanding awards under the Plan.

3. Critical accounting judgements and estimates

Critical estimates and assumptions are disclosed beneath:

- *Impairment of investments in subsidiaries* - Determining whether the LLP's investments in subsidiaries have been impaired requires estimations of the investments' recoverable amount by assessing the value in use of the investment.

4. Turnover

Turnover arose wholly within the United Kingdom, analysis of turnover by class of business is as follows:

	15 month period ended 31 December 2017 £	*18 month period ended 30 September 2016 £*
Management and custody fees	**20,302,294**	*16,195,957*
Other income	**2,809,580**	*1,529,414*
	23,111,874	*17,725,371*

5. Notes to the profit and loss account

	15 month period ended 31 December 2017 £	*18 month period ended 30 September 2016 £*
Operating loss/profit before amortisation is stated after charging:		
Operating lease charges – land & buildings	**367,881**	*394,019*
Depreciation – owned assets	**96,341**	*169,874*
Depreciation – leased assets	**228,832**	*189,624*
Auditor remuneration :		
Statutory audit	**18,497**	*16,500*
Auditors fees payable for non-audit and taxation services	**-**	*-*

Notes to the financial statements (continued)

This is the first period that KPMG have audited the LLP. The prior period disclosures of audit fees relate to work performed by the previous auditors of the LLP.

6. Employees and members

The average number of persons employed by the LLP, not including members with contracts of employment, during the period was as follows:

	15 month period ended 31 December 2017 number	*18 month period ended 30 September 2016 number*
Selling and administration	**90**	*58*

The aggregate payroll costs of these persons were as follows:

	15 month period ended 31 December 2017 £	*18 month period ended 30 September 2016 £*
Salaries and bonuses	**5,761,574**	4,052,849
Social security costs	**810,454**	1,181,644
Pension costs	**805,650**	473,008
Crystallisation of employee benefit plan	**-**	2,240,403
Other benefits	**232,072**	118,498
	7,609,750	8,066,402

The payroll costs relating to the crystallisation of the employee benefit plan were a one off item that arose on the date of Aberdeen's acquisition of the LLP.

The average number of members during the period was as follows:

	15 month period ended 31 December 2017 number	*18 month period ended 30 September 2016 number*
Members	**-**	*14*

Members' remuneration was as follows:

	15 month period ended 31 December 2017 £	*18 month period ended 30 September 2016 £*
Aggregate remuneration	**-**	*672,049*

Notes to the financial statements (continued)

7. Net finance income

	15 month period ended 31 December 2017 £	*18 month period ended 30 September 2016 £*
Finance income		
Bank interest receivable	**898**	*5,191*
Bank interest receivable – client money	**45,631**	*269,081*
Loan interest receivable	**60,753**	*38,033*
	107,282	*312,305*
Finance expense		
Interest on group borrowings	**89,443**	*48,299*
	89,443	*48,299*
Net finance income	**17,839**	*264,006*

8. Tangible assets

	Motor Vehicles £	Fixtures and fittings £	Leasehold Improvements £	Computer Equipment £	Total £
Cost					
At 1 October 2016	39,184	43,956	458,448	687,877	1,229,465
Additions	-	128,609	1,916	87,200	217,725
Disposals	(39,184)	-	-	-	(39,184)
At 31 December 2017	-	172,565	460,364	775,077	1,408,006
Depreciation					
At 1 October 2016	*20,245*	*27,404*	*276,966*	*345,531*	*670,146*
Charge for the period	9,145	36,974	115,130	163,924	325,173
Disposals	(29,390)	-	-	-	(29,390)
At 31 December 2017	-	64,378	392,096	509,455	965,929
Net book value					
At 31 December 2017	**-**	**108,187**	**68,268**	**265,622**	**442,077**
At 30 September 2016	*18,939*	*16,552*	*181,482*	*342,346*	*559,319*

Notes to the financial statements (continued)

8. Tangible assets (continued)

Of the fixed assets above, the following assets were held under finance leases:

	Motor Vehicles £	Leasehold Improvements £	Computer Equipment £	Total £
Cost				
At 1 October 2016	39,184	297,420	347,721	684,325
Additions	-	-	-	-
Disposals	(39,184)	-	-	(39,184)
At 31 December 2017	-	297,420	347,721	645,141
Depreciation				
At 1 October 2016	*20,245*	*187,533*	*89,494*	*297,272*
Charge for the period	9,145	81,350	138,337	228,832
Disposals	(29,390)	-	-	(29,390)
At 31 December 2017	-	268,883	227,831	496,714
Net book value				
At 31 December 2017	**-**	**28,537**	**119,890**	**148,427**
At 30 September 2016	*18,939*	*109,887*	*258,227*	*387,053*

9. Investments

	Subsidiary undertakings (unlisted) £
Cost	
At 1 October 2016 and 31 December 2017	73,102
Net book value	
At 31 December 2017	**73,102**
At 30 September 2016	*73,102*

The following were subsidiary undertakings of the Company:

Name of undertaking	Country of registration	Direct/ indirect holding	Total holding	Principal activity
Asander Investment Management Limited	UK	Direct	100%	Dormant
Parmenion Nominees Limited	UK	Direct	100%	Dormant
Wise Trustee Limited	UK	Direct	100%	Dormant
Parmenion Capital Limited	UK	Direct	100%	Dormant
Sorbin Systems Limited	UK	Indirect	100%	Software development
Parmenion Investment Management Limited	UK	Indirect	100%	Investment management

Notes to the financial statements (continued)

9. Investments (continued)

The registered address for all the subsidiary companies listed above is:

2 College Square
Anchor Road
Bristol
BS1 5UE

10. Debtors

Amounts due within one year:	31 December 2017 £	*31 September 2016 £*
Trade debtors	**2,377,245**	*1,472,572*
Loans and borrowings receivable	**616,667**	*1,200,000*
Other debtors	**58,687**	*276,713*
Amount owed by group undertakings	**5,361,371**	*287,091*
Prepayments and accrued income	**429,679**	*622,366*
	8,843,649	*3,858,742*

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

Included within loans and borrowings due within one year is an amount of £416,667 (2016: £1,000,000) which relates to an interest bearing loan given to a third party. The interest rate attached to the loan is charged at LIBOR plus 4.5% per annum, calculated and payable each quarter. The expiry date attached is 1 June 2018.

Included within loans and borrowings due within one year is an amount of £200,000 (2016: £200,000) which relates to an interest bearing loan given to a connected party. The interest rate attached to the loan is charged at HMRC's official beneficial loan rate, calculated on an annual basis throughout the period of the loan and payable within 1 month of the year having elapsed. The loan is repayable on demand.

Amounts due after one year:	31 December 2017 £	*30 September 2016 £*
Loans and borrowings receivable	-	*666,667*
Other debtors	**344,038**	*351,189*
	344,038	*1,017,856*

11. Creditors: amounts due within one year

	31 December 2017 £	*30 September 2016 £*
Trade creditors	**656,320**	*601,323*
Social security and other taxes	**293,535**	*184,994*
Finance lease obligations	**146,785**	*176,958*
VAT	**71,564**	*62,022*
Other creditors	**931,475**	*619,405*
Amounts owed to group undertakings	**4,431,174**	*3,126,124*
Accruals and deferred income	**1,210,110**	*994,333*
	7,740,963	*5,765,159*

Notes to the financial statements (continued)

11. Creditors: amounts due within one year (continued)

Included within amounts owed to group undertakings is a loan of £2,000,000 (2016: £2,000,000). The interest rate attached to the loan is charged at the Bank of England base rate plus 3% per annum, calculated each year from the drawdown. The loan is unsecured with no fixed date of repayment and is repayable on demand.

Included within amounts owed to group undertakings is an amount of £2,431,174 (2016: £1,126,124). The amount is unsecured, interest free with no fixed date of repayment and is repayable on demand.

Obligations under finance leases are secured on the assets to which they relate.

12. Creditors: amounts greater than one year

Amounts falling due after more than one year and less than five years:

	31 December 2017 £	*30 September 2016 £*
Finance lease obligations	**2,038**	*203,527*
	2,038	*203,527*

Obligations under finance leases are secured on the assets to which they relate.

13. Commitments

Total commitments under non-cancellable operating leases are as follows:

	31 December 2017 £ Land & buildings	*30 September 2016 £ Land & buildings*
Operating leases which expire:		
In less than one year	**323,493**	*287,499*
In the second to fifth years inclusive	**1,293,972**	*1,286,118*
In more than five years	**95,304**	*508,189*
	1,712,769	*2,081,806*

14. Share-based payments and deferred funds awards

The LLP's ultimate designated member AAM PLC operates share-based payment schemes in which employees of the parent and certain subsidiary companies participate. AAM PLC and employing subsidiaries are required to account for the fair value of the share options and long-term incentive at grant date over the vesting period. AAM PLC recharges each subsidiary with the specific cost of the schemes based on the cost incurred for each employee.
The following disclosures relate to the share schemes operated by AAM PLC in which employees of the LLP participate.

Deferred awards – Equity settled

Awards made in 2016 reach their earliest vesting dates in equal tranches over a three, four or five year period, subject to the continued employment of the participant. On reaching the earliest vesting date, participants may require immediate exercise or may choose to defer exercise until a later date; if deferred, participants may thereafter require exercise, without condition, at any time until the end of the exercise period.

Notes to the financial statements (continued)

14. Share-based payments and deferred funds awards (continued)

Deferral awards – Cash settled

An element of variable pay awards will be settled in cash by reference to the share prices of certain Aberdeen managed funds. These are accounted for as cash settled awards and are revalued to market price at the end of each reporting period.

Notes to the financial statements *(continued)*

15. Members' interests

	Members' capital (classified as equity) £	**Other reserves (losses)** £	**Other reserves (profits)** £	**Other reserves (share option reserve)** £	**Total as at 31 December 2017** £	*Total as at 30 September 2016* £
Balance at 1 October 2016	2,000,100	(4,325,241)	2,928,442	2,240,403	2,843,704	*1,182,069*
Remuneration charged as an expense	-	-	-	-	-	*672,049*
Profit/(Loss) for the period available for discretionary division among members	-	16,435	-	-	16,435	*(2,652,638)*
Crystallisation of employee incentive plan	-	-	-	-	-	*2,240,403*
Appropriation of profit in the period	-	-	-	-	-	*(573,230)*
Members interests after profit for the period	2,000,100	(4,308,806)	2,928,442	2,240,403	2,860,139	*1,515,653*
Introduced by members	3,500,000	-	-	-	3,500,000	*2,000,100*
Drawings (remuneration charged as an expense)	-	-	-	-	-	*(672,049)*
Members' equity interests	**5,500,100**	**(4,308,806)**	**2,928,442**	**2,240,403**	**6,360,139**	*2,843,704*

Notes to the financial statements *(continued)*

16. Related party transactions

At 31 December 2017 and 30 September 2016, other debtors greater than one year represented preference shares issued by Self Directed Holdings Limited, a company related by virtue of certain common directors, with a coupon rate of 5%. Their redemption date is the earliest of the third anniversary of the date of issue of the preference shares, the date when Self Directed Holdings Limited returns assets on liquidation, or at the sole discretion of the directors of Self Directed Holdings Limited. Of the amount due of £344,038 (2016: £344,038), £300,000 was issued on 8th October 2014, and the remainder was issued on 30 September 2016. There is an accrual of £62,055 (2016: £37,124) for the dividend payable within Self Directed Holdings Limited. As members are not aware of any plans to redeem the preference shares early, they have been included in debtors greater than one year.

During the period ended 30 September 2016, the LLP loaned Self Directed Holdings Limited £200,000. At 31 December 2017 £200,000 was due in relation to this loan and is included within loans and borrowings due within one year.

At the period end, the balance due to LLP from Self Directed Investments Limited amounted to £10,144 (2016: £nil). This related to staff costs.

17. Ultimate controlling party

The LLP was under the control of the designated members during the period.

Aberdeen Asset Management PLC, is the controlling designated member by way of its majority interest in the LLP. Aberdeen Asset Management PLC is incorporated in the United Kingdom and registered in Scotland.

The results of the LLP are consolidated in the Group accounts of Standard Life Aberdeen PLC, which is the largest and smallest group that the results are consolidated within, which are available to the public and may be obtained from Standard Life House, 30 Lothian Road, Edinburgh, Scotland, EH1 2DH.

No other Group accounts include the results of the LLP.