

## SLTM Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Registration number: SC075550



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**Company Information**

<b>Directors</b>	L Scott
	A W Mitchell
	G R Marshall
	A Donaldson
	C A Baker
	A Moss
<b>Company secretary</b>	SLA Corporate Secretary Limited
<b>Registered office</b>	1 George Street Edinburgh EH2 2LL
<b>Auditor</b>	KPMG LLP Chartered Accountants and Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

## Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report on SLTM Limited ("the Company") for the year ended 31 December 2020, in accordance with section 414A of the Companies Act 2006.

### Business review and future developments

The Company's principal activity is the provision of investment management and administration services and it is part of Standard Life Aberdeen plc ("SLA plc" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). All investment management activities are sub-delegated to fellow regulated subsidiaries within the Standard Life Aberdeen Group. In previous years, the financial statements have been prepared on a going concern basis. However, on 23 February 2021, the Directors took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Directors have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

The Company is regulated by the Financial Conduct Authority and acts as Authorised Corporate Director to funds subject to the Undertakings for Collective Investments in Transferable Securities regulatory regime.

### Key performance indicators ("KPIs")

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

	2020	Restated 2019
	£ 000	£ 000
Assets under management ("AUM")	18,125,901	17,925,018
Revenue	18,398	25,210
Operating profit	722	707
Equity attributable to equity holders of the parent	7,730	7,117
Regulatory capital surplus	3,994	2,800

### AUM

AUM contracted with the Company has increased by £200,883k (1%) largely as a result of client inflows during Q4.

### Revenue

Revenue has decreased by £6,812k (27%) largely as a result of adverse market movements resulting from the COVID-19 pandemic and a rebate adjustment, partly offset by client inflows. Note 15 provides restatement details.

### Operating Profit

Operating profit is largely unchanged with the aforementioned revenue reduction being offset by a decrease in revenue sharing to other Standard Life Aberdeen Group companies. Note 15 provides restatement details.

### Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent has increased by £613k (9%) as a result of profits made in the year. Note 15 provides restatement details.

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

### Regulatory capital surplus

The regulatory capital surplus at 31 December 2020 has increased by £1,194k (43%) as a result of including prior year profits in the capital base.

### Enhancing our governance

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- a) the likely consequences of any decision in the long term;
- b) the need to foster the Company's business relationships with suppliers, customers and others;
- c) the impact of the Company's operations on the community and the environment;
- d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly between different members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider Standard Life Aberdeen Group.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

**The likely consequence of any decision in the long term** - The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall SLA plc business plan, which considers the long term success of the Company and the Standard Life Aberdeen Group as a whole, and the likely long term consequences of any decisions by the Company are taken into account. As part of the Standard Life Aberdeen Group's review of the various management companies, the Board approved the transfer of all fund management contracts between firms within the Standard Life Aberdeen Group as part of the long term plan. The consequences of this decision will be seen in 2021 and beyond as the existing trade ceases.

**The need to foster the Company's business relationships with suppliers, customers and others** - Supplier relationships within the Standard Life Aberdeen Group are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at SLA plc level and engagement matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to suppliers, customers and others.

**The desirability of the Company maintaining a reputation for high standards of business conduct** - Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the Standard Life Aberdeen Group, including the Company.

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

**The impact of the Company's operations on the community and the environment** - Engagement on environmental and community matters is considered at SLA plc level and such matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the Company has no direct environmental or community impact beyond the impact of the wider Standard Life Aberdeen Group.

**The need to act fairly as between members of the Company** - The Company has a single member, and is a wholly owned subsidiary of SLA plc.

### Principal risks and uncertainties

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

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

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

The list below however provides a summary of the key risks facing both SLA plc and the Company:

### *COVID-19*

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

### *Brexit*

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

### *Strategic risk*

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

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**Strategic Report for the Year Ended 31 December 2020 (continued)****Principle risks and uncertainties (continued)*****Financial risk***

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

***Conduct risk***

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

***Regulatory and legal risk***

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

***Process execution and trade errors***

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

***Technology***

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

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

### Principle risks and uncertainties (continued)

#### *Business resilience and continuity*

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

#### *Fraud and financial crime*

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

#### *Change management*

This is the risk of failing to manage strategic and operational change initiatives effectively. In 2020 the Standard Life Aberdeen Group closely monitored and managed the impact of the pandemic on transformation timelines, particularly around technology infrastructure. SLA plc continues to implement significant change projects relating to embedding ESG principles and the discontinuation of LIBOR. This includes maintaining a focus on managing the impact of our transformation activity and the associated costs of completing the programme. Change projects are managed centrally, with clear governance processes and consolidation of the Standard Life Aberdeen Group's change workload. Clear roles are defined for second and third lines in overseeing progress and projects are delivered in ways that help protect client outcomes.

#### *Third party management*

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



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**Strategic Report for the Year Ended 31 December 2020 (continued)****Principle risks and uncertainties (continued)*****Financial management process***

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

**Environmental matters**

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

Approved by the Board on 27 April 2021 and signed on its behalf by:



.....  
A W Mitchell  
Director

## **Directors' Report for the Year Ended 31 December 2020**

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

### **Directors of the Company**

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

L Scott

A W Mitchell

G R Marshall

A Donaldson

C A Baker

A Moss

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

### **Company secretary**

The Company secretary during the year, was as follows:

H S Kidd

The following company secretary was appointed after the year end:

SLA Corporate Secretary Limited - Director (appointed 1 April 2021)

### **Going concern**

In previous years, the financial statements have been prepared on a going concern basis. However, on 23 February 2021, the Directors took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Directors have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

### **Dividends**

The Directors recommended and paid dividends of £nil in 2020 (2019: £5,000k) to the Company's immediate parent, namely Standard Life Investments Limited.

### **Disclosure of information to the auditor**

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

## **Directors' Report for the Year Ended 31 December 2020 (continued)**

### **Independent auditor**

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

### **Political donations**

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

### **Modern slavery act**

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

**Directors' Report for the Year Ended 31 December 2020 (continued)****Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

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 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; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. (as explained in note 1 the Directors, do not believe it is appropriate to prepare these financial statements on a going concern basis).

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 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 Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 27 April 2021 and signed on its behalf by:



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A W Mitchell  
Director

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## Independent Auditor's Report to the Members of SLTM Limited

### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Emphasis of matter - non-going concern basis of preparation

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

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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

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

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

## **Independent Auditor's Report to the Members of SLTM Limited (continued)**

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

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

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether or not there were any implications of identified breaches on our audit. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

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

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

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

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

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

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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**Independent Auditor's Report to the Members of SLTM Limited (continued)**

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 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
- 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.

We have nothing to report in these respects.

**Directors responsibilities**

As explained more fully in their statement set out on page 10, the directors 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 company'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 company 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](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent Auditor's Report to the Members of SLTM Limited (continued)**

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

27 April 2021



**Profit and Loss Account for the Year Ended 31 December 2020**

		<b>2020</b>	<b>Restated *</b>
	<b>Note</b>	<b>£ 000</b>	<b>2019</b>
			<b>£ 000</b>
Revenue	3	18,398	25,210
Administrative expenses		<u>(17,676)</u>	<u>(24,503)</u>
<b>Operating profit</b>		<b>722</b>	<b>707</b>
Net finance income	5	<u>27</u>	<u>66</u>
<b>Profit before tax</b>		<b>749</b>	<b>773</b>
Tax expense	6	<u>(142)</u>	<u>(147)</u>
<b>Profit for the year</b>		<b><u>607</u></b>	<b><u>626</u></b>

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

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

The notes on pages 18 to 26 form an integral part of these financial statements.

**Balance Sheet as at 31 December 2020**

		2020	Restated *
	Note	£ 000	2019 £ 000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	7	6,031	6,445
Cash and cash equivalents		<u>7,408</u>	<u>8,494</u>
<b>Total assets</b>		<u><b>13,439</b></u>	<u><b>14,939</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	8	6,050	6,050
Retained earnings		<u>1,674</u>	<u>1,067</u>
		7,724	7,117
<b>Current liabilities</b>			
Trade and other payables	9	<u>5,715</u>	<u>7,822</u>
<b>Total equity and liabilities</b>		<u><b>13,439</b></u>	<u><b>14,939</b></u>

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

Approved by the Board on 27 April 2021 and signed on its behalf by:



.....  
A W Mitchell  
Director

Registration number: SC075550

The notes on pages 18 to 26 form an integral part of these financial statements.

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

	<b>Share capital</b> <b>£ 000</b>	<b>Restated * Retained earnings</b> <b>£ 000</b>	<b>Restated* Total</b> <b>£ 000</b>
At 1 January 2019	6,050	5,441	11,491
Profit for the year (restated)	-	626	626
Total comprehensive income (restated)	-	626	626
Dividends	-	(5,000)	(5,000)
<b>At 31 December 2019 (restated)</b>	<b>6,050</b>	<b>1,067</b>	<b>7,117</b>

	<b>Share capital</b> <b>£ 000</b>	<b>Restated * Retained earnings</b> <b>£ 000</b>	<b>Restated* Total</b> <b>£ 000</b>
At 1 January 2020 (restated)	6,050	1,067	7,117
Profit for the year	-	607	607
Total comprehensive income	-	607	607
<b>At 31 December 2020</b>	<b>6,050</b>	<b>1,674</b>	<b>7,724</b>

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

The notes on pages 18 to 26 form an integral part of these financial statements.

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

### 1 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

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

#### Basis of preparation

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

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

#### Summary of disclosure exemptions

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

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

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

- Certain disclosures required by IFRS 7 Financial Instruments.

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**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****1 Accounting policies (continued)****Going concern**

In previous years, the financial statements have been prepared on a going concern basis. However, on 23 February 2021, the Directors took the decision to cease trading following the transfer of all investment management and administration services to other companies in SLA plc. Accordingly the Directors have not prepared the financial statements on a going concern basis. This has no impact on the financial statements.

**Changes in accounting policy**

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

**Revenue recognition**

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

Rebates are payable based on agreed rates as a percentage of AUM in accordance with the performance obligations of the agreements.

Registration fees are generated through investment management agreements and are generally based on agreed rates as a percentage of AUM. The fees are recognised as the service is provided and when it is highly probable that a significant reversal will not be required.

**Dividends**

Dividends paid are recognised directly in equity in the Company's financial statements in the year in which they are approved.

**Net finance income**

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

**Administrative expenses**

Administrative expenses are recognised on an accruals basis.

**Financial assets****(i) Amortised cost**

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

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

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**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****1 Accounting policies (continued)****Impairment of financial assets**

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

**Financial liabilities****(i) Amortised cost**

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

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and investments in money market funds and are recognised at fair value and subsequently at amortised cost using the effective interest rate method.

**Current tax**

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**2 Critical accounting judgements and key sources of estimation uncertainty**

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

**Critical judgements:**

*Disclosure of interest in other entities* - The Company has interests in unconsolidated structured entities during the year and management's judgement has been exercised when assessing the relationship with these entities and exposures to variable returns from the performance of that entity. See note 10 for more details.

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

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

	<b>2020</b>	<b>Restated *</b>
	<b>£ 000</b>	<b>2019</b>
		<b>£ 000</b>
Management fees	15,037	21,498
Registration fees	3,361	3,712
<b>Total revenue</b>	<b>18,398</b>	<b>25,210</b>

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

**4 Operating profit**

*Fees payable to the Company's Independent Auditor:*

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	22	15

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of SLA plc.

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

## 5 Net finance income

	2020 £ 000	2019 £ 000
<b>Finance income</b>		
Interest income	30	69
<b>Finance expense</b>		
Bank interest paid	(3)	(3)
<b>Net finance income</b>	<u>27</u>	<u>66</u>

## 6 Tax expense

Analysis of tax charge in the year:

	2020 £ 000	Restated * 2019 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>142</u>	<u>147</u>

The tax charge assessed for the year is the same (2019: the same) as the standard rate of corporation tax in the UK of 19% (2019: 19%).

A reconciliation of the tax charge is shown below:

	2020 £ 000	Restated * 2019 £ 000
Profit before tax	<u>749</u>	<u>773</u>
Corporation tax at standard rate	<u>142</u>	<u>147</u>
<b>Total tax expense</b>	<u>142</u>	<u>147</u>

The standard UK corporation tax rate for the accounting period is 19%. In the Spring Budget 2020, the government announced that the standard UK corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17% as previously enacted. This new legislation was substantively enacted on 17 March 2020 to repeal the planned reduction in the standard UK corporation tax rate and maintain the rate at 19%. This will impact current tax in the UK going forward.

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.



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

### 7 Trade and other receivables

	2020	2019
	£ 000	£ 000
<b>Current trade and other receivables:</b>		
Amounts owed by Standard Life Aberdeen Group undertakings	-	493
Accrued income and prepayments	3,985	4,266
Amounts owed by collective investment schemes	1,389	1,016
Amounts owed by investors in collective investment schemes	641	660
Other receivables	16	10
<b>Total current trade and other receivables</b>	<b>6,031</b>	<b>6,445</b>

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

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

### 8 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	6,050	6,050	6,050	6,050

### 9 Trade and other payables

	2020	Restated * 2019
	£ 000	£ 000
<b>Current trade and other payables:</b>		
Amounts owed to Standard Life Aberdeen Group undertakings	3,397	5,658
Amounts owed to collective investment schemes	640	514
Amounts owed to investors in collective investment schemes	1,402	1,163
Other payables	276	487
<b>Total current trade and other payables</b>	<b>5,715</b>	<b>7,822</b>

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

### 9 Trade and other payables (continued)

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

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

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

### 10 Unconsolidated structured entities

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

The Company has assessed whether the funds it manages are structured entities, through review of the above factors, including the rights to remove the Company as fund manager or other key management role. The Company considers the following as structured entities - Open ended investment companies, Unit Trusts, Common Investment Funds and specific Private Equity Funds.

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

AUM within unconsolidated structured entities is shown below:

	2020 £ 000	2019 £ 000
Unconsolidated structured entities	18,125,901	17,925,018

The table below summarises the revenue and carrying values in the balance sheet of the Company's unconsolidated structured entities:

	2020 £ 000	Restated * 2019 £ 000
Revenue	18,398	25,210
Receivables	5,995	5,818
Payables	2,041	1,676

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

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

### 11 Related party transactions

In the normal course of business, the Company enters into transactions with related parties in respect of investment management business.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

The following are details of significant transactions with not wholly owned related parties during the year and the year end balances arising from such transactions.

	Revenue £ 000	2020 Receivables £ 000	Payables £ 000
Collective investment schemes	18,398	5,995	2,041
	<b>18,398</b>	<b>5,995</b>	<b>2,041</b>
	Restated * Revenue £ 000	2019 Receivables £ 000	Payables £ 000
Collective investment schemes	25,210	5,818	1,676
	<b>25,210</b>	<b>5,818</b>	<b>1,676</b>

All transactions between key management and their close family members and the Company during the year are on terms which are equivalent to those available to all employees of SLA plc.

\*Comparatives for the year ended 31 December 2019 have been restated. Refer to Note 15.

### 12 Parent and ultimate parent undertaking

The Company's immediate parent is Standard Life Investments Limited and its ultimate parent is SLA plc, both of which are incorporated in the United Kingdom and registered in Scotland.

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

### 13 Events after the balance sheet date

On 23 February 2021, the Directors approved the transfer of all investment management and administration services to other companies within the Standard Life Aberdeen Group, with the transfers expected to take place during 2021. Following these transfers, there is no plan to find a replacement trade.

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

### 14 Contingent liabilities

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

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

### 15 Prior-year adjustments

During the current year it was identified that rebates payable had been incorrectly calculated for the Global Equity II Trust's investment in other SLTM funds. As such, these financial statements have been restated. Revenue has decreased by £894k in relation to these rebates with a reduction in tax expense of £170k for the year ended 31 December 2019 and an increase of £724k in trade and other payables as at that date. There is no effect on the opening retained earnings as at 1 January 2019.

The adjustments made are shown below:

	<b>Previously stated at 31 December 2019 £ 000</b>	<b>Adjustments £ 000</b>	<b>As restated 31 December 2019 £ 000</b>
<b>Note</b>			
Revenue	26,104	(894)	25,210
Tax expense	(317)	170	(147)
Trade and other payables	7,098	724	7,822
Retained earnings	<u>1,791</u>	<u>(724)</u>	<u>1,067</u>