



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009**

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General Information

Directors

D T Cumming, MA(Hons)

W R Littleboy, BA(Hons) MA

N K Skeoch, BA(Hons) MA FSI FRSA (Chief Executive)

A P Watt, FRICS

Company Secretary

V J O'Brien, ACII

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 2009

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 2009.

Directors

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

M Connolly resigned on 15 March 2009.

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 plc group and to third parties.

Business review

The result for the year ended 31 December 2009 is a loss of £23,000 (2008: profit of £185,000). 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 2009 as a result of foreign exchange losses.

Dividend

The Directors did not recommend paying a dividend in 2009 (2008: £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 13 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 plc 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 2009**

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 dark ink, appearing to read 'V J O'Brien', is written over the printed name.

V J O'Brien, Secretary

Edinburgh, 15 March 2010

Statement of Directors' responsibilities for preparing the financial statements for the year ended 31 December 2009

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 2009.

The Directors are responsible for preparing the Annual report and the financial statements. The Directors are required by company law to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the Company for the financial year. The financial statements of Standard Life Investments (Corporate Funds) Limited 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 consider that, in preparing the financial statements on a going concern basis, the Company has used appropriate accounting policies, that these have been consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The Directors have responsibility for ensuring the maintenance of proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

**Income statement
for the year ended 31 December 2009**

		2009	2008
	Note	£'000	£'000
Revenue			
Management fee income		12,857	15,586
Net revenue		12,857	15,586
Operating expenses			
Administrative expenses		(12,857)	(15,586)
Total operating expenses		(12,857)	(15,586)
Operating profit	3	-	-
Finance income	4	18	212
Finance costs	5	-	(1)
Net foreign exchange (losses)/gains		(42)	54
(Loss)/profit before tax		(24)	265
Tax credit/(expense)	6	1	(80)
(Loss)/profit for the year attributable to equity holders of the Company		(23)	185

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 2009 and 31 December 2008 and has therefore not disclosed a separate Statement of comprehensive income.

**Statement of financial position
as at 31 December 2009**

		2009	2008
	Note	£'000	£'000
Assets			
Current assets			
Trade and other receivables	7	3,702	3,081
Cash and cash equivalents	8	3,942	4,083
Total current assets		7,644	7,164
Total assets		7,644	7,164
Equity			
Share capital	9	5,000	5,000
Retained earnings	10	759	782
Total attributable to equity holders of the Company		5,759	5,782
Liabilities			
Current liabilities			
Trade and other payables	11	1,885	1,382
Total current liabilities		1,885	1,382
Total liabilities		1,885	1,382
Total equity and liabilities		7,644	7,164

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 15 March 2010 by the following Director:



N K Skeoch, Director

**Statement of changes in equity
for the year ended 31 December 2009**

	Share capital £'000	Retained earnings £'000	Total equity attributable to equity holders of the Company £'000
Balance at 1 January 2008	5,000	597	5,597
Comprehensive income			
Profit for the year	-	185	185
Total comprehensive income for the year	-	185	185
Balance at 31 December 2008	5,000	782	5,782
Balance at 1 January 2009	5,000	782	5,782
Comprehensive expense			
Loss for the year	-	(23)	(23)
Total comprehensive expense for the year	-	(23)	(23)
Balance at 31 December 2009	5,000	759	5,759

The Company did not recognise any income or expenses directly in equity (2008: £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 2009

		2009	2008
	Note	£'000	£'000
Cash flows used in operating activities			
(Loss)/profit before tax		(24)	265
Interest income classified as investing activity	4	(18)	(212)
Interest expense classified as financing activity	5	-	1
		(42)	54
Adjustments for:			
Movement in operating assets and liabilities	12	(118)	(2,138)
Movement in tax assets and liabilities		81	62
Taxation paid		(80)	(142)
Net cash flows used in operating activities		(159)	(2,164)
Cash flows from investing activities			
Interest received	4	18	212
Net cash flows from investing activities		18	212
Cash flows used in financing activities			
Finance costs	5	-	(1)
Net cash flows used in financing activities		-	(1)
Net decrease in cash and cash equivalents		(141)	(1,953)
Cash and cash equivalents at the beginning of the year		4,083	6,036
Cash and cash equivalents at the end of the year	8	3,942	4,083

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

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

Amendment to IAS 1 Presentation of financial statements (effective from 1 January 2009)

From 1 January 2009, the Company has adopted the amendments to IAS 1 Presentation of financial statements. The revised standard includes an option to present one performance statement (the Statement of comprehensive income) or two statements (the Income statement and Statement of comprehensive income). The Company has elected to present both statements where other comprehensive income should be recorded. Adoption of the revisions has not had any financial impact on the Company's financial statements.

Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2009)

The publication amends 20 standards, basis of conclusions and guidance and the improvements include changes in presentation, recognition and measurement plus terminology and editorial changes. Adoption of the revisions has 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 2010. The Company has not early adopted the standards, amendments and interpretations described below:

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 is considering the impact of adoption of the amendments on the Group's financial statements. The revisions have yet to be endorsed by the EU.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods. These are listed below and are deemed not relevant to the Company:

Amendment to IAS 23 Borrowing costs (effective from 1 January 2009)

IFRIC 13 Customer loyalty programmes relating to IAS 18 Revenue (effective for accounting periods beginning on or after 1 July 2008)

IFRIC 15 Agreements for construction of real estates (effective for accounting periods beginning on or after 1 October 2008)

IFRIC 16 Hedges of a net investment in a foreign operation (effective for accounting periods beginning on or after 1 October 2008)

Amendment to IFRS 2 Share based payments (effective for accounting periods beginning on or after 1 January 2009)

Amendment to IFRS 7 Financial instruments: disclosures (effective for accounting periods beginning on or after 1 January 2009)

IFRS 8 Operating Segments (effective from 1 January 2009) - not applicable as the Company has no tradeable securities.

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)

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

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

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)

IFRIC 19 Extinguishing financial liabilities with equity instruments (effective from the beginning of the earliest comparative period presented, for accounting periods beginning on or after 1 July 2010)

Amendments to IFRS 2 Share based payments (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 9 Financial Instruments on classification and measurement (effective for accounting periods beginning on or after 1 January 2013)

(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

Other expenses

Other 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 expense 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.

1. Accounting policies (continued)**(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.

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 (2008: nil) and is managed by the parent undertaking. Certain expenses, including auditor's remuneration for statutory audit services of £14,000 (2008: £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 2009 of £18,000 (2008: £212,000), which is derived from 'Cash and cash equivalents'.

5. Finance costs

	2009	2008
	£'000	£'000
Other	-	1
Total finance costs	-	1

6. Tax expense

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

	2009	2008
	£'000	£'000
Current tax		
United Kingdom corporation tax	(1)	80
Total current tax	(1)	80

6. Tax expense (continued)

(b) Reconciliation of tax expense :

	2009	2008
	£'000	£'000
(Loss)/profit before tax	(24)	265
Tax at UK corporation tax rate of 28% (2008: 28%)	(7)	76
Effects of:		
Disallowed expenses	6	4
Total tax (credit)/expense	(1)	80

7. Trade and other receivables

	2009	2008
	£'000	£'000
Amounts due from Standard Life plc group undertakings	1,309	2,032
Trade receivables	219	127
Prepayments and accrued income	2,174	922
Total trade and other receivables	3,702	3,081

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 13 to these financial statements provides an analysis of the credit and foreign currency risks from the financial assets noted above.

8. Cash and cash equivalents

	2009	2008
	£'000	£'000
Cash at bank and in hand	86	283
Demand and term deposits with original maturity of less than 3 months	3,856	3,800
Total cash and cash equivalents	3,942	4,083

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

All of the 'Cash and cash equivalent' balances at the Statement of financial position date were rated (Standard & Poor's) A or above (2008: A or above).

9. Share capital

	Authorised			
	2009		2008	
	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			
	2009		2008	
	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.

10. Retained earnings

	2009	2008
	£'000	£'000
At 1 January	782	597
(Loss)/profit for the year attributable to equity holders of the Company	(23)	185
At 31 December	759	782

11. Trade and other payables

	2009	2008
	£'000	£'000
Amounts due to Standard Life plc group undertakings	1,343	977
Accruals	115	165
Other	427	240
Total trade and other payables	1,885	1,382

All 'Trade and other payables' are non-interest bearing and are current.

12. Movement in operating assets and liabilities

	2009	2008
	£'000	£'000
Movement in operating assets:		
Trade and other receivables	(621)	5,300
	(621)	5,300
Movement in operating liabilities:		
Trade and other payables	503	(7,438)
	503	(7,438)
Movement in operating assets and liabilities	(118)	(2,138)

13. Financial risk management**(a) Standard Life plc 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 plc 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 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.

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

All assets on the Statement of financial position are categorised as loans and receivables. None of the assets are categorised as FVTPL and therefore are not disclosed in fair value hierarchy levels. There are no non-financial assets or 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:

	2009	2008
	£'000	£'000
Trade and other receivables	3,702	3,081
Cash and cash equivalents	3,942	4,083
	7,644	7,164

At the Statement of financial position date, none of the financial assets above were impaired but 'Trade and other receivable' assets classified as past due amounted to £217,724 (2008: £120,737), of which £nil (2008: £53,280) was overdue for greater than 3 months and £nil (2008: £1,919) 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.

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 £1,285,700 (2008: £1,585,600).

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:

	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

13. Financial risk management (continued)

	2008		
	Sterling	Euro	Other currencies
	£'000	£'000	£'000
Trade and other receivables	2,354	711	16
Cash and cash equivalents	3,844	239	-
	6,198	950	16

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	
	2009	2008	2009	2008
	Euro	Euro	Euro	Euro
	£'000	£'000	£'000	£'000
Impact on (loss)/profit before tax	135	95	(135)	(95)
Impact on equity	97	68	(97)	(68)

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	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Impact on (loss)/profit before tax:				
Cash and cash equivalents	2	8	(2)	(8)

(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 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.

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:

Financial assets	2009		2008	
	Trade and other receivables	Cash and cash equivalents	Trade and other receivables	Cash and cash equivalents
	£'000	£'000	£'000	£'000
Due on demand	-	3,942	-	4,083
Due within 1 month	3,702	-	3,081	-
	3,702	3,942	3,081	4,083

13. Financial risk management (continued)

	2009	2008
	Trade and other payables	Trade and other payables
	£'000	£'000
Due within 1 month	1,885	1,382
	1,885	1,382

(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').

The new 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.standardlife.com/investor/archive_financial_reports_2008.html

14. 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.

14. Related party transactions (continued)**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:

		2009	
		Amounts owed by related parties	Amounts owed to related parties
	Revenues £'000	Expenses £'000	£'000
Parent	-	12,053	471
Other (including fellow subsidiaries)	5,877	-	915
	5,877	12,053	1,386

		2008	
		Amounts owed by related parties	Amounts owed to related parties
	Revenues £'000	Expenses £'000	£'000
Parent	-	15,206	262
Other (including fellow subsidiaries)	6,641	-	920
	6,641	15,206	1,182

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 (2008: £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 2009 which comprise the Income statement, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes. 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, 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 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 2009 and of its loss 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.

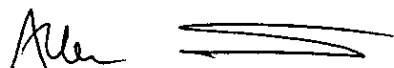
Opinion on other matter prescribed by the Companies Act 2006

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
15 March 2010