



**STANDARD LIFE INVESTMENTS
(CORPORATE FUNDS) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

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COMPANIES HOUSE

Registered in Scotland Number SC111488

General Information

Directors

D T Cumming

W R Littleboy

N K Skeoch (Chief Executive)

C R Walklin

Company Secretary

D J Burns

Registered Office

1 George Street

Edinburgh

EH2 2LL

United Kingdom

Auditors

PricewaterhouseCoopers LLP

68 - 73 Queen Street

Edinburgh

EH2 4NH

United Kingdom

**Directors' report
for the year ended 31 December 2010**

The Directors present their report together with the audited financial statements of Standard Life Investments (Corporate Funds) Limited (the Company) for the year ended 31 December 2010.

Directors

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

C R Walklin was appointed on 15 November 2010.

A P Watt resigned on 15 November 2010.

V J O'Brien resigned as Company Secretary on 1 August 2010.

D J Burns was appointed as Company Secretary on 1 August 2010.

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

Principal activities

The principal activity of the Company is to provide investment management services to other members of the Standard Life Group and to third parties.

Business review

The result for the year ended 31 December 2010 is a loss of £18,000 (2009: loss of £23,000). The Directors consider the results to be satisfactory as all revenue earned is recharged out by the Company's parent undertaking. A small loss arose in 2010 and 2009 as a result of foreign exchange losses.

Dividend

The Directors did not recommend paying a dividend in 2010 (2009: £nil).

Future outlook

The Directors are confident of maintaining a similar performance in the future.

Key performance indicators (KPIs)

The Directors of Standard Life Investments (Holdings) Limited (SLIH) manage the operations of the Standard Life Investments (Holdings) Limited Group (the Group), in which the Company is a wholly owned subsidiary, on a divisional basis. The Company's Directors therefore believe that an analysis using key performance indicators for the Company is not necessary or appropriate for gaining an understanding of the development, performance and position of the Group.

Principal risks and uncertainties

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

The main business risks to which the Company is exposed and its financial risk management objectives and policies, are considered in Note 12 to this report and financial statements. Other key business risks include competition from other providers of investment management services.

Creditor payment policy

It is the Standard Life Group's policy to negotiate payment terms with principal suppliers and to pay in accordance with the terms agreed. Costs for the Company are paid centrally by Standard Life Investments Limited and accordingly the average number of days taken to make payment for services provided is disclosed in its accounts.

Annual general meeting

There was no annual general meeting held in the year, as permitted by the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' report

for the year ended 31 December 2010

Disclosure of information to auditors

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

Each of the Directors has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'D J Burns', written in a cursive style.

D J Burns, Secretary

Edinburgh, 14 March 2011

Statement of Directors' responsibilities for preparing the financial statements for the year ended 31 December 2010

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the independent auditors' report, is made to help shareholders distinguish the respective responsibilities of the Directors and the auditors in relation to the financial statements for 2010.

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements of the Standard Life Group must be prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted for use in the European Union, the Companies Act 2006 and Article 4 of the IAS Regulation. The Directors have elected to prepare the Company's financial statements on the same basis.

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

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

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

Income statement
for the year ended 31 December 2010

		2010	2009
	Note	£'000	£'000
Revenue			
Management fee income		13,123	12,857
Net revenue		13,123	12,857
Operating expenses			
Administrative expenses		(13,123)	(12,857)
Total operating expenses		(13,123)	(12,857)
Operating profit	3	-	-
Finance income	4	16	18
Net foreign exchange losses		(39)	(42)
Loss before tax		(23)	(24)
Tax credit	5	5	1
Loss for the year attributable to equity holders of the Company		(18)	(23)

The notes on pages 9 to 17 form part of these financial statements.

The Company has not recorded any other comprehensive income during the years to 31 December 2010 and 31 December 2009 and has therefore not disclosed a separate statement of comprehensive income.

Statement of financial position
as at 31 December 2010

		2010	2009
	Note	£'000	£'000
Assets			
Current assets			
Trade and other receivables	6	3,611	3,702
Cash and cash equivalents	7	4,081	3,942
Total current assets		7,692	7,644
Total assets		7,692	7,644
Equity			
Share capital	8	5,000	5,000
Retained earnings	9	741	759
Total attributable to equity holders of the Company		5,741	5,759
Liabilities			
Current liabilities			
Trade and other payables	10	1,951	1,885
Total current liabilities		1,951	1,885
Total liabilities		1,951	1,885
Total equity and liabilities		7,692	7,644

The notes on pages 9 to 17 form part of these financial statements.

Approved on behalf of the Board of Directors and authorised for issue on 14 March 2011 by the following Director:



C R Walklin, Director

**Statement of changes in equity
for the year ended 31 December 2010**

	Share capital £'000	Retained earnings £'000	Total equity attributable to equity holders of the Company £'000
Balance at 1 January 2009	5,000	782	5,782
Comprehensive income			
Loss for the year	-	(23)	(23)
Total comprehensive income for the year	-	(23)	(23)
Balance at 31 December 2009	5,000	759	5,759
Balance at 1 January 2010	5,000	759	5,759
Comprehensive expense			
Loss for the year	-	(18)	(18)
Total comprehensive expense for the year	-	(18)	(18)
Balance at 31 December 2010	5,000	741	5,741

The Company did not recognise any income or expenses directly in equity (2009: £nil). The total recognised income or expense for the year comprised of the profit or loss for the year.

The notes on pages 9 to 17 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2010

		2010	2009
	Note	£'000	£'000
Cash flows used in operating activities			
Loss before tax		(23)	(24)
Interest income classified as investing activity	4	(16)	(18)
		(39)	(42)
Adjustments for:			
Movement in operating assets and liabilities	11	157	(118)
Group relief included in tax assets and liabilities		5	81
Taxation paid		-	(80)
Net cash flows from/(used in) operating activities		123	(159)
Cash flows from investing activities			
Interest received	4	16	18
Net cash flows from investing activities		16	18
Net increase/(decrease) in cash and cash equivalents		139	(141)
Cash and cash equivalents at the beginning of the year		3,942	4,083
Cash and cash equivalents at the end of the year	7	4,081	3,942

The notes on pages 9 to 17 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies

(a) Basis of preparation

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for use in the European Union (IFRS) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

The principal accounting policies set out below have been consistently applied to all financial reporting periods presented in these financial statements, unless otherwise stated. All amounts classified as current are expected to be settled/recovered in less than 12 months unless otherwise stated in the notes to these financial statements.

(ii) New standards, interpretations and amendments to published standards that have been adopted by the Company

Improvements to IFRSs (effective from 1 January 2010)

This is a collection of amendments to 12 standards as part of the IASB program of annual improvements. Management considers that the implementation of these amendments and interpretations has had no significant impact on the Company's financial statements.

(iii) Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning after 1 January 2011. The Company has not early adopted the standards, amendments and interpretations described below:

Improvements to IFRSs published in May 2010

The publication amends six standards and one IFRIC. The amendments have not yet been endorsed by the EU.

(iv) New standards, interpretations and amendments to published standards that are deemed not relevant to the Company

IAS 27 (Revised) Consolidated and separate financial statements (effective for accounting periods beginning on or after 1 July 2009)

IAS 36 (amendment) Impairment of assets (effective from 1 January 2010)

IAS 38 (amendment) Intangible assets (effective 1 January 2010)

Amendment to IAS 39 Financial Instruments: Recognition and measurement on eligible hedged items (effective for accounting periods beginning on or after 1 July 2009 – retrospective application)

Amendments to IFRS 2 Share based payments (effective from 1 January 2010)

IFRS 2 (amendments) Group cash-settled share-based payment transactions (effective from 1 January 2010)

IFRS 3 (Revised) Business combinations (applicable to business combinations occurring in accounting periods beginning on or after 1 July 2009)

IFRS 5 (amendment) Non-current assets held for sale and discontinued operations

IFRIC 16 Hedges of a net investment in a foreign operation (effective from 1 July 2009)

IFRIC 17 Distributions of non-cash assets to owners (effective for accounting periods beginning on or after 1 July 2009)

IFRIC 18 Transfer of assets from customers (effective for transfers of assets from customers received on or after 1 July 2009, although some limited retrospective application is permitted)

1. Accounting policies (continued)**(v) Standards, interpretations and amendments to published standards that are not yet effective and which are not relevant to the Company**

Amendment to IAS 24 Related party disclosures (effective for accounting periods beginning on or after 1 January 2011)

Amendment to IAS 32 Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 February 2010)

IFRS 9 Financial Instruments on classification and measurement (effective for accounting periods beginning on or after 1 January 2013)

Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective from the beginning of the earliest comparative period presented, for annual periods beginning on or after 1 July 2010)

(b) Revenue recognition***Investment management fees***

All fees and costs associated with the provision of investment management services are recognised, subject to recoverability, as the services are provided.

Performance fees are calculated with reference to performance benchmarks specified in the individual investment management agreements. Revenues arising in respect of performance fee arrangements are recognised provided that the outcome of such arrangements can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(c) Expense recognition***Administrative expenses***

'Administrative expenses' are recognised on an accruals basis.

(d) Foreign currency

Foreign currency transactions and fair values are translated using the exchange rates applying to the functional currency, which is Sterling, prevailing at the dates of the transactions or at the date the fair value was determined, with related foreign currency exchange gains or losses reflected in the income statement.

(e) Income tax***Current tax***

The current tax credit is based on the taxable results for the year, using tax rates enacted or substantively enacted at the statement of financial position date, including any adjustments in respect of prior years. Amounts are charged or credited to the income statement or equity as appropriate.

(f) Financial assets - designation***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in 'Current assets', except for maturities greater than 12 months after the statement of financial position date. These are classified as 'Non-current assets'. The Company's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the statement of financial position.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment where this is deemed necessary. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) may be considered indicators that the trade receivable is impaired.

1. Accounting policies (continued)

The amount of any provision is the difference between the asset's carrying amount and its estimated realisable value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Administrative expenses'. When a trade receivable is uncollectible, it is written off against 'Trade and other receivables'. Subsequent recoveries of amounts previously written off are credited against 'Administrative expenses' in the income statement.

(h) Cash and cash equivalents

'Cash and cash equivalents' include cash in hand, deposits held at call with banks and any highly liquid investments with less than three months to maturity from the date of acquisition. 'Cash and cash equivalents' are categorised for measurement purposes as loans and receivables and are therefore measured at amortised cost.

(i) Trade and other payables

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

(j) Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Key estimates and judgements

The preparation of financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In the process of preparing the Company's financial statements, management has made no key estimates or judgements.

3. Operating profit

The Company has no employees (2009: nil) and is managed by the parent undertaking. Certain expenses, including auditor's remuneration for statutory audit services of £6,000 (2009: £14,000), are met by the parent undertaking and are recovered from the Company through administrative and management charges. Auditor's remuneration for non-audit services is disclosed in the consolidated financial statements of SLIH.

4. Finance income

The Company had interest income for 2010 of £16,000 (2009: £18,000), which is derived from 'Cash and cash equivalents'.

5. Tax credit

(a) Analysis of the tax credit for the year:

	2010	2009
	£'000	£'000
Current tax		
United Kingdom corporation tax	(5)	(1)
Total current tax	(5)	(1)

(b) Reconciliation of tax credit:

	2010	2009
	£'000	£'000
Loss before tax	(23)	(24)
Tax at UK corporation tax rate of 28% (2009: 28%)	(6)	(7)
Effects of:		
Disallowed expenses	1	6
Total tax credit	(5)	(1)

6. Trade and other receivables

	2010	2009
	£'000	£'000
Amounts due from Standard Life Group undertakings	1,232	1,309
Trade receivables	44	219
Prepayments and accrued income	2,335	2,174
Total trade and other receivables	3,611	3,702

All 'Trade and other receivables' are current and have a maturity of less than one year. All of the financial assets above are non-interest bearing. Note 12 to these financial statements provides an analysis of the credit and foreign currency risks from the financial assets noted above.

7. Cash and cash equivalents

	2010	2009
	£'000	£'000
Cash at bank and in hand	176	86
Short term bank deposits	3,905	3,856
Total cash and cash equivalents	4,081	3,942

Cash at bank and in hand, deposits and overdrafts are subject to variable interest rates.

All of the 'Cash and cash equivalents' balances at the statement of financial position date were rated (Standard & Poor's) A or above (2009: A or above).

8. Share capital

	Authorised			
	2010		2009	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000
Redeemable preference shares of £1 each	3,000,000	3,000	3,000,000	3,000
	8,000,000	8,000	8,000,000	8,000

	Allotted, Called Up and Fully Paid			
	2010		2009	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	3,500,000	3,500	3,500,000	3,500
Redeemable preference shares of £1 each	1,500,000	1,500	1,500,000	1,500
	5,000,000	5,000	5,000,000	5,000

The redeemable preference shares are zero coupon, carry no voting rights and, on giving 30 days notice, are redeemable by the Company at any time. The redemption price for each redeemable preference share is £1. On a liquidation or reduction of capital, the surplus assets of the Company remaining after payment of its liabilities are applied first in paying, to the holders of the redeemable preference shares, an amount equal to the subscription price (inclusive of any premium) paid for such shares and the balance remaining thereafter is distributed amongst the holders of the Ordinary Shares.

9. Retained earnings

	2010	2009
	£'000	£'000
At 1 January	759	782
Loss for the year attributable to equity holders of the Company	(18)	(23)
At 31 December	741	759

10. Trade and other payables

	2010	2009
	£'000	£'000
Amounts due to Standard Life Group undertakings	1,729	1,343
Accruals	222	115
Other	-	427
Total trade and other payables	1,951	1,885

All 'Trade and other payables' with the exception of certain accruals are expected to be settled within 12 months and are classified as current. All of the financial liabilities listed above are non-interest bearing.

11. Movement in operating assets and liabilities

	2010	2009
	£'000	£'000
Movement in operating assets:		
Trade and other receivables	91	(621)
	91	(621)
Movement in operating liabilities:		
Trade and other payables	66	503
	66	503
Movement in operating assets and liabilities	157	(118)

12. Financial risk management**(a) Standard Life Group approach to risk management**

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

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

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

The Group takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Group's risk profile.

The Board has approved a risk policy which outlines the framework for identifying, assessing, monitoring and controlling risk.

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

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

12. Financial risk management (continued)**(c) The management of financial and non-financial risks****(i) Statement of financial position reconciliation**

	2010		
	Loans and receivables	Non-financial assets	Total
	£'000	£'000	£'000
Trade and other receivables	3,601	10	3,611
Cash and cash equivalents	4,081	-	4,081
Total assets	7,682	10	7,692

	2009		
	Loans and receivables	Non-financial assets	Total
	£'000	£'000	£'000
Trade and other receivables	3,687	15	3,702
Cash and cash equivalents	3,942	-	3,942
Total assets	7,629	15	7,644

None of the assets are categorised as FVTPL and therefore are not disclosed in fair value hierarchy levels. There are no non-financial liabilities.

(ii) Fair value of assets and liabilities

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

(iii) Credit risk

The Company is exposed to credit risk through capital investments, cash and margin deposits, trade receivables and intercompany balances. Credit exposures are managed according to limits agreed by the Board, which are regularly reviewed. These limits specify the minimum acceptable counterparty credit rating (A-1 Standard & Poors, P-1 Moody's for short term exposures and higher credit ratings for longer term exposures) and the maximum acceptable exposure to a single counterparty.

Management fee income provides the bulk of the Company's revenues. Funds are managed in accordance with legal agreements in place with both Standard Life Group companies and third parties that specify contractual payment terms. The majority of receipts by value are received either monthly or quarterly.

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

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

	2010	2009
	£'000	£'000
Trade and other receivables	3,601	3,687
Cash and cash equivalents	4,081	3,942
	7,682	7,629

At the statement of financial position date, none of the financial assets above were impaired but 'Trade and other receivables' classified as past due amounted to £38,000 (2009: £218,000), of which £nil (2009: £nil) was overdue for greater than 3 months and £nil (2009: £nil) over 12 months.

(iv) Market risk

Market risk is the risk of adverse impact on the Company of changes in the fair values of financial instruments from fluctuations in foreign currency exchange rates, interest rates, property prices and equity prices.

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

12. Financial risk management (continued)

The impact of a fall in asset values at a point in time would primarily impact revenue, which is accrued based on those values, and is not hedged. A 10% change in market levels would result in a change in net management fee income of £1,312,000 (2009: £1,286,000).

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

		2010		
		Sterling	Euro	Other currencies
		£'000	£'000	£'000
Trade and other receivables		2,396	1,198	17
Cash and cash equivalents		4,072	4	5
		6,468	1,202	22
				7,692

		2009		
		Sterling	Euro	Other currencies
		£'000	£'000	£'000
Trade and other receivables		2,383	1,295	24
Cash and cash equivalents		3,874	52	16
		6,257	1,347	40
				7,644

A 10% movement in the exchange rate between Sterling and the material foreign currency, Euros, would have the following impact:

		10% increase in currency against Sterling		10% decrease in currency against Sterling	
		2010	2009	2010	2009
		Euro	Euro	Euro	Euro
		£'000	£'000	£'000	£'000
Impact on loss before tax		120	135	(120)	(135)
Impact on equity		87	97	(87)	(97)

The Company is exposed to interest rate risk through its 'Cash and cash equivalents' as disclosed in the statement of financial position. A sensitivity impact of interest rate change on the result of the Company, based on Bank of England base rates prevailing at each year end, is shown below:

		10% increase in interest rates		10% decrease in interest rates	
		2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Impact on loss before tax:					
Cash and cash equivalents		2	2	(2)	(2)

(v) Liquidity risk

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

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

12. Financial risk management (continued)

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

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

	2010		
	Trade and other receivables	Cash and cash equivalents	Total
	£'000	£'000	£'000
Financial assets			
Due on demand	-	4,081	4,081
Due within 1 month	3,601	-	3,601
	3,601	4,081	7,682

	2009		
	Trade and other receivables	Cash and cash equivalents	Total
	£'000	£'000	£'000
Financial assets			
Due on demand	-	3,942	3,942
Due within 1 month	3,687	-	3,687
	3,687	3,942	7,629

	2010	2009
	Trade and other payables	Trade and other payables
	£'000	£'000
Financial liabilities		
Due within 1 month	1,951	1,885
	1,951	1,885

(vi) Operational risk

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

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

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

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

The impact of a new product, a significant change, or any one-off transaction on the operational risk profile of the Group is assessed and managed.

(d) Compliance with FSA regulatory requirements

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

12. Financial risk management (continued)**The FSA framework consists of three 'Pillars':**

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

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

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

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

http://www.standardlifeinvestments.com/doc/pillar_3_2010_v2.pdf

13. Related party transactions**Parent and ultimate controlling party**

The Company's parent undertaking is Standard Life Investments Limited, whilst its ultimate controlling party is Standard Life plc.

Copies of the Annual Report and Accounts of Standard Life plc are available to the public from Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

Transactions between and balances with related parties

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

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

		2010			
		Revenues	Expenses	Amounts owed by related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000
Parent		-	12,817	5	-
Other (including fellow subsidiaries)		5,243	-	1,227	1,729
		5,243	12,817	1,232	1,729

		2009			
		Revenues	Expenses	Amounts owed by related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000
Parent		-	12,053	-	471
Other (including fellow subsidiaries)		5,877	-	1,309	872
		5,877	12,053	1,309	1,343

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

Compensation of key management personnel

No amounts are payable to the Directors in respect of their services to the Company (2009: £nil).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD LIFE INVESTMENTS (CORPORATE FUNDS) LIMITED

We have audited the financial statements of Standard Life Investments (Corporate Funds) Limited for the year ended 31 December 2010 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its losses and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
14 March 2011