

# **Aberdeen Investments Limited**

Directors' report and financial statements

Registered number 02834212

For the year ended 30 September 2013

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## Directors' report

The Directors present their report and audited financial statements for the year ended 30 September 2013

### Principal activity

The Company's principal activity during the year was as an intermediary holding company with investments in subsidiaries

### Business Review

The results for the year are set out on page 5 and show that the Company made a profit before tax of £12,472k (2012 loss £259k) Dividend income from subsidiaries of £13,674k, a bad debt write-back of £332k and a tax credit of £282k were offset by foreign exchange losses of £775k and net interest payable of £757k

There was no dividend paid in the year and the directors do not propose a dividend for the year to September 2013 (2012 £nil)

### Directors

The directors who held office during the year and to the date of this report were as follows

A A Laing  
M af Petersens  
A R I Smith (resigned 15 11 2013)  
S E Massie

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

### Post balance sheet events

There have been no significant events affecting the Company's financial statements since the balance sheet date

### Risk management

Risk management is fundamental to our core objective of delivering sustainable and long-term value to our shareholders The Company's risks are recorded within the AAM risk management database and are subject to the AAM Group risk management processes The Group's risk management framework is designed to meet business needs, regulatory requirements and align the Group and Company with best practice in terms of corporate governance

### Principal risks and uncertainties

In common with many businesses, the Company is exposed to a range of risks Some of these risks are an inherent part of the business and our energies are focused on managing this risk, as opposed to eliminating it

The management of risk is embedded in the culture of the Company and the whole Group and the way we conduct our business The oversight and implementation of risk strategy for the Company and the Group is managed at an executive level through the risk management committee, together with the risk, compliance and internal audit departments The board of the Company meet regularly and consider the risks facing the Company and controls required to manage these risks, as well as the output from the aforementioned governance committees held at an executive level

As an intermediary holding entity, the Company is not exposed to direct risks but is exposed to the risk of impairment of investments in underlying companies There are other further risks which apply to the Company and the Group described on pages 43 to 45 of the 2013 Aberdeen Asset Management PLC annual report

## **Directors' report** *(continued)*

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

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

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



**Secretary**  
Aberdeen Asset Management PLC  
10 Queen's Terrace  
Aberdeen  
AB10 1YG  
13 December 2013

## **Statement of Directors' responsibilities in respect of the Directors' report and financial statements**

The Directors are responsible for preparing 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)

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## **Independent auditor's report to the members of Aberdeen Investments Limited**

We have audited the financial statements of Aberdeen Investments Limited for the year ended 30 September 2013 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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.



**Catherine Burnet (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
37 Albyn Place  
Aberdeen  
AB10 1JB

13 December 2013

## Profit and loss account

For the year ended 30 September 2013

	Notes	2013 £'000	2012 £'000
Administrative expenses	2	(445)	(447)
<b>Operating loss</b>		<b>(445)</b>	<b>(447)</b>
Interest receivable and dividends from subsidiaries	4	13,778	1,198
Interest payable and similar charges	5	(861)	(1,010)
<b>Profit/(loss) on ordinary activities before taxation</b>	2-3	<b>12,472</b>	<b>(259)</b>
Tax credit on profit on ordinary activities	6	282	-
<b>Profit/(loss) for the financial year</b>	12	<b>12,754</b>	<b>(259)</b>

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

There are no recognised gains or losses other than the profit for the financial year. Accordingly, no statement of total recognised gains and losses has been presented.

The notes on pages 7 to 13 form part of these financial statements.

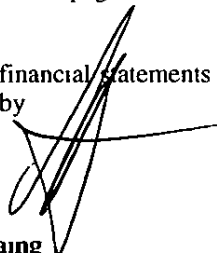
## Balance sheet

As at 30 September 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	7	<u>138,597</u>	<u>138,597</u>
<b>Current assets</b>			
Debtors (including £409k (2012 £882k) due after more than one year)	8	5,050	9,588
Cash at bank and in hand		<u>2,707</u>	<u>737</u>
		<u>7,757</u>	<u>10,325</u>
<b>Creditors: amounts due within one year</b>	9	<u>(58,884)</u>	<u>(74,206)</u>
<b>Net current liabilities</b>		<u>(51,127)</u>	<u>(63,881)</u>
<b>Net assets</b>		<u>87,470</u>	<u>74,716</u>
<b>Capital and reserves</b>			
Called up share capital	10	7,500	7,500
Share premium account	11	67,475	67,475
Profit and loss account	11	<u>12,495</u>	<u>(259)</u>
<b>Shareholders' funds</b>	12	<u>87,470</u>	<u>74,716</u>

The notes on pages 7 to 13 form part of these financial statements

These financial statements were approved by the board of directors on 13 December 2013 and were signed on its behalf by



**A A Lang**  
 Director



## Notes to the financial statements

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historic cost accounting rules

The Company is exempt by virtue of Section 400 of the companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aberdeen Asset Management PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Aberdeen Asset Management PLC, within which this Company is included, can be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

#### *Going concern*

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

While the Company made a profit in the year to 30 September 2013 and it does have positive net assets, it has net current liabilities. It is reliant on the support of the ultimate parent company, Aberdeen Asset Management PLC, to meet its liabilities as they fall due within the next 12 months. The Directors have received a letter of support from the Directors of Aberdeen Asset Management PLC to provide such support.

The Directors, having assessed the responses of the Directors of the Company's parent Aberdeen Asset Management PLC to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Aberdeen Asset Management Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of the company's ultimate parent undertaking, Aberdeen Asset Management PLC, the company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Interest*

Interest payable and receivable are recognised through the profit and loss account on an accruals basis

#### *Loans*

Loans are stated at principal less any repayments and impairment in the balance sheet. An impairment is recognised whenever the carrying amount of the loan exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in the statement of total recognised gains and losses. 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding basis used for tax purposes. Deferred tax is generally recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

#### *Foreign currencies*

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

#### *Investments*

Investments in subsidiary undertakings are stated at cost less impairment. The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

#### *Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

## Notes to the financial statements (continued)

### 2 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 £'000	2012 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Foreign exchange loss/(gain)	775	(399)
Provision for bad debts	<u>(332)</u>	<u>844</u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	<u>2</u>	<u>2</u>

A bad debt provision of £844k was made last year against a loan due from an external company. A settlement agreement on this loan was reached on 19 June 2013 and the £332k reflects the settlement consideration received which had previously been provided for.

### 3 Directors' remuneration and staff numbers

No remuneration was paid to the Directors in either year. The emoluments of those Directors who are also Directors of and paid by, Aberdeen Asset Management PLC, the ultimate parent company, are disclosed in those accounts.

The Company employed no staff in the current or prior year.

### 4 Interest receivable and dividends from subsidiaries

	2013 £'000	2012 £'000
Dividends from subsidiaries	13,674	1,084
Interest received on loans to group undertakings	77	100
Interest on external loan	<u>27</u>	<u>14</u>
	<u>13,778</u>	<u>1,198</u>

## Notes to the financial statements *(continued)*

### 5 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable on loans from group undertakings	<u>861</u>	<u>1,010</u>

### 6 Taxation

#### *Analysis of tax charge in the year*

	2013 £'000	2012 £'000
Current tax		
Taxation on profit on ordinary activities	<u>(282)</u>	<u>-</u>

#### Factors affecting the tax charge for the current year

The rate of corporation tax in the UK was reduced from 24% to 23% effective 1 April 2013. The composite rate applied during the year is 23.5%. The current tax credit on the profit on ordinary activities for the year is lower than (2012 higher) the standard rate of corporation tax in the UK of 23% (2012 25%). The differences are explained below.

	2013 £'000	2012 £'000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	<u>12,472</u>	<u>(259)</u>
Current tax at 23.5% (2012 25%)	2,931	(65)
<i>Effects of</i>		
Non-taxable income	(3,213)	(271)
Group relief (surrendered for nil payment)	<u>-</u>	<u>336</u>
Total current tax credit	<u>(282)</u>	<u>-</u>

#### *Factors affecting the future tax charge*

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly.

## Notes to the financial statements *(continued)*

### 7 Investments

	Subsidiary undertakings (unlisted) £'000
<i>Shares</i>	
At 1 October	138,597
Additions	-
At 30 September	<u>138,597</u>

The share capital of the subsidiary undertakings consists solely of equity shares. The principal subsidiaries in which the Company has an investment value of at least £2m are as follows:

Name Subsidiary undertakings	Country of Registration/ incorporation	Principal activity	Percentage of shares held
Aberdeen Real Estate Investors Operations (UK) Limited	England	Holding company	100
Aberdeen Asset Management Deutschland AG	Germany	Holding company, distribution and support services	100
Aberdeen Asset Management Finland OY	Finland	Property asset management	100
Aberdeen Asset Management Norway Holding AS	Norway	Non-trading	100
Aberdeen Property Investors Indirect Investment Management AB	Sweden	Property asset management	100

### 8 Debtors

	2013 £'000	2012 £'000
Loans receivable from group undertakings	3,920	4,953
Trading amounts due from group undertakings	1,130	3,758
Other debtors	-	877
	<u>5,050</u>	<u>9,588</u>

Loans receivable from group undertakings relate to interest bearing loans given to subsidiary companies. Most loans have an interest rate of Euribor 3 month rate plus 25 basis points, with various expiry dates up to 25 June 2024 resulting in £409k (2012: £882k) of loans receivable after more than one year.

## Notes to the financial statements *(continued)*

### 9 Creditors: amounts due within one year

	2013 £'000	2012 £'000
Loans payable to group undertakings	53,248	68,140
Trading amounts due to group undertakings	5,634	6,064
Accruals and deferred income	<u>2</u>	<u>2</u>
	<u>58,884</u>	<u>74,206</u>

Loans payable to group undertakings represent two loans £15,690k (2012 £18,140k) relates to an interest bearing (Euribor 3 month rate) working capital loan owed to a subsidiary company. This loan does not have an expiry date, but can be terminated by either party by giving 6 months notice. The second loan is a £37,558k (2012 £50,000k) interest bearing (GBP Libor 3 month average rate plus 152.53 basis point) loan owed to the Company's ultimate parent company Aberdeen Asset Management PLC with an expiry date of 3 January 2050. Interest payable of £1,734k (2012 £910k) is accrued at the year end in respect of this loan and is included within trading amounts due to group undertakings.

### 10 Called up share capital

	2013 £'000	2012 £'000
<i>Authorised, allotted, called up and fully paid</i>		
7,500,002 Ordinary shares of £1 each (2012 7,500,002)	<u>7,500</u>	<u>7,500</u>

### 11 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 October	67,475	(259)
Profit for the year	-	12,754
At 30 September	<u>67,475</u>	<u>12,495</u>

## Notes to the financial statements *(continued)*

### 12 Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	74,716	-
Issue of share capital	-	74,975
Profit/(loss) for the year	12,754	(259)
Closing shareholders' funds	<u>87,470</u>	<u>74,716</u>

### 13 Ultimate parent company

The Company's ultimate parent company is Aberdeen Asset Management PLC, which is incorporated in the United Kingdom and registered in Scotland. The largest group in which the results of the Company are consolidated is that headed by Aberdeen Asset Management PLC. The consolidated accounts of Aberdeen Asset Management PLC are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG. No other group accounts include the results of the Company.