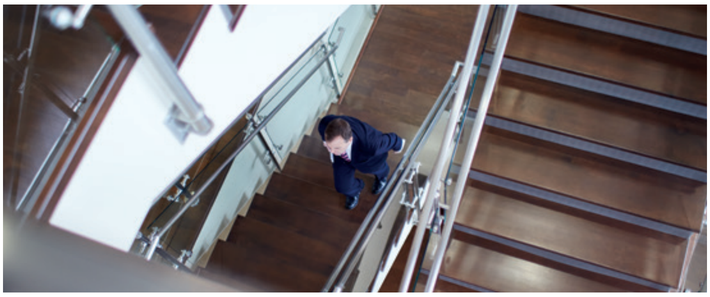
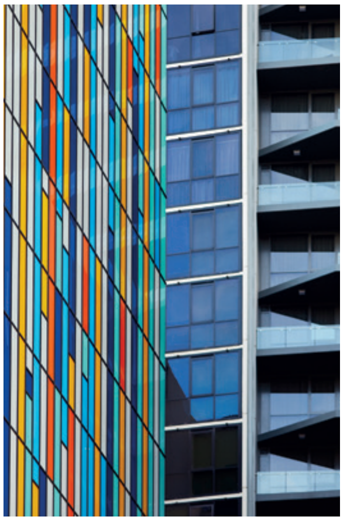
Disciplined and objective, long term focus.

Aberdeen Asset Management PLC

Annual Report and Accounts 2015





Aberdeen

Simply asset management.

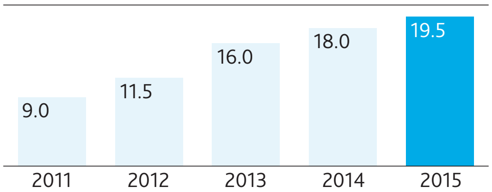
Highlights

Against a backdrop of market volatility and weak investor sentiment towards emerging markets, we have continued our progress in diversifying the Group's business.

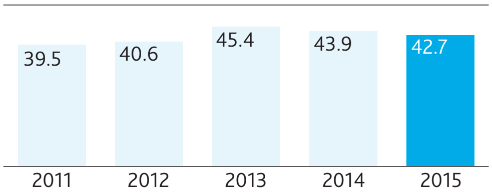
While markets are likely to remain uncertain in the near term, it is that volatility which underpins the merits of active asset management and our commitment to a disciplined, long term approach to investing.

Our focus on managing our balance sheet and costs remains.

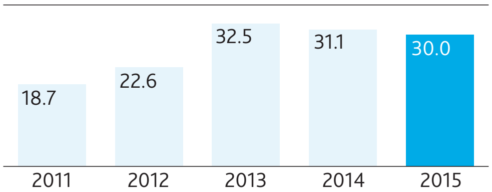
Dividend per share 19.5p



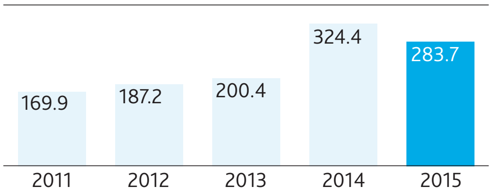
Operating margin 42.7%



Underlying diluted EPS[1] 30.0p



Assets under management ("AuM") £283.7 billion



Net revenue

£1,169.0m +4.6%

2014: £1,117.6m

Statutory pre-tax profit

£353.7m -0.3%

2014: £354.6m

Underlying pre-tax profit[1]

£491.6m +0.3%

2014: £490.3m

Dividend per share

19.5p +8.3%

2014: 18.0p

[1] Underlying figures are stated before amortisation of intangibles and acquisition-related items

Our focus, your advantage

Who we are

Aberdeen Asset Management is a global asset manager with a broad range of investment capabilities.

As a pure asset manager, without the distractions of wider financial services activities, we are able to concentrate all of our resources on our core investment management business.

We have 38 offices in 25 countries and around 2,800 staff, of whom 720 are investment professionals. Our assets under management were £284 billion as at 30 September 2015.

Our investment processes are simple and clear. We aim to invest based on these qualities too, as well as focusing on taking a long term view.

What we do

Our business is predominantly the active management of financial assets for our clients. We use first-hand research to make investment decisions.

Active investment spans equities, fixed income, property and the alternatives part of our Aberdeen solutions capability.

Our multi asset team can blend our abilities across different asset classes to provide tailored investment outcomes to meet specific client needs. This can incorporate skills in both quantitative investments and alternatives.

Our culture

We believe there is an information advantage in understanding global markets from the local level up, with investment and client services teams based in or near the countries in which we invest.

The Group has grown rapidly over the last 30 years but maintains a flat management structure and values being an open, diverse and inclusive employer.

We champion local decision making, close-knit teams and interdependence among our offices worldwide.

Our responsibilities

Our primary focus is serving our customers well. We believe we are transparent and approachable and we aim to deliver the highest standards of client service.

We do our utmost to provide the best working conditions for our employees, to limit our impact on the environment and to manage our business in a fair and responsible manner.

More information can be found on our corporate responsibility website **aberdeen-asset.com/csr**

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Annual report online

We are delighted to announce the launch of the Aberdeen Asset Management app. It enables instant access to key PLC information – such as a live share price feed, recent news, financial calendar, presentations and annual reports. The app is available to download free via the Apple App Store and Google Play for use on iPhones, iPads and Android devices.

This report is also available in digital format on the investor relations section of our website:
aberdeen-asset.com/investorrelations

Chairman's statement

Roger Cornick
Chairman

Progress in 2015 has been achieved against a challenging backdrop, and we have remained resolute in focusing on our strategic priorities, especially around building a more diversified business. The integration of SWIP is complete and has delivered cost synergies ahead of expectations. We continue to invest for future growth and have announced four small, but strategically important, acquisitions. The ongoing diversification is targeted at developing new opportunities – especially in solutions and alternatives, both important products for the defined contribution pensions world. We have begun to harness the opportunities from these additional capabilities with several fund launches in recent months.

Net outflows were £33.9 billion and the main contributing factors were weak investor sentiment towards Asia and Emerging Markets and expected outflows from closed life books managed for insurers. We have also been impacted by our share of withdrawals from sovereign wealth funds. We recognise that market conditions are challenging in the near term, but continue to commit to active asset management through our disciplined, long term approach to investing.

Our commitment to financial discipline remains undiminished: costs have been tightly controlled, and we see opportunities to deliver further efficiencies. Our strong balance sheet and cash flow generation have given the Board confidence to propose a 7% increase in the final dividend, making a total dividend for the year of 19.5p per share.

Looking beyond the short term

Asian and Emerging Markets are undergoing a cyclical correction. Traditionally these are areas of significant strength for Aberdeen, but we have experienced outflows from some investors who have made their asset allocation decisions on the basis of their macroeconomic views on these markets.

Dividend per share

19.5p +8.3%

2014: 18.0p

We believe that the long term fundamental attractions of investing in these high growth economies remain and that these markets will deliver significant returns for the patient investor. Our strategy is based on our conviction that these markets will recover strongly over time and our priority is to ensure that our clients continue to be well positioned to reap the long term benefits.

However, for some time now, the Board has recognised the impact that an Emerging Market correction could have on our business and performance, and we have been pursuing a deliberate strategy to mitigate against this risk. This strategy has three principal strands:

- **Diversification.** We have steadily been rebalancing the business both organically and by acquisition. Increasingly investors are seeking solutions to meet their investment objectives, rather than simply purchasing an array of products across different asset classes. The SWIP acquisition was a major step, with the acquisitions we have announced more recently adding further strength to our alternatives and multi asset capabilities.
- **Cash management**. Core operating cash flow was £531.7 million, continuing our consistently strong cash flows from operations. This has allowed us to strengthen the balance sheet over the last five years, being part of a deliberate strategy to enable us to weather market downturns and to continue to invest in the business. At year end, the Group had a cash position of £567.7 million.
- **Cost discipline**. We have achieved significant cost synergies from the acquisition and integration of SWIP. Aberdeen has consistently applied a rigorous cost discipline to protect operating margins and in the year ahead we will continue to look for appropriate savings, but we will focus our efforts on back office and support operations to ensure that our core fund management teams and the service we provide to our clients remain as strong as ever.

Financial highlights

Net revenue for the year of £1,169.0 million was 5% higher than in 2014; recurring fee income was 5% higher, while performance fees reduced to £13.5 million (2014: £21.7 million). Additional revenue from the first full year of SWIP offset the impact of net outflows and markets.

Operating costs increased by 7% to £670.3 million, largely due to the inclusion of a full year of the SWIP business this year. We have exceeded our initial expectations on the cost synergies from this transaction and, as we have worked through the transition and integration, we have identified further efficiencies within the enlarged business. We have therefore implemented a programme to reduce annual operating costs by approximately £50 million. Much of these savings will be achieved later in 2016, with the full benefit to come through in 2017.

Underlying operating profit, which is stated before amortisation of intangible assets and acquisition-related items, increased to £498.7 million (2014: £490.4 million), while the operating margin fell slightly to 42.7% (2014: 43.9%). After the deduction of acquisition-related items and amortisation, statutory profit before tax was broadly unchanged at £353.7 million (2014: £354.6 million).

There has, again, been strong conversion of operating profit to cash, with core operating cashflow of £531.7 million (2014: £543.8 million). The balance sheet remains strong, with a year end cash position of £567.7 million (2014: £653.9 million), and we have maintained a healthy level of headroom above our regulatory capital requirement.

Dividend and capital management

The Board is recommending a final dividend of 12.0p per share, making a total payment for the year of 19.5p per share, an increase of 8.3% on the total payment for 2014, and consistent with the Board's commitment to a progressive dividend policy. The final dividend will be paid on 3 February 2016 to qualifying shareholders on the register at 8 January 2016.

We continued to build additional headroom over our regulatory capital requirement, and we utilised £50 million of the surplus to repurchase 13.7 million ordinary shares for cancellation. A further £52 million was used to settle the initial consideration for the acquisition of FLAG Capital Management LLC ("FLAG"), which we completed at the end of August.

We also issued £100 million of non-voting, perpetual, non-cumulative, redeemable preference shares during the year. The proceeds from this issue were used to increase the level of seed capital we are prepared to invest to generate organic growth through the launch of new funds. We made investments in the second half of the year in new liquid alternatives and multi asset products, bringing total net new investments in seed capital during 2015 to over £100 million. Seed capital holdings at the year end totalled £148.9 million.

Acquisitions

As part of our strategy to develop our capabilities in solutions we announced four acquisitions. The solutions and alternatives sectors are still relatively fragmented and one where we have the opportunity to develop a significant business in a growth sector.

The acquisitions of FLAG Capital Management, which we completed on 31 August, and Arden Asset Management, which we expect to complete during December, bring US expertise to our private equity and hedge fund solutions capabilities. Once fully integrated, they will create a global alternatives platform with AuM of over £20 billion from which we will seek to build organically. The acquisition of Advance Emerging Capital, a small fund of funds business, will also supplement our alternatives business.

The acquisition of Parmenion Capital Partners, also expected to complete during December, is intended to enhance our solutions business. Parmenion provides outcome oriented solutions to meet client needs via an online platform, which remains the most highly rated by the UK adviser client base.

Highlights

	2015	2014
Net revenue	**£1,169.0m**	£1,117.6m
Underlying results: before amortisation and acquisition-related items		
Profit before tax	**£491.6m**	£490.3m
Diluted earnings per share	**30.0p**	31.1p
Statutory results		
Profit before tax	**£353.7m**	£354.6m
Diluted earnings per share	**21.8p**	22.8p
Total dividend per share	**19.5p**	18.0p
Gross new business	**£42.5bn**	£34.7bn
Net new business	**(£33.9bn)**	(£20.4bn)
Assets under management at the year end	**£283.7bn**	£324.4bn

Investment review

In equities, net outflows rose from £13.0 billion in 2014 to £16.4 billion this year. A major factor has been asset allocation changes by clients, largely on the basis of their views on macroeconomic factors. In particular, investors have reduced exposure to Asia and Emerging Markets. This was a persistent theme during the year, but was more pronounced in the final quarter, with the industry experiencing the worst quarter for outflows from this asset class since the global financial crisis. This asset allocation theme was compounded by a number of sovereign wealth funds reducing their market exposure in response to the low oil price.

There has been focus on the underperformance of our equities products against their respective benchmarks. While this is never comfortable, as a true active manager we are prepared to take positions which diverge from benchmark weightings in our pursuit of long term returns from high quality holdings. We will continue to invest in accordance with our disciplined and fundamental process and fully expect to generate long term performance for our clients. While we will not change our investment approach, we will continue to make refinements to our process as we have over the past 30 years.

Fixed income performance has been consistently strong across most of our capabilities and we are starting to see encouraging signs from the changes that we have made to this asset class in recent years when we changed the leadership and integrated the SWIP business.

This year, we have simplified our fixed income team structure, with focus on our global teams, supported by our regional expertise. We believe that this structure will enable us to grow on the back of several years of consistent and improving fixed income performance. This does not change the process; it does help our teams to share ideas and is another step forward that has been welcomed by clients and consultants.

The breadth of our property capabilities has never been stronger. Our approach is consistent across the markets where we invest and our ambition remains to be global. The new team in Singapore is establishing its presence in the region, whilst we continue to look for the right opportunity to expand in North America. We have added new teams in Spain and Belgium. There is a significant pipeline of capital committed by our clients which we will invest in a disciplined way, favouring property with appropriate levels of durable income over capital speculation.

Within Aberdeen Solutions, the multi asset and quantitative investment teams manage £105 billion, principally in multi asset strategies. Around 90% is managed for insurance clients – with around half invested on behalf of closed books. Outflows from this type of business accounted for most of the £9.5 billion lost.

Equally, we see our scale as an advantage to attracting new business; we have significant experience in managing diversified portfolios for insurance and wealth management clients and we expect that there will be opportunities for growth in these channels in the next few years. We have actively invested in our capabilities with a number of key hires, including new leadership of our flagship diversified growth strategy, which has been met with positive initial client feedback and significantly increased interest. We have strengthened our product set with the launch of a new global multi asset income strategy and a long term savings multi asset fund range in the UK.

Demand for alternative investments and strategies has continued to grow across the industry. We manage £14 billion in specialist areas including hedge fund solutions, private equity, property multi manager and infrastructure.

Our alternatives teams launched a number of new funds, including infrastructure and liquid alternatives products, which raised an initial £350 million. The newly acquired US private equity team (formerly FLAG) successfully launched a new fund in the first few weeks after completion and we expect to have a strong programme of fund launches in the years ahead.

The Board

I would like to thank my colleagues on the Board who have, once again, made valuable contributions to its effective operation during the year. We continue to refresh and add strength to the Board and I am very happy to welcome Val Rahmani as a non-executive director. Val was formerly CEO of US internet security software firm, Damballa and, prior to that, held a number of senior management roles with IBM Corporation.

On behalf of my fellow directors I would like to welcome every new colleague who has joined Aberdeen over the past year and to thank all of our staff for their continued dedication and commitment to the Group's continuing success.

Outlook

Our prime objective is to ensure that clients achieve the long term outcomes that they expect - we remain focussed on this goal. While we anticipate that global markets may continue to present some challenges in our new financial year, we are committed to controlling costs and driving efficiency. We will do so whilst continuing to invest across the business to take advantage of the longer term trends in investment management and to compete successfully across the globe. Our balance sheet is strong and our teams have the talent and commitment to deliver profitable growth in the years to come.

We remain positive on the longer term opportunities and we will continue to manage the business efficiently with the objective of delivering value for clients and shareholders.

Roger Cornick
Chairman

27 November 2015


Aberdeen
Asset management

Strategic report

We remain focused on growing AuM by servicing our clients well, delivering high quality investment expertise across all asset classes, recruiting and retaining talented and motivated employees and, in doing so, creating long term value for our shareholders.

2015 has been a challenging year, but we recognised the risk of market uncertainty and therefore, over recent periods, have focused on diversification, balance sheet management and cost control.

We believe our strategy for growth, focus on risk management and a disciplined approach to controlling costs, will ensure we are well positioned to benefit from important sector trends and deliver value over the long term.

42.7%

Operating margin is 42.7% (2014: 43.9%). Margin supported by good cost discipline and benefits of SWIP transaction.

Overview of strategic report

The strategic report brings together an overview of our business model and strategy, as well as looking at how we performed in the year given the market backdrop. It includes details of the Group's financial position and documents our key risks and how we seek to mitigate these.

We continue to build on our position as a leading global asset management group founded on providing high quality investment processes and client service across a broad range of capabilities.

In this section

Key metrics

AuM at year end	Net revenue	Underlying profit before tax	Operating margin
£283.7bn	£1,169.0m	£491.6m	42.7%

2015 in context

It has been a challenging year and this is reflected in our closing AuM of £283.7 billion, which is 12.5% lower than twelve months ago. Markets have been characterised by uncertainty, especially for our equities business where outflows have been driven principally by asset allocation decisions by clients away from emerging and Asian markets exposure.

2015 has also been a transitional year. The integration of SWIP is substantially complete and we have continued to make progress in achieving our strategic priorities. We have also announced a number of small acquisitions which will add scale and strength to our alternatives investment capabilities.

This is the first full year since the SWIP acquisition completed and the additional revenues helped to support our operating margin, despite the revenue affect of net outflows.

Maintaining a strong balance sheet and a policy of rigorous control has been a key focus.

We believe the broadening capabilities and changing shape of the Aberdeen business are better suited to meet the changing needs of our clients.

Priorities

The Group's ambition and corporate objectives are reflected as follows:

Our vision: To be a highly trusted partner in delivering investment simply

Our purpose: To help clients harness the potential of markets to achieve their chosen goals

We aim to achieve this vision and purpose and optimise long term returns for our shareholders through applying five strategic priorities.

1. Clients	Focus on providing high levels of client service and generating long term value for customers through developing our capabilities and products
2. Investment process	Deliver high quality proprietary research and investment expertise to achieve consistent long term performance
3. Resilience	Achieve resilience through the diversification of expertise, markets, channels and clients
4. People	Recruit, develop and retain talented and motivated employees who make clear thinking, diverse views and mutual support the basis for excellence
5. Shareholders	Control costs, create efficient organisational structures and maintain a strong balance sheet. These objectives help to support a progressive dividend policy

We provide a review of progress against these priorities on pages 22 to 26.

M J Gilbert
Chief Executive
27 November 2015

W J Rattray
Finance Director

The market context

In this section

Key themes

- Market uncertainty
- The shift to solutions
- Changing clients and distribution needs
- Technology
- Digital communication
- Regulation

Market uncertainty

2015 was yet another year in which the market did not behave as many had forecast. This was supposed to be the year of a US interest rate rise, and lift-off for the US economy. Instead a tepid recovery has forced the US Federal Reserve to stay its hand. China's slowdown has been telegraphed in collapsing commodity prices, which were welcomed at first, as they would lower producer costs. Now deflation may spread. Business confidence is falling everywhere.

The reaction of equity markets says it all. Having spent the early part of the year consolidating gains, a broad sell-off since the summer tipped most markets into losses, only for a sharp bounce in October on hopes of more quantitative easing. In general, currency falls in emerging markets have dented returns to dollar-based investors. Capital flows from these countries are set to turn negative for the first time since 1988.

This does not seem like a re-run of past crises. With some notable exceptions, trade and capital balances are positive. Countries have reserves to protect currencies. Natural resource exporters such as Brazil and Russia are in deep recession; China's planners meanwhile are trying to deflate property and other bubbles as they re-balance the economy towards services. But Asian neighbours can cope. Companies in the region are better run these days.

We worry more about developed markets. US stocks have benefited from buybacks and corporate activity. Profit growth is now stalling. There is little room left to cut costs. If cheap money has not worked, prices need to fall to reflect lower growth prospects. Europe and Japan are in a similar fix. The message is just taking longer to get through because of distracting politics – such as Greece – and structural flaws.

These conditions have helped fixed income. But with impending policy 'normalisation', volatility is likely to rise as investors become more risk averse. When that happens, questions over liquidity may come into play. The saving grace for us as fundamental investors is that quality will become more important, and with expected price overshoots there will be opportunities to buy good assets cheaply.

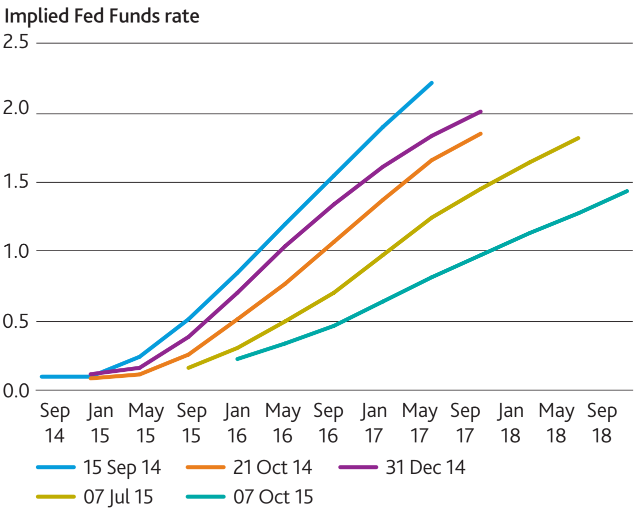
The shift to solutions

For the majority of investors the hum drum business of finding a real return is proving a challenge. Thanks to quantitative easing, the collapse in the 'risk-free' rate has forced many to buy riskier assets than they might like.

Within equities, reduced volatility has allowed low-cost trackers such as ETFs (exchange traded funds) to gain market share from active managers who depend on price movement to differentiate returns. At the same time, asset class returns have become unpredictable. For example, the returns available from developed markets compared with developing ones have steadily widened over the past five years, reversing the gains that were made in the years after the global financial crisis.

US monetary policy – still a question of when?

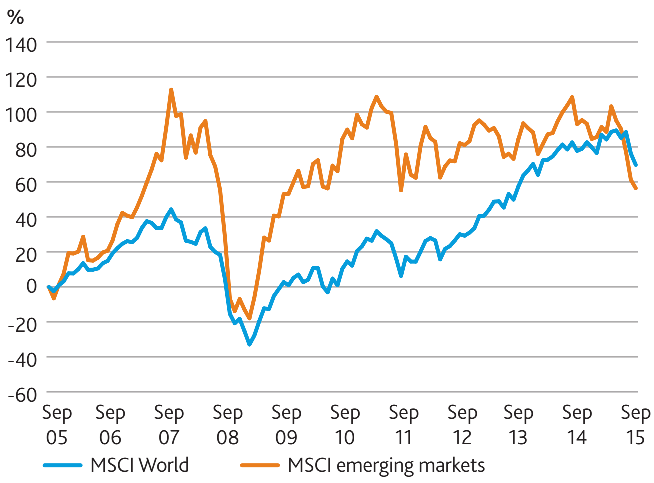
Evolving expectations for Federal Reserve



Source: Bloomberg, 7 October 2015.

Perspective matters

Developed markets vs emerging markets – 10 Years performance in USD



Source: Bloomberg, 30 September 2015.

The consequences of making the wrong asset allocation call have accelerated a move away from traditional assets to alternatives including property, infrastructure, private equity and leveraged strategies. Multi asset managers who can straddle these asset classes have more tools to offset core equity and fixed income risks.

In light of these developments, investors increasingly want a specific outcome rather than performance promise versus an index. How these outcomes are met is of secondary importance. Popular strategies include inflation-linked, benchmark-plus, low volatility or regular income returns. Pension funds were early advocates. Now private investors are among those pushing fund managers to create more innovative structures.

The rise of 'solutions', as these multi asset approaches are termed, is attractive from a manager's perspective. There is less competition here than in traditional asset classes. Performance track records are also short. For managers with the resources to do proper price discovery, there are potential illiquidity premiums to capture.

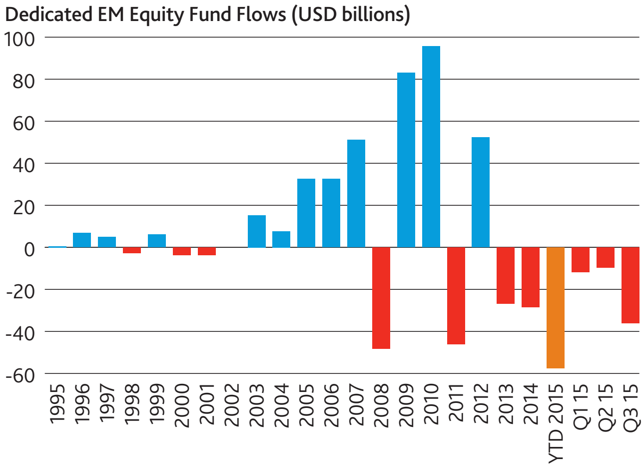
But there are risks. For example, it is one thing to package a solution to an individual client such as a pension fund. It is another to manage a complex strategy within an open-end fund structure, where the need to maintain liquidity for daily dealing might be in conflict with the return objective.

Indeed, the apparent precision behind outcome-led investing could lead to over-promises. If fund managers chase the same source of returns, they could magnify the very risks of concentration their search for diversification is supposed to guard against. An open question is how uncorrelated 'real' assets, which many strategies invest in, are from conventional financial ones.

EM capital outflows intensified

Worst quarter since 2008 financial crisis

Dedicated EM Equity Fund Flows (USD billions)



Estimates collated from weekly AuMs for reference. Numbers do not add up to YTD total, which are tallied using monthly AuMs.
Source: EPFR Global, Morgan Stanley Research, data as of 30 September 2015.

Our changing clients

It is not only buyer needs that are changing. The buyers are too. Defined benefit pension schemes used to dominate sales of professionally managed assets, now worth some US$74 trillion. Today they are in decline, if not in terms of assets under management but in terms of active schemes. Most are now closed to new joiners and many no longer allow existing members to earn future benefits.

Defined contribution plans ("DC") have replaced them and in some markets – notably the US – now represent a bigger pool of assets. While DC plans are very much in a growth phase, the rates of growth will slow as the baby boomers retire and start to access their DC pots. This development, combined with aging populations in continental Europe and growing middle classes in emerging markets (where formal pension provision is rarer or inadequate) are driving the growth of the wealth segment. Increasingly the buyers of asset management services are individuals rather than institutions as in the past.

The ramifications of this evolving client base are significant and affect all aspects of our business. As individual investors become more important to the industry, regulatory and political attention increases, product appetite and servicing model change and brand becomes more important. If an asset manager wants to service these newer client types as well as the institutions of old (whose needs are also changing) the complexity, as well as opportunity, increases substantially.

Distribution models continue to evolve

The explosion in new products is swamping third party product gatekeepers within wholesale distributors such as insurers or private banks. Extra client due diligence and other regulation is making their lives more difficult. It is no surprise that the product evaluation process has become more institutionalised. Product lists have become shorter and the same manager names crop up.

There are still ways onto these lists. While performance used to be the main criterion for approval, gatekeepers must also show they are buying best value for clients and that the product is appropriate. A familiar brand, a promotional budget and a responsive client service team will influence outcomes. Geographical coverage matters too. The global providers want support across their networks.

Specialist strategies are a niche business for private banks, particularly in relation to their tactical calls. In-house managers often step in here. On the other hand, they may not be 'best in class'- a potential conflict of interest that, again, opens the door to third parties. Under our multi asset umbrella we see potential for liquid alternatives, property and private equity, in particular.

One distributor constant is the need to provide product and market updates, often requiring fund managers in person. With our solutions business ready to go, we are investing in more product specialists. They will initiate client conversations and represent investment teams as necessary. This engagement is potentially much more intensive than conventional equity and fixed income funds because clients may not know what they want.

Technology

Alongside thinking about what products the customers of the future may want, our industry must also consider how these products and services will be delivered. Digital technologies have the potential to enhance and redefine our relationships with clients and how they transact.

For intermediaries, the growing burden of regulation is pushing up costs. In the UK the ongoing fallout of the ban on retrocession payments has put many financial advisers under additional pressure. Many are also leaving the industry because of the challenge from self-invested pensions.

Online platforms are emerging to fill the vacancy they have left, being cost efficient to the investor. Fund managers are looking to participate by developing their own platforms, which offer automated advice. This is not an obvious move. Traditionally independent managers like us are happy to keep distribution with third parties, who own the clients.

The reason that is changing is because the technology can provide relatively sophisticated advice at low cost. In the US 'robo' adviser platforms are winning market share fast. The threat to managers is that if they do not have products on such platforms they will lose out.

Unlike conventional open architecture platforms which may carry many hundreds of (often indistinguishable) funds, robo advisers need only carry a handful of generic products in any asset class. The appeal of being a platform owner is that you don't really have to share space.

In the UK the development of advisory platforms has been slowed by managers' anxiety at having to own clients, because of the burden on risk management. Most platforms therefore work on a direct-to-consumer model, encouraging clients to buy without the benefit of advice. Our announcement of the purchase of Parmenion has the advantage of being an automated advice tool for advisers, not consumers. The adviser does the selection based on client needs.

In future we believe the technology behind Parmenion could work for a D2C platform for investors wanting simple target funds (aimed at retirement savings).

> Digital technologies have the potential to enhance and redefine our relationships with clients and how they transact

Digital communication

Clients want more information digitally and how we communicate our views to clients is changing. They also want ideas that can help them make better investment decisions, not just a sales pitch. We have been investing in digital content for mobile devices. And we are being more vocal not just in our views on markets but on public policy and industry trends.

But amid media fragmentation and an explosion of online information, digital presents a special challenge. To find and engage investors in the infinity of the web is actually easy. Almost every 'click' can be tracked. In practice the way investors behave on the web is less predictable than in traditional paid media (such as newsprint).

The challenge is to increase the sophistication of our understanding of clients through data mining, by tracking online behaviour and creating a better user experience. This is a tall order because we need to integrate that data capture with our own contact management system; because the predictive tools to help us identify potential investors are still in their infancy - so we need dashboards to monitor what is happening; and to be worthwhile, all this activity must convert clicks, 'likes' and 'followers' to tangible leads and actual buying.

How online and offline intersect is a challenge that will grow for the industry at large. We intend to be a leader. Our content hub, Thinking Aloud, is our launchpad for social media and we are rolling it out globally.

Regulation

Globally, regulators recognise the positive role asset managers play in driving economic growth and encouraging long term savings. However, there is also concern regarding the growing size and breadth of the industry, its potential to de-stabilise financial markets and the possible risks posed for retail consumers. Regulatory change, therefore, continues to play a key role in how we operate.

In Europe, the updated Markets in Financial Instruments Directive (MiFID II), which will come into effect in January 2017, impacts many aspects of our operating model – from distribution and products to investments and operations. The Directive covers issues including: fund distribution; inducements; transparency regarding costs and charges; governance and controls; best execution and product complexity. A key requirement is the need for firms to acknowledge responsibility beyond direct clients to end-consumers. This is being further reinforced in the UK by the FCA which is emphasising continually the importance of end-customer-focus in corporate culture.

Remuneration and risk also continue to be in the spotlight. The Alternative Investment Fund Managers Directive (AIFMD) focuses specifically on issues regarding financial stability and risk management. UCITS management companies are also required to establish and maintain remuneration policies and practices consistent with effective risk management.

Volatility and uncertainty support the case for active management and our commitment to a disciplined, long term approach to investing

In the UK, where the government remains at the forefront of changes, pension freedom changes have come into force. This allows people to have flexible access to their pension pots, rather than having to buy an annuity and is likely to generate significant demand for 'at retirement' products such as income solutions and drawdown products. This year we launched four multi asset lifestyle funds that offer outcomes for investors with different age and risk profiles.

We remain focused on staying at the forefront of legal and regulatory developments. The FCA has recently outlined the scope of its review of the competitiveness of the UK asset management sector. We believe it is important that there is transparency in fund charges and that customers' expectations are met.

Outlook

Today's market uncertainty has discouraged new investment. Asset managers must retain what they have, fight for money in rotation and hope for rising valuations. Next year we foresee a breakdown in correlation between asset classes and a spread in contagion risks. Diversification will be more essential than ever.

The growth in solutions is partly a response to today's unusual market conditions. Investors want predictability not performance. This is a big change. We believe the growth in alternatives is not only here to stay but could erode demand for traditional investments.

We also believe that this volatility and uncertainty support the case for active asset management and our commitment to a disciplined, long term approach to investing.

We aim to grow through a combination of investment in our existing teams (adding skills technology and distribution expertise) and through acquisitions. SWIP brought scale in multi asset strategies and our acquisitions this year add further strength in filling gaps in global coverage.

We are confident we can integrate the announced businesses quickly. Our acquisitions have a common investment approach, which is important if we are to avoid being seen as just a multi-boutique specialist. They have few geographical overlaps. The aim is to re-brand quickly, bring new products to market, then demonstrate to investors that our capabilities meet their needs.

One constraint on our ambitions is weak markets. We have less to spend than before. At the same time the industry at large faces pressure on fees, an excess of products and, in part-consequence, distributor fatigue.

We believe we are well positioned, even so. We have scale, a global platform to cross-sell and a culture of ideas-sharing. Developments in technology are providing new ways to connect with investors. We believe that we are taking the right steps to invest in areas that will generate future growth.

Long term plans

Taking into account the long term trends that we see in investments and investor behaviours our longer term plans are to:

- Promote our Aberdeen solutions capabilities across a wider investor base - globally.
- Continue to build product specialist resource across all capabilities and also for certain channels (eg insurance) - so that our offering is better tailored to specific needs of clients.
- Grow property capabilities in Asia and US to create a global asset class.
- Utilise existing experience to broaden the number of distribution partners who outsource investment expertise to Aberdeen.
- Continue product development to support growing pool of retirement savings.
- Continue penetration across new channels in US with global investment capabilities - plus acquisitions have strengthened our US based investment desks.
- Strengthen use of technology that enhances the information we provide to clients.

Business model

Who our customers are

We have a diverse client base - both by channel and nature of client. Our institutional clients include pension funds, corporates, sovereign wealth funds, government agencies and insurance companies. We typically sell to retail clients through intermediaries, also known as distributors or third party advisers, such as private banks, financial advisers, wealth managers and platforms.

We aim to grow our business by growing the money we manage for existing clients and by winning new clients. We gain and retain clients through our investment process and our track record for managing money.

Clients hire managers for three reasons: (1) people - we have stable, experienced, well resourced teams (2) investment process - clear, and yields results over the long term (3) performance - we believe this is a function of the first two.

Ensuring we look after our clients' best interests is at the core of our strategy.

How we operate and who we are

Our global operating model underpins our ability to invest and service clients worldwide. This is the engine of the business and includes our core global IT applications and infrastructure, as well as our key outsourcing relationships for back office functions.

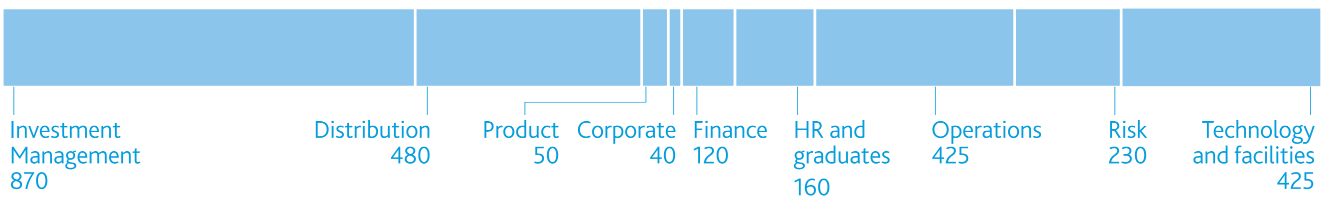
Our model allows us to manage assets locally, while enabling teams to apply consistent processes globally and share research. We package assets in products - either through funds or segregated mandates - adapted to the needs of local markets and clients. Our investment expertise is spread across four divisions, each of which has a global capability. We believe, and our growth track record demonstrates, that our model is scalable and enables us to add new countries and investment capabilities to the Group, as well as integrate acquisitions.

Underpinning our global network of employees is a team structure; this applies to all business lines, not just our investment desks. A flat management structure facilitates information flow and keeps the business streamlined.

We have a strong culture and recruit individuals, both at entry level and experienced hires, who align with our values of quality, ambition, teamwork, integrity and challenge.

We have 2,800 employees in the 25 countries in which we operate.

Employees by division



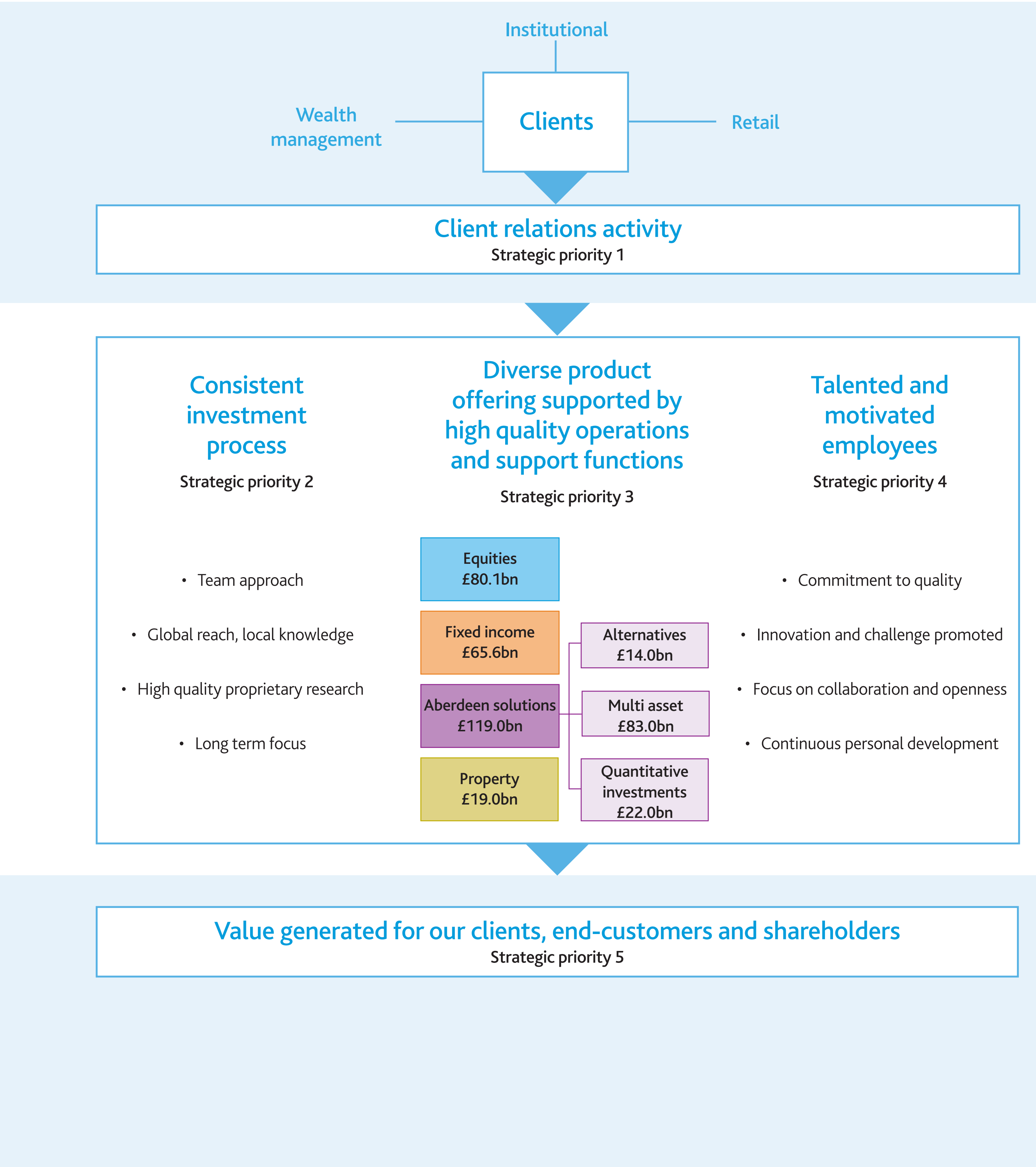
How we generate value

We charge fees based on levels of AuM and they are expressed as basis points ("bps"). Fees depend on the capability, amount of money managed and the channel, therefore the product mix has an impact on levels of revenue growth.

We aim to grow AuM organically and through selective acquisitions, where we seek to ensure we pay a competitive price for new business and teams. The Group has a strong track record in effectively integrating new capabilities.

While there will be a natural turnover of money managed, and we expect a level of outflows from existing clients, we aim to retain as much AuM as possible with a long term focus on investment management and meeting clients' needs. AuM may also increase and decrease due to market movements.

When revenues grow, our cash flows grow. We use cash generated to ensure we have a strong capital base. Thereafter, we look to increase shareholder value through strategic acquisitions, dividends and other returns to shareholders.


Institutional
Wealth management
Clients
Retail
Client relations activity
Strategic priority 1
Consistent investment process
Strategic priority 2
• Team approach
• Global reach, local knowledge
• High quality proprietary research
• Long term focus
Diverse product offering supported by high quality operations and support functions
Strategic priority 3
Equities £80.1bn
Fixed income £65.6bn
Aberdeen solutions £119.0bn
Property £19.0bn
Alternatives £14.0bn
Multi asset £83.0bn
Quantitative investments £22.0bn
Talented and motivated employees
Strategic priority 4
• Commitment to quality
• Innovation and challenge promoted
• Focus on collaboration and openness
• Continuous personal development
Value generated for our clients, end-customers and shareholders
Strategic priority 5

Where we operate

Our global network of 38 offices in 25 countries supports a uniformly high standard of local client service.

Where possible our client relationship teams are located close to their clients. We will continue to expand and deepen our distribution footprint to enhance client service and create new business opportunities. As we grow our investment capabilities, it is important that we have product specialists and client relationship teams who are well versed in these new capabilities.

Europe, Middle East and Africa

The UK accounts for 60% of our clients by AuM, some £169.3 billion.

Our headquarters are in Aberdeen, where we locate many Group functions.

Our largest investment offices are in London and Edinburgh where we have our investment teams for global emerging markets equities (ex. Asia), UK, European and global equities; European, global and emerging market fixed income; alternatives, multi asset and quantitative investments; and UK property teams.

We have a significant presence across Continental Europe with 13 regional offices in 12 countries. Europe, excluding the UK, accounts for 16% of Group AuM at the end of September. Luxembourg is the domicile for the flagship Aberdeen Global fund range which has AuM of £19 billion at the end of September.

The Middle East and Africa are important sources of institutional funds and we have a strong client base which we service from London. In September, around 2% of our AuM was managed for institutional and sovereign wealth entities in those regions.

Asia Pacific

Singapore is the Asian headquarters of the Group and is home to most of our Asia fund managers covering the main asset classes as well as substantial marketing, client servicing and administrative functions.

Other full service offices are in Bangkok, Hong Kong, Kuala Lumpur, Seoul, Sydney and Tokyo. Our Taipei and Kaohsiung sales offices service the retail market in Taiwan. We have a new licence in China, allowing us to grow the Shanghai office with research and business development staff.

Clients in Asia account for around 7% of our AuM and our investments in Asian equities, fixed income and property are core competencies for the Group.

Americas

Philadelphia is our hub for North America and includes fixed income, US equities and property teams. Our New York office is growing and is the home of our high yield team, as well as being an important office for so many of our clients. Our alternatives capabilities in US are strengthened by the FLAG and Arden acquisitions.

The Toronto office services our Canadian client base. The Brazilian office in São Paulo, an investment office for our emerging market equity and debt teams, has launched its own fund range. Our Americas team also covers Latin American clients investing in our Luxembourg fund range.

We manage 15% of our AuM on behalf of clients throughout the Americas and have developed a strong platform on which to service institutional and wholesale channels.

Europe, Middle East and Africa

Net revenue

£742.9m

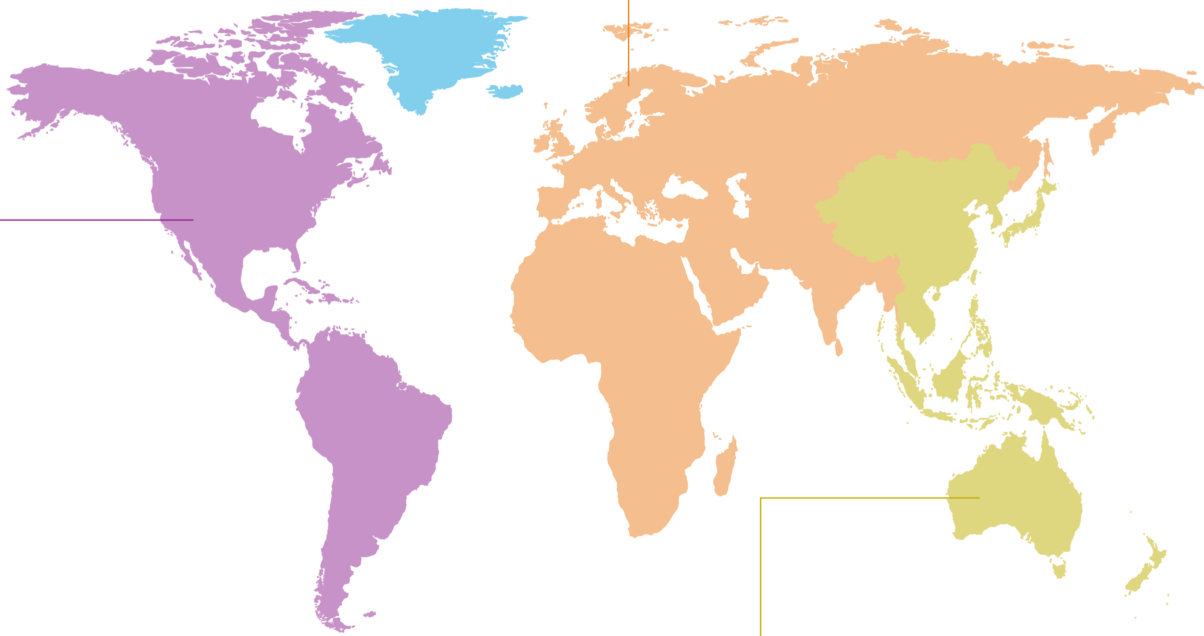
2014: £653.7m

Head office
Aberdeen

Investment centres
Edinburgh
Budapest
London
Paris

Sales and distribution
Amsterdam
Budapest
Copenhagen
Edinburgh
Frankfurt
Geneva
Helsinki
Jersey
London
Luxembourg
Madrid
Milan
Oslo
Paris
Stockholm
Zürich

Property centres
Amsterdam
Copenhagen
Edinburgh
Frankfurt
Helsinki
London
Madrid
Oslo
Paris
Stockholm



Americas

Net revenue

£103.7m

2014: £103.6m

Sales and distribution
Boston
Miami
New York
Philadelphia
Stamford
Toronto

Property centre
Philadelphia

Investment centres
Boston
New York
Philadelphia
Stamford
São Paulo

Asia Pacific

Net revenue

£322.4m

2014: £360.3m

Sales and distribution
Bandung
Bangkok
Hong Kong
Kaohsiung
Kuala Lumpur
Singapore
Surabaya
Sydney
Taipei
Tokyo
Melbourne

Investment centres
Bangkok
Hong Kong
Jakarta
Kuala Lumpur
Singapore
Sydney
Tokyo

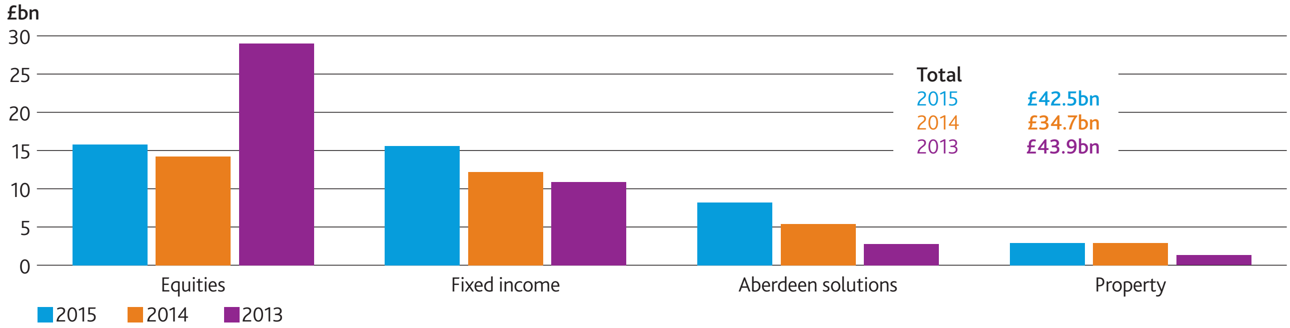
Representative offices
Seoul
Shanghai

Strategic priorities

1. Our clients:

Focus on providing high levels of client service and generating long term value for customers through developing our capabilities and products

Levels of gross sales



2015 progress

- Gross sales increased by 22% compared to 2014, with a lower proportion of sales coming from equities.
- Sales have declined from 2013 when we were seeing huge demand for equities products.
- This demand has fallen largely due to weaker market sentiment towards Asian and emerging markets – which we believe is cyclical rather than permanent. This has impacted asset allocation decisions of a number of clients and is a major factor in outflows from these markets.
- In equities, we have increased the number of meetings with clients to explain our performance in terms of our investment process.
- We continued to invest in our client facing and specialist distribution resource to respond to the evolving market landscape and service our diverse client base. Over the course of the year we:
  - created a dedicated insurance distribution team to leverage off our improved capability following the SWIP acquisition.
  - created a retirement savings team to help capture a greater share of the growing defined contribution market particularly in the UK following legislative changes.
  - augmented our product specialist teams to support sales of a broader offering of products and we developed product and sales specialists.
- More of our marketing effort is through digital channels to enable more effective communications with clients and prospects.

2016 expectations

- Our priority is to put clients' interests first and we are confident that the steps taken in recent years will enable our sales teams to have better conversations with clients to help us meet their needs.
- We will continue to develop our sales team, especially to grow the number of specialists, and to develop new ideas suitable for the needs of clients.
- Our targets for 2016 are to:
  - further develop our insurance business – we now manage in excess of £120bn for this type of client.
  - progress with alternatives following the FLAG Capital Management ("FLAG") and Arden Asset Management ("Arden") acquisitions as well as the launch of a liquid alternatives fund in Europe.
  - develop our distribution footprint by taking advantage of our new licence in China and grow in priority markets.

Risks

- Poor management of client and distributor relationships[1a]
- Product design does not meet client needs or products are not understood by clients[1b]
- Reputational risk if we do not keep pace with digital development[1c]

[1a, 1b, 1c] Please refer to Risk management section on pages 44 to 51

2. Our investment process:

Deliver high quality proprietary research and investment expertise to achieve consistent long term performance

2015 progress

- Our priority has been to adhere to our investment process.
- In equities, we are bottom up stock pickers, focused on investing in quality companies, with an emphasis on 'micro' not 'macro'.
- Markets, over the past three years, have been driven largely by macro factors and, from a performance stand point, we have been on the wrong side of quantitative easing and the fall in oil commodity prices. This has hindered the investment performance of the global equities team.
- The Board has reviewed both the process and the performance with the equities team.
- We believe our investment process remains appropriate for the long term and there will be no style drift. We explain our performance in the context of process, and continue to refine this and invest in our equity teams.
- Fixed income performance has been strong with most teams now showing consistent track records. Organisationally, we have simplified our structure, with the focus on global teams supported by regional expertise. This does not change the process; but does help ideas to be shared.
- In property, we continue to take a long view, and look to add properties with appropriate yields over capital speculation.
- The solutions performance is solid and we are steadily building up track records across our core capabilities.

2016 expectations

- Our commitment to our equities investment process leads us to anticipate underperformance during periods when markets are boosted by policy-led economic factors.
- We expect 2016 may also be a challenging year if there is continued lacklustre demand for Asian and emerging markets equity products. However, any indiscriminate selling will provide us with opportunities to buy favoured holdings at attractive prices.
- In other asset classes, we have strong teams and clear processes. Teams are fully integrated following the SWIP acquisition and a number of gaps have been filled to strengthen global capabilities in property and alternatives. We believe the combination of stable teams and diligent processes will continue to support long term performance.

Risks

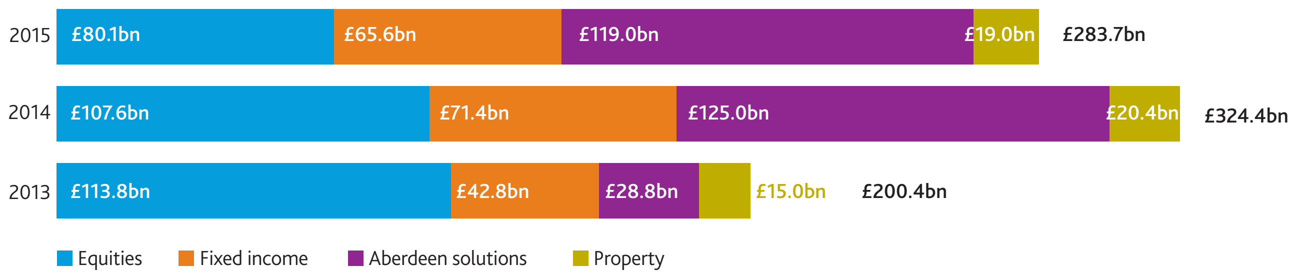
- Poor investment performance could lead to the loss of clients and may cause AuM, revenue and earnings to decline[1a]
- Failure to deliver consistent and above average performance[2a]
- Aberdeen's capabilities are not suitable for market conditions[2a]

[1a, 2a] Please refer to Risk management section on pages 44 to 51

3. Our resilience:

Achieve resilience through diversification of expertise, markets, channels and clients

AuM mix across asset classes to reflect our efforts to diversify



2015 progress

- We believe our business is more resilient following the SWIP transaction and that we are in a better position for the shift towards solutions and alternatives capabilities.
- 2015 brings an end to a transitional period with the SWIP integration in its final stages. We also aligned our product offering - launching new products in areas such as multi asset and liquid alternatives.
- The acquisitions of FLAG, Arden, Advance Emerging Capital ("Advance")and the remaining shares in the Aberdeen SVG Private Equity joint venture will help to strengthen our alternatives business and enhance our global offering. Including acquisitions, we will manage around £20 billion and we are well advanced in our objective to be a leading, global alternatives provider.
- The acquisition of Parmenion Capital Partners LLP and its sister company, Self Directed Holdings Limited (together "Parmenion") supports our aim of growing solutions and further bolsters the Group's already extensive distribution reach in the UK by adding a digital channel.
- We have established a direct property investment team in Singapore with a remit to grow a local business organically alongside our equities, fixed income and Aberdeen solutions desks. We continued to strengthen our residential investments in Europe, especially in Germany, Sweden, and in the UK.

2016 expectations

- A strengthened product suite and investment strategy means we are well positioned to win new business, across a range of capabilities.
- We aim to offer a more diverse set of products to meet our clients' needs. We believe demand for multi asset products will persist given the search for yield, diversification and greater focus on risk management. We are well positioned for this. Please refer to page 17 for details on our plans.
- To achieve resilience, we will continue to invest in our global operating model. Key areas we continue to focus on are our spend on technology and the ongoing development of platforms to support growing capabilities, such as alternatives and property.
- We may consider selective acquisitions at appropriate times in the business cycle.

Risks

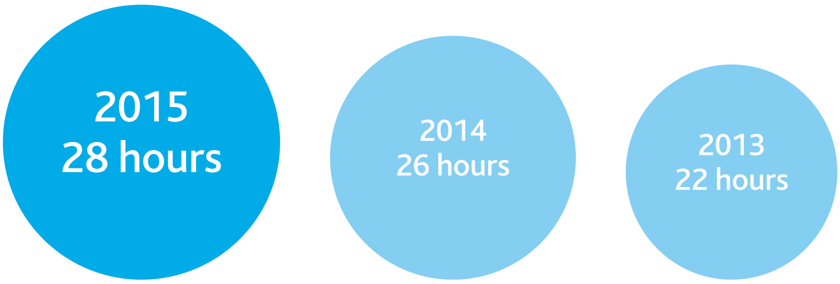
- Major legal or regulatory changes[3a]
- Increased level of organisational stress from acquisition activity[3b]
- Major failure of operations or client support[3c]
- Failure of external service providers or Aberdeen systems[3d]
- Technology and information security risk[3e]

[3a, 3b, 3c, 3d, 3e] Please refer to Risk management section on pages 44 to 51

4. Our people:

Recruit, develop and retain talented and motivated employees who make clear thinking, diverse views and mutual support the basis for excellence

Average hours of training per employee



2015 progress

- This year, we recruited 109 interns, 41 graduates, 7 apprentices and 10 individuals on the Investment 2020 scheme.
- Retention of talent is a key focus globally and unplanned employee turnover remains low at 10%.
- We launched the Aberdeen Asset Management Academy to provide enhanced learning and development opportunities for all employees.
- 62 employees completed the INSEAD senior leadership programme and 152 completed the emerging talent programme. A number of employees from the first emerging talent programme have now been promoted to senior positions within the company. Employees selected for these programmes come from across our global offices and have diverse backgrounds and skill-sets.
- There has been growing global engagement in Aberdeen's innovation platform 'Ignite' which provides employees with the opportunity to collaborate, discuss, challenge and ultimately help shape the future direction of the business.
- Morale has been impacted by flows but we continue to focus on our team based approach. Senior staff, who have been through the cycles, play an important role in re-assuring junior members of the team.
- The culture committee continues to review our culture and how we can better safeguard, manage, monitor and improve it.
- We developed our diversity and inclusion strategy which is focused on the key strands of workforce, workplace and marketplace. As part of this strategy we piloted unconscious bias training for all managers in the UK.
- During the year, we developed our internal communications function to raise global awareness of corporate activity.
- We also have robust succession plans in place.

2016 expectations

- We remain committed to recruiting and retaining talented and motivated individuals who put clients at the heart of our business.
- We will continue to improve the learning and development opportunities available for all employees while also investing in talent management programmes.
- Unconscious bias training programmes for managers will be rolled out globally alongside an e-learning course for all employees.

Risks

- Loss of key staff[4a]

[4a] Please refer to Risk management section on pages 44 to 51

5. Our shareholders:

Control costs, create efficient organisational structures and maintain a strong balance sheet. These objectives help to support a progressive dividend policy

	2015	2014	2013
Underlying diluted earnings per share:	30.0p	31.1p	32.5p
Diluted dividend per share:	19.5p	18.0p	16.0p
Dividend cover:	1.5x	1.7x	2.0x

2015 progress

- Notwithstanding the impact of market volatility, we have pursued a strategy to mitigate the effects of uncertainty through tight cost and disciplined balance sheet control.
- Operating costs increased by 7%, which was entirely due to the addition of the SWIP business. We exceeded our target on SWIP cost synergies: the marginal operating margin is in excess of 60% compared to an initial target of 55%.
- On the capital side, there is robust headroom over our regulatory capital requirement and cash generation remains strong. This enables us to maintain a progressive dividend. This year we also returned £50 million to shareholders through a buy-back.
- We also issued £100 million of preference shares at a 5% coupon and this has been used to fund growth in seed capital.

2016 expectations

- We expect that 2016 will be a difficult year and the full year effect of outflows in 2015 will impact top line revenue. Nonetheless, given our strong cash generation, the Group can maintain its balance sheet strength.
- We will continue to focus on cost control and we have taken a number of steps to mitigate the impact of inflation next year. We expect to achieve synergies from the integration of the FLAG and Arden acquisitions.
- There are opportunities to run some areas more effectively and efficiently, although some of these actions will require a lead time to be effective.
- These actions should ensure we continue to be in a strong financial position and maintain our progressive dividend.

Risks

- Failure to adapt to legal or regulatory change or additional costs from such change erodes margins[3a]
- Reduction in revenues or assets due to foreign exchange movement[5a]
- Failure to settle debts due to lack of liquidity[5b]
- Credit risk[5c]

[3a, 5a, 5b, 5c] Please refer to Risk management section on pages 44 to 51

Our investment process

Our focus is to deliver high quality proprietary research and investment expertise across all asset classes, with a view to delivering long term performance for investors' portfolios.

There are four universal elements to our investment process:

Team approach

We strongly believe collaboration improves decision making. At Aberdeen we do not have star fund managers; we have teams with complementary skillsets who discuss investment decisions and take collective responsibility.

Global reach, local knowledge

Our investment teams are located in the markets they are investing in. We have the scale to provide global coverage of financial markets, yet we are flexible enough to focus on each and every portfolio decision.

High quality proprietary research

We pride ourselves on our detailed, fundamental due diligence. No investments are made without a significant amount of well documented research and we aim to undertake our own face-to-face research.

Long term focus

We aim to generate strong performance and long term value for our clients. We do this by using primary research and a robust investment screening process to find high quality, long term investments.

Investing for the future

Investing for the long term may seem like an obvious strategy but it is surprising how few investors adopt it fully. In our fast-paced world, the desire for instant gratification can overwhelm. The prospect of immediate gain may encourage attempts to 'time' a sector or a stock or rush into whatever is in favour long after the opportunity to profit has passed.

Equally, the urge to crystallise profits can cause quality assets to be sold significantly before they reach fair value. An investment approach that weathers market ups and downs over years, not just weeks, almost always proves more fruitful – as well as cheaper – in the long term.

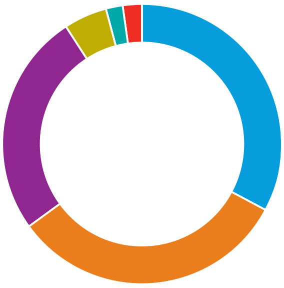
By investing for the future, we aim to hold our quality investments through the cycle. That is how we built our historical track record and how we will continue to generate value for our shareholders.

Our golden rules of investing:

- Understand limitations
- Appreciate what is predictable and, more importantly, what is not
- Research investments thoroughly and understand what we are buying
- Be benchmark agnostic
- Stick to established processes
- Invest for the long term, accepting that periods of poor short term performance may arise
- Be wary of over ambition
- Make sure any competitive advantage is sustainable
- Commitment to stewardship

Equities

AuM



Asia Pacific	33%
Emerging markets	32%
Global	26%
UK	5%
US	2%
Europe	2%
Total	£80.1bn

- Bottom up investment style, emphasising company fundamentals
- Low portfolio turnover, buying stocks and holding them for the long term
- No investment made without having interviewed the company's management first
- Add value by identifying good quality stocks that are attractively priced and avoid businesses that we do not understand

Fixed income

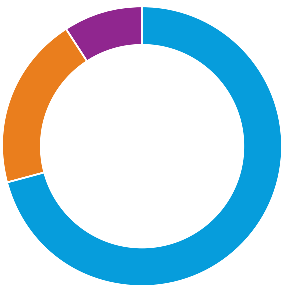
AuM

UK	40%
Money markets	18%
US	11%
EMD	9%
Australian	8%
High yield	4%
Global	4%
Asia	3%
European	3%
Total	£65.6bn

- Focus on risk oversight to reduce losses and protect income
- Robust risk management embedded in the investment process to identify, measure and control risk
- Security focus on value relative to fundamental quality

Aberdeen solutions

AuM



Multi asset	70%
Quantitative investments	18%
Alternatives	12%
Total	£119.0bn

Multi asset

- Outcome oriented multi asset, to meet the challenging needs of our clients
- Research across a range of markets and managers to ensure we can generate value-added ideas and deliver them in client focused outcomes

Quantitative investments

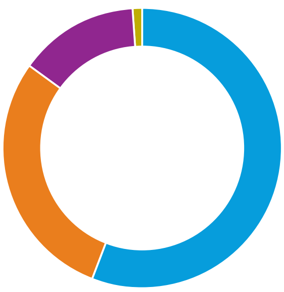
- Multi-strategy team sharing quantitative insights to build efficient portfolios

Alternatives

- Specialist investments: private equity, hedge funds, infrastructure and property multi manager
- Seek quality and best-in-class managers to execute the chosen strategy
- Recognise that risks in a portfolio are dynamic and multi-dimensional, and should therefore be continually assessed in multiple ways
- Provide strong risk-adjusted returns and quality, cost effective solutions for our clients throughout the market cycle

Property

AuM



UK	56%
Nordic	29%
Continental Europe	14%
Global	1%
Total	£19.0bn

- Disciplined, team-based process which focuses on quality then price
- Quality defined in terms of potential for durable and growing income
- Focus on risk, not on market returns we cannot control
- Advanced top-down research guiding local structured opportunity spotting

Business review

Whilst a difficult year for flows, we have enhanced our investment processes across all asset classes, achieved further diversification in our product offerings and maintained our focus on providing high levels of client service, in accordance with our strategic priorities.

Overview

As detailed in the Chairman's statement, 2015 has been a challenging year, marked by outflows from core products. At the same time, it has also been a year of transition, with significant progress made in building a diversified investment business able to service changing client needs.

We have announced four small, but strategic, acquisitions to strengthen our ability to seek opportunities for future growth and we have made strong progress in harnessing the opportunities from the additional capabilities acquired from SWIP. We continue to be disciplined in controlling costs and retain a strong balance sheet position, as set out in the financial review.

AuM

Closing AuM is £283.7 billion, 12.5% lower than £324.4 billion in September 2014.

Gross new business inflows for the period were £42.5 billion (2014: £34.7 billion). Gross outflows were £76.4 billion (2014: £55.1 billion), resulting in net outflows of £33.9 billion (2014: net outflows of £20.4 billion).

The annualised revenue impact of these net outflows is £160 million.

Of the net outflows, £16.4 billion relates to equities. This was principally due to macroeconomic factors and investor sentiment towards Asia and emerging markets, rather than a fundamental deterioration across the emerging markets investment performance. Our global equity strategies also suffered due to the funds underweight positions to the US, Japan and Eurozone markets. The reduced demand for these products also impacted our flows in each of the regions. Finally, equities outflows were impacted by large withdrawals by a large institutional investor; this has affected other fund managers.

Beyond the equities outflows, there were also net outflows of £8.3 billion from the SWIP business. Much of these flows (£7.5 billion) were from the assets managed for insurance clients, especially the closed book which is in run-off. We consider these outflows to be structured and we expect this level of attrition from the insurance book.

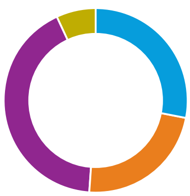
More generally, the SWIP integration phase is now largely complete and we have exceeded targets set regarding synergies. The Aberdeen solutions teams manage £119.0 billion and we are well placed to provide bespoke portfolio allocation, selection and construction services to a broad range of client and mandate types.

The corporate transactions relate to the acquisition of FLAG, offset by the transfer of an SVG Capital plc management contract to an entity wholly owned by SVG Capital plc. This was agreed at the time that we acquired the remaining 49.9% in Aberdeen Private Equity Managers Limited ("SVGM") and the consideration paid for this monetary stake was adjusted for this contract.

The combined Aberdeen and ex-SWIP alternatives business together with the buy-out of the remaining SVG stake, FLAG, Arden and Advance acquisitions, will result in an alternatives business managing around £20 billion of AuM. We hope to grow this figure as part of our goal to create a global, leading alternative investment provider.

Our fixed income team has also reached significant scale, managing £65.6 billion. In 2015 we implemented a simplified structure, building on our regional teams and creating a global platform pooling the resource of highly experienced investment professionals across developed and emerging markets.

For property, the focus has been on building a truly global investment capability which now manages £19.0 billion. Our new direct property team in Singapore has a remit to grow a local business organically alongside our equities, fixed income and alternatives teams in the region.



	£bn
Equities	80.1
Fixed income	65.6
Aberdeen solutions	119.0
Property	19.0

AuM movement

	Equities £bn	Fixed income £bn	Aberdeen solutions £bn	Property £bn	Total £bn
30 September 2014	107.6	71.4	125.0	20.4	324.4
Net flows	(16.4)	(6.4)	(9.8)	(1.3)	(33.9)
Market, performance	(12.1)	0.2	0.5	0.7	(10.7)
Corporate transactions	–	–	3.3	–	3.3
Exchange	1.0	0.4	–	(0.8)	0.6
30 September 2015	**80.1**	**65.6**	**119.0**	**19.0**	**283.7**

Equities

Given the macroeconomic environment, this year we have spent considerable time analysing our equity investment process to determine whether we need to make any fundamental changes. After much input from both senior management and the Board, we concluded that our expertise lies in the quality of our fundamental research; our disciplined approach; and the active role we play - notably that we behave as owners of our investee companies, not just investors. While we will not change our process, we continually invest in new systems, improve co-ordination across desks, and trial new funds.

We are also working to enhance our stewardship approach. We have started to extend our long-established model for corporate governance, which is incorporated into the investment process and owned directly by our fund managers, to the long term risk management of other aspects of ESG – environmental and social matters. Coupled with a centralised resource which operates as a centre of specialist knowledge, this will involve additional resource being added to our investment teams so that analysis of these material long term risks is more fully embedded into each region's assessment of specific investment opportunities and our approach as stewards of our investee companies.

Our equity teams are experienced, stable and well resourced; our investment process is clear and has yielded results over the long term; and we believe that while next year will continue to be difficult, current market drivers will eventually revert to being in our favour.

Fixed income

The focus in 2015 was to complete the rebuilding of fixed income while successfully integrating SWIP and improving our profile with consultants and clients. In recent years we made great strides in globally aligning the investment process and we have produced a more consistent message which should aid distribution efforts. This year, we have simplified the team structure, with focus on our global teams, supported by regional expertise.

Our key initiatives to deliver growth over the next three years are to: enhance our external profile with both consultants and clients; develop a global fixed income product suite; extend our emerging market debt and high yield capabilities; and support the development of Aberdeen's insurance offering by delivering better solutions.

Aberdeen solutions

This year, we have actively invested in our capabilities with a number of key hires including new leadership of our flagship diversified growth strategy (a multi asset product), which has been met with significantly increased interest. We have also strengthened our product set with the launch of a new global multi asset income strategy and a long term savings multi asset fund range in the UK. In addition, the infrastructure fund and co-investment vehicles raised capital of over £600 million during the year and Aberdeen's first liquid alternatives UCITS Fund, raised capital of over £350 million in its opening month. The latter product offers hedge fund strategies in a regulated and transparent format. It adheres to the same regulatory requirements as traditional equity funds on liquidity, diversification and leverage, although short selling and the use of derivatives are allowed.

Demand for alternative investments and strategies has also continued to grow with external research pointing to considerable increases in allocations from global investors over the next few years. The acquisitions of FLAG, Arden and Advance will boost credibility and footprint in key areas across the alternatives business, and allows for the acceleration of the organic initiatives already identified. Arden and Advance are due to complete in late 2015. FLAG completed in late August and we are delighted that the first fund raising from that acquisition has closed successfully.

Further, we are developing our approach to equities held by our passive and quantitative operations, ensuring that our stewardship approach across voting and engagement is as robust as appropriate for active holdings.

Property

We strengthened our residential investments in Europe, especially in Germany, Sweden and the UK. We have boosted our transaction resources across Europe, including our first team member in Spain and have established a direct property team in Singapore with a remit to grow a local business organically alongside our other asset classes.

We have a strong pipeline of committed capital. We will invest in a disciplined way. The level of capital values, most particularly in key 'gateway cities' continues to cause challenges in the pricing of property for long term investors. This in turn is leading to a broadening of demand, and capital values, for property investments in wider regions and riskier styles of investing. We retain conservative approaches to our strategies, favouring property with appropriate levels of durable income over capital speculation.

Increasingly clients are demanding visibility on our approach to the management of material environmental risks with the ability to perform well being a key differentiator. We were therefore pleased that seven of our pooled funds out-performed their peers on the Global Real Estate Sustainability Benchmark ("GRESB") and achieved the highest ranking of 'green stars' for the environmental, social governance (ESG) performance.

Distribution

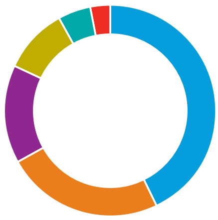
Our distribution team is comprised of 480 people covering sales, client support, relationship management and marketing. As our capabilities broaden to meet the changing needs of our clients, so too does the requirement for our sales teams to have expertise in a wider array of disciplines. As such, this year we have formed specialist teams focused on: products; consultant relations; strategic partnerships; wealth management; insurance and institutional solutions; and digital.

We now manage over £120 billion for insurance companies, including 'one stop shop' relationships where we manage a full spectrum of asset classes, together with a number of specialist mandates for insurance companies.

We also have a long heritage of working with some of the world's leading financial institutions in wealth management. They now represent a significant, and one of the fastest growing, areas of our business, accounting for over £80 billion of AuM globally. We have several key strategic relationships, which include Mitsubishi UFJ Trust and Banking Corporation ("MUTB") and Lloyds Banking Group ("Lloyds").

Providing high levels of client service is essential to the success of our business and we therefore continue to invest in our client facing and specialist distribution teams.

Assets by client type



Insurance	43%
Open-ended funds	24%
Pension funds	15%
Other institutional	10%
Closed-end funds	5%
Central banks government agencies	3%

Product

We have developed a new structure for our product division, which comprises of product opportunities, product development and product governance. This enables us to be responsive to business priorities and market opportunities, as well as helping us meet the changing needs of our clients. The product division will build on the capabilities of other divisions to ensure that the suite of products available, deliver the best results for clients.

Stakeholder engagement

As Aberdeen's business has grown, so too has our focus on how we communicate with governments, regulators, trade bodies and other key stakeholders. As one of Europe's largest independent fund managers, we recognise our responsibility to help shape a policy environment which operates in the long term interests of our clients, our employees, our shareholders and the wider fund management sector.

Our public affairs team works closely with employees from across the business and is an active participant in relevant consultations and reviews. For example, in the last year we submitted responses to the UK Government's consultation on pension reforms and, with a new European Commission in place, we have increased our engagement with officials and members of the European Parliament, most recently responding with our views on plans to introduce a capital markets union. We are also a signatory of the UK Government's Prompt Payment Code and the Cyber Essentials scheme and a Living Wage employer.

Acquisitions

Aberdeen announced four new acquisitions in the second half of the year. Three of these enhance the capabilities of our alternatives business. The fourth strengthens our multi asset business and, more importantly, adds a digital dimension to how we distribute our multi asset product.

The FLAG acquisition completed on 31 August 2015 and added £4.4 billion of AuM. FLAG is a manager of private equity and real asset solutions and they have offices in Stamford, Boston and Hong Kong. This acquisition strengthens our private equity team, adding expertise in the US and Asia.

The other acquisitions are subject to regulatory approval. Arden is a provider of hedge fund solutions in New York and London. It has AuM of approximately £6.5 billion. This deal will give immediate entry into North American liquid alternative products and is complementary to the alternatives strategy fund that we successfully launched for European clients.

We announced the acquisition of Advance Emerging Capital, which manages £0.4 billion in two London Stock Exchange listed multi manager vehicles. The funds invest in development and frontier funds.

The Parmenion transaction will be an important step forward in our digital strategy. Parmenion, which has AuM of around £1.9 billion, provides risk graded portfolios to UK financial advisers through a simple, digital platform. The platform has been developed in-house from their base in Bristol (UK) and is highly rated by the adviser client base.

With Aberdeen's support and investment, we believe Parmenion can build on its success to meet the changing needs of financial advisers as an increasing number of people turn to them for pre and post-retirement planning. This acquisition ensures Aberdeen is at the forefront of the digital revolution within asset management and augments our strategic aim to grow our solutions business.

Finally, we acquired the remaining 49.9% of SVGM. Aberdeen had acquired a 50.1% stake in 2013 with the option to acquire the remaining stake.

FLAG Capital Management

- Announced: 27 May 2015
- Completed: 31 August 2015
- Manager of private equity and real asset solutions with offices in Stamford, Boston and Hong Kong.
- AuM of £4.4 billion.
- Positions Aberdeen as a leading global private equity investor with over 50 investment professionals in UK, US and Hong Kong and roughly £9 billion of AuM.

Arden Asset Management

- Announced: 4 August 2015; expected to close in December 2015
- Provider of hedge fund solutions with offices in New York and London.
- AuM of approximately £6.5 billion.
- Complementary to Aberdeen's existing hedge fund solutions capability.
- Over 30 investment professionals and around £8 billion of AuM for the combined hedge fund solutions team.

Parmenion Capital Partners

- Announced: 4 September 2015
- Subject to regulatory approval from the UK FCA.
- Provides risk graded portfolios to UK financial advisers through a unique, yet simple, digital platform.
- AuM of approximately £1.9 billion.
- Ensures Aberdeen is at the forefront of the digital revolution within asset management and augments our strategic aim to grow our multi asset business.

Advance Emerging Capital

- Announced: 14 September 2015
- Subject to regulatory approval from the UK FCA.
- Specialist investment manager in emerging and frontier markets, which manages two listed funds. This adds to our existing range of alternative investment capabilities.
- AuM of approximately £0.4 billion.
- Following the acquisition we will manage 33 closed-end funds with aggregate assets of approximately £8.5 billion.

Our people

Recruiting, developing and retaining talented and motivated employees who make clear thinking, diverse views and mutual support the basis for excellence, is a key strategic priority.

The hallmark of Aberdeen

- We have experienced, stable and well-resourced teams
- Teams have a blend of experience and youth
- Approach builds resilience and succession
- We aim to share knowledge and enable relationships across all locations
- Retention of talent is a key focus globally
- Our approach is to be open, entrepreneurial and inclusive

Recruitment and retention

Our recruitment strategy mirrors our investment philosophy - building and developing teams for long term sustainability and success.

In a competitive market, recruiting talent with the right experience and fresh insight is necessary to help us evolve and improve performance and relationships with stakeholders.

However, it is not just at an experienced level that we focus on recruiting for our future growth and success. We also ensure the individuals we recruit at an entry level have the ability to take the company forward. Indeed, a significant element of our graduate programme is the rotational framework, equipping graduates with a broad-based knowledge of both Aberdeen and the asset management industry before they choose a permanent position.

Retention of talent is a key focus globally. We have a number of initiatives in place including mentoring, reverse mentoring and maternity coaching. Some programmes are global while others have been developed in specific countries to meet the needs of our employees at a local level.

Learning, development and talent management

One of Aberdeen's strategic aims is to achieve resilience through diversification of our expertise, markets, channels and clients. Two important aspects of this are to provide technical training to improve skills around the fundamental aspects of our business, and to work with individual teams to establish more specialist needs. In 2015, to formalise our approach to learning and development, we launched the Aberdeen Asset Management Academy. The Academy is an innovative learning facility which combines our current wide range of learning and development initiatives with a new streamlined approach and capability, allowing employees to record, explore and plan career and personal development.

Our Senior Leadership and Emerging Talent programmes continue to receive positive feedback and a number of employees from the first emerging talent programme have now been promoted to senior positions within the company. Employees selected for these programmes come from across our global offices and have diverse backgrounds and skill-sets.

We have also further refined our performance management assessment so that it is now more focused on, and aligned with the strategic objectives of the Group. As part of this enhancement, performance across a spectrum of metrics is more closely assessed, in terms of not just what was delivered, but how it was delivered in line with our corporate values.

Diverse teams, when managed well, make better business decisions and we therefore ensure that diversity and inclusion are key elements of our training programmes. This year we piloted unconscious bias training for all managers in the UK and 92% of attendees fed back that they would recommend this course to employees. This will now be rolled out globally alongside an e-learning course for all employees.

We have also sought to raise awareness of what diversity and inclusion means at Aberdeen. We use many channels to do this including: monthly global diversity newsletters, the intranet and through senior management updates to reinforce our top-down commitment. In addition, we have started to develop networking groups to enable the business to directly support our diversity and inclusion objectives. Our networks bring together people with different backgrounds but a shared interest in ensuring Aberdeen promotes inclusion.

Culture

In 2014 we established a culture committee with representation from across the Group including corporate, risk, human resources, distribution and the brand and communications teams. Our desired culture is articulated in our values, vision and purpose and, over the course of the year, we have implemented various processes and procedures to increase awareness amongst employees of these defining tenets of our business. This work has involved defining what it is we mean by values and culture; explaining why they are important for Aberdeen; and outlining how behaviours will be monitored and measured.

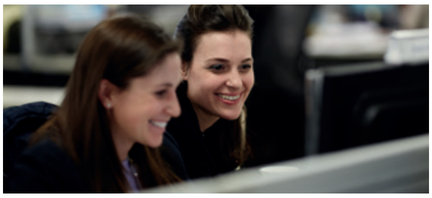
One of our values is *challenge* and the associated action of bringing a fresh perspective to the way we operate. Through our innovation platform Ignite, which was launched last year, employees are able to share ideas on opportunities for improvement and growth. Global engagement continues to grow.

There is a clear business case to improving diversity in all its forms: mixed teams make better decisions and there is a plethora of supporting research on this topic. Mixed teams approach challenges from a greater variety of perspectives and thus can arrive at better reasoned conclusions. Developing the understanding that diversity in all its forms, not just gender, is a source of competitive advantage is a vital part in creating an atmosphere that values differences of gender, culture, ethnicity, background and skills.

Strategic report

Breakdown of staff by gender:

Total workforce 2,800			
Male 54%	1,500 in total	Female 46%	1,300 in total
Senior managers			
Male 65%	49 in total	Female 35%	26 in total
Group management board			
Male 86%	18 in total	Female 14%	3 in total
Board of Directors			
Male 71%	10 in total	Female 29%	4 in total



We have also started to capture and monitor diversity statistics beyond gender. Where we are legally allowed, we now ask all employees to declare their age, ethnicity and disability status, which so far has allowed us to collate data for the Americas, UK and Asia Pacific. From this we can determine if there are areas of the business where we need to do more to promote diversity and inclusion.

Charitable foundation

Many factors impact on an individual's decision to work for, and stay with, a company. These factors include competitive compensation, development opportunities, a culture of inclusion and, for many, the opportunity to use their skills outside of work through volunteering and being involved in the charitable activities.

In the three years since inception, the Aberdeen Charitable Foundation has had a positive impact in all of the communities in which employees live and work, through both our local community and emerging markets programme.

At a local level, each of our global offices' has the autonomy to select projects they would like to support, within global guidelines. By providing employees with the opportunity to dedicate two working days to assist with charitable projects, we enhance the value of our financial contributions and actively help to tackle social challenges. At the same time, these activities further enhance the interpersonal skills of our people and promote team spirit – ultimately strengthening our corporate culture.

In 2015, The Aberdeen Charitable Foundation won the Best Foundation Award at the Corporate Engagement Awards, in recognition of its unique local and global approach and the commitment of all Aberdeen offices globally.

Human rights

We continue to be an active member of the UN Global Compact. Our operations and policies support and reflect the ten Global Compact principles and we uphold the Universal Declaration of Human Rights in all our operations. We also uphold employee rights and respect collective bargaining and freedom of association. In countries where an employee delegate or works council is not present, employees are encouraged to share their opinions with line managers or human resources representatives.

Financial review

Our strategic priority is to generate value for our shareholders by controlling costs, creating efficient organisational structures and maintaining a strong balance sheet.

Income statement

	2015	2014	Change
Net revenue	**£1,169.0m**	£1,117.6m	+4.6%
Underlying results: before amortisation and acquisition-related costs:			
Underlying operating profit	**£498.7m**	£490.4m	+1.7%
Underlying profit before tax	**£491.6m**	£490.3m	+0.3%
Underlying diluted EPS	**30.0p**	31.1p	-3.5%
Statutory results:			
Statutory profit before tax	**£353.7m**	£354.6m	-0.3%
Statutory diluted EPS	**21.8p**	22.8p	-4.4%
Post-tax return on average capital employed	**19.6%**	21.3%	
Dividend per share	**19.5p**	18.0p	+8.3%

Balance sheet and cash flow

Core operating cash flow	**£531.7m**	£543.8m	-2.2%
Net cash at year end	**£567.7m**	£653.9m	-13.2%

The Board considers that the Group's results are most meaningfully considered on a basis which excludes the effects of acquisition-related items and amortisation of intangible assets; this shows the recurring revenues and costs which drive the Group's cash flow. We refer to this as the underlying results and the Group income statement on page 101 has been presented in a manner which enables this distinction. The Board's monitoring of the Group's performance and its financial performance indicators is founded on the underlying results. As in previous years, this financial review focuses on the underlying figures.

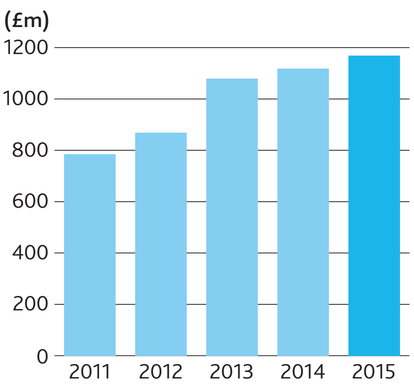
However, an analysis is also performed on acquisition-related items shown on page 42.

The Group income statement discloses gross revenue less commissions payable to arrive at net revenue. Commissions are paid to intermediaries such as banks, platforms and advisers who distribute our products. Management reviews financial information net of such commissions as it gives a fairer basis on which to compare revenues, regardless of the channel through which products are sold.

Operating margin is calculated as operating profit (before acquisition-related costs and amortisation of intangibles) as a percentage of net revenue. We calculate post tax return on average capital employed by dividing profit after tax (post acquisition costs, pre-amortisation of intangibles) by the average of opening and closing net assets.

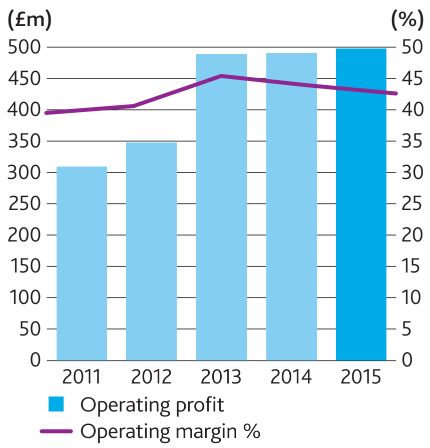
These financial KPIs are presented on the basis of the financial results used for management purposes, defined as the 'underlying' results.

Net revenue



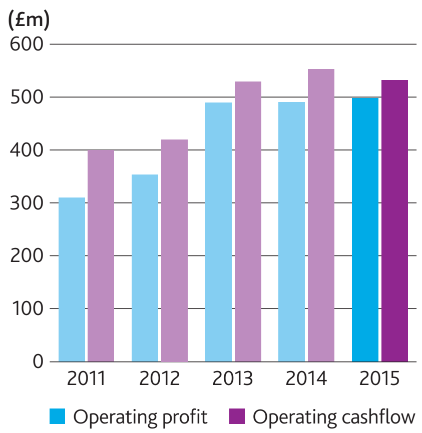
- Shows the growth of the business through an increasing asset base and/or product margins.
- Most of our revenues are generated by management fees rather than performance or non-recurring fees.

Operating profit and operating margin



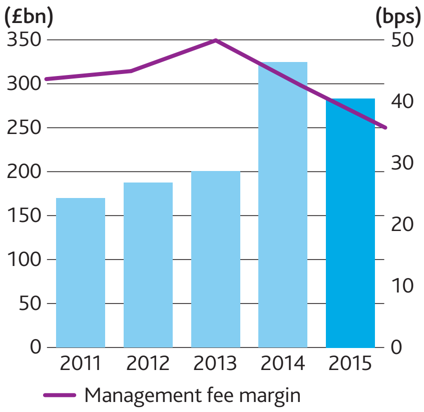
- Key profitability metric as we expect revenues to grow by more than costs through effective cost management.
- Operating margin is underlying operating profit as a percentage of net revenue.

Operating cash flow and operating profit



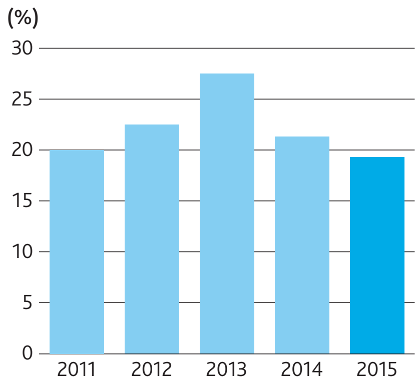
- Conversion of profits to cash to allow for operational growth, as well as strengthening the balance sheet and capital position.

Assets under management and average management fee margin



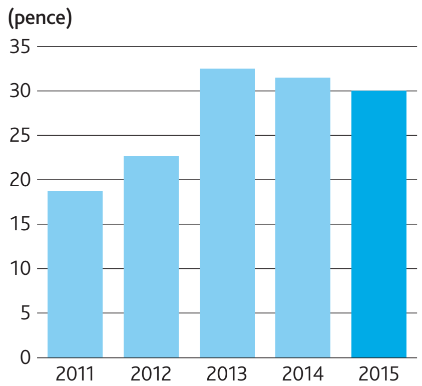
- AuM forms the basis on which recurring management fee revenue is generated.
- Changes in AuM reflect both net new business flows and market performance.
- Revenue growth can also be driven by product mix and ability to generate focus in higher fee margin capabilities.

Post tax return on capital employed ("ROCE")



- Shows how much Aberdeen has grown from the back value of its asset base, including the impact of acquisitions.
- Calculated as profit after tax (after acquisition costs, but before amortisation of intangibles) divided by average net assets.

Underlying diluted EPS



- Includes all components of the Group's performance, based on profitability and capital structure.
- Investors typically value the Group's shares as a multiple of underlying EPS.

Operating margin is 42.7%. The full year of contribution from SWIP has strengthened the P&L. Average fee margin remains robust at 36.1bps.

Results

	2015 £m	2014 £m	Change
Net revenue	**1,169.0**	1,117.6	+4.6%
Staff costs	**(404.3)**	(388.9)	+4.0%
Non staff costs	**(266.0)**	(238.3)	+11.6%
Operating costs	**(670.3)**	(627.2)	+6.9%
Underlying operating profit	**498.7**	490.4	+1.7%
Net finance income	**2.5**	0.5	
Loss on investments	**(9.6)**	(0.6)	
Underlying profit before tax	**491.6**	490.3	+0.3%
Tax expense	**(74.7)**	(78.6)	
Underlying profit after tax	**416.9**	411.7	+1.3%

Net revenue for the year increased by 5% to £1,169.0 million, while operating expenses grew by 7% to £670.3 million. After net finance income and losses on investments of £9.6 million, underlying profit before tax is £491.6 million, marginally higher than in 2014.

SWIP contributed to the results for the full year, compared to only the second half last year. The contribution from SWIP for the 6 months to September 2014 was to increase revenues by £119.8 million and operating costs by £60.0 million. SWIP results are no longer tracked separately following the integration of teams and merger of certain funds.

Operating margin for the year was 42.7% (2014: 43.9%) and the main factors were:

- The benefit of an additional six months of revenues from SWIP was largely offset by the revenue impact from net outflows.
- Lower revenue from performance fees, down 38% compared to 2014. Operating margin would have been 0.4% higher had performance fees remained at 2014 levels.
- Increase in operating costs, mainly costs associated with staff, third party administration and other operational costs of the combined Aberdeen and SWIP business.

The balance sheet is strong and closing cash is £567.7 million. This is 13% lower than last year, due principally to consideration paid for acquisitions. Operating cash flow remains very healthy, with a conversion rate of 107% (2014: 111%) of operating profit to core operating cash flow.

Net revenue

	2015 £m	2014 £m
Management fees	**1,146.9**	1,085.7
Performance fees	**13.5**	21.7
Transaction fees	**8.6**	10.2
	1,169.0	1,117.6

Recurring management fees were 98% of net revenues (2014: 97%) and continue to provide a high quality base on which to build. Performance fees represented 1% of net revenue (2014: 2%), and are likely to continue at this lower rate.

The impact of outflows is reflected in lower management fees of £549.6 million in the second half year, compared to £597.3 million in the first half of 2015.

Revenue margins

The average management fee margin for the year was 36.1bps, which compares to 36.9bps for second half of 2014, being the most appropriate comparative period following the SWIP transaction.

This decrease is due to product mix caused by outflows from higher margin equities products.

Equities fee margins have increased. We continue to win new business at strong margins. In addition, the losses included some outflows from large books managed for certain institutional clients; these assets tend to have lower fee margins.

Fixed income fee margins fell due to product mix. A higher proportion of closing AuM invested in money markets and there were outflows from emerging market dept ("EMD"), which is our highest margin fixed income product. EMD had a run of AuM growth for the seven of the last eight years, but in 2015 flows were hampered by emerging market sentiment.

	2015 bps	H2 2014 bps	2014 bps
Equities	**66.4**	65.8	65.3
Fixed income	**21.1**	23.3	24.5
Aberdeen solutions	**17.4**	17.6	19.1
Property	**49.4**	51.6	52.1
Average	**36.1**	36.9	41.8

Strong cost discipline: both in achieving cost synergies from the integration of SWIP and in managing the Aberdeen cost base.

Operating expenses

Operating expenses have grown by £43.1 million (7%). Staff costs increased by 4%, with non-staff costs growing by 12%.

In the context that SWIP expenses for the 6 months to September 2014 were £60.0 million and 2015 includes a full year of contribution from the SWIP business, this demonstrates tight cost control.

Operating costs were £334.6 million in the first half of the year, rising only marginally to £335.7 million in the second half. Costs normally rise in the second half due to salary inflation from the start of January.

The main area of focus was staff costs, with headcount reductions in areas where there were duplicate roles, with some further savings in non-staff costs. The compensation ratio, being total staff costs divided by net revenue, of 34.6% (2014: 34.8%) remains competitive within our peer group.

	2015 £m	2014 £m
Staff costs	**404.3**	388.9
Third party administration	**61.4**	56.2
Accommodation	**30.5**	22.5
IT	**39.9**	36.1
Marketing	**28.9**	35.7
Depreciation	**8.6**	8.2
Professional fees	**20.3**	19.8
Travel & entertainment	**18.3**	18.1
Other	**58.1**	41.7
Non staff costs	**266.0**	238.3
Total costs	**670.3**	627.2

Third party administration costs which cover the outsource of back office, increased due to the addition of the SWIP business.

We have continued to control discretionary marketing spend, applying a greater concentration of the spend to priority markets. In addition, we have increased the level of spend on digital marketing at the expense of more traditional media.

Changes in other costs reflect the enlarged business for the full year.

Loss on investments

Losses on investments are largely unrealised losses on seed capital investments due to market volatility. £3.6 million of the loss is realised, with the remainder relating to investments that we still hold.

The Group has increased the value of seed investments in 2015. Some of the unrealised losses experienced in the year were mitigated by hedging new seed investnents. We now have the internal capability to economically apply hedging to certain seed investments.

Tax

The effective tax rate on the Group's underlying profit, defined as the tax charge divided by the underlying profit before taxation, was 15.2% for 2015 (2014: 16.0%).

The Group's overall tax rate is a blend of the rates which apply in each of the jurisdictions in which we operate, and reflects the fact that a large element of the Group's profit is earned in Asia, principally Singapore, where we have a large and long-established presence and where local tax rates are generally lower than in western countries. The effective tax rate has also benefited from a further reduction in the UK corporation tax rate to 20.5% for the year under review (2014: 22%).

Refinement of tax provisions made in previous years has resulted in a net tax credit of £2.4 million in the 2015 charge, which has reduced the effective rate by 0.5%.

UK tax payable on the Group's underlying profit for the year is £37.6 million (2014: £29.4 million), together with overseas taxes of £28.9 million (2014: £28.3 million). These taxes are paid in instalments, some of which have been paid during the current year with the balance falling due during the coming year.

Our policy is to ensure that profits are earned in the countries in which economic activities are undertaken and that those profits are properly subject to tax in accordance with the tax legislation which applies in each jurisdiction. We aim to comply fully with the requirements and expectations of each of the relevant tax authorities and to ensure that we deal with these authorities in an open and transparent manner.

EPS declined by 3.5% given the increased share count for the SWIP transaction. Whilst profit is flat, it has benefited from a full year contribution from SWIP.

Earnings per share

The Board believes that the most appropriate measure of the Group's profitability is the underlying diluted EPS number, which excludes from its calculation the amortisation charges on intangible assets as well as acquisition-related costs.

Underlying EPS has decreased by 3.5% to 30.0p per share. The decrease is mainly due to the full effect of the shares issued as consideration in the SWIP acquisition which were included for only part of 2014.

Dividends

The Group has used the cash generated from operations to pay a progressive dividend.

An interim dividend of 7.5p per share was paid to ordinary shareholders in June 2015 and the Board is recommending payment of a final dividend of 12.0p per share, resulting in a total payment for 2015 of 19.5p, an 8.3% increase on 2014. This dividend is covered approximately 1.5 times by diluted underlying EPS and is covered 1.1 times by diluted EPS, reported on a statutory basis.

Cash flow

The year to 30 September 2015 has seen strong cash flow, with operating profit of £498.7 million converted into £531.7 million of core operating cash flow, a conversion rate of 107% (2014: 111%).

This ratio will typically exceed 100% due to the non-cash charge in the income statement for the deferred share element of the annual variable pay.

The Group's cash position has decreased from £653.9 million to £567.7 million. This is mainly due to payments in respect of acquisitions, which totalled £169.4 million in 2015.

Core operating cash flow is operating cash flow, excluding the effect of short term timing differences on the settlement of open end fund transactions (which are generally settled within four working days) and £23.9 million of acquisition-related payments.

The increase in investments is principally due to an increase in seed capital investments. The £100 million preference share issue provided additional finance to support our increasing commitment to seed capital.

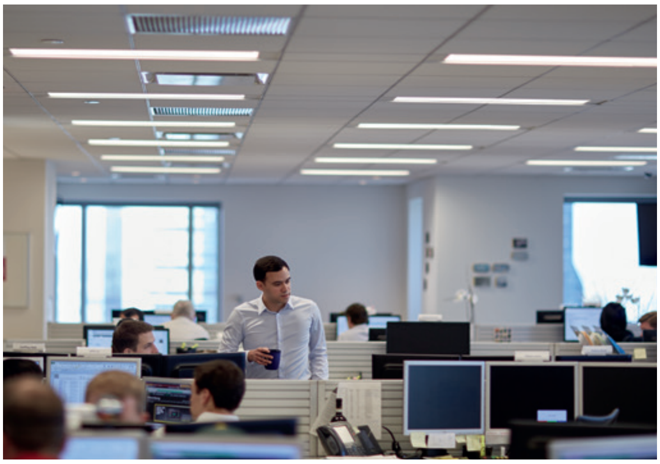
We spent £50.3 million to repurchase 13.7 million ordinary shares for cancellation, and £37.0 million buying shares in the market to neutralise the effect of deferred share awards. The EBT holds sufficient shares to satisfy the exercise of all outstanding awards. In the future, it will aim to purchase sufficient shares to cover the current period's awards.

Cash spent on acquisitions includes the deferred top-up payment of £38.3 million to Lloyds, plus £4.2 million adjustment on finalisation of SWIP completion accounts; initial consideration of £52.0 million for FLAG; and £29.0 million for the purchase of the remaining equity in Aberdeen SVG.

The Group's cash flow performance over the last two years is set out in the following table.

Cash flow performance

	2015 £m	2014 £m	2015 vs 2014
Cash generated from operations	**531.7**	543.8	-2.2%
Short term timing differences on fund settlements	**(1.3)**	(3.9)	
Net interest & tax paid	**(60.1)**	(58.0)	
Capital expenditure	**(8.5)**	(9.8)	
Free cash flow before acquisitions	**461.8**	472.1	-2.2%
Investments in seed capital	**(101.4)**	17.3	
Issue of preference shares	**99.5**	–	
Other investments	**(16.5)**	(5.8)	
Dividends & coupons paid	**(265.8)**	(221.9)	
Purchase of own shares by EBT	**(37.0)**	(64.3)	
Redemption of ordinary shares	**(50.3)**	–	
Ordinary shares issued	**–**	0.2	
Acquisition costs paid	**(23.9)**	(26.7)	
Acquisitions & disposals	**(133.5)**	67.9	
Dividends to non-controlling interests (acquisition-related)	**(12.0)**	–	
Exchange fluctuation	**(7.1)**	(11.5)	
Net change in cash & cash equivalents	**(86.2)**	227.3	

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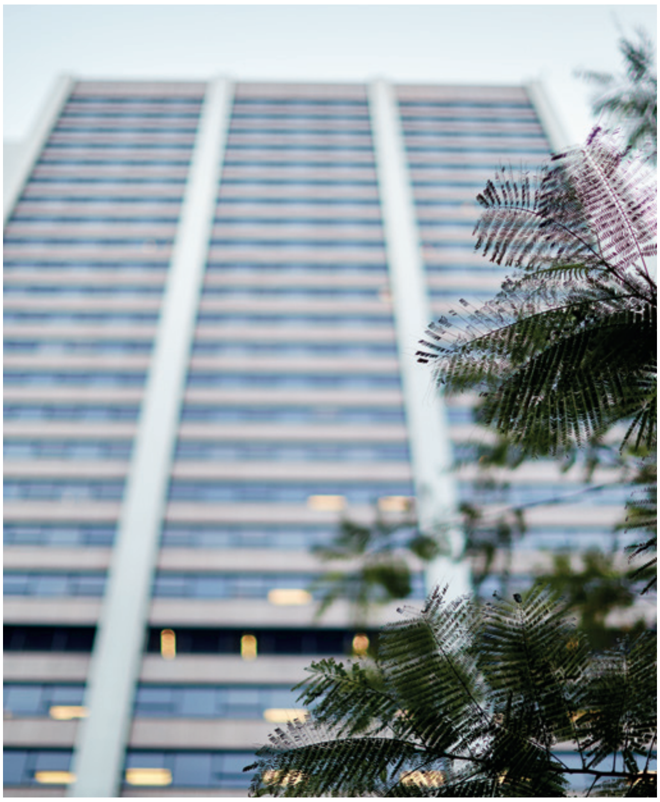


The balance sheet remains strong and closing cash is £567.7 million. The Group aims to continue to grow the dividend in future periods.

Amortisation and acquisition-related items

	2015 £m	2014 £m
Amortisation of intangible assets	**131.3**	99.4
Acquisition costs:		
Costs related to migration & integration of SWIP	**19.8**	37.7
Costs related to other acquisitions	**4.7**	(4.6)
Acquisition costs	**24.5**	33.1
Reduction in fair value of deferred consideration (net of discount)	**(24.4)**	–
Unwinding of the discount on deferred consideration	**6.5**	3.2
Total amortisation & acquisition-related items	**137.9**	135.7

The amortisation charge increased due to the full year charge on the SWIP management contracts.

Acquisition-related costs were £24.5 million for the year (2014: 33.1 million), including £23.0 million relating to the ongoing migration and integration of the SWIP business. Total migration and integration costs in relation to this deal are £48.5 million in line with the original estimate of £50 million. The integration is largely complete. SWIP acquisition-related costs were reduced by £3.2 million following the release of a surplus accrual.

In addition, costs of £4.7 million arose on the acquisition of FLAG, and the Parmenion and Arden transactions that are due to close in late 2015. These mainly relate to advisers' fees.

The estimate of the earn-out to be paid to Lloyds for the investment solutions business has reduced by £24.4 million. This is a benefit in the income statement. This liability is estimated based on fair value which is assessed at each reporting date based on the growth in AuM under the strategic relationship with Lloyds. AuM growth has been lower than initial expectations and therefore we have reduced the deferred liability to £35.9 million at 30 September 2015. The final amount payable will be determined according to the growth over the five year period to 31 March 2019.

Net finance costs

The main elements of net finance costs are the unwind of the discount on the SWIP deferred consideration, less interest received on cash balances. Excluding the unwind of the discount on the earn-out, net finance income has increased from £0.5 million in 2014 to £2.5 million, reflecting the increased cash balances.

Balance sheet

Total equity increased by £82.1 million to £2,158.0 million in the year to 30 September 2015. The main components of this increase were as follows:

Changes in equity

	£m
Profit for the year	309.0
Issue of preference share capital	99.5
Purchase of own shares by EBT	(37.0)
Share-based payment charge	45.4
Coupon paid on perpetual capital notes	(18.0)
Ordinary dividends paid	(243.2)
Redemption of ordinary shares	(50.3)
Unwinding of put option	(17.9)
Other movements in equity	(5.4)
Increase in total equity	**82.1**

Total equity has grown mainly due to the issue of preference share capital, offset by the redemption of share capital of £50.3 million of ordinary share repurchases.

Balance sheet

	Sep 2015 £m	Sep 2014 £m
Net cash	**567.7**	653.9
Other net tangible assets (liabilities)	**194.2**	(23.4)
Intangible assets (net of deferred tax)	**1,396.1**	1,445.4
Total net assets	**2,158.0**	2,075.9
Shareholders' funds	**1,736.5**	1,714.2
Non-controlling interest	**(0.1)**	40.1
Perpetual capital securities	**321.6**	321.6
Preference shares	**100.0**	–
Total equity	**2,158.0**	2,075.9

Pension deficit

There is now a net surplus of £18.1 million on the Group's legacy defined benefit pension schemes, compared to a net deficit of £3.6 million at the previous year end. Assets held by the schemes have increased by £20.9 million from a combination of improvements in markets and increased employer contributions.

In estimating the liabilities, we are required by IAS 19 to use a discount rate calculated by reference to the yield on high quality corporate bonds. The discount rate used this year is 3.9% compared to 4.0% in 2014.

While the lower discount rate led to an increase in the schemes' liabilities, the increase in the schemes' assets from investment performance and the Group's ongoing contributions, has enabled a reduction in any net deficit.

Capital and liquidity

The Group aims to maintain a strong balance sheet and the Board's intention is to create and maintain capital for the Group's strategic and operational objectives and to maintain comfortable headroom above regulatory requirements.

In early May, we announced a share buy-back of up to £100 million. The rationale was to return excess capital to our shareholders, considered in light of the excess over our regulatory capital requirement. By the end of September, we had bought back £50.3 million of capital and these shares have been cancelled.

In the second half of the year, we identified a series of small acquisitions to strengthen our alternatives and solutions business. One of these acquisitions, FLAG, completed before the year end and we decided to settle the initial consideration of £52.0 million in cash, rather than completing the full buyback programme.

We also issued £100 million of 5% preference shares as a cost efficient form of capital to support the provision of additional seed capital funding, as discussed above.

We use seed capital to launch new products. It can be used incubate new funds where we expect that there may be future client demand or it can be used to give scale to funds in order to make the funds more visible on distribution platforms.

The preference shares qualify as Additional Tier 1 capital and are recognised in the total capital available to be used to meet the Group's Pillar 2 requirement.

Headroom over Pillar 2 regulatory capital requirement is over £230 million, although this will reduce following completion of the remaining acquisitions.

Return on capital employed has reduced from 21.3% in 2014 to 19.6% reflecting the increase in capital due to the issue of £100 million preference shares an increase in equity in 2014 and 2015 following the SWIP acquisition.

Long term viability

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to September 2018. This assessment has been made taking account of the current position of the Group, corporate planning process and the Group's principle risks, as detailed in the strategic report on pages 12 to 13.

The corporate planning process includes our budget, strategy cycle and Internal Capital Adequacy Assessment Process ("ICAAP").

The strategy provides long term direction and is reviewed on, at least, an annual basis, including three year forecasts showing expected financial impact. The strategy is further tested in a series of robust downside financial scenarios as part of the annual review of the ICAAP. The ICAAP, covering a five year period, is prepared to identify and quantify the Group's risks and level of capital which should be held to cover those risks.

As part of the ICAAP, a risk assessment is carried out to identify the principal risks that may adversely impact the Group. These include operational, business, liquidity, market and credit risk. Statistical modelling is used to quantify these risks, which ensures that the Group holds sufficient regulatory capital to mitigate the impact of these risks.

This approach ensures a robust assessment of the principal risks, and mitigating actions, for the Group.

The Directors have therefore concluded, based on the extent of the corporate planning process and strong financial position, that there is a reasonable expectation that the Company and the Group have adequate resources and will continue to operate and meet its liabilities as they fall due over the period of their assessment and for the foreseeable future.

Risk management

Risk management is fundamental to our core objective of delivering sustainable and long term value to our shareholders.

The Board believes it is of vital importance that there is a Group wide focus on risk management. The assessment of risks is conducted using a top down approach that is complemented by a bottom up assessment process.

The top down approach considers the external environment and the strategic planning process to identify the most consequential and significant risks to shareholder value. The bottom up approach ensures a comprehensive risk assessment process that identifies and prioritises key risks; analyses data to verify key trends; and provides management with a view of events that could impact the achievement of business and process objectives.

Risk management framework

The Group maintains a comprehensive risk management framework and has clearly defined procedures for identifying and escalating risk concerns throughout the organisation. These processes help Aberdeen to safeguard client assets, protect the interests of all stakeholders and meet our responsibilities as a UK listed company and parent of a number of regulated entities.

The risk management framework also forms the basis upon which the Board reaches its conclusions on the effectiveness of the Group's risk management and internal controls.

Role of the Board

The Board is responsible for maintaining and reviewing the effectiveness of risk management; the internal control and assurance framework; and for determining the nature and extent of the risks it is willing to take to achieve the Group's strategic objectives, referred to as risk appetite. The risk appetite statement is reviewed by the Board on an annual basis.

The Board is provided with clear management information as well as the key indicators which allow them to monitor performance against set thresholds to ensure the Group's strategic objectives are consistent with, and can be met, within the boundaries of the risk appetite.

Risk register

The risk register describes key risks and their owners together with the causes and effects of each risk. It documents which boards and committees oversee these risks as well as aligning to the policy and procedure framework.

The register introduces a standard risk language and methodology for identifying, evaluating, measuring and reporting risks to ensure a consistent approach to risk management.

Three lines of defence

The overall risk management structure operates under a 'three lines of defence' model:

1. Business management: responsible for the identification and mitigation of risks and taking the lead with respect to implementing and maintaining appropriate controls.
2. The control oversight functions within the Risk Division: oversee compliance with regulatory and legal requirements as well as monitoring operational, investment and counterparty risk.
3. Independent assurance by Internal Audit: recommend improvements to the control environment.

Risk and control attestation

The Group has in place a risk management system, Sword ArcLogics™, which supports risk identification, assessment, issue tracking, monitoring, assurance and reporting.

Risk events are captured by the business and assessed and approved through a workflow by the second line of defence. Lessons learned from risk events can require specific reports and periodic updates. Issues can also be raised when there are control failings and inefficient processes identified or through regular continuous monitoring or deep dive reviews by the second and third line of defence teams.

The Risk and Control Self-Assessment ("RCSA") process is an integral part of the Group's risk management and control framework. The process is designed to integrate and co-ordinate risk identification and risk management efforts, and improve the understanding, control and oversight of operational risks.

Managers in the business undertake RCSAs to review the key operational risks and controls and the impact and likelihood of these risks arising. These risk assessments are monitored on a regular basis to ensure the business continually understands the risks it faces. First and second line assurance is provided through a quarterly control sign off and annual risk sign off.

Internal Capital Adequacy Assessment ("ICAAP")

ICAAP is a regulatory requirement under which we are required to prepare an internal assessment of our capital adequacy. The process represents an opportunity to assess all principle risks to ensure their sound identification and quantification, allowing the determination of capital that is consistent with the Group's risk profile.

The ICAAP is discussed and challenged by the Board at several stages throughout the year, from initial planning, to presentation of the initial findings, and consideration and approval of the final document.

Consideration of the ICAAP is integral to significant business decisions, major changes to risk profile, changes to business strategy and merger and acquisition activity.

Blue sky thinking

The Board holds periodic sessions to consider 'blue sky' risks by exploring the potential business challenges, threats, short term and horizon risks, and how wider industry trends may impact group strategy in the coming years.

This year's session was facilitated by external consultants who used questionnaires to gather views on significance and themes of risk 'interconnectedness'. The key themes are reflected in the table below and cover technology, changing investor demands and the importance of key staff.

Risk reporting

The Board is provided with a number of risk reports, which they use to review the Group's risk management arrangements and internal controls. The reports enable the Board to develop a cumulative assessment of the effectiveness with which internal controls are being managed or mitigated.

Board assessment of risk management and internal control

Applying the framework described above, the Board is able to confirm they have carried out a robust assessment of the principal risks facing the company, including those which would threaten our business model, future performance, solvency or liquidity. We have included the viability statement in the finance review section on page 43 and it draws upon the risks described here to assess potential vulnerabilities.

The framework allows the Board to carry out an annual review of the effectiveness of the company's risk management and internal control systems. The Board is able to confirm that this is operating effectively.

Key risks

The risks described in the tables on the following pages are a reflection of those discussed by the risk committee. These risks are discussed, debated and challenged in the context of what is changing in the business, as well as in the wider investment sector and economy, the Board's strategy sessions and the 'blue sky thinking' exercise. Together, strategic planning, risk assessment, blue sky thinking and ICAAP re-inforce each other.

As a result of this assessment, some of the key changes from last year are:

Theme	Impact	Risks affected
Market volatility	Volatility and economic uncertainty has had a clear impact on performance, flows and client risk appetite, which impact AuM flows. As investor appetite shifts, there are flows across different types of products and styles of mandate.	Investment process Investment mandate
Changing needs of clients	The pools of wealth managed by fund managers are moving from defined benefit to defined contribution pension schemes. Along with this, there is greater focus on the individual to save and plan for retirement and a greater demand for 'outcome orientated' investment products.	Client management Acquisitions
Technology	This has a fundamental impact on our sector across a number of dimensions: how we understand, communicate with and sell to clients; how we manage large volumes of data and process large amounts of transactions; how we make use of information about our investments. As well as changing how we operate, it creates new risks, especially around security.	Investment mandate Brand and marketing Business continuity Technology and information security

1. Our clients

Risks	Mitigating factors	Changes in 2015
1a) Distribution and client management		
Client relationships are fundamental to our business and retention of AuM. Our main source of business originates through two channels of distribution: directly from institutions and indirectly through investment intermediaries. There is therefore the risk that we mislead clients or misrepresent products to clients which could create regulatory censure as well as loss of clients. Poor management of client or distributor relationships is also a risk. Client needs and expectations continue to evolve and change in profile, and there is a risk that we fail to customise and tailor our service models to suit their specific requirements.	The Board views meeting customers' needs and expectations as integral to Aberdeen's corporate culture. Our client relations teams keep in regular contact with clients to ensure their needs are addressed and we now have product specialists in our distribution teams for key capabilities including property, money market solutions, alternatives and quantitative strategies. We also have a global network of offices which allows us to service local clients and the leading private banks and wealth managers. In addition, we have a number of committees focused on reviewing business conduct from a customer perspective, including the conduct committee, investor protection committee, pricing committee and conflicts of interest committee.	Client retention remains a focus for client service and investment teams, especially given lower investor appetite for Asia and emerging markets.
1b) Product		
Product risk arises from poor product design or complexity, resulting in the misleading or misrepresentation of products to clients. It can also arise when products no longer meet the clients' objectives or requirements. The newly formed product division provides a clear identifiable focus on product governance and post fund launch activities.	We have a centralised product development team which oversees the assessment and launch of all new products across the Group. There is a Group-wide approach covering all asset classes as well as product and competitor reviews. New fund proposals and strategies are evaluated and approved by the Product Development Committee, which considers the risks, potential investor profiles and distribution channels to ensure suitability and commercial viability. We conduct product analysis to confirm products are performing as expected and meeting the needs of our clients. We invest in both organic growth and acquisition opportunities; and seed capital is deployed to support the development of new investment strategies.	Shifting investor preferences and volatile market factors are increasing the growing appetite for speciality investments. Clients' willingness to consider non-traditional investment alternatives and adopt new products is increasing, most notably within defined contribution and retail. We strengthened our solutions capabilities (across distribution, product, risk, operations), which will enable us to meet the growing demand for 'outcome orientated' propositions.
1c) Brand and marketing		
Digital developments are transforming the way we interact with clients. We risk damaging our reputation if we do not keep pace with how an increasing number of clients and stakeholders want, and expect, to interact with us, and if brand or marketing activities are inconsistent with our culture or operations.	A dedicated marketing team oversees all social media communications, to ensure regulatory compliance, and to develop our digital offering to help us communicate with client audiences in an engaging way. We track reputational change through a specialist company who analyse industry, media and social commentary to help us to understand what is influencing our reputation, how we compare to our peers, and the way our reputation is evolving. The compliance team works closely with the business to check marketing materials are consistent with products and capabilities.	The rapid rise in social media is transforming the way investors interact with businesses and digital channels are becoming more important to communicate with clients and raise the profile of the group.

2. Our investment process

Risks	Mitigating factors	Changes in 2015
2a) Investment process		
There is the risk that portfolios will not meet their investment objectives or that there is a failure to deliver consistent and above average performance due to markets movements or investment decisions. The interaction of investment process, the retention of key investment personnel (4a) and investment performance are important factors for the growth and retention of AuM. Poor investment performance could lead to the loss of clients and may cause AuM, revenue and earnings to decline.	We develop each of our investment areas, ensuring each desk has a disciplined investment process, centred on team based decision making and original research. We make investment decisions based on the long term, which may occasionally lead to periods of underperformance. We mitigate this by ensuring clients and investment consultants fully understand our investment philosophy and by openly discussing performance drivers, supported by relevant analysis of the performance components. We have a market risk team, which reviews and challenges investment risks across all asset classes, independently of our fund managers. Where necessary, we may moderate inflows to some products to avoid any risk of dilution in the quality of the portfolios.	Macroeconomic and political events may continue to impact markets significantly over coming months; they also impact our investment performance – but we remain confident in the longer term prospects of the companies and assets we invest in. Unsurprisingly, current market volatility has raised the importance of liquidity risk management, as well as the severity and swiftness with which this risk can materialise. We have a number of redemption tools at our disposal to manage liquidity issues caused by market volatility, including but not limited to; restrictions on unlisted securities: an extension of settlement period limits on large redemptions; redemptions in specie; and, dilution levy tools.
2b) Investment mandate		
The risk of intentional or unintentional errors (including exceeding client exposure limits or mandated risk levels) leading to compensation for breach of investment mandate.	Client and investment mandate restrictions are automated as much as possible to reduce areas where judgement or manual intervention is required. Timely and accurate monitoring of restrictions is facilitated through our compliance monitoring system. If an investment breach is identified, the factors leading to the breach are promptly analysed and the position corrected. There is segregation of duties between all conflicting roles and there are also overarching controls in various committees, as well as an independent review of portfolio data by the market risk team.	Volatility and economic uncertainty has subdued investor appetite for certain asset classes, impacting performance and increasing flows across different types of products and styles of mandate. This increase in trade activity has the potential to exacerbate current low volumes of trade errors. Our control systems are designed to ensure that all trades comply with client requirements and portfolio or fund guidelines and restrictions.

3. Our resilience

Risks	Mitigating factors	Changes in 2015
3a) Legal and regulatory		
The Group is subject to regulatory oversight and inspection by the FCA and other international regulators. Aberdeen operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the Group. We may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulations. Conduct and culture, and managing or avoiding conflicts of interest, are also key themes.	The management of legal and regulatory risk is the responsibility of the senior management of all functions, supported by the in-house legal and compliance teams. The legal and compliance teams track legal and regulatory developments to ensure the Group is prepared for both global and local changes. In addition to developing policies, delivering training and performing monitoring checks, they provide advice to other divisions to ensure compliance with legal and regulatory requirements. They also work with project groups to implement key regulatory changes. Aberdeen's 'three lines of defence' model clarifies essential roles and duties to ensure effective communication of risk management and control. We foster an open and constructive relationship with our regulators and participate in industry forums and associations so that we are informed about, and involved in, potential changes.	Progress is being made in implementing MiFID II and UCITS V regulations and planning for future changes. The FCA has announced a competition review of the asset management sector. This will include a study of business models and profitability, from which the FCA may make recommendations. The regulatory environment continues to be challenging, and we remain focused on areas such as the senior management regime, market abuse, financial crime, capital liquidity, conduct, governance and cyber security.
3b) Acquisitions		
The Group's strategy for diversification has increased our acquisition activity. There is a risk that potential demands on staff and resources required to integrate a new business and/or re-organise process, may lead to increased levels of organisational stress. There is also the risk that an element of an acquisition produces unintended results, negatively impacting operational, effectiveness and cost.	Acquisitions are only considered when they fit with the Group's strategic goals. A robust due diligence process is undertaken, which includes a careful analysis of all strategic, financial, operational, and technological requirements before any acquisition is made, including our ability to integrate successfully the acquired business. The due diligence process also includes a cultural assessment to establish areas of similarity and difference which may impact integration efforts and the achievement of strategic objectives. Strong project governance is also in place to manage the scale, scope and change management implications of acquisitions.	SWIP integration is largely complete. The acquisitions announced during the year strengthen our solutions capabilities and the Parmenion acquisition advances the Group's digital capabilities. There will not be a major integration effort required.
3c) Business continuity		
We have an obligation to ensure the business can operate at all times. There is a risk that we do not identify potential impacts and threats to the Group, and build the resilience and capability required to ensure an effective response that safeguards the interests of key stakeholders, reputation, brand and value creating activities.	We have established business continuity management policies and recovery plans, which define the standards and requirements for business continuity, pandemic preparedness, crisis management and recovery. Plans are regularly tested. Off-site backup facilities are in place for our for principle offices. Our wide network of offices globally also provides us with the resilience and security that key operations can be moved and/or managed from one location to another at short notice if necessary.	No change.

Risks	Mitigating factors	Changes in 2015
3d) External service providers		
The Group relies on a number of third party relationships and services to carry out business functions. The risk arises from the inability to effectively carry out robust evaluations of third parties prior to Aberdeen engaging in dealings, as well as having poor ongoing oversight.	We use a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring that we have significant influence and leverage. However, it also exposes us to concentration risk and dependence on strategic providers. Our operations team oversees these third party administrators. They monitor agreed service levels through a suite of key indicators, focusing on significant aspects such as service quality and risks. Contingency plans in the event of the withdrawal or failure of a strategic supplier are reviewed by the Board. We also regularly review the business recovery infrastructure and strategy of these suppliers. This includes visits by our senior executives to strategic suppliers during the year and on-going monitoring and review by our control oversight functions.	We continue with a dual administrator policy and have introduced a new outsourcing oversight committee.
3e) Technology and information security		
The Group's technological infrastructure is critical to our operation and the delivery of products and services to clients. Technology and information security risk relates to the risks that our technology systems are inadequate or that they fail to adapt to changing requirements. It also covers cyber related risks where the Group is exposed to financial loss or damage to reputation as a result of failure of information technology systems; a flaw or weakness in hardware, software or process that exposes a system to compromise by third parties; and, that data is held insecurely or breached. Technology and data innovation are also transforming many aspects of the investment process. There is a risk that our systems and platforms do not have the flexibility to support a more diverse client base and we fail to utilise our data to gain a competitive advantage.	The Information Security and Business Continuity Committee provides the overall strategic direction, framework and policies for technology and information security, with a particular focus this year on cyber-crime prevention. This is supported by Aberdeen's global cyber security programme which is focussed on the protection of the confidentiality and integrity of our information assets. We employ an external global capability to support the management and protection of our network, critical internal assets and data. This includes an incident response service in real time as they occur to identify and thwart potential malicious activity. A periodic risk assurance review of our information security and cyber risk framework is undertaken by a professional service firm, to benchmark against our peers.	Managing, monitoring and maintaining cyber and information security risk remains a critical focus, and we continue to strengthen our controls to safeguard our assets. The Parmenion acquisition enhances Aberdeen's strategy to capitalise on advancements in technology and develop our digital offering to meet technology driven changes in client demographics, profile and behaviour.

4. Our people

Risks	Mitigating factors	Changes in 2015
4a) Loss of key investment personnel		
Retaining, developing and investing in talent are fundamental to Aberdeen's stability and long term success. Our reputation and client retention could be damaged through significant changes in investment personnel. Failure to prevent the departure of qualified employees dedicated to oversee and implement current and future regulatory standards and initiatives could also negatively impact on the Group's operations.	At Aberdeen we do not have star fund managers; we have teams with complementary skillsets who discuss investment decisions and take collective responsibility. This team based approach seeks to avoid reliance on any one individual. There is a strong development programme for fund managers and we seek to encourage performance and loyalty through appropriate remuneration and benefits packages, which includes a significant deferred element. Appraisals and remuneration are designed to develop, attract, motivate and retain staff. Succession plans are in place to ensure there is cover for key roles, and these are formally reviewed and updated annually. Group strategy is disseminated through all levels of the organisation, so each business area can engage with our ambitions of growth.	We continue to grow our senior leadership and emerging talent programmes identifying individuals with the potential to fill senior roles in the future. The senior programme is run by INSEAD business school. We updated the annual appraisal process to ensure that there is a clearer documented link between objectives setting, performance and remuneration with strategy and culture. We continue to develop ideas put forward by employees on our internal innovative platform 'Ignite'. This platform enables colleagues to collaborate, discuss, challenge and help shape the future direction of our business.

5. Our shareholders

Risks	Mitigating factors	Changes in 2015
5a) Foreign currency risk		
The Group's results are reported in sterling. Due to the geographically diverse locations in which Aberdeen operates, business is conducted in a number of currencies. These include the US dollar, Singapore dollar and Euro. There is a risk that the Groups financial position is exposed to adverse movements in exchange rates.	The Board reviews the currency profile of the Group, including cash flows and balance sheet. Variations in the sterling value of operating costs and interest costs will, to an extent, offset any similar impact of fluctuating exchange rates on revenues. The treasury function prepares a sensitivity analysis of the effect of changes in rates. Further details on sensitivity to changes in currencies are set out in note 30 of the financial statements.	No change.
5b) Liquidity risk		
The Group aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.	The Group's cash position, available facilities and forecast cash flows are monitored by the Group's treasury function. The Group's cash position continues to strengthen. We prepare long term forecasts and use stress tests to assess the Group's future liquidity, as well as compliance with regulatory capital. The cash and funding position of each subsidiary is monitored and each entity has access to appropriate liquidity.	The Group has continued to hold significant cash balances and there is comfortable headroom over Aberdeen's regulatory capital requirement.

Risks	Mitigating factors	Changes in 2015
5c) Credit risk		
We face credit risk as a result of counterparty exposure. The principal risks are in respect of deposits placed with banks.	We monitor the value of deposits with our counterparties against limits in our treasury policy. As our cash balances have grown, we have increased the number of counterparties with which we deposit our cash. The treasury function is supported by the front office credit team, as well as the market risk function that perform internal credit reviews. Where appropriate, we extend our assessment of counterparty risk to include major suppliers. We set capital aside for seed capital investments in response to the risk of movements in valuations in stressed conditions or our ability (whether through credit or liquidity stresses) to recover the value of the investments.	No change in counterparty risk from cash deposits or receivables. The value of seed capital has increased, although we see no material change in exposure. We have however seen volatility in market value for these investments.

Corporate governance

Roger Cornick
Chairman

"We believe that effective and transparent corporate governance is fundamental to the successful operation of both our own business and that of the companies and countries in which we invest.

As a Board, we are accountable for all of the Group's activities and we seek to follow best practice in our day to day operations.

Over the course of the year we have continued to apply the principles of the Corporate Governance Code, as detailed in the following report."

Corporate governance overview

In this section

UK Corporate Governance Code

The FRC published a new edition of the UK Corporate Governance Code in September 2014 that applies to reporting periods beginning on or after 1 October 2014 ("the Code").

The Group has complied throughout the year with the Code except where noted in the report below. This report describes Aberdeen's corporate governance arrangements, explaining how the Group has applied the principles of the Code.

Corporate governance framework and responsibilities

Board of directors	Group management board
• Set the Group's strategy, goals and objectives. • Set, with advice from the risk committee, the Group's risk appetite, ensuring consistency with the Group's strategy. • Approve budgets and business plan.	• Review Group and divisional strategy plans and budgets. • Review and consider risks within the Group. • Take decisions on the day to day management of the Group except where matters are reserved for decision by the Board.
See biographies on pages 56 to 59.	See biographies on pages 60 to 61.

Board composition

The Board currently comprises of the Chairman, seven non-executive directors and six executive directors. Val Rahmani was appointed to the Board on 3 February 2015 and there were no other changes to the Board during the year.

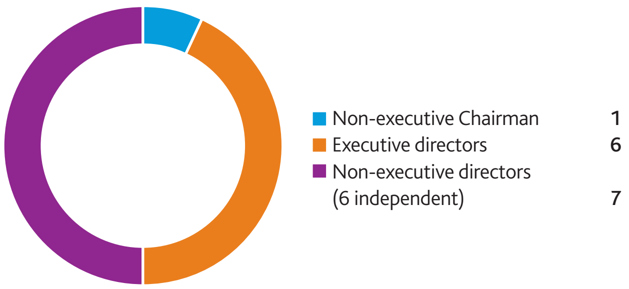
The roles of the Chairman and Chief Executive are separate, clearly defined and have been approved by the Board. The Chairman, Roger Cornick, is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. The Chief Executive, Martin Gilbert, is responsible for the day to day management of the Group. Simon Troughton continues in his role as the Senior Independent Director providing a sounding board for the Chairman and serving as an intermediary for the other directors, where necessary. Further information regarding the experience of the Board is given in their biographies on pages 56 to 59.

Independence

In considering director independence, the Board has taken into consideration the guidance provided by the Code. Of the non-executive directors, Akira Suzuki has been appointed by a significant shareholder, Mitsubishi UFJ Trust and Banking Corporation, and he is therefore not considered to be independent. The Board, having given thorough consideration to the matter, considers the other six non-executive directors to be independent.

We did not comply during the year, nor do we currently comply with the code requirements on the number of independent directors. Whilst not complying, we believe we meet the underlying principle of having a Board that is well balanced between executive and independent non-executive directors. We do not believe it would be beneficial to increase the size of the Board further, as the number of executive directors adds value. Further, we have one non-executive director appointed by a long term shareholder. All directors are subject to annual election by shareholders.

Split of Directors



Board evaluation

A formal process has been established, led by the Chairman, for the annual evaluation of the performance of the Board, its appointed committees and each director, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements.

The Board undertook an external performance evaluation in 2014. This year, the performance evaluation of the board, its committees and its individual directors has been conducted internally, with the Chairman meeting each director individually in order to discuss personal performance, training and development needs and to facilitate discussion on the wider performance of the board and its committees. The results were discussed by the Board and the committees. The exercise also focused on the external review undertaken in 2014 and has noted the importance of ensuring that Board and committee reporting remained relevant and complete, being mindful of the continuing growth in the Group and its activities.

The non-executive directors also met without the Chairman present to discuss the evaluation of his performance, having taken into consideration the views of the executive directors. The results of this meeting were subsequently discussed between the Senior Independent Director and the Chairman. Additionally, the Chairman and the non-executive directors held a meeting without the executive directors present at which the executive directors' performance was discussed.

Committees

The Board has set up five committees, to assist in the oversight and control of the Group and its activities.

Audit committee

- Monitor the integrity of annual, interim and preliminary financial statements of the Group.
- Review and assess the annual internal audit plan and internal audit function, and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- Assess annually the independence and objectivity of the external auditor and oversee quality of audit work.

See pages 65 to 67 for the audit committee report.

Innovation committee

- Encourage staff to share their ideas of where the Group can grow and provide input to the existing corporate culture.
- Agree what aspects of innovation are important at Aberdeen.
- Encourage staff to offer their 'blue sky thinking'.
- Focus on exploring and prioritising new ideas.

See page 68 for the innovation committee report.

Nominations committee

- Regularly review the structure, size and composition required of the Board compared to its current position and in line with governance requirements.
- Consider appropriate succession planning for directors and other senior executives.
- Keep under review the executive and non-executive leadership needs of the organisation.

See page 69 for the nominations committee report.

Risk committee

- Support the Board in its consideration of the business activities that expose the business to current and future material risks.
- Advise the Board on setting risk appetite.
- Ensure that senior management has in place procedures and mechanisms to identify and control all fundamental operational, financial, reputational, and regulatory risks.
- Oversee the compliance function.

See pages 70 to 71 for the risk committee report.

Remuneration committee

- Determine the remuneration strategy for the Group to ensure staff retention and incentivisation, to meet with current best practice and to align the interests of all stakeholders, in particular shareholders and employees.
- Determine the remuneration packages for the Chairman, all executive directors and the senior employees.
- Review any performance-related pay schemes and all share incentive plans for approval by the Board and shareholders.

See pages 72 to 88 for the remuneration committee report.

Board of directors

Roger Cornick

Chairman

Background and experience
Roger was with Perpetual PLC for over 20 years where, latterly, he served as deputy chairman. Roger has over 30 years' experience of marketing and distribution in financial services and is currently a trustee of the River and Rowing Museum.

Date of appointment
Roger was appointed to the Board as an independent non-executive director on 23 January 2004 and was appointed Chairman on 22 January 2009. Roger is also chairman of the nominations committee.

Other appointments
- The River and Rowing Museum (trustee)

Martin Gilbert

Chief Executive

Background and experience
Martin trained as a chartered accountant prior to moving into investment management with an Aberdeen firm of solicitors. He is a founding director and shareholder of the Group. Martin is also chairman of the PRA Practitioner Panel, and a member of the Monetary Authority of Singapore's International Advisory Panel.

Date of appointment
Martin was appointed to the Board on 1 July 1983.

Other appointments
- Sky plc (senior independent non-executive director)

Simon Troughton

Senior Independent Non-Executive Director

Background and experience
Simon was a partner at Cazenove and Company Limited before moving to Fauchier Partners in 2003 where he became chief operating officer. He qualified as a chartered surveyor having read Land Economy at Cambridge University.

Date of appointment
Simon was appointed to the Board on 29 July 2009 and is chairman of the remuneration committee.

Other appointments (Europe)
- Redburn Limited (non-executive director)

Julie Chakraverty

Independent Non-Executive Director

Background and experience
Julie was formerly a board member of UBS Investment Bank and a non-executive director of Spirit Pub Company and the insurance company Paternoster. Within UBS, she held a number of global leadership positions with a specialised background in risk management and fixed income. She started her financial career over 20 years ago at JP Morgan, after graduating with first class honours in Economics from St John's College, Cambridge.

Date of appointment
Julie was appointed to the Board on 4 May 2011 and is chairman of the innovation committee.

Other appointments
- Amlin plc (non-executive director)
- Rungway Limited (director)
- Girls Day School Trust (trustee)

Andrew Laing

Deputy Chief Executive

Background and experience

Andrew joined the Group in 1986 with responsibility for private equity investment. Andrew was subsequently appointed chief operating officer. Prior to joining Aberdeen, Andrew practiced commercial law and was a private equity fund manager in Edinburgh.

He graduated from the University of Aberdeen with an MA in Politics and International Relations, and an LLB. Andrew serves on the board of the Investment Association and is also a director of a number of Group subsidiary companies.

Date of appointment

Andrew was originally appointed to the Board in 1987 and then again on 23 January 2004 and was appointed Deputy Chief Executive in 2008.

Rod MacRae

Group Head of Risk

Background and experience

Rod is responsible for UK and global risk including regulatory compliance, legal services, business and market risk. Rod joined Aberdeen in 2003, following the acquisition of Edinburgh Fund Managers.

He graduated with an MA in Economics from the University of Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Rod is a director of a number of Group subsidiary companies.

Date of appointment

Rod was appointed to the Board on 1 October 2012.

Richard Mully

Independent Non-Executive Director

Background and experience

Richard was formerly the co-founder and managing partner of Grove International Partners LLP, a major real estate private equity firm. He spent much of his 30 year career in financial services as an investment banker. Richard graduated with first class honours in Economics from University College London and also holds an MBA in Finance.

Date of appointment

Richard was appointed to the Board on 23 April 2012 and is chairman of the risk committee.

Other appointments

- ISG PLC (senior independent non-executive director)
- alstria Office REIT-AG (supervisory board member)
- St. Modwen Properties PLC (senior independent non-executive director)
- Actis Capital (senior advisor)
- Starr Street Limited (director)

Jim Pettigrew

Independent Non-Executive Director

Background and experience

Jim was formerly chief executive of CMC Markets plc. Prior to joining CMC, he was chief operating officer and finance director at Ashmore Group plc, chief financial officer of ICAP plc from 1999-2006 and group treasurer at Sedgwick Group plc. Jim is president of the Institute of Chartered Accountants of Scotland and is an LLB.

Date of appointment

Jim was appointed to the Board on 23 April 2010 and is chairman of the audit committee.

Other appointments

- The Edinburgh Investment Trust Public Limited Company (chairman)
- Clydesdale Bank plc (chairman)
- Crest Nicholson Holdings plc (senior independent non-executive director)
- RBC Europe Limited (deputy chairman)

Val Rahmani

Independent Non-Executive Director

Background and experience

Val was formerly chief executive officer of US internet security software firm, Damballa and, prior to that, held a number of senior management roles with IBM Corporation. She graduated from Oxford University with a MA and PHD in Chemistry.

Date of appointment

Val was appointed to the Board on 3 February 2015.

Other appointments

- Computer Task Group (non-executive director)

Anne Richards

Global Chief Investment Officer

Background and experience

Anne is Global Head of Aberdeen Solutions, Global Chief Investment Officer and Head of the EMEA region. Prior to Aberdeen, she worked for Merrill Lynch and Edinburgh Fund Managers, where she was chief investment officer and joint managing director. Anne graduated with first class honours in Electronics and Electrical Engineering from the University of Edinburgh, and has an MBA from Insead. Anne is a member of the FCA Practitioner Panel. She was appointed a Commander of the Royal Victorian Order ("CVO") in June 2014.

Date of appointment

Anne was appointed to the Board on 22 March 2011.

Other appointments

- The University of Edinburgh (vice convener)
- esure Group plc (non-executive director)
- CERN and Society Foundation (chair)
- The Investor Forum (director)

Bill Rattray

Finance Director

Background and experience

Bill joined the Group in 1985 as company secretary and subsequently became group financial controller. Prior to joining the Group, Bill trained as a chartered accountant with Ernst & Whinney in Aberdeen, qualifying in 1982. Bill is a director of a number of Group subsidiary companies.

Date of appointment

Bill was appointed to the Board on 31 January 1991.

Other appointments

- Curtis Banks Group plc (non-executive director)

Jutta af Rosenborg

Independent Non-Executive Director

Background and experience

Jutta was formerly chief financial officer for ALK-Abelloó A/S, a global pharmaceutical company, headquartered in Denmark and a non-executive director of Carnegie WorldWide Investment Fund. Jutta has spent most of her career in finance, having originally qualified as a chartered accountant with Deloitte before establishing her own auditing and consulting business. Jutta has a master's degree in business economics and auditing from the Copenhagen Business School.

Date of appointment

Jutta was appointed to the Board on 18 January 2013.

Other appointments

- Det Danske Klasselotteri A/S (chairman)
- Auriga Industries A/S (deputy chairman)
- JPMorgan European Investment Trust plc (non-executive director)
- The PGA European Tour (non-executive director)
- NKT Holdings A/S (non-executive director)

Akira Suzuki

Non-Executive Director

Hugh Young

Managing Director

Background and experience

Akira joined Aberdeen through the business and capital alliance with Mitsubishi UFJ Trust and Banking Corporation. Akira has a Bachelor of Law degree from Keio University. Following graduation Akira joined Mitsubishi and has undertaken a wide variety of roles, primarily in asset management and is currently Managing Executive Officer and is based in Tokyo.

Date of appointment

Akira was appointed to the Board on 29 August 2013.

Other appointments

- AMP Capital Holdings Limited (director)

Background and experience

Hugh is Global Head of Property, Fixed Income and Active Equity and Managing Director of Aberdeen Asset Management Asia Limited. He founded Singapore based Aberdeen Asia in 1992 and has been managing the Group's Asian equities since 1985. Hugh graduated with a BA in Politics from Exeter University. Hugh is a director of a number of Group subsidiary companies and Aberdeen-managed investment trusts and funds' boards.

Date of appointment

Hugh was appointed to the Board on 22 March 2011.

Committees

The responsibilities of the committees continue to grow in scope and complexity in response to increasing regulatory requirements. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisors, may be invited to attend as appropriate. A full description of their responsibilities and terms of reference are provided on the Group's website at **aberdeen-asset.com/aam.nsf/InvestorRelations/termsofreference**

	Audit	Nominations	Risk	Remuneration	Innovation
Roger Cornick		▲			
Julie Chakraverty	✓		✓		▲
Andrew Laing					✓
Richard Mully	✓		▲	✓	
Jim Pettigrew	▲	✓	✓		
Val Rahmani			✓		✓
Jutta af Rosenborg	✓			✓	
Simon Troughton		✓	✓	▲	

▲ = Chairman of committee

Group management board

The operational management of the Group is delegated by the Board to the Group Management Board ("GMB") which comprises the six executive directors and other heads of department.

The GMB meet three times each month, has specific terms of reference which have been approved by the Board, and has responsibility for implementing the Board's strategy.

Gordon Brough

General Counsel & Deputy Group Head of Risk

Gordon joined Aberdeen in February 2009 to head up the Group's legal function having previously been the partner responsible for the Group's affairs at Maclay Murray & Spens LLP. Gordon is qualified as a lawyer in both Scots and English law.

Kerry Christie

Global Head of Human Resources

Kerry is Global Head of Human Resources and was appointed to the GMB in 2010. She joined Aberdeen in March 2000 and was appointed Head of Human Resources in October 2003. Kerry graduated from Robert Gordon University with a BA in Public Administration and a postgraduate diploma in Personnel Management.

Brad Crombie

Global Head of Fixed Income

Brad re-joined Aberdeen in 2012 after starting in the Group's graduate trainee programme twelve years ago. In the interim, he worked at Bank of America Merrill Lynch as a managing director, running the bank's non-financial corporate and high yield credit research team for the EMEA region. He graduated from McGill University with BA and MA degrees and read history at the University of Cambridge.

Ken Fry

Chief Operating Officer

Ken graduated from the University of Essex with a BA in Computer Science and joined Aberdeen with the acquisition of Frederick's Place Holdings in 1989 as Group IT Manager. He was appointed to the GMB in 2006 as Chief Technology Officer and to his current role in 2008.

Bev Hendry

Co-Head of Americas and Chief Financial Officer

Bev was appointed Co-Head of Americas and Chief Financial Officer in July 2014. He first joined Aberdeen in 1987 and helped establish Aberdeen's business in the Americas. Bev re-joined Aberdeen from Hansberger Global Investors where he has worked for six years as Chief Operating Officer. Bev is a chartered accountant and graduated with an MA in Economics from the University of Aberdeen.

Devan Kaloo

Head of Global Emerging Markets and Head of Equities

Devan joined Aberdeen in 2000 as part of the Asian equities team in Singapore, before later transferring to London. Previously, he worked at Martin Currie in 1994 covering Latin America, subsequently working with North American equities, global asset allocation and eventually Asian equities teams. Devan graduated with an MA (Hons) in Management and International Relations from the University of St Andrews and a postgraduate diploma in Investment Analysis from the University of Stirling.

Jonathan Loukes

Deputy Finance Director

Jonathan joined Aberdeen in 2010 from Deloitte where he held senior roles in corporate finance and audit. Jonathan graduated with an LLM from Glasgow University and an MBA from Manchester Business School. He is also a chartered accountant.

Gary Marshall

Head of Product

Gary joined Aberdeen as Head of Sales and Marketing through the acquisition of Prolific Financial Management in 1997. Since then he has worked in many areas of the business; including a period as Head of the Americas based in the US for nearly five years. Gary currently serves as Chief Executive of Aberdeen Fund Managers Ltd, the Group's primary fund management entity in the UK. Gary graduated with a BSc (Hons) in Actuarial Mathematics and Statistics from Heriot Watt University in Edinburgh and is a qualified actuary.

Andrew McCaffery

Global Head of Alternatives

Andrew is responsible for our alternative capabilities including hedge funds, private equity, infrastructure and property multi manager. Andrew joined Aberdeen in 2011 from BlueCrest Capital Management, where he was a founder member of the Alignment Investors division. Andrew joined the investment industry in 1983.

Sean Phayre

Global Head of Quantitative Investments

Sean joined the Group in 2014 as part of SWIP heritage. He began his investment career at Edinburgh Fund Managers which was later acquired by Aberdeen Asset Management. He established quantitative investment teams at both companies, and latterly was co-head of quantitative equities and derivative strategies. Sean holds a PhD in Statistics and Modelling Science, an MSc in Industrial Mathematics and a BSc (Hons) in Mathematical Sciences, all from the University of Strathclyde.

Mandy Pike

Global Head of Dealing

Mandy is the Global Head of Dealing, covering all listed securities, including equities, fixed interest, cash, FX and derivatives. Previously, Mandy worked as a trader at F&C Asset Management, and before that at BNP Capital Markets. Her City career began at Grieveson Grant in the private client department.

Iain Plunkett

Chief Technology Officer

Iain joined Aberdeen from Barclays in 2015 where he was a managing director & member of the Senior Leadership Group. Previously, he worked for 15 years at UBS as Group Managing Director performing the role of Global Chief Information Officer of the Investment Bank and Corporate Centre. Iain graduated with a BEng in Information Engineering from Strathclyde University.

Andrew Smith

Co-Head of Americas and Chief Operating Officer

Andrew is the Co-Head of Americas and Chief Operating Officer. He held various roles since he joined Aberdeen in December 2000 including Chief Financial Officer for Aberdeen in the Americas. Andrew attended Glasgow University.

Archie Struthers

Global Head of Multi asset

Archie joined Aberdeen to lead multi asset in April 2014 having previously developed SWIP's equivalent business. Prior to SWIP, Archie developed the multi asset client solutions business at BlackRock which he joined in 2006 via their acquisition of Merrill Lynch Investment Managers. He has an MA (Hons) in English Literature from the University of Edinburgh.

Pertti Vanhanen

Global Head of Property

Pertti has been managing director for property asset management subsidiaries for both Pension Ilmarinen and Pension Varma in Finland. Since he joined Aberdeen in 2002, Pertti has headed the Nordic and European direct property business and has later become the Head of Fund management – Property division. Pertti holds an MBA and is a Fellow of the Royal Institution of Chartered Surveyors.

Corporate governance report

Board effectiveness

Summary of Board meetings

The Board met eight times during the year to review financial performance and strategy and to follow a formal schedule of matters reserved for its decision, which includes the setting of Group goals, objectives, budgets and other plans. The Board also held a separate strategy discussion, at which the members of the GMB presented their proposals for the 2016 strategy. This was followed up with regular presentations to the Board throughout the year.

Comprehensive board papers, comprising an agenda, formal reports and briefing papers, are sent to directors in advance of each meeting. Directors are continually updated with written and oral reports, from senior executives and external advisers. Topics include the Group's business and the competitive and regulatory environments in which it operates, as well as on legal, environmental, social, governance and other relevant matters. In addition, the Board regularly receives briefings and presentations from senior executives, local management and external advisers covering a wide range of topics relevant to the Group's business.

During the year, the Board has continued to focus on a number of factors affecting the Group, including the macro-economic situation with the fall in popularity of the emerging markets, and our own equity investment performance. The Board has received a number of presentations on these subjects and has looked to satisfy itself that, first the process in place is appropriate and, secondly, that the strategies being followed remain the correct ones and are appropriate for the long term success of our business and, ultimately, the client portfolios.

The Board visits the key overseas offices to meet local management and clients, and to obtain an understanding of the local business environment. The Board visited the Singapore, Philadelphia and Frankfurt offices during the year and directors also visited other overseas offices on an individual basis to meet with local management and staff. Whilst in Singapore, several members of the Board took advantage of the location to visit the Sydney, Jakarta and Tokyo offices.

On each of these overseas visits, the directors have received presentations from local and regional management on local and regional business conditions and 'at desk' presentations from the local business teams.

Details of the individual directors' attendance at Board meetings are shown in the table below:

	Maximum possible attendance	Meetings attended
Roger Cornick	8	8
Martin Gilbert	8	8
Simon Troughton	8	8
Julie Chakraverty	8	8
Andrew Laing	8	8
Rod MacRae	8	8
Richard Mully	8	8
Jim Pettigrew	8	8
Val Rahmani	5	5
Bill Rattray	8	8
Anne Richards	8	8
Jutta af Rosenborg	8	8
Akira Suzuki	8	8

Relationships with shareholders

The Group communicates regularly with institutional shareholders, analysts and the financial press throughout the year. Annual and interim reports and trading updates are widely distributed to other parties who may have an interest in the Group's performance and these documents, together with copies of investor presentations, are also made available on the website.

The Chief Executive and Finance Director report at each Board meeting on investor relations and on specific discussions with major shareholders and the Board receives copies of all research published on the Group. Investors are encouraged to attend the Annual General Meeting ("AGM") at which they have an opportunity to ask questions.

The AGM is normally attended by all directors and the chairmen of each of the Board committees are available to answer questions. The Group continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director, the chairman of the remuneration committee and any new directors.

The Group will continue its policy of announcing the number of proxy votes cast on resolutions at the AGM and any other general meetings. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate.

Conflicts of interest

The Board confirms that it has considered and authorised any conflicts or potential conflicts of interest in accordance with the Group's existing procedures. They have also implemented specific guidelines to address any potential conflicts that may arise in the future. The Board has specifically considered the other appointments held by directors, details of which are contained in their biographies on pages 56 to 59, and has confirmed that it believes that each is able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

Training and induction

New directors appointed to the Board are provided with a formal and tailored induction to assist in gaining a detailed understanding of the Group, its activities and the regulatory and competitive environment in which it operates. The induction process includes meeting with the executive directors, the members of the GMB, other senior executives and external advisers as well as receiving information from past meetings. The Company Secretary, under the direction of the Chairman, is responsible for facilitating this induction programme, ensuring good information flow between the Board, its committees and management, and assisting with directors' continuing professional development needs.

During the year under review, Val Rahmani joined the Board as an independent non-executive director. Following discussions at an early stage, a tailored induction plan was provided to assist with her integration into the business. This process enabled Val to gain a wider understanding of the Group's business, its people, and the markets in which it operates.

The Board, its committees and each director has access to independent professional advice, if required, at the Group's expense, as well as to the advice and services of the Company Secretary.

Directors are also advised, at the time of their appointment, of the legal and other duties and obligations arising from the role of a director of a listed company and are reminded of these duties and obligations on a regular basis. All directors are obliged to undertake a minimum of 35 hours of continuing professional development annually, of which at least 21 hours must be comprised of structured learning.

The Group maintains appropriate insurance cover in respect of legal action against its directors.

Risk management

The audit and risk committees support the Board in discharging its oversight duties with regard to internal control, risk management and capital adequacy. These committees also have responsibility for ensuring that the Group strategy is appropriate and aligned with the Board's risk appetite, as set out in a formal Board statement.

The attitudes to risk agreed at Board and committee discussions are fed through to the planning processes for the individual business units. The Board is also responsible for the Internal Capital Adequacy Assessment Process ("ICAAP"), a process required by the UK regulator, which summarises the risk management framework and regulatory capital requirements of the Group. This is closely linked to the Group's strategic planning and capital management exercises.

Internal control

The risk management framework includes a sound system of internal controls that are designed to:

- identify and appraise all risks related to achieving the Group's objectives including all business, operational, reputational, financial and regulatory risks;
- manage and control risk appropriately rather than eliminate it;
- provide reasonable, but not absolute, assurance against material misstatement or loss;
- be embedded within the business processes and form part of the Group's culture, which emphasises clear management responsibility and accountabilities;
- respond quickly to emerging risks within the Group and the external business environment; and
- include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

A review of the effectiveness of the Group's risk management and internal control systems has been carried out through the work and operations of the audit and risk committees.

The risk management committee oversees the system of controls within the day to day operations, meets monthly, of the Group and monitors the Group's culture, and clarity of responsibility of roles over risk areas. The committee reports on and monitors critical risks, issues and high priority projects. It serves to reconcile the key risks and issues identified by the business with those raised by the Group's monitoring functions. This provides assurance to the Board that risks and issues are adequately escalated and managed.

Membership of the committee comprises executive directors and senior management from all business functions. The committee meetings are also attended by the heads of the primary control oversight functions. The roles of these functions are as follows:

- the compliance team monitors compliance with regulatory requirements in each jurisdiction in which the Group operates;
- the legal team is responsible for ensuring that the Group complies with statutory requirements globally;
- the business risk department is responsible for the management and oversight of operational risk;

- the market risk team covers the risk profiles within the various investment strategies as well as the credit risk associated with the counterparties with whom Aberdeen conducts its business; and
- the internal audit function reviews the effectiveness of all controls, either by reviewing the methods and findings of the other independent monitoring functions, or by directly auditing the controls operated by management.

The heads of business risk and market risk each report directly to the Group Head of Risk while the heads of legal and compliance report to the General Counsel. The Group Head of Risk who, while also a director of the Group, reports to the Chief Executive and also attends and reports at meetings of the risk and the audit committees.

The Head of Internal Audit reports to the Chief Executive as well as having unrestricted access to the chairman of the audit committee.

More information on the risk management framework and specific risks facing the Group can be found on pages 44 to 51.

Audit committee

"The oversight of the external audit tender has been a particular focus for the committee."

Jim Pettigrew

Composition

The audit committee is chaired by Jim Pettigrew. He is supported by three independent non-executive directors, Julie Chakraverty, Richard Mully and Jutta af Rosenborg. All members served on the committee throughout the year.

The Board is satisfied that all of the committee members have recent and relevant financial experience to satisfy the provisions of the Code, by virtue of their holding or having held various executive and non-executive roles in other financial and asset management institutions. Additionally, Jim Pettigrew and Jutta af Rosenborg are qualified accountants.

Responsibilities

The committee's role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control and the appointment and remuneration of an independent external auditor. The committee is responsible for reviewing the scope and results of audit work and its cost effectiveness, and the independence and objectivity of the auditor.

The committee is also responsible for reviewing the Group's arrangements on whistle blowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow up action. The committee received regular reports from internal audit which confirmed the satisfactory operating of the whistleblowing arrangements.

Report on the committee's activities during the year

The committee has a schedule of events which, updated regularly, details the issues to be discussed at each meeting. The schedule also allows for new items to be included on the agenda of any of the meetings.

During the year, the committee discharged its responsibilities, under its terms of reference, by:

a) reviewing the Group's draft 2014 financial statements and 2015 interim results statement prior to discussion and approval by the Board, and reviewing the external auditor's reports thereon;

b) reviewing the continuing appropriateness of the Group's accounting policies;

c) reviewing the external auditor's plan for the audit of the Group's 2015 financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the 2015 audit;

d) reviewing the reports of the internal audit team and agreeing action plans, audit schedules and areas for future reviewing, and review the effectiveness of the internal audit function;

e) directing the audit tender process in light of UK corporate governance and EU audit directive requirements;

f) reviewing management's annual report on the Group's system of internal control and its effectiveness, reporting to the Board on the results of this review and receiving regular updates on key risks and controls;

g) review and approving external audit reports on CASS;

h) receiving reports from the Group Head of Risk and the risk committee on relevant matters that also impact internal controls and financial reporting; and

i) carrying out an annual performance evaluation exercise and noting the satisfactory operation of the committee.

The audit committee has reviewed the contents of this year's annual report and accounts and advised the Board that, in its view, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The committee received a number of regular reports at each of its meetings during the year from internal audit, finance and risk. The Group's external auditor also provided regular reports, both written and oral, to each of the meetings. The committee continues to ensure that issues and matters presented to them are resolved in a timely manner.

As part of its function in discharging its duties to review the effectiveness of the Group's systems of internal control, the committee approved, in conjunction with the risk committee, the 2014/15 Internal Controls Report which is an internally prepared document which contains an independent opinion from PricewaterhouseCoopers LLP ("PwC"). The opinion provided is, as it was in 2014, an unqualified one. The report is made available to our clients and consultants and describes the activities and control procedures operating in the business in the year and is prepared in accordance with internationally recognised standards.

Significant accounting matters

During the year, the audit committee considered key accounting matters and judgements in respect of the financial statements relating to:

Goodwill and intangibles impairment tests

The Group has goodwill of £932.8 million and intangible assets of £553.4 million. The majority of these balances have arisen from acquisitions.

The goodwill balance is tested annually for impairment. The intangible assets are reviewed for impairment indicators and impairment tests are performed if there are indicators (eg client losses or an expectation that assets will be withdrawn).

There is a level of judgement in assessing future cash flows and selecting appropriate comparators that form the basis for the impairment tests.

The audit committee examined these assumptions used in the impairment tests. They considered the impact of outflows and market volatility, noting that the majority of the equities business has grown organically, rather than through acquisitions. The flows from the former SWIP business are in line with expectations and the committee noted that the business continues to perform satisfactory. They noted the reduction in market capitalisation and sell side analyst valuations, but agreed that there remains a significant level of headroom over the back value of assets.

The committee, with management's input, also monitors any areas of the business added through acquisition that may be performing behind expectations to consider the impact on impairment testing. The work on impairment is summarised in note 13.

Acquisition accounting for FLAG acquisition
Aberdeen acquired FLAG on 31 August 2015. Consideration includes an upfront element of £52.0 million and a potential earn-out of up to £29.3 million. The earn-out is dependent on the future revenue growth of the business.

The audit committee reviewed reports prepared by the finance team on the accounting for the consideration, noting the consistency in approach with past acquisitions.

The potential liability for the earn-out is measured at fair value and is dependent on the growth of revenues from the acquired business over the period to 31 December 2017, discounted to a present value. The base case estimates were supplemented by an external valuation. The audit committee received a copy of this report, as well as an explanation of the approach used by finance and the rationale for assumptions on launch of new funds. The audit committee challenged the finance team on the key assumptions and was satisfied that a balanced approach had been taken, given the information available and the relative stability of private equity revenues.

We recognised intangible assets on acquisition in respect of the management agreements with FLAG's clients. The value of these intangible assets was determined by the level of forecast cash flows that they are expected to generate, taking into account factors such as market growth and attrition. A valuation report was prepared by an independent accounting firm and this was reviewed by the audit committee to be satisfied that an appropriate approach was taken.

They also discussed with management the determination of useful lives over which the intangibles are amortised. Where relevant, the term period of the agreement is used as a starting point, but this can be adjusted for other relevant factors.

Finally, the audit committee reviewed with finance the classification of acquisition-related expenses in the income statement. They were content that the approach is consistent with other acquisitions. Further details on the nature of these costs are disclosed in note 4.

Re-measurement of SWIP earn-out
The consideration for the SWIP transaction includes a potential earn-out. The potential liability for the earn-out is measured at fair value at each reporting period. This measurement is subjective. The range of payments for the earn-out is between £nil and £100 million and is dependent on the growth of revenues from the acquired investment solutions business over the period from 1 April 2014 to March 2019. This, in turn, relies on the future performance of the Lloyds' wealth business. This value is determined based on expected cash flows over five years, discounted to a present value. The base case estimates were supplemented by an external valuation.

Management prepared a revised valuation of the earn-out at 30 September 2015 based on growth to date, expectations of market growth and knowledge of client plans and product ideas.

The audit committee challenged the finance team on the key assumptions and was satisfied that a balanced approach had been taken, given the information available and the uncertainty of how the multi asset business may grow.

Oversight of external auditors

The committee carried out a review of the effectiveness of the external audit process performed by KPMG Audit Plc ("KPMG"). The review covered all aspects of the global audit service including, amongst other factors, the quality of the staff, the expertise, the resources, and the independence of KPMG. In practice, this was covered as part of the audit tender process.

The committee reviews the audit plan for the year carefully and subsequently considers how the auditor performed to the plan. They consider the quality of written and oral presentations and the strength and depth of the lead partners at key locations.

The committee took into consideration the levels of fees paid for the global services provided by the auditor. The committee monitors its policy on the use of KPMG for non-audit services to ensure complete clarity on the detail of services permitted and not permitted and those which might require the explicit prior approval of the committee.

The external auditor will only be appointed to a non-audit engagement when they are best suited to perform the work and there is no threat of a conflict of interest. Permitted non-audit services include the provision of tax compliance services and acting as reporting accountant in appropriate circumstances, provided there is no element of valuation work involved. The provision of tax advisory services, due diligence /transaction services and litigation services may be permitted with the committee's prior approval.

The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance. The auditor cannot act in a capacity as management or design a system or process that it subsequently is required to test.

Finally, consideration was also given to the likelihood of a withdrawal of the auditor from the market and, it was noted that there were no contractual obligations which would restrict the choice of an alternative auditor. The audit committee is mindful of the services provided by each of the 'Big Four' to Aberdeen. This was also considered as part of the assessment of the three firms participating in the tender.

Audit tender

In line with the timetable disclosed last year, the Group conducted a tender for the audit services in 2015. The tender was for the 2016 (and subsequent) audits. The committee took into account the recommendations of the UK Corporate Governance Code, that the external audit contract should be put out to tender at least every ten years and, KPMG's length of tenure in the role.

The committee agreed the process to be followed, asking each participant to tender for the provision of external audit, controls assurance reporting and related regulatory reporting, including CASS reporting.

Each firm was invited to a number of meetings with key members of the management team and were asked to provide a written submission against which the Group would evaluate a number of selection criteria including the ability to understand our business and demonstrate that the audit approach is tailored accordingly; the ability to build a working relationship; the provision of a capable audit team with the right mix of skills and experience; a proven ability to engage and support management at an early stage in the audit process and to provide robust challenge where necessary; the provision of a clear audit approach and an ability to deliver insight and be proactive in key accounting areas.

Following the receipt of feedback after the meetings, the field was narrowed to two firms who were each invited to meet with the members of the audit committee. The committee recommended to the Board, and it was agreed, that PwC be appointed as auditors for the 2016 financial year.

As a result KPMG will not be seeking reappointment as auditor for the financial year commencing 1 October 2015. A resolution proposing the appointment of PwC as auditor of Aberdeen Asset Management PLC and giving authority to the directors to determine its remuneration will be submitted to the forthcoming annual general meeting in January 2016.

Oversight of internal audit

The Head of Internal Audit provided both a written and oral report at each meeting of the audit committee during the year. The committee also approved the full operations of the internal audit team, including audit plans, budgets and staffing levels. Typically, the committee receives a detailed written report in advance of the meeting and this is followed by an oral presentation detailing the issues identified and the remedial action taken.

During the year the present Head of Internal Audit tendered his resignation after serving as head of the division for 13 years. The committee, in discussion with the Board of directors, initiated a candidate search using an external search consultant, with the current deputy stepping into the role in the interim.

The committee has been closely involved in monitoring the internal audit plan, looking to ensure that the audit scope continued to focus on all relevant areas of activity, including the IT project activity and the continuing integration exercise for the SWIP business. There have been a small number of areas where the committee has requested additional information in respect of matters reported, including looking to ensure that matters raised were resolved in a timely manner.

The committee has also been looking at the effectiveness of internal audit reporting and a number of improvements were actioned including refreshed risk categorisation for audit issues, and enhanced reporting to the audit committee. It was also agreed that there should be a greater link between audit planning and the Group's strategic objectives. Following PwC effectiveness review of internal audit in 2014, all of the recommendations have been implemented ensuring that Internal Audit continues to provide a high level of service and complies with relevant standards.

Meetings and attendance

The committee operates under formal terms of reference which are reviewed annually and held five meetings during the year, with representatives of KPMG in attendance at each meeting. Other regular attendees at the meetings of the committee included the Chairman of the Board, the Chief Executive, the Finance Director and the other members of the Board, the Group Head of Risk, the Head of Internal Audit, the Compliance Officer, the General Counsel and the Deputy Finance Director.

There is close liaison between the audit and risk committees and this facilitates an integrated approach to risk assurance. The risk committee is scheduled to hold four meetings per annum, each of which is to be held on the same days as the meetings of the audit committee, in order to allow appropriate interaction between the two committees. To assist in this interaction, there is a standing agenda item for the meetings of the audit committee to receive an oral report from the chairman of the risk committee, providing an update on matters relevant to the audit committee of those issues considered by the risk committee.

There was full attendance at all meetings by members, as shown in the table below:

	Maximum possible attendance	Meetings attended
Jim Pettigrew	5	5
Julie Chakraverty	5	5
Richard Mully	5	5
Jutta af Rosenborg	5	5

The members of the committee also met, individually, with the executive throughout the year, and this provided a forum for discussion outwith the formality of the five meetings held during the year.

Innovation committee

"Successful implementation of our innovation strategy is key to the future development of the Group."

Julie Chakraverty

Composition

The innovation committee is chaired by Julie Chakraverty and she is supported by three other standing members, Val Rahmani, Andrew Laing and Kerry Christie the Global Head of Human Resources as well as a further nine members of staff from our regional offices, the majority of which are on our emerging talent programme. The committee will look to rotate those non standing members after an appropriate period.

Responsibilities

The committee is responsible for creating a framework for Aberdeen to best respond to innovation opportunities. It seeks to do this in two ways. First, to provide a platform for all Aberdeen colleagues to share their innovation ideas and shape our future business and culture, focusing on the four priorities of customers, talent, productivity, and brand. Secondly, through inviting external innovation experts to help drive committee debate so that key opportunities or investment areas may be communicated to the Board.

Report on the committee's activities during the year

The committee was formed in 2014 to assist in harnessing ideas from across the business. One of its first activities was to launch a new global "idea-sharing" platform called Ignite. This platform helps facilitate collaboration between colleagues, regardless of location or role, by posing business challenges and sharing ideas and solutions. The first three challenges sought ideas on how best to keep pace with the evolving digital world, how to capitalise on the changing global retirement market and then looked to identify the greatest opportunity or disruptor facing Aberdeen and how, in terms of technology, service or operations, to best respond. There has been significant take up from the business to these challenges and following a review it was agreed to take six suggestions forward to develop further. The committee has also set a number of challenges to gain ideas as to how we can recruit and retain the very best talent in our industry. Again there was a significant response on Ignite from staff and the committee is currently looking at how to implement a number of the ideas suggested. One of the aims of the committee going forward was to look to embed an innovation culture into the business in all decisions being made across the Group by ensuring that innovation is reflected in the Group Strategy.

The committee recognised the importance of understanding the clients' needs and their behaviours and, with this in mind, members of the committee, along with the Group's Chief Executive and Head of Marketing, visited a number of digital businesses based in "Silicon Valley" in the USA. The purpose of the trip was to see how digital businesses were innovating and to gain an understanding of the potential threats and benefits to Aberdeen. The team were also keen to understand the culture of these new businesses and to understand how they managed to attract top talent, noting the link with further education establishments. Several learnings from the trip are being actioned.

Meetings and attendance

The committee operates under formal terms of reference which are reviewed annually. The committee held nine meetings during the year. Details of attendance from the Board members are shown in the table below. Other regular attendees at the meetings of the committee included the Group Head of HR, Head of Marketing, Chief Operating Officer and the Chief Technology Officer.

	Maximum possible attendance	Meetings attended
Julie Chakraverty	9	9
Andrew Laing	9	8
Val Rahmani	7	7

Nominations committee

"The committee has focused on Board and committee membership and ensuring executive succession plans are fit for purpose."

Roger Cornick

Composition

The nominations committee is chaired by Roger Cornick and he is supported by two independent non-executive directors, Jim Pettigrew and Simon Troughton, all of whom served throughout the year.

Responsibilities

The committee is responsible for reviewing the structure, size and composition of the Board and for recommending new directors for appointment to the Board. The committee carries out an annual review of the membership of each of the Board's committees and makes recommendations to the Board.

The Board, as a whole, has responsibility for the appointment of new directors and for nominating them for election by shareholders at the first opportunity following their appointment.

The committee is also responsible for considering and making recommendations to the Board on succession planning for directors and other senior executives.

Report on the committee's activities during the year

During the year, the committee discharged its responsibilities, under its terms of reference, by:

a) reviewing the proposals for rotation and re-election of directors at the Annual General Meeting;

b) considering and making recommendations to the Board for the appointment of a new director and for changes to the membership of the committees;

c) reviewing the succession plans for the executive directors and the other members of the GMB;

d) reviewing senior management training and development;

e) reviewing the external appointments and time commitments of the directors;

f) discussing the results of the annual performance evaluation exercise; and

g) examining the operations of the committee and reviewing its terms of reference.

As previously reported in 2014, the committee had appointed an external search consultant, Odgers Berndtson, in order to identify a new non-executive director. The committee provided a full specification of the skill set required and, following a detailed interview process, we identified Val Rahmani as the most appropriate candidate. Ms Rahmani was subsequently appointed to the Board on 3 February 2015 and will stand for election at the Company's annual general meeting on 27 January 2016. Odgers Berndtson has no other connection with the Group.

In the year under review, the committee received updates from Kerry Christie, the Global Head of Human Resources, on the talent management programme. The committee were updated on the progress of the senior leadership and emerging talent programmes and it was noted that both continued to be developed in order to ensure that those individuals included within the programmes were provided with the appropriate training in order to allow them to develop and to be able accept senior management positions within the Group within certain timeframes. The committee also received and undertook a review of the succession plans for the members of the group management board and other senior employees. Following this review the Chairman was able to report to the Board that the succession plans in place were fit for purpose.

The committee were also provided with a worked example of the succession plan for the head of US equities, following the retirement of the incumbent, during the year. Kerry Christie provided the committee with the details of the potential successors, their current suitabilities for the role and the training necessary to enable them to accept the role within reasonable timeframes. Following this review, the committee satisfied themselves with the appropriateness of Ralph Bassett to be updated to the role.

Board diversity

We are long-standing supporters of diversity in the boardroom throughout the group and we are supportive of the Financial Reporting Council's aims to encourage diversity in the boardroom. Our current Board is made up of fourteen directors of whom four (29%) are women. We remain of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise. We will continue to insist that long lists and short lists of possible appointments to the Board reflect that position.

Meetings and attendance

The committee operates under formal terms of reference which are reviewed annually and held five meetings during the year. The Chief Executive was also a regular attendee at the meetings of the committee. The attendance at meetings by the members is as shown in the table below:

	Maximum possible attendance	Meetings attended
Roger Cornick	5	5
Jim Pettigrew	5	5
Simon Troughton	5	5

Risk committee

"The committee is key to the continuing effective oversight of risk."

Richard Mully

Composition

The risk committee is chaired by Richard Mully, who is supported by four independent non-executive directors, Julie Chakraverty, Jim Pettigrew, Val Rahmani and Simon Troughton. All members of the committee served throughout the year except Val Rahmani who was appointed to the committee in February 2015, following her appointment to the Board of Directors.

Responsibilities

The committee has oversight of the risk management framework and, more specifically, the effectiveness of risk management and compliance activity within the Group. The committee advises the Board on considerations and processes relevant to setting the risk appetite and related tolerances. Oversight of the work of the compliance division, including compliance monitoring, is one of the key functions of the risk committee. Matters of a compliance nature that are relevant to the audit committee remit continue to be reported under the business of the audit committee as well as the risk committee. In addition, the committee has a responsibility to review the implementation of appropriate procedures to identify and control all fundamental operational, financial, reputational and regulatory risks within the Group.

Report on the committee's activities during the year

During the year, the committee discharged its responsibilities, under its terms of reference and, in particular by:

a) reviewing the effectiveness of risk management, governance and compliance activity within the Group;

b) advising the Board on considerations and processes for setting the Group's risk appetite and related tolerances;

c) seeking to ensure that senior management has in place procedures and mechanisms to identify and control all fundamental operational, financial, reputational, and regulatory risks;

d) reviewing and recommending the approval of the Internal Capital Adequacy Assessment Process ("ICAAP") to the Board;

e) seeking to ensure that all risks were being addressed by management in line with the Group's risk appetite;

f) meeting with the heads of compliance and risk without other executives present;

g) reviewing the compliance department's terms of reference, their work programmes and receiving regular reports on their work during the year; and

h) reviewing the committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the committee.

The committee received a number of regular reports at each of its four meetings during the year. The Group Head of Risk provided updates to the committee on each area of the risk division's functions, including business, investment and market risk, as well as reporting on legal and compliance issues. In addition, other members of the risk division, including the Heads of Market and Business Risk and Compliance and Internal Audit and the General Counsel also attended during the year to present on their own areas of responsibility.

Members of the committee continue to meet independently with the executive and staff from different business divisions throughout the year in order to further their knowledge of the risks facing the business. In addition, the chairman of the committee, Richard Mully, has been a regular attendee at the meetings of the conflicts committee.

The committee has a standard agenda covering all areas of its responsibility and also continued to focus on specific issues during the year, including liquidity and concentration risks, divisional restructuring, SWIP integration updates, information security and cyber crime. As reported in prior years' the committee continues to undertake and monitor its "blue sky" risk concerns and has been able to identify and assess the current risks, assessing considered severity, likelihood and velocity and the considered interconnections of each risk. With this additional focus and detail, the committee has been able to consider the impact of these on the Group's strategic priorities, MI and monitoring and also consider the impact of this on the Group's regulatory capital and ICAAP. The results showed that while there were no risks identified in the very high likelihood / severity quadrants, there were some, such as investment performance and succession that were in the next category. In addition, the work undertaken was also able to identify a number of risks that were interconnected, thus providing further detail for consideration in the Risk Appetite statement.

The addition of Val Rahmani to the committee has assisted with the committee's ability to review and question the business in respect of IT, operations and cyber issues. This year the committee has overseen progress on ensuring that appropriate controls were in place to manage cyber crime prevention, has received updates on the restructuring of the IT and operations divisions and has also received updates on information security controls. As part of the review on cyber issues, the business employed PwC to undertake a review of the current business practices and controls in place to mitigate any cyber issues. The results of the review were discussed by the committee and they were pleased to see progress to ensure that our practices were appropriate. During the year, the company recruited an experienced Chief Technology Officer and he has been in attendance and will be asked to present to a future meeting of the committee.

Compliance monitoring remains a key focus for the committee and at each meeting of the committee, the Head of Compliance has presented the results of the compliance monitoring work and has provided regulatory updates. The committee has approved the annual monitoring plan. He has also presented the results from each of the external regulatory visits that the Group has received during the year and the committee has ensured that all matters raised with the committee have been addressed appropriately.

The committee continues to receive independent data on the reputational risks to which the Group is exposed through an assessment against peers gathered from all relevant press releases, analyst reviews and social media monitoring. The scoring derived from this assessment is tracked by a key indicator with any trends identified.

Meetings and attendance

The committee operates under formal terms of reference which are reviewed annually and held four formal meetings during the year, all of which were held on the same day as the meetings of the audit committee, in order to facilitate appropriate interaction between the two committees.

In addition to the members of the committee, other regular attendees at the meetings included other members of the Board, both executive and non-executive, as well as the General Counsel and Heads of Business risk, Compliance and Internal Audit. Representatives of KPMG were specifically invited to certain meetings of the committee, dependent on the matters being discussed.

	Maximum possible attendance	Meetings attended
Richard Mully	4	4
Julie Chakraverty	4	4
Jim Pettigrew	4	4
Val Rahmani	2	2
Simon Troughton	4	4

Remuneration report

"Our people are our strength and ensuring we can retain and motivate is at the heart of the committee's work."

Simon Troughton

Remuneration committee Chairman's summary statement

Introduction

I am pleased to present the remuneration report for the year to 30 September 2015. There are two parts to the report:

- Annual report on remuneration, and
- Directors' remuneration policy.

The annual report on remuneration explains how the policy has been applied during the year, and, together with this introductory statement, will be subject to an advisory shareholder vote at the AGM.

The directors' remuneration policy was approved by shareholders at the AGM in January 2014, and has been applied consistently thereafter. No changes to the policy are proposed and so there will be no resolution at the 2016 AGM. However, for convenience, we have included the approved policy on page 82 of this report.

Pay principles

We continue to focus on pay for performance and alignment with shareholder interests. The remuneration committee works closely with the risk committee to ensure that remuneration takes account of the need to manage risk exposure within the Board's risk appetite.

Our policy for directors has the following key features:

- Pay is simple and clear;
- We reward the delivery of long term financial results;
- There is a cap on total variable remuneration;
- 75% of individual variable pay is deferred into Company shares;
- Deferred pay vests over a period of 5 years, and is subject to clawback;
- Executives build up a substantial personal stake in the shares of the Group.

The same principles are applied in considering the remuneration of other employees of the Group. The Committee pays particular attention to the relative value of total remuneration and the growth in dividends paid to shareholders is again considerably higher than pay growth.

Deferred shares which have attained their earliest exercise dates represent prior years' compensation and performance. Directors may choose to sell shares from time to time following the expiry of vesting and clawback restrictions. Such sales should not be interpreted as conveying a view on the Group's performance or its outlook. Any such sales are permitted only in accordance with regulatory requirements, and directors continue to be bound by the Group's requirement that they build and maintain a meaningful shareholding of no less than 300% of base salary.

Cap on the variable pay pool

The committee is aware of the desire expressed by some shareholders to apply a cap on the maximum variable pay that any individual can earn. Our continuing policy is to set a maximum value of aggregate variable pay pool from which awards are made to all employees in the Group, with awards to executive directors representing a small proportion of the overall pool. We believe that this policy is consistent with the team-based ethos and practice which operates throughout our business, and ensures that Aberdeen is not placed at a market disadvantage when competing for talent, as the majority of our global competitors do not have individual caps on variable pay. Individual variable pay caps could place upward pressure on fixed remuneration, which we do not consider to be in the best interests of shareholders.

Shareholder engagement

During the year I have continued to engage proactively with shareholders and representative groups, and the committee has considered the comments and feedback generated from these meetings.

Pay regulation

We continue to monitor regulatory developments on remuneration and we are aware that the review of remuneration guidelines for financial services firms continues. Should the eventual outcome of this review require changes to our policy in future, the committee will consult with major shareholders on how it proposes to implement the new regulatory guidelines, prior to any vote on the policy.

Base salaries 2016

The committee has decided to increase the base salaries of the executive directors by approximately 1.4% with effect from 1 January 2016, whilst the average increase awarded to other staff is 3.4%.

Variable remuneration for 2015

The Group's financial achievements are the result of strong operational disciplines, and profit performance is a significant factor in setting the appropriate level of variable pay pool. Our primary imperative is to look after our clients and provide superior long term investment performance.

Variable pay awards for executive directors are paid from the same Group pool as other employees. Awards have been determined based on a rounded assessment of Group and personal performance. A range of key indicators has been considered including: long term investment performance for clients; new business flows and client retention, service and conduct; underlying EPS; operating margin; cash conversion; ROCE; corporate governance and risk management; operational objectives and progress towards strategic goals. The committee considers what has been achieved for each KPI, both for the year and over the longer term. Levels of variable pay award therefore reflect actual performance relative to both annual and longer term expectations. The financial results achieved in any one year are a reflection of the delivery of our long term strategy.

The aggregate variable pay pool in any year is normally no higher than 25% of pre-variable pay operating profit; for 2015 awards, the aggregate pool has been set at approximately 20%. As a consequence, the overall staff cost, incorporating both fixed and variable remuneration, has been approximately 35% of the Group's revenue over a number of years. For 2015 this ratio is 34.6%.

As ever, I welcome any comments from investors and will be available to answer any questions you may have at the AGM.

Simon Troughton

Simon Troughton
Chairman of the Remuneration Committee

Annual report on remuneration

This part of the report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and relevant sections of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2016 AGM. Where indicated, information has been audited as required under the regulations.

Directors' remuneration as a single figure (audited information)

The remuneration of the directors for 2014 and 2015 was as follows:

Year to 30 September 2015	Salary & fees £'000	Taxable benefits £'000	Variable pay £'000	Pension £'000	Total £'000
Executive Directors					
Martin Gilbert	**513**	**2**	**3,825**	**–**	**4,340**
Andrew Laing	**359**	**2**	**750**	**63**	**1,174**
Rod MacRae	**359**	**2**	**575**	**63**	**999**
Bill Rattray	**359**	**2**	**750**	**63**	**1,174**
Anne Richards	**359**	**2**	**1,487**	**63**	**1,911**
Hugh Young	**365**	**192**	**3,400**	**–**	**3,957**
Total	**2,314**	**202**	**10,787**	**252**	**13,555**
Non-Executive Directors					
Roger Cornick	**325**	**–**	**–**	**–**	**325**
Julie Chakraverty	**114**	**–**	**–**	**–**	**114**
Richard Mully	**121**	**–**	**–**	**–**	**121**
Jim Pettigrew	**113**	**–**	**–**	**–**	**113**
Val Rahmani	**61**	**–**	**–**	**–**	**61**
Jutta af Rosenborg	**91**	**–**	**–**	**–**	**91**
Simon Troughton	**133**	**–**	**–**	**–**	**133**
	958	**–**	**–**	**–**	**958**
Total	**3,272**	**202**	**10,787**	**252**	**14,513**
Year to 30 September 2014					
Executive Directors					
Martin Gilbert	505	2	4,250	–	4,757
Andrew Laing	354	2	800	63	1,219
Rod MacRae	354	2	600	64	1,020
Bill Rattray	354	2	800	62	1,218
Anne Richards	354	2	1,750	64	2,170
Hugh Young	337	157	4,000	–	4,494
	2,258	167	12,200	253	14,878
Non-Executive Directors					
Roger Cornick	300	–	–	–	300
Julie Chakraverty	84	–	–	–	84
Anita Frew	121	–	–	–	121
Richard Mully	102	–	–	–	102
Jim Pettigrew	102	–	–	–	102
Jutta af Rosenborg	72	–	–	–	72
Simon Troughton	107	–	–	–	107
	888	–	–	–	888
	3,146	167	12,200	253	15,766

Annual variable pay for the year to 30 September 2015

Variable awards for the year under review were based on performance against a range of criteria. The relevant performance indicators and the committee's assessment of performance are shown in the table.

Key	
Above target	✓✓✓
Around target	✓✓
Between threshold and target	✓
Below threshold	↓

Key performance indicators	Key points in 2014 - 15 financial year	Remuneration Committee's assessment
Financial:		
Change in underlying diluted EPS	-3.5%	✓
Operating margin	42.7%	✓✓
ROCE	19.6%	✓✓
Cost control	-1.5%[1]	✓✓✓
Cash conversion	107%	✓✓
Qualitative:		
Investment performance and client retention	Difficult period for equity performance	↓
Distribution	Continuing to expand global distribution	✓
Talent management	Senior leadership and emerging talent programmes formalised	✓✓✓
Risk management, compliance and conduct	Ongoing Group-wide focus on all aspects of risk, compliance and conduct	✓✓✓

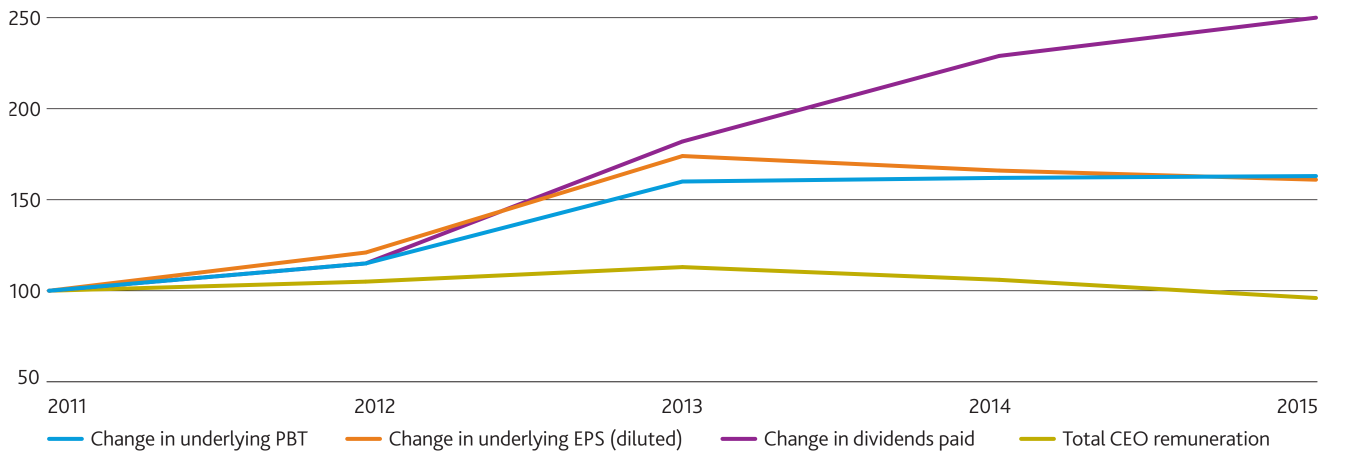
[1] Based on second half of 2014, which included the SWIP business

Overall assessment of performance

The committee makes an overall assessment of performance, taking account of the scorecard detailed above, and progress made during the year relative to the longer term strategic goals. Variable pay awards to executive directors are, on average, 12% lower than in 2014. This overall assessment recognises strong performance in financial and operational management of the business, continuing Aberdeen's consistent, long term track record in these areas, albeit diluted EPS was lower than targeted and there was a reduction in assets under management. Despite difficult market conditions, strong cost control enabled a healthy operating margin and return on capital, while good cash conversion and robust financial discipline enabled the Board to increase the dividend by 8.3%. Good progress was achieved in talent management and development, and risk management processes, compliance and conduct were strengthened further.

The following chart shows the year-on-year growth in underlying PBT, diluted underlying EPS and ordinary dividends paid, relative to the CEO's total remuneration. Each metric has been rebased to an index of 100 for the year to 30 September 2011.

Performance history and CEO remuneration



Corporate governance

The table below shows the longer term history of performance of Aberdeen over the past five years.

KPI (% change v prior year)	2015	2014	2013	2012	2011
Change in underlying PBT	**+0.3%**	+1.6%	+38.8%	+15.2%	+43.8%
Change in diluted underlying EPS	**-3.5%**	-4.1%	+43.6%	+20.9%	+40.6%
Operating margin	**42.7%**	43.9%	45.4%	40.6%	39.5%
Conversion of operating profit to cash flow	**107%**	111%	108%	119%	129%
Net new business	**-£33.9bn**	-£20.4bn	-£2.5bn	£0.0bn	-£1.7bn
ROCE	**19.6%**	21.3%	27.5%	22.5%	20.0%
Change in ordinary dividends paid	**+9.3%**	+25.5%	+58.3%	+15.2%	+28.4%

The variable pay awards for year ending 30 September 2015 were as follows:

Individual	Cash £'000	Deferred £'000[1]	Total £'000
Martin Gilbert	956	2,869	3,825
Hugh Young	850	2,550	3,400
Anne Richards	372	1,115	1,487
Andrew Laing	188	562	750
Bill Rattray	188	562	750
Rod MacRae	144	431	575

[1] The deferred component vests in five equal tranches in December 2016, 2017, 2018, 2019 and 2020.

25% of variable pay is paid in cash on the award date and 75% is deferred and settled in shares. These deferred share awards vest in equal annual instalments over a five year period, subject to the executive's continued employment with the Company. Both the cash and share elements of variable pay are subject to clawback.

Consideration of clawback in 2014 - 15

A clawback principle applies to variable pay. This enables the committee to seek to recoup variable pay in the exceptional event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct of an individual. It allows both the equity and cash portions of variable awards to be clawed back via the reduction or cancellation of any outstanding unvested deferred variable pay awards regardless of the year to which they relate. As 75% of each year's variable pay award is deferred, there is an ongoing substantial amount of accumulated, unvested deferred remuneration that can be recouped.

The committee considered there were no events or circumstances during 2014-15 that required the application of clawback.

Outstanding share awards

The table below sets out details of executive Directors outstanding share awards (which will vest in future years subject to continued service).

	Interest at 1 October 2014	Awarded during year	Exercised in year	Issue price	Interest at 30 September 2015	Earliest vesting dates[1]
Martin Gilbert	603,722	–	(603,722)	84.2p	–	Vested
	545,112	–	(272,556)	139.9p	**272,556**	Vested
	1,382,682	–	(460,894)	179.0p	**921,788**	Vested
	1,506,783	–	–	199.1p	**1,506,783**	Vested
	449,912	–	–	333.4p	**449,912**	Vested
	449,912	–	–	333.4p	**449,912**	Dec 2015 & 2016
	176,909	–	–	487.5p	**176,909**	Vested
	530,727	–	–	487.5p	**530,727**	Dec 2015, 2016 & 2017
	–	701,785	–	454.2p	**701,785**	Dec 2015, 2016, 2017, 2018 & 2019

	Interest at 1 October 2014	Awarded during year	Exercised in year	Issue price	Interest at 30 September 2015	Earliest vesting dates[1]
Andrew Laing	38,128	–	–	139.9p	**38,128**	Vested
	94,274	–	–	179.0p	**94,274**	Vested
	194,626	–	(97,313)	199.1p	**97,313**	Vested
	87,172	–	(43,586)	333.4p	**43,586**	Vested
	87,172	–	–	333.4p	**87,172**	Dec 2015 & 2016
	32,690	–	(32,690)	487.5p	**–**	Vested
	98,070	–	–	487.5p	**98,070**	Dec 2015, 2016 & 2017
	–	132,105	–	454.2p	**132,105**	Dec 2015, 2016, 2017, 2018 & 2019
Bill Rattray	83,740	–	(83,740)	164.2p	**–**	Vested
	158,354	–	(158,354)	84.2p	**–**	Vested
	107,235	–	–	139.9p	**107,235**	Vested
	272,347	–	–	179.0p	**272,347**	Vested
	282,522	–	–	199.1p	**282,522**	Vested
	84,360	–	–	333.4p	**84,360**	Vested
	84,360	–	–	333.4p	**84,360**	Dec 2015 & 2016
	31,729	–	–	487.5p	**31,729**	Vested
	95,187	–	–	487.5p	**95,187**	Dec 2015, 2016 & 2017
	–	132,105	–	454.2p	**132,105**	Dec 2015, 2016, 2017, 2018 & 2019
Anne Richards	213,461	–	(213,461)	199.1p	**–**	Vested
	95,606	–	(95,606)	333.4p	**–**	Vested
	191,212	–	–	333.4p	**191,212**	Dec 2015 & 2016
	73,071	–	(73,071)	487.5p	**–**	Vested
	219,213	–	–	487.5p	**219,213**	Dec 2015, 2016 & 2017
	–	288,970	–	454.2p	**288,970**	Dec 2015, 2016, 2017, 2018 & 2019
Hugh Young	502,261	–	(502,261)	199.1p	**–**	Vested
	224,956	–	(224,956)	333.4p	**–**	Vested
	449,912	–	–	333.4p	**449,912**	Dec 2015 & 2016
	176,909	–	(176,909)	487.5p	**–**	Vested
	530,727	–	–	487.5p	**530,727**	Dec 2015, 2016 & 2017
	–	660,505	–	454.2p	**660,505**	Dec 2015, 2016, 2017, 2018 & 2019
Rod MacRae	69,833	–	–	179.0p	**69,833**	Vested
	113,846	–	–	199.1p	**113,846**	Vested
	67,488	–	–	333.4p	**67,488**	Vested
	67,488	–	–	333.4p	**67,488**	Dec 2015 & 2016
	24,998	–	–	487.5p	**24,998**	Vested
	74,994	–	–	487.5p	**74,994**	Dec 2015, 2016 & 2017
	–	99,080	–	454.2p	**99,080**	Dec 2015, 2016, 2017, 2018 & 2019

[1] Awards stated as having vested have reached the earliest exercise dates set at the date of award; as such, the participant can exercise his or her right to require formal vesting at any time without restriction.

These interests represent ordinary shares which will vest on the dates stated.

Directors' interests in share options (audited information)

	Date of grant	2014	Exercised in year	Market price exercise	2015	Exercise	Earliest	Latest	Status of price
Rod MacRae	17.6.08	116,666	–	–	**116,666**	130.25p	Jun 2013	Jun 2018	Achieved

The market price of the Company's ordinary shares at 30 September 2015 was 296.5p and the range during the year was 293.0p to 507.5p.

Corporate governance

Directors' share interests (audited information)

Details of the directors' interests in shares are shown in the table below. As set out in the policy report, the executive directors are required to build up a shareholding equivalent to 300% of salary, including vested deferred variable pay shares. The Board Chairman and non-executive directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline.

2015

Director	Held on Main register	Deferred awards – vested	Total unrestricted	Deferred awards - unvested	Share Options	Total	Unrestricted as percentage of base salary
Martin Gilbert	183,865	3,327,948	3,511,813	1,682,424	–	5,194,237	2,022%
Andrew Laing	42,680	273,301	315,981	317,347	–	633,328	260%
Rod MacRae	32,028	276,165	308,193	241,562	116,666	666,421	254%
Bill Rattray	2,298,792	778,193	3,076,985	311,652	–	3,388,637	2,534%
Anne Richards	554,095	–	554,095	699,395	–	1,253,490	456%
Hugh Young	450,000	–	450,000	1,641,144	–	2,091,144	400%
Roger Cornick	111,000	–	111,000	–	–	111,000	–
Simon Troughton	60,000	–	60,000	–	–	60,000	–
Jim Pettigrew	25,000	–	25,000	–	–	25,000	–
Julie Chakraverty	–	–	–	–	–	–	–
Richard Mully	50,000	–	50,000	–	–	50,000	–
Jutta af Rosenborg	–	–	–	–	–	–	–
Akira Suzuki	–	–	–	–	–	–	–
Val Rahmani	–	–	–	–	–	–	–

2014

Director	Held on main register	Deferred awards - vested	Total unrestricted	Deferred awards – unvested	Share options	Total	Unrestricted as percentage of base salary
Martin Gilbert	183,865	3,760,994	3,944,859	1,884,765	–	5,829,624	3,122%
Andrew Laing	42,680	273,301	315,981	358,831	–	674,812	356%
Rod MacRae	32,028	160,500	192,528	258,147	116,666	567,341	217%
Bill Rattray	2,298,792	852,204	3,150,996	347,630	–	3,498,626	3,555%
Anne Richards	554,095	–	554,095	792,563	–	1,346,658	625%
Hugh Young	450,000	–	450,000	1,884,765	–	2,334,765	529%
Roger Cornick	111,000	–	111,000	–	–	111,000	–
Julie Chakraverty	–	–	–	–	–	–	–
Anita Frew	37,500	–	37,500	–	–	37,500	–
Richard Mully	15,000	–	15,000	–	–	15,000	–
Jim Pettigrew	25,000	–	25,000	–	–	25,000	–
Jutta af Rosenborg	–	–	–	–	–	–	–
Akira Suzuki	–	–	–	–	–	–	–
Simon Troughton	40,000	–	40,000	–	–	40,000	–

Roger Cornick holds US$460,000 nominal value of the 7% perpetual cumulative capital notes, which he held throughout the year.

The directors are not permitted to hold their shares in hedging arrangements or as collateral for loans without the express permission of the Board. No director currently holds their shares in such an arrangement.

There have been no other changes to the directors' holdings between 30 September 2015 and 27 November 2015.

Percentage increase in the remuneration of the Chief Executive Officer

The following table shows the percentage change in the base salary, benefits and variable pay of the Chief Executive between the current and previous financial year compared to average for all employees of the Group.

	Chief Executive	Average for all employees
Base salary	+1.4%	+3.4%
Benefits	No change	No change
Total variable pay	-10.0%	-4.0%

Review of base salaries

The executive directors' salaries were reviewed by the committee and a salary increase of 1.4% will take effect from 1 January 2016. The average rate of salary increase awarded to all staff, other than directors, is 3.4%.

Base salary changes for the executive directors

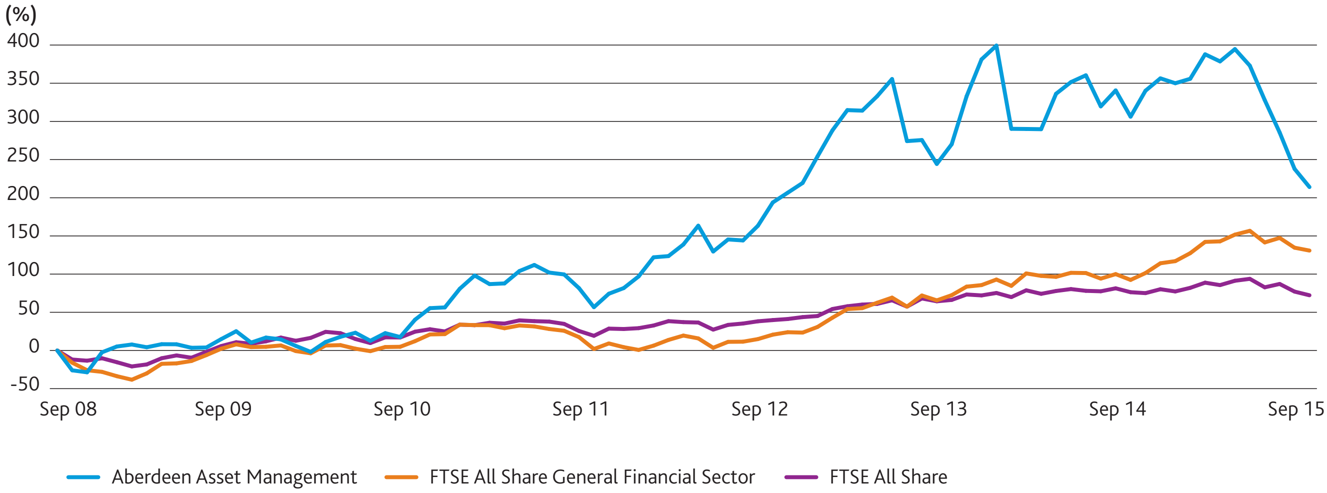
	Salary as at 1 January 2015	Salary as at 1 January 2016	Change
Martin Gilbert	£515,000	£522,000	+1.4%
Andrew Laing	£360,000	£365,000	+1.4%
Rod MacRae	£360,000	£365,000	+1.4%
Bill Rattray	£360,000	£365,000	+1.4%
Anne Richards	£360,000	£365,000	+1.4%
Hugh Young	S$718,000	S$728,000	+1.4%

The following fee levels for non-executive directors were introduced on 1 October 2014.

	Current fee
Board Chairman	£325,000
Non-executive director base fee	£65,000
Senior Independent Director	£20,000
Committee chairman supplement (Audit, Innovation, Remuneration, Risk)	£30,000
Committee membership supplement (Audit, Innovation, Remuneration, Risk)	£13,000
Committee membership supplement (Nominations)	£5,000

Total shareholder return

The graph below shows the Company's TSR performance (with dividends re-invested) against the performance of the FTSE All Share and the FTSE All Share General Financial Sector indices for the last 7 years. As the chart indicates, Aberdeen's TSR of 214% was substantially above the two comparator indices.



Source: Thomson Reuters

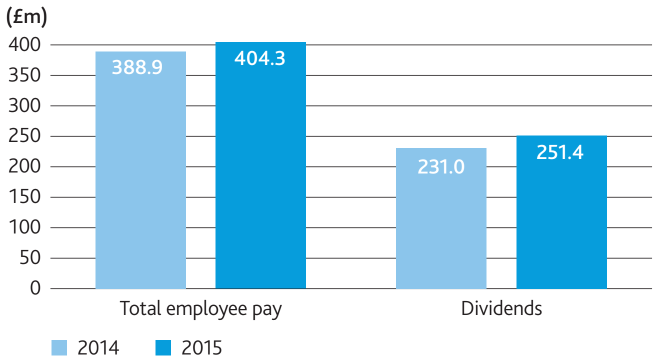
Total remuneration for Chief Executive

The total remuneration of the Chief Executive for each of the financial years shown in the TSR graph is shown in the following table. The total remuneration figure includes the variable pay awarded, and LTIP awards which vested, based on performance in each year. The LTIP percentages show the payout for each year as a percentage of the maximum, for those years in which there was an LTIP vesting event. As there is no cap on the maximum individual annual variable pay award, a percentage of maximum annual variable pay is not shown.

	2010	2011	2012	2013	2014	**2015**
Total remuneration (£'000)	3,751	4,501	4,728	5,102	4,757	**4,340**
LTIP vesting (%)	85%	100%	100%	N/A	N/A	**N/A**

Relative importance of the spend on pay

The chart below shows the year-on-year movement in total remuneration of all employees, compared to the change in dividends paid and declared on ordinary shares.



Over the 5 year period to 30 September 2015, the compound annual growth rate ("CAGR") of total employee pay was 12.1%, while the CAGR of ordinary dividend payments was 26.3%.

Implementation of remuneration policy in the year commencing 1 October 2015

The committee intends to continue to apply broadly the same performance metrics and weightings to variable remuneration as in the previous year and to take account of strategic and annual expectations for the Group.

Meetings and attendance

The remuneration committee is chaired by Simon Troughton and, during the year, he was supported by two independent non-executive directors, Jutta af Rosenborg and Richard Mully. All members served on the committee throughout the year.

The committee operates under formal terms of reference, which are reviewed annually and held seven meetings during the year. There was full attendance at all meetings by members, as shown in the table:

The members of the committee during the year and their attendance at the meetings of the committee were:

	Maximum possible attendance	Meetings attended
Simon Troughton	7	7
Jutta af Rosenborg	7	7
Richard Mully	7	7

The Chief Executive attends the meeting by invitation and assists the committee in its deliberations, except when his personal remuneration is discussed. No directors are involved in deciding their own remuneration. The committee also received advice from the Global Head of Human Resources. The Company Secretary acts as Secretary to the committee.

External advisers

The remuneration committee receives independent advice from New Bridge Street ("NBS") consultants. NBS abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. NBS was appointed by the committee and does not provide other services to the Group. Total fees charged by NBS for the year were £43,000.

External Directorships

The Group earned fees of £23,000 for Martin Gilbert's services as a non-executive director of one Aberdeen managed company and £68,750 for Hugh Young's services as a non-executive director of three Aberdeen managed companies.

The table below sets out details of the external directorships held by the executive directors and any fees that they received in respect of their services during the year.

	Position	2015	2014
Martin Gilbert	Senior Independent director, Sky plc	**£139,695**	£104,000
Anne Richards	Non-executive director, esure Group plc	**£67,500**	£60,000
	Member of the Council of the Duchy of Lancaster	**£4,250**	£17,000
Bill Rattray	Non-executive director, Curtis Banks Group plc	**£10,607**	–

Statement of shareholder voting

At the 2015 AGM, shareholder voting on remuneration was as follows:

Approve the Directors' Remuneration Report	February 2015 AGM	%
Votes cast in favour	906.4m	92.5
Votes cast against	73.4m	7.5
Total votes cast	979.8m	100.0
Abstentions	7.8m	–

Directors’ remuneration policy

This part of the Directors' Remuneration Report sets out the remuneration policy for directors of the Company, which was approved by shareholders at the AGM in January 2014.

Policy overview

The remuneration committee determines, on behalf of the Board, the Group's policy on the remuneration of the chairman, executive directors and other senior executives. The committee's terms of reference are available on the Group's website.

In setting the remuneration policy for the executive directors, the committee takes into account the following:

- the need to attract, retain and motivate talented executive directors and senior management;
- pay and benefits practice and employment conditions both within the Group as a whole and within the particular geographic regions in which the Group operates;
- external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance; and
- alignment of remuneration policy with the interests of shareholders.

How the views of shareholders are taken into account

The remuneration committee chairman engages pro-actively and regularly with major shareholders and shareholder representatives. The committee considers shareholder feedback received, as part of its annual review of remuneration policy.

If any material changes to the remuneration policy are contemplated, the remuneration committee chairman consults with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year’s remuneration report are provided in the annual report on remuneration section of this report.

Considerations elsewhere in the Group

The Group applies a consistent remuneration philosophy for staff at all levels. Base salaries are targeted around the median of the relevant markets in which the Group competes for talent. All employees are eligible to be considered for performance-related variable pay, and the principle of deferral applies to all variable pay above a minimum threshold. Rates of pension contribution and fringe benefit provisions are consistent between executives and other employees within each country where the Group operates. The committee considers the base salary increases for the Group's broader employee population when determining any annual salary increases for the executive directors.

The committee has not conducted a specific employee consultation exercise on the directors' remuneration policy. However, the Group consults with its employees on general employment policies in a range of ways, including formal consultation forums in some countries where it operates. Members of staff are encouraged to provide feedback directly to their line managers or to the human resources team. The remuneration committee monitors the effectiveness of the Group's remuneration policy in recruiting, retaining, engaging and motivating staff, and receives regular feedback from the Global Head of Human Resources on how the Group's remuneration policies are perceived and whether they are meeting business needs.

The committee does not seek to apply fixed ratios between pay levels of different roles in the Group, as this would restrict flexibility in aligning reward and achievement, and potentially create barriers to recruiting and retaining the necessary talent in a highly competitive employment market.

Policy table

The table summarises the key aspects of the Company’s remuneration policy for executive directors.

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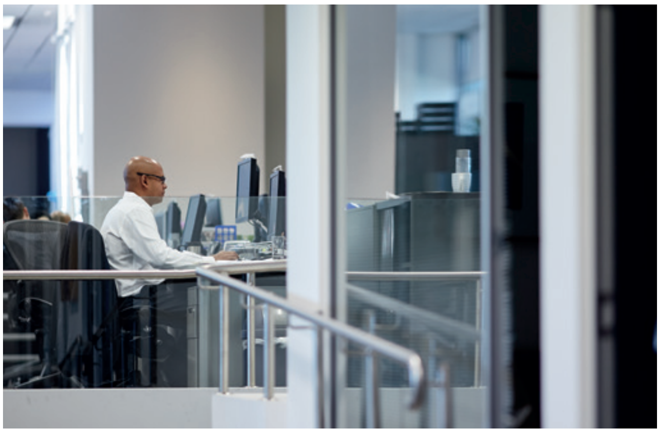
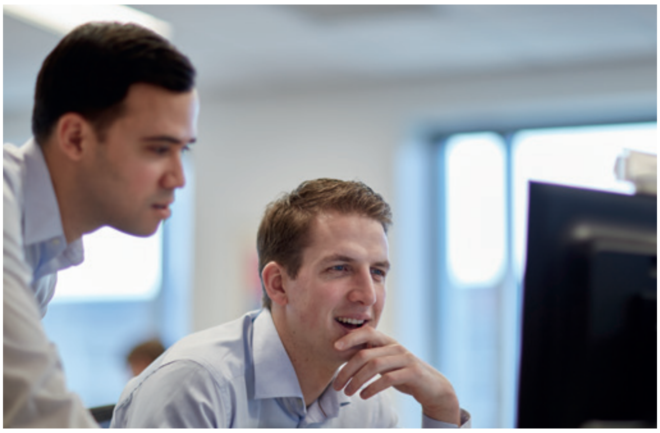

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Key aspects of the remuneration policy for executive directors

Element, purpose and link to strategy	Operation, performance measures, deferral and clawback
Base salary (Fixed pay) To pay a fair salary, commensurate with the individual's role, responsibilities and experience, and having regard to the market rates for similar roles in the asset management sector and other comparable companies.	Reviewed annually, taking account of market salary levels, Group performance, individual performance, changes in responsibility and levels of increase for the broader employee population. Reference is made to mid-market levels within relevant FTSE and industry comparators. The committee considers the impact of any base salary increase on the total remuneration package.
Benefits (Fixed pay)	The Group currently provides a range of fringe benefits such as: medical insurance; disability insurance; life insurance; paid holiday; and international benefits assistance where appropriate. Specific benefits provision may be subject to minor change from time to time, within this policy.
Pension (Fixed pay) To provide market competitive defined contributions, to assist with recruitment and retention.	Employee contributions are made to appropriate defined contribution pension arrangements, or equivalent cash allowances are paid, subject to normal practice in the relevant country. Where there are legacy defined benefit plans from corporate acquisitions, these are closed to all future accrual at the earliest reasonable opportunity.
Variable pay To reward performance and align executives' interests to those of shareholders.	Variable pay awards to executive directors are made from the Group's aggregate variable pay pool in which all staff participate and which is approved by the remuneration committee each year. The aggregate pool is normally capped at no more than 25% of the pre-variable pay operating profit, unless exceptional circumstances justify a higher cap. Executive variable pay awards paid from this pool take account of the Group's key financial performance indicators for the relevant financial year such as underlying profit before tax, underlying earnings per share, operating margin, cash conversion, ROCE, corporate governance and risk management. Details of the performance indicators for the most recent financial year and performance against them are provided in the annual report on remuneration. Similar indicators have been applied for the forthcoming year and we will report on the outcomes against these measures in the 2016 report. 75% of variable pay is awarded in Company shares which are released to executive directors in equal tranches over not less than four years. An amount equivalent to the dividends due on the shares is paid to participants only after the earliest vesting date has passed.
Clawback To ensure that variable pay awards do not encourage excessive risk.	A clawback principle applies to the variable pay plan. This enables the committee to seek to recoup variable pay in the exceptional event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct of an individual.
Share ownership	Executive directors are required to build up a substantial interest in Company shares. The current requirements are set out in the annual report on remuneration.
Employment contracts, and loss of office To facilitate recruitment and retention, and support pay for performance, by providing fair but not excessive contract features.	Notice periods from the company are normally limited to 12 months, unless there are exceptional reasons for a longer period of notice during a temporary transition period. Deferred variable pay awards normally lapse on cessation of employment unless 'good leaver' status applies under the relevant plan rules.
New executive director appointments To facilitate recruitment of necessary talent.	Remuneration for new appointments will be set in accordance with the policy detailed in this table. Where necessary, the committee may offer additional remuneration, such as shares or cash-based awards, to replace remuneration the individual has foregone in order to be able to join the Group.

Maximum opportunity
There is no prescribed maximum salary or maximum rate of increase. The committee is guided by the general increase for the broader employee population but on occasions may need to recognise, for example, development in role, change in responsibility, specific retention issues, market practice or changes in regulatory requirements. Details of the outcome of the most recent salary review are provided in the annual report on remuneration.
Fringe benefits are not subject to a specific cap, but represent only a small percentage of total remuneration. The costs associated with benefits provision are closely monitored and controlled.
Company contribution of up to 20% of base salary, or equivalent cash allowance in lieu.
The aggregate variable pay pool for all employees including executives is capped. The policy is not to cap individual variable pay awards (other than indirectly through the impact of the aggregate pool cap) as this is not market practice for most of the Group's peers and would risk placing the Group at a competitive disadvantage. The high proportion of variable pay deferral (75%), clawback arrangements, and risk controls incorporated in the Group's team-based investment process, ensure that the uncapped individual incentive opportunity encourages both excellent performance and prudent management of risk. The committee will consider, where appropriate, the use of tax-approved share plans, to be applied to all employees on similar terms, where these are consistent with the Group's overall remuneration policy.
The committee has discretion to determine the amount of any award which it seeks to clawback.
Any severance payment in lieu of notice is capped at an amount equivalent to the remuneration the executive director would otherwise have been eligible to receive had they been permitted to work the notice period. (See further detail after this table regarding any new executive director contracts.)

Choice of performance measures and how performance expectations are set

Variable pay is based on a range of key performance indicators ("KPIs") linked directly to the Group's strategy, which provides a rounded assessment of the Group's performance. The remuneration committee reviews the KPIs each year, and varies them, if appropriate, to ensure that they continue to reflect the priorities for the business.

The main emphasis is on financial metrics such as underlying profit before tax, underlying earnings per share, operating margin, cash conversion, and ROCE. These KPIs are used because: they support value creation for shareholders; are a good indication of the strong operational disciplines in place; and, most importantly, reflect the Group's imperative to look after our clients.

The committee considers what has been achieved for each KPI, relative to both the annual business plan and the longer term strategy. Levels of variable pay award therefore reflect actual performance relative to both annual and longer term expectations. The financial results achieved in any one year are a reflection of the delivery of our long term strategy.

Differences in remuneration policy for executive directors compared to other employees

The remuneration approach for the executive directors is broadly consistent with that for employees across the Group as a whole. However, there are some differences which the committee believes are necessary to reflect the different responsibilities of employees across the Group:

- Below executive director level, whilst the same 75% variable pay deferral policy applies, participants may elect to receive up to half the deferred amount in the form of an investment in funds managed by Aberdeen; the balance of the deferred amount is delivered in Aberdeen shares.

For executive directors and the other members of the Group management board the 75% deferred portion of variable pay vests over not less than four years in equal tranches. For awards made for 2014 and for 2015, the vesting period is 5 years. For employees below this level, the 75% deferred portion currently vests in equal tranches over three year period following the award.

External non-executive director positions

Executive directors are permitted to accept a limited number of directorships outside the Group, recognising that this can assist in their personal development. All such appointments are subject to approval in advance by the Board. Where the appointment is accepted in furtherance of the Group's business, any fees received are remitted to the Group. If the appointment is not connected to the Group's business, the director is permitted to retain any fees received. Details of outside directorships held by the executive directors and any fees that they received are provided in the annual report on remuneration.

Approach to remuneration for new executive director appointments

The remuneration package for a newly appointed executive director is set in accordance with the terms of the Group's approved remuneration policy in force at the time of appointment. The variable remuneration for a new executive director would be determined in the same way as for existing executive directors, and would be subject to the maximum limit on aggregate variable pay referred to in the policy table above.

The committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Group and shareholders, to replace variable remuneration awards or arrangements that an individual has foregone in order to join the Group. Any such payments would take account of the details of the remuneration foregone and would take account of the nature, vesting dates and any performance requirements attached to that remuneration.

For external and internal appointments, the Group may meet certain relocation expenses as appropriate.

Service contracts and loss of office payment policy

The remuneration committee periodically reviews the contractual terms for new executive directors to ensure that these reflect best practice.

Service contracts normally continue until the director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. Notice periods are limited to 12 months.

Executive directors appointed up to 31 December 2013

For existing executive directors, if the employing company terminates the employment without giving the period of notice required under the contract, then the executive director is entitled to receive up to 1 year's remuneration in recompense. Compensation is limited to: base salary due for any unexpired notice period; any amount assessed by the committee as representing the value of contractual benefits and pension which would have been received during the notice period; and any variable pay which the director might otherwise have been eligible to receive had they been permitted to serve their notice, subject to the committee's assessment of Group and personal performance.

Any executive directors who are appointed after 31 December 2013

In the case of any new executive director appointment since January 2014, if the individual's contract were terminated by the employing company and payment in lieu of notice were to be made, the committee would normally seek to limit this to base salary, pension and benefits for up to 12 months. An amount in respect of loss of variable pay for the period of notice would only be included in exceptional circumstances such as ill health, and would not apply in circumstances of poor performance. For the avoidance of doubt, note that the individual would be eligible to be considered in the normal way for an variable pay for any period they have served as an executive director, subject to the normal assessment of Group and personal performance.

The directors' contracts also provide for termination on three months' notice if, in the opinion of the Board and having given the director adequate opportunity to improve, the director has failed to perform at a satisfactory standard. In such a case, the directors' contracts do not provide for any liquidated damages to be paid.

In summary, the contractual provisions are as follows:

Provision	Detailed terms for existing executive directors	Detailed terms any new executive director appointments post 31 December 2013
Notice period	12 months	12 months
Termination payment in the event of termination by the Company without due notice.	Base salary plus value of benefits including pension. Also eligible for annual variable pay which the director would otherwise have received.	Normally limited to base salary, plus value of benefits including pension.

Any share-based entitlements an executive director holds under the Group's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards will lapse. However, in certain prescribed circumstances, such as death, disability, redundancy, retirement or other circumstances at the discretion of the committee (taking into account the Individual's performance and the reasons for their departure) 'good leaver' status can be applied.

A director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Legacy arrangements

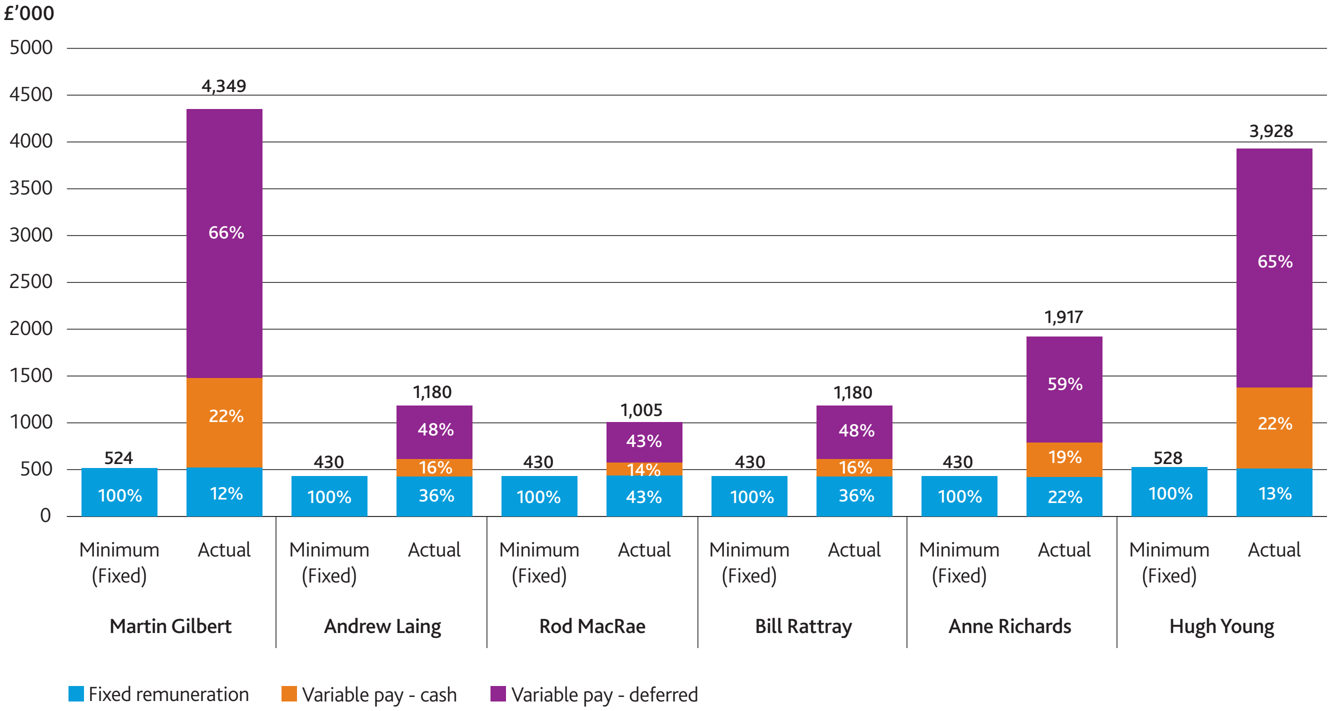
For the avoidance of doubt, in approving this directors' remuneration policy, authority is given to the Group to honour any commitments entered into with current or former directors (such as the payment of a pension or the unwind of legacy share schemes) that have been disclosed to shareholders in previous remuneration reports. Details of any payments to directors will be set out in the annual report on remuneration as they arise.

The Group's policy results in the majority of the remuneration received by executive directors being dependent on Group performance.

The chart below illustrates the minimum (fixed) remuneration, and provides an indication of the total remuneration for a year of good performance using the variable pay figures for the year ending September 2015 and the base salary effective 1 January 2016. As the Group's policy is not to cap individual variable pay, a maximum total remuneration figure is not shown in the chart.

It also shows the weighting of the main remuneration components for executive directors. As the chart indicates, performance-related remuneration represents between 57% to 88% of the total, and three-quarters of the performance-related remuneration is delivered in Aberdeen shares.

Relative sizes of remuneration components



Fees policy for the Board Chairman and other non-executive directors

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To attract and retain a high-calibre Board Chairman by offering a market competitive fee level.	The Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the remuneration committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present).	The current fee for the Chairman is £325,000. The Directors' Remuneration Policy allows the fee to be changed periodically by the committee.
Non-executive director fees	To attract and retain high-calibre non-executive directors by offering a market competitive fee level.	The non-executives are paid a basic fee. Fee supplements may be paid for additional responsibilities and activities, such as for the committee chairmen and other members of the main Board committees (eg audit, remuneration, risk, innovation and nominations) and the Senior Independent Director, to reflect the additional responsibilities. The fee levels are reviewed periodically by the Chairman and executive directors, with reference to market levels in comparably sized FTSE companies and a recommendation is then made to the Board.	The current basic fee is £65,000 with a supplement of £30,000 for each of the Chairman of the audit, innovation, remuneration, and risk committees and a supplement of £20,000 for the senior independent Director. The current supplement is £13,000 for other members of the audit, innovation, remuneration and risk committees, and £5,000 for members of the nominations committee. The fee levels are subject to change periodically under the policy. There is no maximum fee level.

Non-executive directors are engaged under letters of appointment and they do not have contracts of service. The appointment will normally terminate on:

i) a director choosing to resign voluntarily; or

ii) a director being prohibited from serving by law, bankruptcy or illness; or

iii) annually, if the nominations committee does not approve the extension of the appointment; or

iv) a director being found guilty of misconduct; or

v) a director not being re-elected by the shareholders following retirement by rotation at an Annual General Meeting.

No fee is paid to non-executive directors appointed to represent a major shareholder.

Compliance with FCA Remuneration Codes

The committee regularly reviews its remuneration policy to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to Aberdeen. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained, long term performance of the Group. The Group Head of Risk is involved in reviewing the remuneration policy and practice to ensure that it is aligned with sound risk management, and keeps the committee informed of Aberdeen's risk profile so that this can be taken into account in remuneration decisions.

Approval

This Directors' Remuneration Report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Simon Troughton
Chairman of the Remuneration Committee

27 November 2015

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year to 30 September 2015.

Principal activity and business review

The principal activity of the Group is the provision of asset management services. Further information on the Group's business, which is required by section 414c of the Companies Act 2006, can be found in the following sections of the annual report, which are incorporated by reference into this report:

- Chairman's statement on pages 6 to 8
- Strategic report on pages 12 to 51

Financial

The results for the year are shown in the Group income statement on page 101.

An interim ordinary dividend of 7.5p per share was paid on 18 June 2015. The directors recommend a final ordinary dividend of 12.0p per share, making a total of 19.5p per share for the year to 30 September 2015.

The proposed final dividend, if approved, will be paid on 3 February 2016 to shareholders on the register at the close of business on 8 January 2016. A dividend of £2.5 million will also be paid to holders of the 2015 non-voting preference shares on 3 February 2016. Coupon payments of £18 million in total have been paid on the 7.0% perpetual cumulative capital notes.

Directors

The names and biographical details of the present directors of the Company are given on pages 56 to 59. Val Rahmani, who was appointed to the Board during the year, will retire and being eligible, offer herself for election at the forthcoming annual general meeting. All other directors, who served throughout the year, will retire and, being eligible, offer themselves for re-election. Directors' interests in the share capital and equity of the Company at the year end are contained in the remuneration report on page 78.

Substantial interests

At 27 November 2015, the Company has been notified of the following interests, other than the directors', of 3% or more in the ordinary shares:

	Number	% of class
Mitsubishi UFJ Trust & Banking Corporation	226,150,969	17.16
Lloyds Banking Group plc	129,033,779	9.79
Capital Research & Management	93,212,624	7.07
BlackRock	58,429,086	4.43
M&G Investment Management	51,918,324	3.94

Share capital

The Company announced on 7 July 2015 the issuance of 200,000,000 non-voting, perpetual, non-cumulative, redeemable preference shares to Mitsubishi UFJ Trust & Banking Corporation. Details of the Company's share capital and changes to that share capital are set out in note 22 of the financial statements.

The authority for the Company to purchase, in the market, up to 133,161,465 of its ordinary shares, representing approximately 10% of its issued ordinary share capital at 28 November 2014, expires at the forthcoming Annual General Meeting. Pursuant to that authority, between 23 July 2015 and 4 August 2015, the Company carried out a buy-back programme to return surplus capital to shareholders, which saw 13,700,217 ordinary shares of 10p each in the Company (representing approximately 1% of its issued ordinary share capital at 4 August 2015, bought back for an average consideration paid by the Company of £3.65 per ordinary share. The shares so purchased were all cancelled. At the forthcoming Annual General Meeting, shareholder will be asked to renew the Company's buy-back authority for a further year.

Going concern

The strategic review discusses the Group's business activities, together with the factors likely to affect its future development, performance and position and sets out the financial position of the Group, its cash flows and liquidity. Note 30 of the financial statements sets out the Group's objectives, policies and processes for managing capital and its financial risk management objectives, together with details of financial instruments and exposure to credit risk and liquidity risk.

The Group has considerable financial resources and a strong cash position. The Board has prepared forecasts, including rigorous sensitivity analysis, which demonstrate that the Group will continue to operate within its available resources.

After making these enquiries, the Board considers that the Group has adequate resources to meet its business needs and it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

Acquisition of shares by the employee benefit trust

During the year, the Employee Benefit Trust, funded by the Company, purchased a net 13,993,517 ordinary shares in the Company, which have an aggregate nominal value of 10p each, for a net consideration of £37.0 million. The shares were purchased in order to hedge the Group's future commitment in relation to the vesting of awards under the Group's deferred share scheme.

At the date of this report, the Employee Benefit Trust holds 33,691,043 shares in the Company. The shares held by the Employee Benefit Trust are registered in the nominee name Wealth Nominees Limited and a dividend waiver has been signed by Wealth Trustees Limited to cover all of the shares held by the Trust.

Directors' indemnities

The Company maintains directors and officers' liability insurance which provides appropriate cover for any legal action brought against its directors.

Responsible business practices

We are committed to embedding the ten UN Global Compact principles throughout our organisation and this year have further developed the way in which we integrate ESG considerations into our investment processes across all asset classes, in line with the requirements of the Principles for Responsible Investment ("PRI").

On an annual basis we refine our approach and continue to make progress in embedding responsible business practices throughout the organisation. This process is led by Andrew Laing, the Deputy Chief Executive, who in turn is responsible for reporting to the Board on developments, risks and opportunities.

This year, rather than have a separate section entitled corporate responsibility, we have sought to integrate the assessment of our material ESG factors throughout the annual report. Further information on our approach to responsible business can be found in our annual corporate responsibility report.

Environmental disclosure

Our greatest environmental impact is indirect, through the investments that we hold. We do however work hard to reduce our direct impacts, recognising this is not only the right thing to do, it also has business benefits which include reducing business costs. Energy consumption and associated emissions, waste and business travel, remain our key areas of focus.

This year, comparison on a like for like basis of our carbon emissions shows that we have had a 2% reduction in our global emissions intensity. We continue to recycle over 65% of our total waste in the UK and, in an effort to reduce our business travel, have increased use of videoconferencing by 70%. During the year, we undertook a comprehensive review of our Environmental Management System ("EMS") to determine how we could further embed a culture of environmental performance improvement and we will launch this new programme in 2016. We also maintained our ISO 14001 and Carbon Trust accreditation in the UK.

Total global emissions for carbon reporting

		CO_2e emissions (tonnes)	
Scope	**Emissions source**	**2015**	2014
1	Natural gas	**414**	179
	Group owned vehicles	**118**	132
	Diesel	**–**	4
	Refrigerant gas loss	**28**	28
		560	343
2	Electricity and district heating	**4,885**	4,205
Total		**5,445**	4,548
Intensity ratio: Emissions per FTE for Scope 1 and Scope 2		**1.86**	1.72

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) for our methodology and have used operational control as our boundary for reporting. We have gathered data from invoices on energy consumption, register of refrigerants and service logs of owned vehicles. The UK emissions factors Defra/DECC (2014) have been used in all instances where country specific emissions factors are unavailable.

Audit information

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate governance

A report on corporate governance which forms part of this Directors' report, is set out on pages 62 to 64.

Political donations

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

2015 Annual General Meeting

A separate document, the Notice of Annual General Meeting 2016, covering the Annual General Meeting of the Company to be held on 27 January 2016 at noon, will be sent or made available to all shareholders and will contain an explanation of the business before that meeting.

Electronic proxy voting

Registered shareholders have the opportunity to submit their votes (or abstain) on all resolutions proposed at the Annual General Meeting by means of an electronic voting facility operated by the Company's registrar, Equiniti Limited. This facility can be accessed by visiting **www.sharevote.co.uk**. CREST members may appoint a proxy or proxies by using the CREST electronic appointment service.

Electronic copies of the annual report and financial statements and other publications

Copies of the 2015 annual report and financial statements, the notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Group's website at **aberdeen-asset.com**. Shareholders are encouraged to take advantage of the provisions allowing the Group to deliver notices of meetings and associated documentation electronically by email, or via the Group's investor relations webpages at **aberdeen-asset.com/investorrelations**.

Company Information

The Company is registered in Scotland (No. 82015) and its Registered Office is located at 10 Queen's Terrace, Aberdeen, AB10 1YG.

By order of the Board

Scott E Massie
Secretary
10 Queen's Terrace
Aberdeen AB10 1YG

27 November 2015

Directors' responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

R C Cornick
Chairman

27 November 2015

Financial statements

Net revenue for the year of £1,169.0 million was 5% higher than in 2014.

Underlying profit before tax increased by 0.3% to £491.6 million and statutory profit before tax decreased by 0.3% to £353.7 million.

Total equity at 30 September was £2,158.0 million (2014: £2,075.9 million) and closing cash was £567.7 million (2014: £653.9 million).

+8.3%

Dividend per share increased by 8.3% to 19.5p. We aim to grow our revenues while maintaining an efficient capital structure for the benefit of our shareholders.

Accounting policies

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") endorsed by the EU.

The financial statements have been prepared on the historical cost basis, except that certain of the Group's financial instruments are stated at their fair values and the measurement of long term employee benefits at present value of the obligation less fair value of any assets held to settle the obligation. The principal accounting policies, which have been consistently applied unless otherwise stated, are set out below.

In publishing these financial statements, the Company is taking advantage of the exemption provided by section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the approved financial statements.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' report on pages 89 to 90.

Accounting estimates and judgements

Preparation of the financial statements necessitates the use of estimates, assumptions and judgements, which affect the reported values of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's knowledge and judgement of information and financial data, the actual outcome may differ from these estimates. The key assumptions which affect the results for the year and the balances as at the year end are specifically identified, where appropriate, in the following notes to the Group financial statements:

a) impairment testing of goodwill and intangible assets – note 13;

b) assessment of estimated useful lives of intangible assets – notes 13;

c) business combinations and measurement of assets and liabilities at time of acquisition – notes 14 and 29;

d) valuation and determination of fair value of deferred contingent consideration – note 29;

e) provisions – note 27.

New and amended standards and interpretations adopted during the year

The following new and amended Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on amounts reported in these financial statements.

		Effective date (periods commencing on or after 1 January 2014)
IFRS 10 (May 2011)	*Consolidated financial statements*	1 January 2014
IFRS 11 (May 2011)	*Joint arrangements*	1 January 2014
IFRS 12 (May 2011)	*Disclosure of Interest in Other Entities*	1 January 2014
Amendments to IFRS 10, 11, 12 (December 2011)	*Transition guidance*	1 January 2014
Amendments to IAS 32 (December 2011)	*Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IAS 36	*Impairment of assets*	1 January 2014

The adoption of IFRS 10 has not resulted in the consolidation of additional funds where the Group is now deemed to have a controlling interest under the definition in this standard. No restatement has been performed at 30 September 2014 as management determine there to be no material difference to the previously reported financial statements. There is no impact on net assets, operating profit or profit before tax.

IFRS 11 has not resulted in any changes to the consolidated financial statements for the current or previously reported periods.

IFRS 12 requires certain disclosures to be made in respect of the Group's interests in the funds it manages. These are shown in note 32.

The Group has also adopted any revisions to the standards that are effective for the first time in the current year. This has no material impact on the Group's results.

New standards and interpretations not applied

Endorsed by the EU and available for early adoption:

		EU Effective date (periods commencing on or after 1 January 2015)
Annual improvements 2012 (December 2013)	*Improvements to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IFRS 9, IAS 37, IAS 39*	1 February 2015
Annual improvements 2013 (Dec 2013)	*IFRS 1, IFRS 3, IFRS 13*	1 January 2015

None of the standards and interpretations issued and not yet effective are expected to have a material impact on the Group's results.

Standards and interpretations not endorsed:

		Effective date (periods commencing on or after 1 January 2015)
Amendment to IFRS 11 (May 2014)	*Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendment to IAS 16 and IAS 38 (May 2014)	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IFRS 10, 12 and IAS 28 (December 2014)	*Clarification of the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures*	1 January 2016
Annual improvements 2014 (September 2014)	*Improvements to: IFRS 5, IFRS 7, IAS 19 and IAS 34*	1 January 2016
Amendments to IAS 1 (December 2014)	*Part of the disclosure initiative aimed at improving financial statement presentation and disclosures*	1 January 2016
IFRS 15 (May 2014)	*Revenue from contracts with customers*	1 January 2018
IFRS 9 (Jul 2014)	*Financial Instruments*	1 January 2018

The Group is assessing the impact of the above standards on the Group's future financial statements but does not expect any to have a material impact on results or financial position.

Basis of consolidation

The consolidated financial information contained within these financial statements incorporates the results, cash flows and financial position of the Company and its subsidiaries for the period to 30 September 2015.

Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Non-controlling interests are measured at either their proportionate share of their identifiable net assets or their proportionate share of the fair value of identifiable net assets at the date of acquisition. The choice of measurement is made on a case by case basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intercompany transactions, balances, income and expenses between Group entities are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

Purchases of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values at the acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs relating to acquisitions are recognised in the income statement as incurred, and, where sufficiently material are disclosed separately in the income statement.

Where applicable, consideration for an acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). Subsequent changes in the fair value of contingent consideration classified as an asset or liability are reflected in the income statement and, when sufficiently material, are disclosed separately. Changes in the fair value of contingent consideration classified as equity are not remeasured and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised 2008) are recognised at their fair values at the acquisition date, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the acquisition date, and is subject to a maximum of one year.

Revenue

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

Commissions and similar expenses payable to intermediaries are recognised when services are provided.

The Group is entitled to earn performance fees from a number of clients where the actual performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised when the quantum of the fee can be reliably estimated and it is probable that the fee will be received.

Finance revenue

Finance revenue comprises interest and dividends. Interest income is recognised using the effective interest rate method as it accrues. Dividend income is recognised when the Group's right to receive payment is established which, in the case of listed securities, is the ex-dividend date.

Finance costs

Finance costs comprise interest payable on borrowings recognised using the effective interest rate method. They also include non-utilisation fees charged on the undrawn portion of the revolving credit facility.

The unwinding of the discount on the deferred contingent consideration is classified within finance costs.

Acquisition-related items

Where the Group incurs significant expenditure or earns significant income arising from an acquisition and which are sufficiently material to warrant separate disclosure then the expenditure incurred is separately recognised on the face of the income statement in order to provide more helpful information to investors.

These costs are disclosed in a separate column of the income statement. Changes in the fair value of deferred contingent consideration in respect of acquisitions, included within operating profit, as well as finance costs such as interest on borrowings to execute an acquisition and including the unwinding of the discount on deferred consideration in respect of acquisitions are considered acquisition-related items where they are necessarily incurred in the course of an acquisition.

Leases

All Group leases are operating leases, being leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset.

Rental payments made under operating leases are charged to the income statement on a straight line basis over the term of the lease. Lease incentives received by the Group are recognised as a reduction in the rental expense, recognised on a straight line basis over the term of the lease.

Rental income from sub-leases is recognised on a straight-line basis over the term of the relevant sub-lease.

Pension costs

The principal pension scheme operated by the Group is a group personal pension scheme. In addition, overseas subsidiaries make contributions to various trade and state defined contribution schemes. Contributions to these defined contribution pension schemes are recognised as an expense in the income statement as they become payable under the rules of the schemes.

The Group also operates a number of legacy defined benefit pension schemes which arose on acquisitions. All schemes are closed to new membership and to future service accruals. The Group's net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of future benefit that members have earned in return for their service in prior periods; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The benefits are discounted at a rate equal to the yield on high credit rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The surplus or deficit in respect of defined benefit schemes is expressed as the excess or shortfall of the fair value of the assets of the scheme compared to the present value of the scheme liabilities and is recognised as an asset or liability of the Group or Company.

Net interest on the liability/asset and the costs of curtailments, settlements and administration are recognised in the income statement.

Remeasurements are recognised directly in other comprehensive income in the period in which they occur. When the calculation results in a benefit to the Group or Company, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Other employee benefits

Share-based payments and deferred fund awards

The Group grants equity-settled share-based awards and cash-settled awards (for awards in Aberdeen funds) to certain employees.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the service period to vesting, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled deferred fund awards, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Taxation

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

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 provided using the balance sheet liability method and is calculated at the tax rates enacted or substantively enacted that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and 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, except:

- in respect of taxable or deductible temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future;
- where the deferred tax asset or liability arises from the initial recognition of goodwill; and
- where the deferred tax asset or liability arises from the initial recognition of an asset or liability in a transaction that:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor loss.

Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Expenditure on property, plant & equipment is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits attributable to the item and the cost of the item can be measured reliably. All other expenditure is recognised as an expense in the income statement as incurred.

Property, plant & equipment is depreciated so as to write off the cost of assets, on a straight line basis, over their estimated useful lives as follows:

- Heritable property: 50 years;
- Leasehold property: over the period of the lease;
- Property improvements: shorter of five years or the period of the lease; and
- Computers, fixtures and fittings: three to ten years.

Depreciation is recognised as an expense in the income statement.

Intangible assets

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the balance sheet. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses.

Management contracts and distribution agreements

Intangible assets, such as management contracts and distribution agreements acquired as part of a business combination, are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Group and the fair value of the assets can be measured reliably.

They are recorded initially at fair value and then amortised, if appropriate, over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the management contracts or distribution agreements in place at the date of acquisition. The contracts are included in the balance sheet as an intangible asset.

The useful lives of management contracts in respect of certain open end funds, which have no limit of time or termination provisions, are considered to be indefinite and are therefore not subject to amortisation. The indefinite nature of these contracts is reassessed on an annual basis to ensure that the policy remains appropriate.

Certain management contracts are considered to have a definite life and are therefore amortised, generally, on a straight line basis over the lower of their estimated useful lives or average contract term of between two and ten years, with amortisation charged to the income statement reflecting the pattern of consumption of economic benefits. In limited situations, where a higher value of outflows is expected in earlier years we may apply a reducing balance basis, under which the amortisation charge is higher in early periods. The useful lives of distribution agreements are determined by reference to the expiry date of the agreement.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software

Purchased software assets have a finite life and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight line basis over the useful economic life of the asset which, for software, is estimated at between three and five years. Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Impairment

The Group performs annual impairment reviews in respect of goodwill and intangible fixed assets with indefinite lives. The Group carries out impairment reviews in respect of other fixed assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Impairment losses in respect of goodwill are not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Financial instruments are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument (other than financial instruments at fair value through profit or loss) are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognised immediately in profit or loss. They are categorised as described below.

The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include recent arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same and discounted cash flow analysis.

Financial investments held for trading include investments acquired principally for the purpose of selling in the short term or if so designated by management. They are carried at fair value in the balance sheet and gains or losses are taken to the income statement in the period in which they arise. The following assets and liabilities are classified as financial instruments held for trading:

- **Current assets**
  - Assets backing investment contract liabilities
  - Stock of units and shares
  - Seed capital
  - Other investments
- **Current liabilities**
  - Investment contract liabilities

Available for sale financial assets are also carried at fair value in the balance sheet. Movements in fair value are taken to the fair value reserve until derecognition of the asset, at which time the cumulative amount dealt with through this reserve is recognised in the income statement.

Where there is objective evidence that an available for sale financial asset is impaired, the cumulative impairment loss is reclassified from equity to the income statement with subsequent movements recognised in the income statement.

- **Non-current assets includes**
  - Other investments available for sale
  - Other investments held at amortised cost

Loans and receivables and other financial liabilities are recognised at amortised cost using the effective interest rate method.

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

Derivative financial instruments
In limited circumstances, the Group may use derivative financial instruments to hedge against market and foreign exchange risk in relation to certain seed capital investments. These are classified as financial assets or liabilities according to the fair value at reporting date. All changes in the fair value of derivative financial instruments are taken to profit or loss. It is not the Group's policy to trade in derivative instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in money market instruments with an original maturity of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Investment contracts

The Group sells unit linked life and pension contracts through its insurance subsidiary, Aberdeen Asset Management Life and Pensions Limited ("L&P"). Management fees earned from these contracts are accounted for as described in the accounting policy for revenue.

L&P is consolidated in the Group financial statements on a line-by-line basis. Unit linked policyholder assets (described as assets backing investment contract liabilities) held by L&P and related policyholder liabilities are carried at fair value through profit or loss.

Amounts received from and paid to investors under these contracts are treated as deposits received or paid and therefore not recorded in the income statement. Charges to investors due under these contracts are recognised in the income statement. At the balance sheet date the value of these contracts is stated at an amount equal to the fair value of the net assets held to match the contractual obligations.

Investments in subsidiaries

In the Company balance sheet, investments in subsidiaries are carried at cost less any provision for impairment.

Interests in 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 control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group's interests in consolidated and unconsolidated structured entities are described in note 32.

Equity instruments

Perpetual subordinated capital securities
The 7.0% perpetual cumulative capital notes are classified as an element of equity as the securities are irredeemable, except at the Company's option, and coupon payments are discretionary. Coupon payments, net of attributable tax, are recognised as distributions within equity.

Preference shares
The 5.0% non-voting, perpetual, non-cumulative, redeemable preference shares are classified as an element of equity as the securities are irredeemable, except at the Company's discretion and dividends are discretionary and non-cumulative.

Dividends
Dividends on ordinary shares and preference shares are recognised on the date of payment or, if subject to approval, the date approved by shareholders.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in finance costs. No provision is established where a reliable estimate of the obligation cannot be made.

Foreign currencies

The consolidated financial statements are presented in sterling, the Company's functional and presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured in that functional currency.

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the income statement. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction and so no exchange differences arise. Non-monetary assets and liabilities stated at fair value in a foreign currency are translated at the exchange rate ruling at the balance sheet date.

Where fair value movements in assets and liabilities are reflected in the income statement, the corresponding exchange movements are also recognised in the income statement. Where fair value movements in assets and liabilities are reflected directly in other comprehensive income, the corresponding exchange movements are also recognised directly in other comprehensive income.

The assets and liabilities of foreign operations are translated to sterling at the exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising are recognised in other comprehensive income and accumulated in equity. On disposal of a foreign operation, all of the accumulated foreign exchange differences in respect of that operation are recycled to the profit and loss account.

Group income statement

For the year to 30 September 2015

	Notes	2015 Before amortisation and acquisition-related items £m	2015 Amortisation and acquisition-related items £m	2015 Total £m	2014 Before amortisation and acquisition-related items £m	2014 Amortisation and acquisition-related items £m	2014 Total £m
Gross revenue		1,318.9	–	1,318.9	1,288.7	–	1,288.7
Commissions payable		(149.9)	–	(149.9)	(171.1)	–	(171.1)
Net revenue	2	1,169.0	–	1,169.0	1,117.6	–	1,117.6
Operating costs		(670.3)	–	(670.3)	(627.2)	–	(627.2)
Amortisation of intangible assets	13	–	(131.3)	(131.3)	–	(99.4)	(99.4)
Acquisition-related costs	4	–	(0.1)	(0.1)	–	(33.1)	(33.1)
Operating expenses		(670.3)	(131.4)	(801.7)	(627.2)	(132.5)	(759.7)
Operating profit		498.7	(131.4)	367.3	490.4	(132.5)	357.9
Net finance (costs) income	7	2.5	(6.5)	(4.0)	0.5	(3.2)	(2.7)
Net losses on investments	8	(9.6)	–	(9.6)	(0.6)	–	(0.6)
Profit before taxation		491.6	(137.9)	353.7	490.3	(135.7)	354.6
Tax expense	9	(74.7)	30.0	(44.7)	(78.6)	31.1	(47.5)
Profit for the year		416.9	(107.9)	309.0	411.7	(104.6)	307.1
Attributable to:							
Equity shareholders of the Company				288.2			285.5
Other equity holders				18.0			16.2
Non-controlling interests				2.8			5.4
				309.0			307.1
Earnings per share							
Basic	12			22.28p			23.54p
Diluted	12			21.79p			22.79p

Statements of comprehensive income

For the year to 30 September 2015

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Profit for the year	**309.0**	307.1	**338.6**	415.5
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gain (loss) on defined benefit pension schemes	**10.7**	(6.9)	**–**	–
Tax on net remeasurement of defined benefit pension schemes	**(2.1)**	1.7	**–**	–
	8.6	(5.2)	**–**	–
Items that may be reclassified subsequently to profit or loss				
Translation of foreign currency net investments	**(8.5)**	(15.8)	**0.1**	–
Available for sale assets:				
– gains (losses) during the period	**1.3**	(0.1)	**0.9**	–
Tax on items that may be recycled to profit or loss	**(0.3)**	0.2	**(0.2)**	–
	(7.5)	(15.7)	**0.8**	–
Other comprehensive income (expense), net of tax	**1.1**	(20.9)	**0.8**	–
Total comprehensive income for the year	**310.1**	286.2	**339.4**	415.5
Attributable to:				
Equity shareholders of the Company	**289.3**	264.4	**321.4**	399.3
Other equity holders	**18.0**	16.2	**18.0**	16.2
Non-controlling interests	**2.8**	5.6	**–**	–

Balance sheets

30 September 2015

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Assets					
Non-current assets					
Intangible assets	13	**1,486.2**	1,552.2	**49.8**	55.1
Property, plant & equipment	15	**21.3**	21.1	**12.7**	11.9
Investments	16	**52.1**	54.6	**2,546.0**	2,485.9
Deferred tax assets	17	**19.9**	28.4	**8.5**	8.5
Pension surplus	33	**30.1**	16.6	**–**	–
Trade and other receivables	18	**3.7**	3.2	**109.9**	62.9
Total non-current assets		**1,613.3**	1,676.1	**2,726.9**	2,624.3
Current assets					
Assets backing investment contract liabilities	19	**1,926.1**	2,472.9	**–**	–
Trade and other receivables	18	**557.9**	490.2	**112.0**	101.8
Investments	20	**192.6**	85.8	**146.3**	53.5
Derivative financial assets	29	**29.6**	–	**29.6**	–
Cash and cash equivalents	21	**567.7**	653.9	**252.3**	334.1
Total current assets		**3,273.9**	3,702.8	**540.2**	489.4
Total assets		**4,887.2**	5,378.9	**3,267.1**	3,113.7
Equity					
Called up share capital	22	**131.8**	131.4	**131.8**	131.4
Share premium account	24	**898.7**	898.7	**898.7**	898.7
Other reserves	24	**675.7**	656.1	**715.2**	714.8
Retained earnings	24	**30.3**	28.0	**399.9**	362.0
Total equity attributable to shareholders of the parent		**1,736.5**	1,714.2	**2,145.6**	2,106.9
Non-controlling interest		**(0.1)**	40.1	**–**	–
7.0% Perpetual cumulative capital notes	25	**321.6**	321.6	**321.6**	321.6
5.0% Preference shares	25	**100.0**	–	**100.0**	–
Total equity		**2,158.0**	2,075.9	**2,567.2**	2,428.5
Liabilities					
Non-current liabilities					
Deferred contingent consideration	29	**46.8**	53.9	**35.9**	53.9
Pension deficit	33	**12.0**	20.2	**–**	–
Provisions	27	**5.0**	5.0	**–**	–
Deferred tax liabilities	17	**92.7**	109.7	**0.7**	0.5
Total non-current liabilities		**156.5**	188.8	**36.6**	54.4
Current liabilities					
Investment contract liabilities	19	**1,926.1**	2,472.9	**–**	–
Interest bearing loans and borrowings	21	**–**	–	**466.4**	364.0
Trade and other payables	26	**582.0**	526.7	**158.8**	197.5
Deferred consideration	29	**–**	38.3	**–**	38.3
Other liabilities	14	**–**	30.5	**–**	30.5
Current tax payable		**34.9**	45.8	**8.4**	0.5
Derivative financial liabilities	29	**29.7**	–	**29.7**	–
Total current liabilities		**2,572.7**	3,114.2	**663.3**	630.8
Total liabilities		**2,729.2**	3,303.0	**699.9**	685.2
Total equity and liabilities		**4,887.2**	5,378.9	**3,267.1**	3,113.7

The financial statements were approved by the Board of Directors on 27 November 2015, and signed on its behalf by:

R C Cornick
Chairman

W J Rattray
Finance Director

Financial statements

Statements of changes in equity

For the year to 30 September 2015

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m
Group				
Balance at 30 September 2013	119.9	898.5	31.1	172.7
Profit for the period	–	–	–	–
Other comprehensive (expense) income	–	–	–	–
Total comprehensive income (expense)	–	–	–	–
Arising on the issue of shares	11.5	0.2	–	438.6
Deferred share issue on acquisition (note 14)	–	–	–	–
Share-based payments	–	–	–	–
Purchase of own shares	–	–	–	–
Dividends paid to shareholders	–	–	–	–
Non-controlling interest	–	–	–	–
Unwinding of put option	–	–	–	–
Balance at 30 September 2014	131.4	898.7	31.1	611.3
Profit for the period	–	–	–	–
Other comprehensive income (expense)	–	–	–	–
Total comprehensive income (expense)	–	–	–	–
Share-based payments	–	–	–	–
Deferred share issue on acquisition (note 14)	–	–	–	–
Arising on the issue of ordinary shares	1.8	–	–	65.8
Redemption of shares	(1.4)	–	1.4	–
Issue of preference share capital	–	–	–	–
Purchase of own shares	–	–	–	–
Dividends paid to shareholders	–	–	–	–
Non-controlling interest	–	–	–	–
Acquisition of non-controlling interest (note 14)	–	–	–	–
Balance at 30 September 2015	**131.8**	**898.7**	**32.5**	**677.1**
Company				
Balance at 30 September 2013	119.9	898.5	31.1	172.7
Profit for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	–	–
Arising on the issue of shares	11.5	0.2	–	438.6
Deferred share issue on acquisition (note 14)	–	–	–	–
Share-based payments	–	–	–	–
Purchase of own shares	–	–	–	–
Dividends paid to shareholders	–	–	–	–
Unwinding of put option	–	–	–	–
Balance at 30 September 2014	131.4	898.7	31.1	611.3
Profit for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	–	–
Share-based payments	–	–	–	–
Deferred share issue on acquisition (note 14)	–	–	–	–
Arising on the issue of ordinary shares	1.8	–	–	65.8
Redemption of shares	(1.4)	–	1.4	–
Issue of preference share capital	–	–	–	–
Purchase of own shares	–	–	–	–
Dividends paid to shareholders	–	–	–	–
Acquisition of non-controlling interest (note 14)	–	–	–	–
Balance at 30 September 2015	**131.8**	**898.7**	**32.5**	**677.1**

Foreign currency translation reserve £m	Fair value reserve £m	Other non-distributable reserves £m	Retained earnings £m	Non-controlling interest £m	Other equity £m	Total equity £m
(9.8)	(3.7)	(24.5)	(49.1)	47.3	321.6	1,504.0
–	–	–	285.5	5.4	16.2	307.1
(15.8)	(0.1)	–	(5.2)	0.2	–	(20.9)
(15.8)	(0.1)	–	280.3	5.6	16.2	286.2
–	–	–	–	–	–	450.3
–	–	67.6	–	–	–	67.6
–	–	–	65.0	–	–	65.0
–	–	–	(64.3)	–	–	(64.3)
–	–	–	(200.9)	(1.4)	(16.2)	(218.5)
–	–	–	–	(11.4)	–	(11.4)
–	–	–	(3.0)	–	–	(3.0)
(25.6)	(3.8)	43.1	28.0	40.1	321.6	2,075.9
–	–	–	288.2	2.8	18.0	309.0
(8.5)	1.0	–	8.6	–	–	1.1
(8.5)	1.0	–	296.8	2.8	18.0	310.1
–	–	–	45.4	–	–	45.4
–	–	(67.6)	–	–	–	(67.6)
–	–	–	–	–	–	67.6
–	–	–	(50.3)	–	–	(50.3)
–	–	–	(0.5)	–	100.0	99.5
–	–	–	(37.0)	–	–	(37.0)
–	–	–	(243.2)	–	(18.0)	(261.2)
–	–	–	–	(6.5)	–	(6.5)
–	–	27.5	(8.9)	(36.5)	–	(17.9)
(34.1)	**(2.8)**	**3.0**	**30.3**	**(0.1)**	**421.6**	**2,158.0**
1.0	0.8	3.0	173.4	–	321.6	1,722.0
–	–	–	399.3	–	16.2	415.5
–	–	–	–	–	–	–
–	–	–	399.3	–	16.2	415.5
–	–	–	–	–	–	450.3
–	–	67.6	–	–	–	67.6
–	–	–	57.5	–	–	57.5
–	–	–	(64.3)	–	–	(64.3)
–	–	–	(200.9)	–	(16.2)	(217.1)
–	–	–	(3.0)	–	–	(3.0)
1.0	0.8	70.6	362.0	–	321.6	2,428.5
–	–	–	320.6	–	18.0	338.6
0.1	0.7	–	–	–	–	0.8
0.1	0.7	–	320.6	–	18.0	339.4
–	–	–	46.8	–	–	46.8
–	–	(67.6)	–	–	–	(67.6)
–	–	–	–	–	–	67.6
–	–	–	(50.3)	–	–	(50.3)
–	–	–	(0.5)	–	100.0	99.5
–	–	–	(37.0)	–	–	(37.0)
–	–	–	(243.2)	–	(18.0)	(261.2)
–	–	–	1.5	–	–	1.5
1.1	**1.5**	**3.0**	**399.9**	**–**	**421.6**	**2,567.2**

Statements of cash flows

For the year to 30 September 2015

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Core cash generated from operating activities		**531.7**	543.8	**347.3**	522.1
Short term timing differences on open end fund settlements		**(1.3)**	(3.9)	**–**	–
Cash generated from operations		**530.4**	539.9	**347.3**	522.1
Net interest received (paid)		**2.1**	0.5	**1.4**	(0.3)
Tax paid		**(62.2)**	(58.5)	**(22.6)**	(21.6)
Net cash generated from operations		**470.3**	481.9	**326.1**	500.2
Acquisition-related costs paid		**(23.9)**	(26.7)	**(14.8)**	(15.7)
Net cash generated from operating activities	5	**446.4**	455.2	**311.3**	484.5
Cash flows from investing activities					
Proceeds from sale of investments		**36.6**	51.1	**18.3**	41.2
Purchase of investments		**(154.5)**	(39.6)	**(119.3)**	(21.5)
Acquisition of businesses, net of cash acquired		**(126.2)**	71.1	**(71.5)**	–
Investment in existing subsidiary undertakings		**–**	–	**(57.6)**	(8.5)
Liquidation of subsidiary undertakings		**–**	–	**–**	8.8
Purchase of intangible assets		**(7.3)**	(3.2)	**(6.9)**	(2.8)
Purchase of property, plant & equipment		**(8.5)**	(9.8)	**(4.9)**	(5.5)
Net cash (used in) generated from investing activities		**(259.9)**	69.6	**(241.9)**	11.7
Cash flows from financing activities					
Issue of ordinary shares		**–**	0.2	**–**	0.2
Redemption of ordinary shares		**(50.3)**	–	**(50.3)**	–
Purchase of own shares		**(37.0)**	(64.3)	**(37.0)**	(64.3)
Issue of preference shares (net of expenses paid)		**99.5**	–	**99.5**	–
Dividends paid and coupon payments		**(265.8)**	(221.9)	**(265.8)**	(221.9)
Dividends paid to non-controlling interests		**(12.0)**	–	**–**	–
Net cash used in financing activities		**(265.6)**	(286.0)	**(253.6)**	(286.0)
Net (decrease) increase in cash and cash equivalents		**(79.1)**	238.8	**(184.2)**	210.2
Cash and cash equivalents at 1 October		**653.9**	426.6	**(29.9)**	(240.1)
Exchange rate fluctuations on cash and cash equivalents		**(7.1)**	(11.5)	**–**	–
Cash and cash equivalents at 30 September		**567.7**	653.9	**(214.1)**	(29.9)

Notes to the financial statements

For the year to 30 September 2015

1 Segmental disclosures

The Group operates a single business segment of asset management for reporting and control purposes.

IFRS 8 *Operating Segments* requires disclosures to reflect the information which the Group management board ("GMB"), being the body that is the Group's chief operating decision maker, uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business, with multiple investment strategies of equities, fixed income and property, complemented by a solutions business which provides multi asset, alternatives and quantitative investment capabilities. These strategies are managed across a range of products, distribution channels and geographic regions. Reporting provided to the GMB is on an aggregated basis.

Under IFRS 8, the Group is required to disclose by geographical location revenue and amounts of non-current assets other than financial instruments, deferred tax assets and retirement benefit assets. Revenue below is allocated by geographical location based on where the assets are managed and the location of client service teams.

Year to 30 September 2015	UK £m	Europe £m	Singapore £m	Rest of Asia £m	US £m	Total £m
Net revenue	**604.5**	**138.4**	**257.2**	**65.2**	**103.7**	**1,169.0**
Non-current assets	**1,191.2**	**44.1**	**5.8**	**131.2**	**138.9**	**1,511.2**

Year to 30 September 2014	UK £m	Europe £m	Singapore £m	Rest of Asia £m	US £m	Total £m
Net revenue	514.3	139.4	245.1	115.2	103.6	1,117.6
Non-current assets	1,302.9	47.2	6.2	140.5	79.7	1,576.5

Included in revenues arising from the UK are revenues of £147.6 million (2014: £73.3 million) which were earned from the Group's largest client. No other single client contributed 10% or more to the Group's revenue in either 2015 or 2014.

2 Revenue

	2015 £m	2014 £m
Revenue comprises:		
Gross management fees	**1,296.8**	1,256.8
Commissions payable to intermediaries	**(149.9)**	(171.1)
Net management fees	**1,146.9**	1,085.7
Performance fees	**13.5**	21.7
Transaction fees	**8.6**	10.2
Net revenue	**1,169.0**	1,117.6

3 Operating expenses

	2015 £m	2014 £m
Operating profit is stated after charging (crediting):		
Fees payable to the Company's auditor for the audit of the Company's accounts	0.2	0.2
Fees payable to the Company's auditor and its associates for other services		
• audit of the Company's subsidiaries pursuant to legislation	1.2	1.1
• audit-related assurance services	0.2	0.2
Total audit fees	1.6	1.5
• tax compliance services	0.3	0.2
• other non-audit services	0.4	0.4
Total non-audit fees	0.7	0.6
Operating lease payments	21.9	18.5
Depreciation	8.6	8.2
Amortisation of intangible assets	131.3	99.4
Exchange (gain) loss	(0.7)	1.1

Details of directors' remuneration are given in the remuneration report on pages 72 to 88.

4 Acquisition-related items

Acquisition-related items includes a gain of £24.4 million related to the reduction in the fair value of the deferred contingent consideration payable to Lloyds Banking Group at 30 September 2015 (see note 29).

Acquisition-related costs

Costs in 2014 and 2015 largely relate to the acquisition of SWIP and the migration and integration of this business into the Group, as well as deal costs related to acquisitions due to complete in the next financial year (see note 14). Transaction costs include advisers' fees and stamp duty. Integration costs include charges in respect of a transitional services agreement with the vendor to ensure transfer in a controlled manner; set up costs in respect of migration of the back office; and costs of retaining duplicate staffing for the transitional period.

Transaction and deal costs on other acquisitions in 2015 relate to advisers' fees on the FLAG Capital Management LLC acquisition which completed during the year (see note 14), as well as Parmenion Capital Partners LLP and Arden acquisitions due to complete in late 2015.

	2015 £m	2014 £m
Arising on SWIP acquisition:		
Redundancy and other severance costs	3.8	11.6
Costs of separation, migration & integration	16.4	10.5
Transitional service costs	2.8	3.4
Migration & integration costs	23.0	25.5
Transaction & deal costs	(3.2)	12.2
Reduction in fair value of deferred consideration	(24.4)	–
	(4.6)	37.7
Arising on other acquisitions:		
Transaction & deal costs	4.7	–

	2015 £m	2014 £m
Release of surplus provision arising on Artio acquisition	–	(4.6)
Total acquisition-related costs	0.1	33.1

£5.3 million has been recognised as a tax credit in the income statement in respect of acquisition costs that are deductible for tax purposes (2014: £5.6 million).

5 Analysis of cash flows

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Reconciliation of profit after tax to operating cash flow				
Profit after tax	309.0	307.1	338.6	415.5
Depreciation	8.6	8.2	4.1	4.0
Amortisation of intangible assets	131.3	99.4	12.0	7.4
Unrealised foreign currency (gains) losses	(1.9)	1.0	–	–
Other gains	(23.1)	–	(23.1)	–
Loss on disposal of property, plant & equipment	0.1	–	0.1	–
Losses (gains) on investments	9.6	0.6	(0.6)	(1.7)
Equity settled share-based element of remuneration	47.6	51.4	7.8	8.3
Net finance costs	4.0	2.7	5.1	4.4
Income tax expense (income)	44.7	47.5	(5.2)	(1.5)
	529.9	517.9	338.8	436.4
Decrease (increase) in trade and other receivables	24.5	40.1	(54.6)	(29.7)
Increase in open end fund receivables	(101.8)	(89.7)	–	–
(Decrease) increase in trade and other payables	(46.6)	(40.5)	48.3	99.7
Increase in open end fund payables	100.5	85.8	–	–
Decrease in provisions	–	(0.4)	–	–
Net cash inflow from operating activities	506.5	513.2	332.5	506.4
Interest received	5.6	3.8	1.4	2.4
Interest paid	(3.5)	(3.3)	–	(2.7)
Income tax paid	(62.2)	(58.5)	(22.6)	(21.6)
Net cash generated from operating activities	446.4	455.2	311.3	484.5

6 Employees

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Aggregate employee costs, including directors:				
Salaries and cash element of variable pay	**264.2**	249.3	**55.8**	40.8
Share-based payments and deferred fund awards (note 23)	**63.9**	65.3	**9.3**	9.4
Other benefits	**11.1**	9.5	**1.7**	1.5
Social security costs	**31.4**	35.9	**7.5**	8.3
Pension costs	**33.7**	28.9	**8.5**	5.2
	404.3	388.9	**82.8**	65.2

	2015 Number	2014 Number	**2015 Number**	2014 Number
Average number of employees during the year	**2,731**	2,485	**613**	452

7 Net finance costs

	2015 £m	2014 £m
Finance revenue - interest income	**(5.7)**	(4.4)
Unwinding of discount on deferred consideration	**6.5**	3.2
Interest on overdrafts, revolving credit facilities and other interest bearing accounts	**3.2**	3.9
Net finance costs	**4.0**	2.7

8 Gains and losses on investments

	2015 £m	2014 £m
(Losses) gains on held for trading investments	**(12.7)**	1.5
Gains on derivative instruments	**3.3**	–
Losses on available for sale investments	**(0.2)**	(2.1)
	(9.6)	(0.6)

Gains on derivative instruments relate to realised gains on future contracts used to hedge market risk on certain seed capital investments classified as ‘held for trading’ (see note 29).

9 Tax expense

	2015 £m	2014 £m
Current tax expense		
UK corporation tax on profit for the year	**37.6**	29.4
Adjustments in respect of prior periods	**(1.0)**	(0.5)
	36.6	28.9
Foreign tax on profit in the year	**28.9**	28.3
Adjustments in respect of prior periods	**(1.7)**	(0.5)
Total current tax	**63.8**	56.7
Deferred tax credit		
Origination and reversal of temporary differences	**(19.4)**	(11.7)
Adjustments in respect of prior periods	**0.3**	2.5
Total tax expense in income statement	**44.7**	47.5

The deferred tax credit is analysed in note 17.

	2015 £m	2014 £m
Reconciliation of effective tax rate		
Profit before tax	**353.7**	354.6
Income tax calculated at the UK corporation tax rate 20.5% (2014: 22%)	**72.5**	78.0
Effect of lower tax rates applicable in foreign jurisdictions	**(22.1)**	(26.9)
Utilisation of previously unrecognised losses	**(1.3)**	(1.0)
Movement in unrecognised deferred tax asset	**5.2**	0.3
Change in UK tax rates on deferred tax balances	**–**	(0.3)
Expenses not deductible / (non-taxable income)	**(4.4)**	(2.4)
Timing difference on deferred shares	**(0.7)**	0.6
Other differences	**(2.1)**	(2.3)
Adjustments in respect of prior years	**(2.4)**	1.5
Total tax expense in income statement	**44.7**	47.5

Domestic tax rate

The UK tax rate for the year is 20.5% (2014: 22%). The tax rate was reduced from 21% to 20% (effective from 1 April 2015) and a further reduction to 19% (effective from 1 April 2017) and then to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015.

The effective tax charge borne by the Company and its UK subsidiaries will reduce accordingly in future years.

All UK deferred tax assets and liabilities that will unwind in the future have been recognised at an average rate of 20%, which has been calculated based on the future rates which will apply at the estimated dates of unwinding.

9 Tax expense (continued)

Factors affecting future tax charge
The Group's overseas profits are subject to the tax rates which apply in relevant jurisdictions, some of which are lower than the standard rate of UK corporation tax.

Non-UK deferred tax assets and liabilities at 30 September 2015 have also been calculated based on the rates that are expected to apply when the asset is realised or the liability settled.

10 Profit for the financial year

The profit dealt with in the accounts of the Company was £338.6 million (2014: £415.5 million).

11 Dividends and coupons payable

	2015 £m	2014 £m
Coupon payments on perpetual capital securities		
7.0% Perpetual cumulative capital notes	22.6	21.0
	22.6	21.0
Dividends on ordinary shares		
Declared and paid during the year:		
Final dividend for 2014 – 11.25p (2013: 10.0p)	145.9	114.6
Interim dividend for 2015 – 7.5p (2014: 6.75p)	97.3	85.1
	243.2	199.7
Total dividends and coupon payments paid during the year	265.8	220.7
Proposed for approval at the Annual General Meeting (not recognised as a liability at 30 September)		
Dividends on ordinary shares:		
Final dividend for 2015 – 12.0p (2014: 11.25p)	154.1	145.0
Dividend on 2015 preference shares	2.5	–

The total ordinary dividend for the year is 19.5p per share including the proposed final dividend for 2015 of 12.0p per share.

The proposed dividend on the 2015 preference shares is £2.5 million (see note 25) and will be paid at the same time as the final ordinary dividend for 2015.

The coupon payments on perpetual capital securities are tax deductible. The deduction for 2015 is £4.6 million (2014: £4.8 million), resulting in a net cost of £18.0 million (2014: £16.2 million).

12 Earnings per share

Basic earnings per share figures are calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding shares held by the Employee Benefits Trust.

Diluted earnings per share figures are calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive shares into ordinary shares.

Underlying earnings per share figures are calculated by adjusting the profit to exclude amortisation of intangible assets and acquisition-related items. The purpose of providing the underlying earnings per share is to allow readers of the accounts to clearly consider trends without the impact of these non-cash or one-off items.

	IAS 33		Underlying	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Basic earnings per share				
Profit for the financial year attributable to equity shareholders of the Company	**288.2**	285.5	**288.2**	285.5
Amortisation of intangible assets, net of attributable taxation			**106.6**	73.9
Acquisition-related costs, net of attributable taxation			**1.3**	30.7
Underlying profit for the financial year			**396.1**	390.1
Weighted average number of shares (millions)	**1,293.6**	1,212.8	**1,293.6**	1,212.8
Basic earnings per share	**22.28p**	23.54p	**30.62p**	32.17p
Diluted earnings per share				
Profit for calculation of diluted earnings per share	**288.2**	285.5	**396.1**	390.1
Weighted average number of shares (millions)				
For basic earnings per share	**1,293.6**	1,212.8	**1,293.6**	1,212.8
Dilutive effect of exercisable share options and deferred shares	**28.8**	35.2	**28.8**	35.2
Dilutive effect of potential ordinary shares for deferred top-up payment	**–**	4.8	**–**	4.8
	1,322.4	1,252.8	**1,322.4**	1,252.8
Diluted earnings per share	**21.79p**	22.79p	**29.95p**	31.14p

Profit for the financial year used in calculating earnings per share is based on profit after tax after deducting non-controlling interests of £2.8 million (2014: £5.4 million) and coupon payments in respect of perpetual capital securities (net of tax) of £18.0 million (2014: £16.2 million).

13 Intangible assets

Group	Goodwill £m	Management contracts £m	Distribution contracts £m	Software £m	Total £m
Cost					
At 30 September 2013	690.2	624.3	45.2	29.6	1,389.3
Additions	–	–	–	3.4	3.4
Arising on acquisitions	228.6	389.2	–	7.0	624.8
Exchange movement	(5.5)	(0.2)	–	–	(5.7)
At 30 September 2014	913.3	1,013.3	45.2	40.0	2,011.8
Arising on acquisitions	24.1	39.5	–	–	63.6
Additions	–	–	–	7.3	7.3
Disposals	–	(9.0)	–	(2.0)	(11.0)
Exchange movement	(4.6)	4.2	–	(0.2)	(0.6)
At 30 September 2015	**932.8**	**1,048.0**	**45.2**	**45.1**	**2,071.1**
Amortisation and impairment					
At 30 September 2013	–	312.2	33.0	15.0	360.2
Amortisation for year	–	84.6	9.2	5.6	99.4
At 30 September 2014	–	396.8	42.2	20.6	459.6
Amortisation for year	–	120.3	3.0	8.0	131.3
On disposal	–	(4.2)	–	(1.8)	(6.0)
At 30 September 2015	**–**	**512.9**	**45.2**	**26.8**	**584.9**
Net book value					
At 30 September 2015	**932.8**	**535.1**	**–**	**18.3**	**1,486.2**
At 30 September 2014	913.3	616.5	3.0	19.4	1,552.2

Company	Goodwill £m	Management contracts £m	Software £m	Total £m
Cost				
At 30 September 2013	34.8	25.7	25.2	85.7
Additions	–	–	2.8	2.8
At 30 September 2014	34.8	25.7	28.0	88.5
Additions	–	–	6.9	6.9
Disposals	–	–	(2.0)	(2.0)
At 30 September 2015	**34.8**	**25.7**	**32.9**	**93.4**
Amortisation and impairment				
At 30 September 2013	3.7	9.9	12.4	26.0
Amortisation for year	–	4.2	3.2	7.4
At 30 September 2014	3.7	14.1	15.6	33.4
Amortisation for year	–	8.2	3.8	12.0
On disposal	–	–	(1.8)	(1.8)
At 30 September 2015	**3.7**	**22.3**	**17.6**	**43.6**
Net book value				
At 30 September 2015	**31.1**	**3.4**	**15.3**	**49.8**
At 30 September 2014	31.1	11.6	12.4	55.1

Impairment testing of goodwill and intangibles

Goodwill and intangibles
The Group has one cash generating unit ("CGU") for the purpose of assessing the carrying value of goodwill and intangible assets reflecting the fact that the Group is managed as a single asset management business.

Goodwill and indefinite life intangibles are reviewed for impairment annually or more frequently if there are indicators that the carrying value may be impaired. Definite life intangibles are reviewed annually for indicators of impairment. If any indication exists, further assessment is made of whether the carrying value may be impaired.

Impairment testing is an area involving management judgement requiring assessment as to whether (i) there is an impairment indicator and, if so, (ii) the carrying amount exceeds the estimated recoverable amount. There are a number of assumptions to determine the estimated recoverable amount. For goodwill, we assess the recoverable amount by considering the Group's market capitalisation, external valuations prepared by analysts and our internal models. We use internal models for other intangibles. Assumptions include the selection of market growth rates, discount rates, assets under management flow assumptions, expected revenue growth and operating costs. Further detail on these assumptions is shown on page 116.

13 Intangible assets (continued)

The recoverable amount of the CGU is determined by value-in-use calculations which use five year cash flow projections based on the Group's approved budget for the year to 30 September 2016. The 2016 budget reflects the impact of outflows from this year, as well as any mitigating actions. It is prepared on a bottom up basis and the growth rates below are average rates applied to the forecasts in later years.

A long term growth rate is used to extrapolate the cash flows within the value-in-use calculations beyond the initial five year projections. The long term growth rate assumption of 2% is in line with the long term nature of the Group's business and in line with the Board's view that the Group will operate as a going concern in the long term.

The other principal assumptions in the forecasts for the periods beyond these covered by the budget:

	2015 %	2014 %
Average annual increase in assets under management	3.8	5.0
Average annual increase in operating costs	3.0	4.0

The assumed annual increases in operating costs include provision for inflation of salaries and other operating costs, as well as provision for the additional costs associated with the assumed increased levels of business.

The following discount rates have been used in the impairment analysis. They are based on the Group's weighted average cost of capital using a risk free interest rate to estimate a market rate relevant to the sector and associated risks.

	2015 Post tax %	2015 Pre tax %	2014 Post tax %	2014 Pre tax %
Discount rate	11.22	12.91	9.94	11.53

The impairment review included a sensitivity analysis of the key assumptions underpinning the cash flow projections and the rate at which the projections were discounted to arrive at the final value-in-use. The assumptions are derived from past experience and consideration of current market inputs.

The absolute levels, on a standalone basis and without the effect of that change on other variables, of the key assumptions which most closely resulted in a match in the value-in-use to the carrying value of goodwill were as follows:

	2015 %	2014 %
Discount rate – pre tax	19.7	26.5
Revenue growth rate	(2.7)	(5.9)
Operating cost growth rate	12.6	25.5

The value-in-use, calculated in accordance with the process described above, was compared with the carrying values of goodwill, intangible assets and property, plant & equipment. The comparison resulted in a surplus of value-in-use of £1,414 million (2014: £4,307 million) over the carrying value of these assets and therefore no impairment of goodwill has been recognised in the year.

Management contracts and distribution agreements

The Group reviewed the management contracts and distribution agreements held at 30 September 2015 including £79.3 million (2014: £79.3 million) of management contracts which are considered to have an indefinite life. These indefinite life assets comprise contracts for the management of open end funds which have no limit of time or termination provisions. The Group also reviewed definite life assets for impairment indicators and performed impairment tests where required. No impairment was identified.

Impairment tests were performed using either value-in-use calculations (using methods and assumptions described above in relation to goodwill) or estimates of fair value less costs to sell, as considered appropriate, and the measures of value compared with the carrying value of the contracts.

The categories of management contracts and distribution agreements, their carrying amounts at the year end, remaining amortisation periods and estimated useful lives are as follows:

	30 September 2015			30 September 2014		
	Net book values £m	Remaining amortisation period (years)	Estimated useful life (years)	Net book values £m	Remaining amortisation period (years)	Estimated useful life (years)
Definite life – management contracts	**455.8**	**1-7**	**5-9**	537.1	1-8	4-10
Definite life – distribution contracts	**–**	**–**	**–**	3.0	1	5
Indefinite life – open end fund contracts	**79.3**	**N/A**	**Indefinite**	79.3	N/A	Indefinite
	535.1			619.4		

The definite life management contracts include those acquired in the previous year as part of the SWIP acquisition, which have a net book value of £291.4 million at 30 September 2015 (2014: £355.2 million), together with the contracts acquired from Credit Suisse in 2009 which have a net book value of £80.6 million (2014: £100.1 million).

Intangibles are amortised over their useful economic lives. This shall not exceed the period of the contractual rights but may be shorter depending on the period over which the entity expects to use the asset.

There is a judgement in assessing these lives including assessment of client retention. We have typically assessed these to be between 5 and 10 years - looking at each acquisition on a case by case basis. Factors considered include size of book of business, market and growth prospects and nature of investments managed under the contracts.

Company impairment review

A review of goodwill and management contracts held by the Company was carried out on the same basis as the Group review described above. There were no indicators of impairment in respect of the management contracts held by the Company.
No impairment of goodwill or management contracts has been recognised in the year.

At 30 September 2015, the Company held indefinite life open end fund contracts with a value of £3.4 million (2014: £3.4 million).

14 Acquisitions

Acquisitions 2015

a. On 31 August 2015, the Group completed the purchase of FLAG Capital Management, LLC ("FLAG"), a manager of private equity and real asset solutions with offices in Stamford (USA), Boston (USA), and Hong Kong. Total consideration for the transaction was £62.6 million ($96.2 million) comprising cash consideration of £52.0 million ($80 million) and contingent deferred consideration of £10.6 million under an earn-out agreement.

The fair value of the earn-out at completion was £10.6 million, determined by the probability weighted expected return and growth over the period from acquisition to 31 December 2017, subject to a maximum of £29.3 million ($45 million), and discounted to a present value. The undiscounted fair values identified in this analysis range from £1.3 million to £29.3 million. After the impact of foreign exchange and unwinding the discount, totalling £0.3 million, the deferred liability is £10.9 million at 30 September 2015.

This acquisition is in line with the Group's strategy to strengthen and grow its global alternatives platform and solutions capabilities and FLAG's well-established private equity teams in the U.S. and Asia help broaden the Group's existing solutions business. The acquired business added approximately £39.5 million of intangible assets and goodwill of £22.4 million arose on completion of an independent valuation (see below).

In the one month to September 2015, FLAG added revenue of £1.6 million and profit before tax of £0.6 million. However, if the acquisition had occurred on 1 October 2014, we estimate that consolidated revenues would have been increased by a further £21.5 million, and consolidated profit before tax for the period would have been increased by £4.9 million. In determining these amounts, we have assumed that the fair value adjustments that arose on acquisition date would have been the same if the acquisition had occurred on 1 October 2014. Acquisition-related costs of £2.3 million were incurred and have been included in acquisition costs (see note 4).

b. Independent valuation specialists were engaged to carry out a valuation of the acquired goodwill and intangible assets acquired in this transaction. The fair value adjustments from this allocation process are reflected in the table on the following page. Goodwill is mainly attributable to the skills of the workforce acquired and the synergies expected to be achieved from the acquisition.

The valuation of intangibles and the determination of useful economic lives determined at the point of acquisitions are significant accounting estimates. Intangible assets are valued based on forecast income streams from the management contracts. This includes assumptions on client attrition and markets.

Valuation of the earn-out agreements and recognition over the term are also significant accounting estimates. This is discussed further in note 29.

The determination of useful economic lives is discussed in note 13.

c. The fair value of the intangible assets has been based on the present value of expected cash flows of the underlying management contracts. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Businesses acquired from FLAG Capital Management, LLC		
Group	**At date of acquisition £m**	**Fair value adjustments £m**	**Fair value £m**
Intangible assets	–	39.5	39.5
Property, plant & equipment	0.4	–	0.4
Trade and other receivables	1.2	–	1.2
Cash	2.1	–	2.1
Trade and other payables	(3.0)	–	(3.0)
Total identifiable net assets acquired	**0.7**	**39.5**	**40.2**
Goodwill			22.4
			62.6
Discharged by:			
Cash			52.0
Fair value of the earn-out payment (non-current liabilities)			10.6
Total consideration			**62.6**

d. On 30 June 2015, the Group completed its purchase of the remaining 49.9% stake in the UK joint venture, Aberdeen Private Equity Managers Limited ("SVGM"), from SVG Capital plc ("SVGC") for cash consideration of £29 million. The Group originally acquired a 50.1% stake in May 2013 with the option of acquiring the remaining 49.9% stake for which a deferred liability of £35 million was recognised at acquisition, discounted to £27.5 million. SVGM generated revenues of £17.9 million (2014: £28.8 million) and profit after tax of £6.6 million (2014: £10.7 million), of which £3.3 million (2014: £5.4 million) was allocated to non-controlling interest prior to acquisition of the remaining stake.

At acquisition, the Group recognised a decrease in non-controlling interest of £36.5 million, a decrease in retained earnings of £8.9 million and a reduction of £27.5 million in the put option reserve.

14 Acquisitions (continued)

Acquisitions 2014

a. The Group completed the purchase from Lloyds Banking Group ("Lloyds") of Scottish Widows Investment Partnership Group Limited ("SWIP") and its related private equity businesses on 31 March 2014 and the purchase of SWIP's infrastructure fund management business was completed on 1 May 2014. Total consideration for the transaction was £606.6 million, comprising three elements: (i) 131.8 million new ordinary Aberdeen shares issued at an average price of 392.7p; (ii) a deferred top-up payment of £38.3 million payable on 31 March 2015; and (iii) contingent deferred consideration of up to £100 million under an earn-out agreement with Lloyds. The fair value attributed to the earn-out payment at completion was £50.7 million.

   108.5 million new shares were issued on 31 March 2014 at a share price of 390.3p and a further 5.95 million shares were issued on 1 May 2014 at a price of 443.4p. The remaining 17.3 million shares were issued on 3 December 2014, Lloyds having received its necessary regulatory consents. This element of consideration has been recognised in equity as a deferred share issue (£67.6 million). Total equity consideration recognised was £517.6 million.

   The deferred top-up payment of £38.3 million was determined as the difference between the weighted average share price for the 5 days before the acquisition date and a floor price of 420p, the difference multiplied by the number of consideration shares. The Group is entitled, at its sole option, to settle this item in cash or by the issue of further shares and, accordingly this payment was recognised as a current liability. The Group settled in cash the deferred top-up payment of £38.3 million in cash on 31 March 2015.

   The contingent deferred consideration of up to £100 million is payable in cash and the actual amount payable will be determined according to the growth over the five year period to 31 March 2019 of recurring revenue generated from the strategic relationship with Lloyds.

   The fair value at completion of £50.7 million was determined based on a probability weighted expected return analysis of cash flow assumptions and calculated by reference to the expected performance and growth over 5 years, discounted to a present value. The undiscounted fair values identified in this analysis range from £39.1 million to £100 million.

   The fair value of the earn-out has been subsequently measured: after unwinding the year to date discount of £6.5 million (2014: £3.2 million) and a reduction in fair value of £24.4 million (see note 29), the deferred liability is £35.9 million (2014: £53.9 million) at 30 September 2015. The first annual instalment is due on 31 March 2016.

   The acquisition of the SWIP businesses adds scale to the business across a range of asset classes, strengthens investment capabilities and adds new distribution channels in addition to the strategic relationship with Lloyds. The acquired business added approximately £60 million of net tangible assets to the combined business, intangible assets of £394.5 million and goodwill of £227.6 million arose on completion of an independent valuation (see below).

   In the six month period to 30 September 2014, SWIP contributed revenue of £119.8 million and profit before tax of £59.8 million. However, if the acquisitions had occurred on 1 October 2013, we estimate that consolidated revenues would have been increased by a further £120.0 million, and consolidated profit before taxation for the period would have been increased by a further £60.0 million. In determining these amounts, we have assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 October 2013. Acquisition and integration related costs of £37.7 million were incurred and have been included in acquisition costs.

b. Independent valuation specialists were engaged to carry out a valuation of the acquired goodwill and intangible assets acquired in both transactions. The fair value adjustments from this allocation process are reflected in the table on the following page. Goodwill is mainly attributable to the skills of the workforce acquired and the synergies expected to be achieved from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the intangible assets has been based on the present value of expected cash flows of the underlying management contracts, with the exception of £7 million internally developed software which is based on management's best estimate of replacement cost. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Businesses acquired from Lloyds Banking Group plc		
Group	At date of acquisition £m	Fair value adjustments £m	Fair value £m
Intangible assets	–	394.5	394.5
Deferred tax assets	3.8	(1.2)	2.6
Trade and other receivables	147.0	–	147.0
Other investments	0.5	–	0.5
Cash	72.0	–	72.0
Trade and other payables	(156.0)	3.2	(152.8)
Current tax payable	(7.3)	–	(7.3)
Deferred tax liabilities	–	(77.5)	(77.5)
Total identifiable net assets acquired	**60.0**	**319.0**	**379.0**
Goodwill			227.6
			606.6
Discharged by:			
Equity			517.6
Deferred top-up payment (current liabilities)			38.3
Fair value of the earn-out payment (non current liabilities)			50.7
Total consideration			**606.6**

15 Property, plant & equipment

Group	Heritable property £m	Short leasehold property £m	Computers, fixtures and fittings £m	Motor vehicles £m	Total £m
Cost					
At 1 October 2013	2.4	12.6	17.1	0.6	32.7
Additions	–	2.2	7.6	0.4	10.2
Disposals	–	–	(0.6)	–	(0.6)
Exchange movement	–	(0.2)	(0.5)	–	(0.7)
At 30 September 2014	2.4	14.6	23.6	1.0	41.6
Additions	–	2.5	5.9	0.1	8.5
On acquisition of subsidiaries	–	–	0.3	–	0.3
Disposals	–	(0.2)	(2.2)	(0.1)	(2.5)
At 30 September 2015	**2.4**	**16.9**	**27.6**	**1.0**	**47.9**
Depreciation					
At 1 October 2013	0.5	5.8	6.3	0.4	13.0
Charge for year	0.2	3.2	4.7	0.1	8.2
On disposals	–	–	(0.4)	–	(0.4)
Exchange movement	–	–	(0.4)	0.1	(0.3)
At 30 September 2014	0.7	9.0	10.2	0.6	20.5
Charge for year	0.1	2.6	5.8	0.1	8.6
On disposals	–	(0.2)	(2.2)	–	(2.4)
Exchange movement	–	–	(0.1)	–	(0.1)
At 30 September 2015	**0.8**	**11.4**	**13.7**	**0.7**	**26.6**
Net book value					
At 30 September 2015	**1.6**	**5.5**	**13.9**	**0.3**	**21.3**
At 30 September 2014	1.7	5.6	13.4	0.4	21.1

Company	Heritable property £m	Short leasehold property £m	Computers, fixtures and fittings £m	Total £m
Cost				
At 1 October 2013	2.4	8.9	11.1	22.4
Additions	–	0.9	4.6	5.5
At 30 September 2014	2.4	9.8	15.7	27.9
Additions	–	1.4	3.5	4.9
Disposals	–	–	(1.8)	(1.8)
At 30 September 2015	**2.4**	**11.2**	**17.4**	**31.0**
Depreciation				
At 1 October 2013	0.5	6.6	4.9	12.0
Charge for year	0.2	1.3	2.5	4.0
At 30 September 2014	0.7	7.9	7.4	16.0
Charge for year	0.1	0.6	3.4	4.1
Disposals	–	–	(1.8)	(1.8)
At 30 September 2015	**0.8**	**8.5**	**9.0**	**18.3**
Net book value				
At 30 September 2015	**1.6**	**2.7**	**8.4**	**12.7**
At 30 September 2014	1.7	1.9	8.3	11.9

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16 Investments – non-current

Group	£m
At 1 October 2013	54.5
Additions	10.7
Fair value losses on impaired assets – income statement	(1.5)
Disposals	(7.2)
Exchange movement	(1.9)
At 30 September 2014	54.6
Additions	9.2
Fair value losses on impaired assets – income statement	(2.4)
Realised gains – income statement	2.8
Fair value gains – reserves	1.6
Disposals	(11.9)
Exchange movement	(1.8)
At 30 September 2015	**52.1**

Company	Subsidiary undertakings £m	Other investments £m	Total £m
At 1 October 2013	1,876.4	21.5	1,897.9
Additions: increase in existing subsidiary undertakings	8.5	–	8.5
other investments	–	5.1	5.1
acquisitions	584.4	–	584.4
Disposals: decrease in other investments	–	(1.2)	(1.2)
Liquidation of subsidiary undertaking	(8.8)	–	(8.8)
At 30 September 2014	2,460.5	25.4	2,485.9
Additions: increase in existing subsidiary undertakings	56.1	–	56.1
other investments	–	5.5	5.5
acquisitions	1.5	–	1.5
Fair value loss on impaired assets - income statement	–	(0.6)	(0.6)
Realised gains - income statement	–	1.9	1.9
Fair value gains - reserves	–	1.0	1.0
Disposals	–	(4.1)	(4.1)
Exchange movement	–	(0.2)	(0.2)
Liquidation of subsidiary undertaking	(1.0)	–	(1.0)
At 30 September 2015	**2,517.1**	**28.9**	**2,546.0**

The Company's investments in subsidiary undertakings are measured at cost less provision for impairment. Further details of subsidiary undertakings are provided in note 34.

Other investments are designated in the following categories.

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Available for sale	**34.6**	36.6	**13.0**	9.5
Amortised cost	**17.5**	18.0	**15.9**	15.9
	52.1	54.6	**28.9**	25.4

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities recognised are as follows:

Group	Balance at 1 Oct 2013 £m	Acquired £m	Recognised in profit and loss £m	Recognised in equity £m	Balance at 30 Sep 2014 £m	Recognised in profit and loss £m	Recognised in equity £m	Balance at 30 Sep 2015 £m
Defined benefit pension schemes	3.9	–	(0.3)	(0.8)	2.8	1.7	(4.2)	**0.3**
Share-based payments	19.5	2.6	(4.0)	7.5	25.6	(0.5)	(5.5)	**19.6**
Deferred tax assets	23.4	2.6	(4.3)	6.7	28.4	1.2	(9.7)	**19.9**
Available for sale financial assets	(0.2)	–	–	–	(0.2)	–	(0.2)	**(0.4)**
Other items	(1.9)	–	(0.8)	–	(2.7)	0.3	0.2	**(2.2)**
Intangible assets	(42.9)	(77.5)	14.3	(0.7)	(106.8)	17.6	(0.9)	**(90.1)**
Deferred tax liabilities	(45.0)	(77.5)	13.5	(0.7)	(109.7)	17.9	(0.9)	**(92.7)**
	(21.6)	(74.9)	9.2	6.0	(81.3)	19.1	(10.6)	**(72.8)**

The Group has tax losses which arose in the UK of £76.6 million (2014: £76.6 million) and overseas of £166.4 million (2014: £141.0 million). Deferred tax assets of £nil (2014: £nil) have been recognised in respect of these losses, reflecting the inability to use these losses to offset taxable profits forecast in future years.

Company	Balance at 1 Oct 2013 £m	Recognised in profit and loss £m	Recognised in equity £m	Balance at 30 Sep 2014 £m	Recognised in profit and loss £m	Recognised in equity £m	Group transfer £m	Balance at 30 Sep 2015 £m
Share-based payments	2.4	1.1	3.5	7.0	1.4	(2.6)	1.2	**7.0**
Other items	1.3	0.2	–	1.5	–	–	–	**1.5**
Deferred tax assets	3.7	1.3	3.5	8.5	1.4	(2.6)	1.2	**8.5**
Available for sale financial assets	(0.5)	–	–	(0.5)	–	(0.2)	–	**(0.7)**
Deferred tax liabilities	(0.5)	–	–	(0.5)	–	(0.2)	–	**(0.7)**
	3.2	1.3	3.5	8.0	1.4	(2.8)	1.2	**7.8**

18 Trade and other receivables

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Current assets				
Due from trustees for open end fund redemptions	**174.3**	155.7	**–**	–
Due from investors for open end fund sales	**134.9**	51.8	**–**	–
	309.2	207.5	**–**	–
Other trade receivables	**42.6**	55.5	**0.2**	0.1
Amounts due by subsidiary undertakings	**–**	–	**89.5**	88.4
Other receivables	**12.3**	16.8	**6.8**	4.6
Accrued income	**158.3**	185.8	**–**	–
Deposits receivable from brokers on derivative contracts	**5.6**	–	**5.6**	–
Prepayments	**29.9**	24.6	**9.9**	8.7
	557.9	490.2	**112.0**	101.8
Non-current assets				
Other receivables and prepayments	**3.7**	3.2	**–**	–
Amounts due by subsidiary undertakings	**–**	–	**109.9**	62.9
	3.7	3.2	**109.9**	62.9

19 Assets backing investment contract liabilities

The following assets are held by the Group's life and pensions subsidiary to meet its contracted liabilities:

Group	**2015 £m**	2014 £m
Listed investments	**1,662.2**	2,180.2
Unit trusts and OEICs	**220.2**	211.7
Cash, deposits and liquidity funds	**34.8**	80.4
Other net assets	**8.9**	0.6
	1,926.1	2,472.9

The risks and rewards of these assets fall to the benefit of, or are borne by, the underlying policyholders. Therefore, the investment contract liabilities shown in the Group's balance sheet are equal and opposite in value to the assets held on behalf of the policyholders. The Group has no direct exposure to fluctuations in the value of assets which are held on behalf of policyholders, nor to fluctuations in the value of the assets arising from changes in market prices or credit default. The Group's exposure to these assets is limited to the revenue earned, which varies according to movements in the value of the assets.

20 Other investments – current

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Seed capital investments	**148.9**	58.1	**102.9**	26.6
Investments in funds to hedge deferred fund awards	**43.4**	26.9	**43.4**	26.9
Other investments	**0.3**	0.8	**–**	–
	192.6	85.8	**146.3**	53.5

Seed capital investments consist of amounts invested to enable the launch or development of funds where the intention is to withdraw the investment once the fund has achieved a sustainable scale of third party investment.

Investments in certain Aberdeen-managed funds are held to hedge against liabilities from variable pay awards that are deferred and settled in cash by reference to the share price of those funds.

21 Cash and cash equivalents

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash at bank and in hand	**555.4**	627.3	**252.3**	334.1
Short term money market funds	**12.3**	26.6	**–**	–
Bank overdraft	**–**	–	**(466.4)**	(364.0)
Cash and cash equivalents in the statements of cash flows	**567.7**	653.9	**(214.1)**	(29.9)

The Company's bank overdraft is part of a Group working capital facility in support of which cross guarantees are provided by certain subsidiary undertakings. At 30 September 2015 the net amount guaranteed under this arrangement was £nil (2014: £nil).

Cash and cash equivalents are subject to floating rates of interest. Bank deposits earn interest at floating rates based on daily bank deposit rates. Short term money market funds generate income based on underlying investments, principally in cash deposits and money market instruments with a weighted average maturity of less than 60 days.

The denomination and carrying amounts of the Group's cash and cash equivalents are disclosed in note 30.

22 Share capital

	2015 £m	2014 £m
Allotted, called up and fully paid:		
1,317,914,440 (2014: 1,314,303,666) ordinary shares of 10p	**131.8**	131.4

	2015 No. of ordinary shares millions	2014 No. of ordinary shares millions
At 1 October	**1,314.3**	1,199.2
Shares issued in respect of options exercised	**–**	0.6
Shares issued in respect of acquisition	**17.3**	114.5
Shares purchased	**(13.7)**	–
At 30 September	**1,317.9**	1,314.3

17,310,991 shares of 10p each were issued on 3 December 2014 in respect of the acquisition of the SWIP business from Lloyds further to regulatory consents (note 14) being approved.

In the year ended 30 September 2014, 621,500 ordinary shares of 10p each were issued at an average price of 57.3p pursuant to the exercise of options granted to employees under the 1994 Executive Share Option Scheme. No options were issued in the year ended 30 September 2015.

During the year, 13,700,217 (2014: nil) ordinary shares of 10p each were repurchased and cancelled. The market value of the share buyback was £50.3 million.

23 Share-based payments and deferred fund awards

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Employee expense				
Deferred fund awards - cash settled	**16.3**	16.3	**1.5**	1.1
Deferred share awards - equity settled	**47.6**	49.0	**7.8**	8.3
Total expense recognised as employee costs	**63.9**	65.3	**9.3**	9.4

Deferred fund awards - cash settled

An element of variable pay awards will be settled in cash by reference to the share prices of certain Aberdeen managed funds. These are accounted for as cash settled awards and are revalued to market price at the end of each reporting period.
At 30 September 2015, the value of liabilities recognised from cash settled deferred awards was £33.5 million (2014: £28.3 million). The fair value movement of the awards from grant date to 30 September 2015 was a credit of £1.2 million (2014 charge: £2.2 million). The total intrinsic value at 30 September 2015 and 2014 was £42.0 million and £36.3 million respectively.

Deferred share awards - equity settled

The Group has made the following deferred share awards, which are equity settled, do not have ongoing performance conditions, but have a time vesting condition:

		Number				
Date of award	Share price on date of grant	Original award total	Leavers/ forfeited awards	Exercised awards	Balance at 30 Sep 2015	Earliest vesting dates
1 December 2007	167.5p	8,879,284	(41,180)	(8,832,318)	**5,786**	Dec 2010
17 June 2008	135.2p	245,358	(15,000)	(227,858)	**2,500**	Jun 2011 - Jun 2013
1 December 2008	88.0p	40,171,397	(54,103)	(40,022,075)	**95,219**	Dec 2009 - Dec 2011
1 December 2009	138.6p	24,410,288	(1,929,777)	(21,716,960)	**763,551**	Dec 2010 - Dec 2012
1 December 2010	184.9p	27,354,664	(1,657,495)	(23,754,330)	**1,942,839**	Dec 2011 - Dec 2013
25 March 2011	208.4p	893,199	–	(884,321)	**8,878**	Dec 2011 - Dec 2013
31 December 2011	199.1p	24,454,611	(924,618)	(20,488,918)	**3,041,075**	Dec 2012 - Dec 2014
24 April 2012	191.1p	450,400	–	(387,919)	**62,481**	Dec 2012 - Dec 2014
31 December 2012	333.4p	12,603,474	(420,537)	(6,578,613)	**5,604,324**	Dec 2013 - Dec 2015
2 May 2013	448.1p	89,006	–	(37,711)	**51,295**	May 2013 - May 2023
1 June 2013	475.9p	291,249	(14,449)	(167,580)	**109,220**	Dec 2013 - Dec 2015
25 July 2013	482.3p	4,106	(2,054)	–	**2,052**	May 2013 - Jul 2023
30 August 2013	475.9p	27,126	–	(18,085)	**9,041**	Dec 2013 - Dec 2015
2 December 2013	487.5p	10,861,916	(328,020)	(2,852,802)	**7,681,094**	Dec 2014 - Dec 2017
1 March 2014	445.7p	7,452	–	–	**7,452**	Mar 2015 - Mar 2017
1 April 2014	388.6p	1,120,164	(24,488)	(317,183)	**778,493**	Dec 2014 - Dec 2016
2 May 2014	438.4p	93,747	–	(23,117)	**70,630**	Dec 2014 - Dec 2016
3 November 2014	487.5p	38,142	–	(12,714)	**25,428**	Dec 2014 - Dec 2016
1 December 2014	454.2p	10,897,186	(150,882)	(9,303)	**10,737,001**	Dec 2018 - Dec 2019
22 June 2015	474.8p	53,074	–	–	**53,074**	Mar 2018
Total		162,945,843	(5,562,603)	(126,331,807)	**31,051,433**	

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Awards made in 2009 to 2015 reach their earliest vesting dates in equal tranches over a three, four or five year period, subject to the continued employment of the participant. On reaching the earliest vesting date, participants may require immediate exercise or may choose to defer exercise until a later date; if deferred, participants may thereafter require exercise, without condition, at any time until the end of the exercise period.

	Weighted average share price 2015	2015 Number	Weighted average share price 2014	2014 Number
Outstanding 1 October		36,717,405		46,688,663
Granted during the year	454.42p	10,988,402	477.96p	12,083,279
Exercised during the year	451.88p	(16,150,939)	477.61p	(21,502,401)
Forfeited during the year		(503,435)		(552,136)
Outstanding 30 September		31,051,433		36,717,405
Exercisable at 30 September		7,650,810		8,286,020

The awards outstanding at 30 September 2015 had a weighted average remaining contractual life of 8 years (2014: 8 years).

24 Reserves

Nature and purpose of reserves

Share premium account
The share premium account is used to record the issue of share capital at a premium to nominal value. This reserve is not distributable and can only be reduced with court approval.

Capital redemption reserve
The capital redemption reserve is created on the cancellation of share capital and the balance reflects the value of preference share capital redeemed by the Company. This reserve is not distributable.

Merger reserve
The merger reserve is used to record share premium on shares issued by way of consideration for acquisitions. The realised element of the merger reserve can be used to offset amortisation and impairment of intangible assets charged to the income statement. This reserve is not distributable.

Other non-distributable reserves
These comprise:

- put option reserve created on the initial recognition of the SVG put option liability (note 14). This was settled on acquisition of the remaining 49.9% in the year to 30 September 2015 (note 14);
- deferred share issue on acquisition of SWIP (note 14). The shares were issued in the year to 30 September 2015.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Fair value reserve
This reserve records fair value changes on available for sale investments until the investments are derecognised or impaired, when fair value movement is transferred to retained profit.

Retained earnings

Retained earnings comprise:

- all realised gains and losses through the income statement less dividend distributions;
- actuarial gains and losses recognised in the pension liability, and related deferred tax;
- gains and losses on available for sale assets and deferred tax on these movements;
- transactions relating to equity-settled share-based payments, and related deferred tax movements;
- the purchase and sale of own shares in respect of share-based payments;
- unwinding of the discount on the SVG put option liability (note 14); and

The Company reserve is distributable. Dividends to shareholders of the Company are paid from retained earnings.

Employee Benefits Trust

The Group has an Employee Benefits Trust ("EBT") which owns shares in the Company for the purposes of administering the Group's deferred share scheme. The EBT is consolidated into the Group and Company's financial statements, with any shares held by the EBT deducted from equity. Any consideration received for such shares is recognised within retained earnings. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

The shares held by the Group's EBT for the purpose of satisfying deferred share variable pay awards that will vest in future periods are as follows:

	2015				2014			
Group and Company	Number of shares	% of issued shares	Cost £m	Market value £m	Number of shares	% of issued shares	Cost £m	Market value £m
Own shares	33,691,043	2.6	90.8	99.8	42,350,842	3.2	123.7	169.6

The maximum number of shares held by the EBT during the year was 42,350,842 (3.2% of issued shares); (2014: 53,912,583, 4.5%).

Movements during the year were as follows:

	2015 millions	2014 millions
At 1 October	42.4	50.8
Own shares purchased	14.0	23.7
Own shares sold and disposed through exercise of awards	(22.7)	(32.1)
At 30 September	33.7	42.4

The Company is authorised pursuant to section 701 of the Companies Act 2006 to make market purchases of ordinary shares.

25 Other equity

	2015 £m	2014 £m
US $500 million 7.0% Perpetual cumulative capital notes	**321.6**	321.6
5% 2015 Non-voting perpetual non-cumulative redeemable preference shares	**100.0**	–
	421.6	321.6

The perpetual capital notes bear interest on their principal amount at 7.0% per annum, payable quarterly in arrears on 1 March, 1 June, 1 September and 1 December in each year. Net proceeds after deduction of issue expenses were £321.6 million.

On 7 July 2015, the Group issued 200 million fully paid up non-voting, perpetual, non-cumulative, redeemable preference shares to Mitsubishi UFJ Trust and Banking Corporation ("MUTB") for consideration of £100 million. Issue costs of £0.5 million have been deducted from retained earnings.

There is no fixed redemption date, except at the sole discretion of the Group after the fifth anniversary from issue, and dividends are discretionary. Where preference share dividends are declared, they are paid in arrears in two tranches at a rate of 5% per annum and are non-cumulative. No interest accrues on any cancelled or unpaid dividends.

The preference shares can be converted irrevocably into a fixed number of ordinary shares in the event of the conversion trigger. The conversion trigger occurs if the Company's Common Equity Tier 1 ("CET1") capital ratio falls below 5.125%. This is a regulatory requirement to enable the preference shares to be treated as Additional Tier 1 capital. The CET1 ratio at 30 September 2015 was 16.9%.

26 Trade and other payables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Current liabilities				
Due to trustees for open end fund creations	**120.2**	145.8	**–**	–
Due to investors for open end fund redemptions	**189.4**	63.3	**–**	–
	309.6	209.1	**–**	–
Other trade creditors	**19.1**	7.7	**14.8**	4.2
Accruals	**199.1**	239.1	**25.9**	24.3
Other taxes and social security	**24.0**	31.1	**9.9**	12.5
Amounts due to subsidiary undertakings	**–**	–	**98.9**	143.9
Deferred income	**2.7**	2.3	**–**	–
Other creditors	**27.5**	37.4	**9.3**	12.6
	582.0	526.7	**158.8**	197.5

27 Provisions and contingent liabilities

Group	Group Legal £m
At 1 October 2014 and 30 September 2015	5.0

The Group is, from time to time and in the normal course of business, subject to a variety of legal claims, actions or proceedings. When such circumstances arise, the Board considers the likelihood of a material outflow of economic resources and provides for its best estimate of costs where an outflow of economic resources is considered probable.

By their nature, provisions often reflect significant levels of judgement or estimate. While there can be no assurances, the directors believe, based on information currently available to them, that the likelihood of other material outflows is remote.

The Company had no provisions or contingent liabilities at 30 September 2015 (2014: nil).

28 Operating leases

The Group and Company have obligations under non-cancellable operating lease rentals which are payable as follows:

	Group				Company	
	Land and buildings		Motor vehicles, and plant and equipment		Land and buildings	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Within one year	**20.1**	19.0	**0.6**	0.6	**7.3**	7.3
Between two and five years	**52.8**	60.6	**0.8**	0.4	**27.9**	30.1
After five years	**27.8**	34.9	**–**	–	**18.5**	28.4
	100.7	114.5	**1.4**	1.0	**53.7**	65.8

During the year ended 30 September 2015, £21.9 million was recognised as an expense in the income statement in respect of operating leases (2014: £18.5 million).

Sub-lease receivables

At the year end, future minimum rentals receivable under non-cancellable operating leases were as follows:

	Group		Company	
	Land and buildings		Land and buildings	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Within one year	**0.8**	1.3	**0.3**	0.4
Between two and five years	**1.9**	3.8	**0.8**	1.0
After five years	**0.7**	0.8	**0.6**	0.7
	3.4	5.9	**1.7**	2.1

29 Fair value of financial instruments

Set out below are the carrying amounts of all the Group and Company's financial instruments that are carried in the financial statements. There were no differences between any of the carrying amounts and their respective fair values.

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Financial assets				
Held for trading carried at fair value:				
Assets backing investment contract liabilities	**1,926.1**	2,472.9	**–**	–
Seed capital investments	**148.9**	58.1	**102.9**	26.6
Other investments	**43.7**	27.7	**43.4**	26.9
Derivative financial assets				
• Forward foreign exchange contracts	**29.2**	–	**29.2**	–
• Equity futures	**0.4**	–	**0.4**	–
Available for sale carried at fair value:				
Other investments	**34.6**	36.6	**13.0**	9.5
Other financial assets:				
Investments in subsidiaries	**–**	–	**2,517.1**	2,460.5
Other investment held at amortised cost	**17.5**	18.0	**15.9**	15.9
Cash and cash equivalents	**567.7**	653.9	**252.3**	334.1
Trade and other receivables	**557.9**	490.2	**112.0**	101.8
Financial liabilities				
Held for trading carried at fair value:				
Derivative financial liabilities				
• Forward foreign exchange contracts	**29.7**	–	**29.7**	–
Designated at fair value through profit or loss:				
Deferred consideration	**46.8**	92.2	**35.9**	92.2
Other financial liabilities:				
Bank overdraft	**–**	–	**466.4**	364.0
Insurance contract liabilities	**1,926.1**	2,472.9	**–**	–
Trade and other payables	**582.0**	526.7	**158.8**	197.5
Fair value of the written put option	**–**	30.5	**–**	30.5

The principal methods and assumptions used in estimating the fair values of financial instruments reflected in the above table are:

Investments

The fair value of listed investments is based on market bid prices at the balance sheet date without any deduction for transaction costs.

Where investments are not listed, fair value is determined in accordance with independent professional valuers or International Private Equity and Venture Capital Valuation Guidelines where relevant.

The fair value of unlisted investments in infrastructure funds is based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings.

Derivative financial instruments
The Group has entered into short term forward foreign exchange and equity futures contracts to hedge its exposure to associated risks in relation to certain seed capital investments.

Open forward foreign exchange contracts are valued using forward rates of exchange applicable at the balance sheet date for the remaining period until maturity, and are settled on a gross basis.

Open futures contracts are valued at the exchange quoted price at close of business on the balance sheet date.

Trade receivables and payables
Trade receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

Fair value of the written put option
The Group purchased the remaining 49.9% stake in SVGM during the year from SVGC. Further details of the acquisition and treatment of the written put option are provided in note 14.

Fair value of deferred consideration
As described in note 14, there is a performance related earn-out payment of up to £29.3 million ($45 million) in connection with the FLAG acquisition dependent on the growth of the business in the period from acquisition to 31 December 2017. This can be settled in cash or by issue of ordinary shares at the discretion of the Group. The fair value is determined based on a probability weighted expected return analysis of expected revenues over the period of the earn-out, discounted to present value. The fair value of the deferred liability is £10.9 million at 30 September 2015.

As part of the consideration for the SWIP acquisition (see note 14), there is a performance related earn-out payment of up to £100 million in cash dependent on the growth delivered by the investment solutions business acquired from Lloyds over the 5 years following completion of the acquisition. The fair value of the earn-out agreement is determined on a probability weighted expected return analysis of expected cash flows under a number of scenarios, including both internal and external forecasts of the performance of the investment solutions business over the 5 year term, discounted to present value.

The valuation of deferred consideration involves significant accounting judgement around assessing the fair value of that liability. Deferred consideration is valued based on forecast revenues appropriate to each earn-out agreement. This includes assumptions based on revenue growth to date, market performance, the probability of returns and the appropriate discount rate.

Changes in fair value and the unwind of the discount are recognised in the income statement. The fair value is reviewed at each reporting period against the performance of the underlying assets under management and associated revenue. The fair value of the deferred consideration payable to Lloyds at 30 September 2015 is £35.9 million (2014: £53.9 million). Growth in flows into Lloyds wealth portfolios managed by Aberdeen's investment solutions business has been lower than originally anticipated and therefore the fair value has been reduced by £24.4 million to £35.9 million at 30 September 2015. However, the actual amount payable will be determined by the performance and growth over the 5 year period to 31 March 2019.

On 31 March 2015, the Group settled in cash the deferred top up payment of £38.3 million with Lloyds in relation to the SWIP acquisition.

Financial instruments relating to unit linked contracts
The Group's life and pensions subsidiary provides unit linked wrappers which allow clients to benefit from investing in pooled funds. As explained in note 19, the risks and rewards of managing these assets are the same as other assets under management as the financial risks and rewards attributable to these assets also fall to be borne by, or to the benefit of, clients. Hence, while a number of significant financial instruments are recognised in the balance sheet in respect of the subsidiary, the key risk to the Group is the impact of the level of the fees which are earned from this entity which are directly impacted by the underlying value of the policyholder assets. The Company bears no insurance risk. Investment and credit risk in respect of assets and liabilities held within unit linked funds is borne by the policyholders. Accordingly, these assets are not included in fair value measurements disclosure on page 136.

29 Fair value of financial instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 measurements are derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2015				2014			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Held for trading								
Seed capital investments	148.9	–	–	148.9	58.1	–	–	58.1
Other investments	43.7	–	–	43.7	27.7	–	–	27.7
Derivative financial assets					–	–	–	–
• Forward foreign exchange contracts	–	29.2	–	29.2				
• Equity futures	0.4	–	–	0.4	–	–	–	–
Available for sale financial assets								
Other investments	3.2	–	31.4	34.6	1.0	–	35.6	36.6
Financial liabilities								
Written put option	–	–	–	–	–	–	(30.5)	(30.5)
Deferred consideration	–	–	(46.8)	(46.8)	–	–	(53.9)	(53.9)
Derivative financial liabilities					–	–	–	–
• Forward foreign exchange contracts	–	(29.7)	–	(29.7)	–	–	–	–
	196.2	(0.5)	(15.4)	180.3	86.8	–	(48.8)	38.0

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Available for sale financial assets £m	Deferred consideration £m	Written put option £m	Total £m
Balance at 1 October 2014	35.6	(53.9)	(30.5)	(48.8)
Assumed on acquisition of FLAG	–	(10.6)	–	(10.6)
Total gains or losses:				
• in income statement	0.6	28.5	–	29.1
• in other comprehensive income	(0.3)	(0.2)	–	(0.5)
Unwinding of discount through profit or loss	–	(10.6)	–	(10.6)
Unwinding of discount in equity	–	–	3.0	3.0
Acquisition of non-controlling interest	–	–	27.5	27.5
Purchases	6.0	–	–	6.0
Disposals	(10.5)	–	–	(10.5)
Balance at 30 September 2015	**31.4**	**(46.8)**	**–**	**(15.4)**

Where applicable, transfer between levels are assumed to take place at the beginning of the year. There were no transfers between Level 1, Level 2 or Level 3 investments during the year.

Investments classified as level 3 principally comprise investments in property and infrastructure funds. While the Group is not aware of significant differences between valuations received and reasonable possible alternatives for the property funds, the value of these investments would be directly impacted by changes in the European and Asian property markets. The fair value of the infrastructure funds would be impacted by a number of factors described above.

The Group estimates that a 10% increase/decrease in the fair value of the investments will have a favourable/unfavourable impact on equity of £3.1 million, of which £0.8 million relates to investments in infrastructure funds.

As discussed above, the fair value of the earn-out agreements included in Level 3 is determined based on a number of unobservable inputs. A change in one or more of these inputs could result in a significant increase or decrease in the fair value. On a standalone basis, without the impact of those changes on other variables, changes in the discount rate by +/- 1% would have an impact of approximately £0.8 million and a change in revenue growth of +/- 10% would have an impact of approximately £5.6 million on the fair value of the earn-outs respectively.

30 Financial risk management

Overview

This note describes the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

i) Risk management

The Group is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market price risk;
- foreign exchange risk; and
- interest rate risk.

The Board has overall responsibility for the establishment and ongoing management of the Group's risk management framework and the implementation and operation of the Board's policies are handled by the risk management committee.

The Board risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board has approved the risk appetite statement, which sets out the quantum and types of risk that the Group is prepared to accept in pursuing its objectives. The risk appetite statement is a top-down framework against which policies, systems and limits can be set. The risk committee monitors compliance with the risk appetite statement through a series of key performance indicators.

The audit committee is responsible for overseeing financial reports and internal control. Internal audit assist the Group audit committee in its oversight role by undertaking both regular and ad hoc reviews of risk management controls and procedures and report the results of these reviews directly to the audit committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees are involved and understand their roles and obligations.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument is unable to pay in full amounts when due, and arises principally from the Group's cash and cash equivalents, trade receivables and accrued income and derivative financial instruments.

As detailed in note 29, the carrying value of financial instruments approximate their fair value. The Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets.

A breakdown of the Group's relevant financial assets by credit rating is set out below.

	As at 30 September 2015							As at 30 September 2014					
Group	AAA £m	AA £m	A £m	BBB £m	BB £m	Not rated £m	Total £m	AAA £m	AA £m	A £m	BBB £m	Not rated £m	Total £m
Cash and cash equivalents	12.3	252.6	290.0	9.6	0.5	2.7	567.7	26.6	303.3	318.6	4.6	0.8	653.9
Derivative financial assets	–	29.2	0.4	–	–	–	29.6	–	–	–	–	–	–
Deposits receivable from brokers on derivative contracts	–	–	5.6	–	–	–	5.6	–	–	–	–	–	–
Company													
Cash and cash equivalents	–	–	252.2	0.1	–	–	252.3	–	154.0	180.1	–	–	334.1
Derivative financial assets	–	29.2	0.4	–	–	–	29.6	–	–	–	–	–	–
Deposits receivable from brokers on derivative contracts	–	–	5.6	–	–	–	5.6	–	–	–	–	–	–

No other relevant financial assets are rated.

The Group adopts a low risk strategy in respect of its treasury management, at all times ensuring, as far as possible, that its capital is preserved and financial risks are managed in line with the Group's treasury policy as approved by the audit committee. The treasury function manages the cash resources on a daily basis in accordance with the treasury policy, which includes continuously monitoring the credit ratings of all institutions with whom we place deposits.

Similarly, the Group adopts a conservative approach to managing the credit risk from derivatives through the use of exchange traded futures which are fully collateralised in cash, and forward foreign exchange contracts, which typically have a maturity of three months.

Trade receivables and accrued income represent amounts recognised in revenue in the Group income statement which have not been settled by clients. Outstanding balances are monitored locally by senior management and historically the level of default has not been significant and in the majority of cases there is an ongoing relationship with the client. As such, no significant level of default is expected.

An analysis of ageing of financial assets is shown below:

	As at 30 September 2015				As at 30 September 2014			
		Past due and not impaired				Past due and not impaired		
Group	**Neither past due nor impaired £m**	**Between 30 and 90 days £m**	**Between 90 days and 1 year £m**	**Total £m**	Neither past due nor impaired £m	Between 30 and 90 days £m	Between 90 days and 1 year £m	Total £m
Trade receivables	**26.5**	**11.0**	**5.1**	**42.6**	34.4	18.0	3.3	55.7
Company								
Trade receivables	**0.1**	**0.1**	**–**	**0.2**	0.1	–	–	0.1

All other financial assets are neither past due nor impaired.

Details of provisions against trade receivables at 30 September are as follows:

Group	**2015 £m**	2014 £m
Trade receivables provision:		
Balance at 1 October	**0.2**	0.7
Bad debt release in the year	**(0.2)**	(0.5)
Balance at 30 September	**–**	0.2

Fees are billed to clients as soon as values are available and settlement is due within agreed contractual terms. The average level of debtors and accrued income outstanding, at any point in time, represents approximately 2 months' revenue.

At 30 September 2015 the Group had four (2014: four) individual clients with greater than £1 million outstanding. The total outstanding was £19.0 million (2014: £24.1 million).

The Group, in some situations, may be exposed to a concentration of credit risk, particularly from some of its larger clients or groups of connected clients. This may arise during the period from recognition of management fees in the income statement and settlement of fees by clients. Very few clients have external credit ratings.

The Group operates and manages a number of open end funds and in doing so it seeks to match client redemptions with liquidations. Where these positions are not matched the Group may be required to fund any shortfall, although due to the short settlement period for these transactions the risk relating to unsettled transactions is considered to be small. In addition should any investor default on any payment due the Group would be entitled to recover any costs from the investor.

30 Financial risk management (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Further details on liquidity risks are set out in the discussion of principal risks on pages 44 to 51.

The Group has cash balances of £567.7 million at 30 September 2015. These cash balances provide the Group with adequate liquidity.

The Group and Company financial liabilities, including the Company's overdraft of £466.4 million (2014: £364.0 million), are repayable within one year or on demand, with the exception of the earn-out agreements (note 14). The maximum earn-out payment relating to the SWIP acquisition is £100 million based on the growth delivered by the investment solutions business through its strategic relationship with Lloyds over 5 years. If targets are achieved, the earn-out is payable between two and five years after completion. A deferred liability of £35.9 million has been recognised at 30 September 2015 in respect of the earn-out.

The maximum earn-out payment relating to the FLAG acquisition is £29.3 million based on growth of the business over the next 2 years and is payable at the end of that period. A deferred liability of £10.9 million has been recognised at 30 September 2015 in respect of the earn-out.

The Group has made a commitment to invest up to £28.8 million (2014: £31.2 million) in infrastructure funds, denominated in several currencies. £20.4 million of this amount remains committed but not yet drawn (2014: £26.7 million). Investment calls can be made on demand primarily over the investment periods of the partnerships. These periods are due to expire in one to four years time. Once drawn, committed capital remains invested for the life of the funds.

The Group also has undrawn commitments of £18.2 million (2014: £5.0 million) in respect of investments in property and private equity funds, which can be called on demand.

iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of financial instruments will change due to movements in market prices, other than foreign exchange rates or interest rates. These financial instruments include the Group's investments in seed capital which are invested to support the launch of new funds. Seed capital is typically invested in quoted funds for less than one year. These investments have been measured at fair value through profit or loss.

Investments in property and infrastructure funds are usually for longer term and are measured as available for sale. This can range from five to seven years for property and over ten years for infrastructure.

Investments are managed on an individual basis and all material buy and sell decisions are approved by the GMB. The objective of market price risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Board sets the limits for investing seed capital and longer term investments and regularly monitors the exposure.

The following financial assets are exposed to market risk:

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Held for trading				
Seed capital	**148.9**	58.1	**102.9**	26.6
Financial investments	**43.7**	27.7	**43.4**	26.9
Available for sale financial assets				
Financial investments	**34.6**	36.6	**13.0**	9.5
	227.2	122.4	**159.3**	63.0

The Group will consider hedging its exposure to market price risk in respect of seed capital investments, where there is a risk of material price movements and the risk can be hedged effectively. £25.3m of seed capital was hedged against movements in market prices at 30 September 2015 (2014: £nil).

The Group's defined benefit pension schemes also hold assets which are exposed to market price risk. Details of these assets are shown in note 33.

Sensitivity analysis is disclosed on page 144, in section vii.

v) Foreign currency risk

The Group is exposed to foreign currency risk at a transactional and translational level. Transaction risk is the risk that the domestic value of a foreign currency denominated cash flow will vary adversely. Translation risk arises from translating the balances of overseas subsidiaries which report their results in a currency other than sterling and therefore the sterling value of those balances could vary adversely.

Foreign currency transaction risk

The Group undertakes transactions in a number of currencies and foreign currency risk arises through fluctuations in foreign currency rates changing the fair value or future cash flows of financial instruments.

Revenues are earned principally from fees which are calculated on the basis of the value of AuM managed for clients and many mandates include investments valued in currencies other than sterling. The fact that we operate on a global basis, with offices in a number of countries worldwide, means that a proportion of operating costs is also incurred in foreign currencies. Further, coupons on the 7.0% perpetual cumulative capital notes are paid in US dollars. Variations in the sterling value of these operating costs and dividends will, to an extent, offset any similar impact of fluctuating exchange rates on revenues. The Board has therefore decided that it is not appropriate to undertake any specific hedging of the Group's revenues or costs.

The Group's financial assets and liabilities are denominated in the following currencies:

Group

As at 30 September 2015	Total £m	Sterling £m	US$ £m	Euro £m	Nordic currencies £m	Singapore dollar £m	Other currencies £m
Financial assets							
Non-current asset investments	52.1	23.5	4.2	22.5	1.6	0.1	0.2
Trade and other receivables	557.9	405.9	81.6	31.6	7.5	3.9	27.4
Cash and cash equivalents	567.7	227.0	128.0	44.4	15.0	106.2	47.1
Current asset investments	43.7	36.6	3.5	3.6	–	–	–
Seed capital							
• unhedged	123.6	50.3	45.7	18.5	–	–	9.1
• hedged	25.3	–	25.3	–	–	–	–
	1,370.3	743.3	288.3	120.6	24.1	110.2	83.8
Financial liabilities							
Trade and other payables	582.0	482.2	55.7	15.4	9.8	6.5	12.4
As at 30 September 2014							
Financial assets							
Non-current asset investments	54.6	24.4	6.1	21.9	2.1	0.1	–
Trade and other receivables	490.2	317.4	103.2	26.4	9.1	5.1	29.0
Cash and cash equivalents	653.9	326.6	110.1	49.8	24.1	96.4	46.9
Current asset investments	27.7	24.4	0.9	2.4	–	–	–
Seed capital							
• unhedged	58.1	4.5	37.2	9.8	–	–	6.6
	1,284.5	697.3	257.5	110.3	35.3	101.6	82.5
Financial liabilities							
Trade and other payables	526.7	402.0	66.3	20.3	12.7	12.7	12.7

30 Financial risk management (continued)

Company

As at 30 September 2015	Total £m	Sterling £m	US$ £m	Euro £m	Other currencies £m
Financial assets					
Non-current asset investments	**28.9**	**23.5**	**0.4**	**5.0**	**–**
Trade and other receivables	**112.0**	**112.0**	**–**	**–**	**–**
Cash and cash equivalents	**252.3**	**252.3**	**–**	**–**	**–**
Current asset investments	**43.4**	**36.4**	**3.4**	**3.6**	**–**
Seed capital					
• unhedged	**102.9**	**50.1**	**33.9**	**17.3**	**1.6**
	539.5	**474.3**	**37.7**	**25.9**	**1.6**
Financial liabilities					
Trade and other payables	**158.8**	**151.5**	**0.1**	**7.0**	**0.2**

As at 30 September 2014	Total £m	Sterling £m	US$ £m	Euro £m	Other currencies £m
Financial assets					
Non-current asset investments	25.4	20.6	0.6	4.2	–
Trade and other receivables	101.8	101.8	–	–	–
Cash and cash equivalents	334.1	334.1	–	–	–
Current asset investments	26.9	23.6	0.9	2.4	–
Seed capital					
• unhedged	26.6	4.5	12.4	9.0	0.7
	514.8	484.6	13.9	15.6	0.7
Financial liabilities					
Trade and other payables	197.5	189.5	0.2	7.4	0.4

Foreign currency translation risk

The foreign currency net financial assets and liabilities of subsidiaries which adopt a different reporting currency are as follows:

	2015 £m	2014 £m
US dollar	**198.1**	155.9
Euro	**45.3**	43.0
Nordic currencies	**9.3**	19.2
Singapore dollar	**119.0**	96.7
Other	**56.5**	41.5

vi) **Interest rate risk**

The Group has no debt and therefore is not materially exposed to interest rate risk. The Group receives variable rate interest on cash deposits.

The Company has a variable rate overdraft, which is part of the Group's working capital facility.

The interest rate profiles of the Group's and Company's financial assets excluding the assets backing the liabilities relating to the life and pensions subsidiary at 30 September were as follows:

	2015				2014			
Group	**Fixed rate £m**	**Floating rate £m**	**No interest £m**	**Total £m**	Fixed rate £m	Floating rate £m	No interest £m	Total £m
Non-current asset investments	1.6	15.9	34.6	52.1	2.1	15.9	36.6	54.6
Trade and other receivables	–	–	557.9	557.9	–	–	490.2	490.2
Cash and cash equivalents	170.0	397.7	–	567.7	–	653.9	–	653.9
Current asset investments	–	–	43.7	43.7	–	–	27.7	27.7
Seed capital	–	–	148.9	148.9	–	–	58.1	58.1
Derivative financial assets	–	–	29.6	29.6	–	–	–	–
Total	171.6	413.6	814.7	1,399.9	2.1	669.8	612.6	1,284.5
Company								
Non-current asset investments	–	15.9	13.0	28.9	–	15.9	9.5	25.4
Trade and other receivables	–	–	112.0	112.0	–	–	101.8	101.8
Cash and cash equivalents	170.0	82.3	–	252.3	–	334.1	–	334.1
Current asset investments	–	–	43.4	43.4	–	–	26.9	26.9
Seed capital	–	–	102.9	102.9	–	–	26.6	26.6
Derivative financial assets	–	–	29.6	29.6	–	–	–	–
Total	170.0	98.2	300.9	569.1	–	350.0	164.8	514.8

The 'non interest' bearing financial assets do not have maturity dates. They principally comprise available for sale investments, seed capital investments and other debtors.

The 'floating rate' financial assets principally comprise cash and deposit balances which earn interest at rates which fluctuate according to money market rates.

30 Financial risk management (continued)

The carrying value and maturity profile of the Group's and Company's financial instruments that are exposed to interest rate risk are shown in the following table:

	As at 30 September 2015				As at 30 September 2014			
Group	**Within 1 year £m**	**Within 1 - 5 years £m**	**More than 5 years £m**	**Total £m**	Within 1 year £m	Within 1 - 5 years £m	More than 5 years £m	Total £m
Floating rates								
Cash and cash equivalents	**397.7**	**–**	**–**	**397.7**	653.9	–	–	653.9
Other investments held at amortised cost	**–**	**6.0**	**9.9**	**15.9**	–	3.5	12.4	15.9
Fixed rate								
Cash and cash equivalents	**170.0**	**–**	**–**	**170.0**	–	–	–	–
Other investments held at amortised cost	**–**	**–**	**1.6**	**1.6**	–	–	2.1	2.1
	567.7	**6.0**	**11.5**	**585.2**	653.9	3.5	14.5	671.9
Company								
Floating rates								
Cash and cash equivalents	**82.3**	**–**	**–**	**82.3**	334.1	–	–	334.1
Bank overdraft	**(466.4)**	**–**	**–**	**(466.4)**	(364.0)	–	–	(364.0)
Other investments held at amortised cost	**–**	**6.0**	**9.9**	**15.9**	–	3.5	12.4	15.9
Fixed rate								
Cash and cash equivalents	**170.0**	**–**	**–**	**170.0**	–	–	–	–
	(214.1)	**6.0**	**9.9**	**(198.2)**	(29.9)	3.5	12.4	(14.0)

vii) Sensitivity analysis

The following analysis provides an indication of the impact of changes in the significant market risk variables on the fair value and cash flows of the Group's financial instruments.

The sensitivity analysis covers the financial instruments at each of the balance sheet dates and assumes changes in market variables. It should however be noted that due to the inherent uncertainty in world financial markets the assumptions made may differ significantly from the actual outcome particularly as market risks tend to be interdependent and are therefore unlikely to move in isolation.

The following assumptions have been made in respect of the market risks:

- sterling exchange rates are assumed to increase or decrease by 10%;
- market prices are assumed to increase or decrease by 10%; and
- market interest rates are assumed to increase or decrease by 1% at each reporting date.

The impact of the assumptions on profit or loss and equity, net of tax, are as follows:

Group

As at 30 September 2015	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	17.4	(17.4)	19.8	(19.8)
Sterling/Euro	8.8	(8.8)	4.5	(4.5)
Sterling/Nordic currencies	1.2	(1.2)	0.9	(0.9)
Sterling/Singapore dollar	8.7	(8.7)	11.9	(11.9)
Market price movement	+10%	-10%	+10%	-10%
Financial investments held for trading	10.7	(10.7)	–	–
Financial investments available for sale	–	–	2.6	(2.6)
Interest rate movement	+1%	-1%	+1%	-1%
Market interest rates	5.1	(5.1)	–	–

As at 30 September 2014				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	15.9	(15.9)	15.6	(15.6)
Sterling/Euro	7.5	(7.5)	4.3	(4.3)
Sterling/Nordic currencies	1.9	(1.9)	1.9	(1.9)
Sterling/Singapore dollar	7.4	(7.4)	9.7	(9.7)
Market price movement	+10%	-10%	+10%	-10%
Financial investments held for trading	4.8	(4.8)	–	–
Financial investments available for sale	–	–	3.0	(3.0)
Interest rate movement	+1%	-1%	+1%	-1%
Market interest rates	3.6	(3.6)	–	–

The market price movement sensitivity excludes investments in funds to hedge deferred variable pay liabilities, as described in note 20. Changes in the market price of these investments are offset by movements in deferred variable pay liabilities, therefore there is no impact on profit or loss. This also applies to the Company.

The Group and Company interest rate movement sensitivity has been calculated based on average cash balances held during the year.

30 Financial risk management (continued)

The sensitivity for market and exchange rate movements for the Group excludes the derivative financial instruments and related seed capital, as described in note 29. The change in the derivative financial instruments is offset by movements in the related seed capital investments and therefore there is no material impact on profit or loss. This does not apply to the Company as the seed capital is held in another Group subsidiary. The effect of the derivative financial instruments is reflected in the Company sensitivity analysis in the following table:

Company

As at 30 September 2015	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar[1]	0.9	(0.9)	–	–
Sterling/Euro	1.6	(1.6)	–	–
Market price movement	+10%	-10%	+10%	-10%
Financial investments held for trading[2]	6.5	(6.5)	–	–
Financial investments available for sale	–	–	0.9	(0.9)
Interest rate movement	+1%	-1%	+1%	-1%
Market interest rates	(1.6)	1.6	–	–

As at 30 September 2014				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	1.1	(1.1)	–	–
Sterling/Euro	0.7	(0.7)	–	–
Market price movement	+10%	-10%	+10%	-10%
Financial investments held for trading	2.2	(2.2)	–	–
Financial investments available for sale	–	–	0.5	(0.5)
Interest rate movement	+1%	-1%	+1%	-1%
Market interest rates	(2.4)	2.4	–	–

[1] Excluding forward foreign exchange contracts, the profit or loss impact would be +/-£3.2m
[2] Excluding equity futures, the profit or loss impact would be +/-£8.6m

viii) Capital management

The Board's policy with respect to capital is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a sufficient base to sustain the future development of the business while at the same time ensuring compliance with all regulatory capital requirements. The Board receives regular updates on headroom over regulatory capital and supervises key decisions that may impact the future capital position of the Group. Further information on the Group's regulatory capital position is given below.

The Group's capital structure consists of equity (share capital and share premium) of £1,030.5 million, retained earnings, £500 million perpetual capital notes and £100 million preference shares. The perpetual capital notes and preference shares satisfy the requirements of financial reporting standards for treatment as equity and the perpetual capital notes are treated as an element of Tier 2 capital for regulatory purposes. The preference shares are treated as Additional Tier 1 capital.

The Group uses cash generated from its operations to pay a progressive dividend. The Board seeks to avoid further dilutive issuance of new shares and has, since 2010, satisfied vesting of deferred variable pay awards by purchasing shares in the market through the EBT. The EBT now holds sufficient shares to cover all outstanding awards as at 30 September 2015.

Regulatory capital requirements

In accordance with the Capital Requirements Directive ("CRD IV"), as implemented in the UK by the Financial Conduct Authority ("FCA"), the Group is required to maintain a minimum level of capital. In common with many other independent asset managers, the Group had operated under the terms of a waiver from the requirement to meet the full consolidated supervision rules of the CRD. The waiver was granted by the FCA with effect from January 2007 and remained in place until August 2014. The Group achieved its objective of eliminating reliance on this waiver and chose not to apply for a renewal of the waiver.

The Group is required to undertake an Internal Capital Adequacy Assessment Process ("ICAAP"), under which the Board quantifies the level of capital required to meet operational risks; this is referred to as the Pillar 2 capital requirement. The objective of this process is to ensure that firms have adequate capital to enable them to manage their risks which may not be adequately covered under the Pillar 1 requirements. This is a forward looking exercise which includes stress testing for the effects of major risks, such as those discussed on pages 44 to 51. These tests consider how the Group would cope with a significant market downturn, for example, and include an assessment of the Group's ability to mitigate the risks.

31 Related party transactions

In the ordinary course of business, the Company and its subsidiary undertakings carry out transactions with related parties, as defined by IAS 24 *Related Party Disclosures*. Material transactions for the year are set out below.

The principal subsidiary undertakings of the Company are shown in note 34. During the year, the Group entered into the following transactions with related parties:

a) Compensation of key management personnel of the Group

	2015 £m	2014 £m
Short term employee benefits	**14.2**	11.2
Share-based payments	**16.4**	14.9
Pension contributions	**0.5**	0.7
Total	**31.1**	26.8

More detailed information concerning directors' remuneration is provided in the audited part of the remuneration report on pages 72 to 88.

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31 Related party transactions (continued)

b) Transactions with subsidiaries and shareholders

Details of transactions between the Company and its subsidiaries, which are related parties of the Company are shown below:

	2015 £m	2014 £m
Interest receivable	1.9	0.8
Interest payable	–	0.1
Management fees	190.8	145.8
Dividends	334.8	440.0
Amounts due from subsidiaries	199.4	151.3
Amounts due to subsidiaries	98.9	143.9

Included within amounts due from subsidiaries are long term loans of £109.9 million (2014: £62.9 million); comprising of £62.9 million Aberdeen Investments Limited and £47.0 million to Aberdeen Asset Management Inc. The interest on these loans are included within amounts due from subsidiaries due within one year.

Included in cash & cash equivalents are balances with material shareholders: MUTB £40 million (2014: £50.0 million) and Lloyds £6.7 million (2014: £83.0 million).

c) Post employment benefit plans

The Group operates and participates in several post employment benefit plans as detailed in note 33.

The Group contributed the following amounts to defined benefit and defined contribution plans and had amounts outstanding at 30 September each year as follows:

	Employer contributions		Outstanding at 30 September	
	2015 £m	2014 £m	2015 £m	2014 £m
Murray Johnstone Limited Retirement Benefits Plan	6.7	4.1	–	–
Edinburgh Fund Managers Group plc Retirement & Death Benefits Plan	3.3	3.3	–	–
DEGI Pension Plan	0.6	0.3	–	–
Other defined benefit plans	1.3	0.8	–	–
Defined contribution schemes	31.6	27.3	–	–

d) Asset management vehicles

The Group provides investment management services for a number of collective investment schemes where Group companies directly sponsor or are investment advisers of underlying funds, which meet the criteria of related parties. In return the Group receives management fees for provision of these services. Details of the fees received and outstanding at 30 September are provided in note 32.

32 Interests in 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 Group has assessed whether the funds it manages are structured entities, through review of the above factors. The Group considers the following as structured entities – Open Ended Investment Companies ("OEICs"), Sociétés d'Investissement à Capital Variable ("SICAVs"), Unit Trusts, Fonds Communs de Placement ("FCPs"), and certain mutual funds, limited partnerships and other pooled funds. Segregated mandates managed on behalf of clients and investment trusts are not considered structured entities.

The structured entities are generally financed by the purchase of units or shares by investors, although certain funds, mainly property, infrastructure and private equity funds, are also permitted to raise finance through loans from third parties. The Group does not provide a guarantee for the repayment of any borrowings held by these entities.

The structured entities 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. Market risks are discussed further in note 30.

In certain cases, the Group will also purchase units or shares for the purpose of providing seed capital or to hedge against liabilities from deferred variable pay awards. There are no differences in the rights attached to the equity held by the Group from those held by other investors. As described in note 30, the Group may also commit to invest capital in certain property, infrastructure and private equity funds.

AuM within consolidated and unconsolidated structured entities is shown below:

Type of entity	2015 AuM £bn
Consolidated structured entities[1]	
• Seed capital investments	0.1
• Assets backing investment contract liabilities	1.9
Unconsolidated structured entities:	
• Open-ended funds	71.7
• Closed-end funds	3.2
Outside of structured entities	206.8
Total	**283.7**

[1] Includes AuM in relation to funds the Group is deemed to control through seed capital investments which are consolidated in accordance with IFRS 10, and the assets held by the Group's life and pensions subsidiary to meet its contracted liabilities. The exposure to the risks and rewards of the assets held by the Group's life and pensions subsidiary is borne by the underlying policyholders (see note 19)

The Group has an interest in the structured entities listed above through the receipt of management fees based on a percentage of the net asset value and, in certain funds, contractually agreed performance fees, as well as investment returns where the Group has an equity holding in the entity.

Gross revenue includes £655.3m of fees received from structured entities managed by the Group, of which £573.5m (2014: £358.4m) relates to related parties. In addition, the Group recognised a net loss on seed capital and other investments held in structured entities of £9.4m during the year.

The table below summarises the carrying values in the balance sheet, representing the Group's interests in unconsolidated structured entities, as at 30 September 2015:

	2015		
	Total £m	Open-ended funds £m	Closed-end funds £m
Trade and other receivables[2,3]	387.0	383.7	3.3
Trade and other payables[2]	317.2	317.2	–
Other investments – current	101.1	101.1	–
Investments – non-current	23.8	9.8	14.0

[2] Includes £309.2m receivable and £309.6m payable in connection with the creation and redemption of units in open ended funds, which are settled within a short time frame. Associated risks are discussed in note 30

[3] Includes £55.0m (2014:£41.8m) outstanding from funds also deemed related parties

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32 Interests in structured entities (continued)

Maximum exposure to loss

The Group does not have a direct exposure to the AuM it manages, with the associated risks and rewards residing with external investors, except where the Group holds an equity interest. The Group's maximum exposure to loss is therefore limited to future fee income and the carrying value of assets relating to structured entities at each reporting date, as highlighted above, where the net asset value of the entities is reduced through withdrawals by investors and/or adverse performance.

In addition, £24.3m of the Group's unfunded capital commitments described in note 30 (iii) relates to unconsolidated structured entities invested in property and infrastructure projects.

Financial support

The Group has not provided financial support to any consolidated or unconsolidated structured entity through guarantees over the repayment of borrowings, or otherwise, and has no contractual obligations or current intention of providing financial support in the future.

The Group did however invest an additional £123.5m in seed capital during the year to 30 September 2015, in order to support the launch of new funds classified as structured entities.

33 Retirement benefits

The Group's principal form of pension provision is by way of defined contribution schemes operated worldwide. The Group also operates a small number of legacy defined benefit schemes including: the Murray Johnstone Limited Retirement Benefits Plan, the Edinburgh Fund Managers Group plc Retirement & Death Benefits Scheme and the DEGI Pension Plan. These defined benefit schemes are closed to new membership and to future service accrual.

The main defined benefit schemes in the UK are based on final salary payments with benefits being adjusted in line with the schemes rules once in payment after retirement. The level of benefits paid is dependent on a members' length of service and salary prior to retirement. A funding plan, which aims to eliminate any shortfall in funding, has been agreed between the Trustees of the schemes and the employer. Annual contributions to the UK schemes under these funding plans are currently £11.1 million.
The defined benefit schemes operated by the Group expose the Group to actuarial risks, including longevity risk, interest rate risk and market (investment risk). Where appropriate, the investment strategy takes the make up of the schemes' membership into account (for example investing in assets that broadly aim to partially match some of the liability outflows), which reduces the effect of market movements on funding levels. Risk in relation to gilt yields has also been mitigated by investing a proportion of the schemes' assets in gilts/bonds/LDI assets.

The total contributions charged to the income statement in respect of the schemes operated by the Group were as follows:

	2015 **£m**	2014 £m
Defined contribution schemes	**31.6**	27.3
Defined benefit schemes	**1.7**	1.6
Total pension expense	**33.3**	28.9

The pension deficits are recognised as non-current liabilities in the balance sheet and are stated before deduction of the related deferred tax asset. The pension surplus is recognised as a non-current asset in the balance sheet and is stated before deduction of the deferred tax liability.

The pension surplus and deficits of the Group are summarised as follows:

	2015 £m	2014 £m
Pension surplus (deficits)		
Edinburgh Fund Managers Retirement & Death Benefits Plan	**30.1**	16.6
Murray Johnstone Limited Retirement Benefits Plan	**(3.2)**	(9.8)
DEGI Pension Plan	**(6.0)**	(7.1)
Net surplus (deficit) in main schemes (see (4) below)	**20.9**	(0.3)
Deficits in other defined benefit pension schemes	**(2.8)**	(3.3)
Net surplus (deficit) for all Group schemes	**18.1**	(3.6)

Disclosure relating to the Group's defined benefit obligations
The information given in (1) and (4) below reflects the aggregate disclosures in respect of the Group's two UK defined benefit pension arrangements and the DEGI scheme in Germany. The information given in (2) reflects the two UK schemes only. The information provided in (3) relates to the DEGI pension scheme.

1) **Plan assets**

	2015		2014	
	£m	%	£m	%
Plan assets				
Equities and alternatives	**60.7**	**29.0**	72.4	37.7
Debt instruments	**62.4**	**29.8**	6.9	3.6
Liability Driven Investment ("LDI") funds	**58.3**	**27.8**	105.1	54.7
Real estate	**16.5**	**7.9**	–	–
Other	**5.5**	**2.6**	6.0	3.1
Cash	**6.1**	**2.9**	1.6	0.9
	209.5	**100.0**	192.0	100.0

Basis used to determine the expected rate of return on plan assets
To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted, based on the target asset allocation, to develop the expected long term rate of return on assets assumptions for the portfolio.

33 Retirement benefits (continued)

2) Principal assumptions used by UK schemes' actuaries

	2015 %	2014 %
Discount rate	**3.9**	4.0
Pension increases (Edinburgh 3%)	**3.1**	3.2
Contributory salary increases (applies to Murray Johnstone only)	**5.1**	5.2
Rate of price inflation ("RPI")	**3.1**	3.2
Rate of price inflation ("CPI")	**2.1**	2.4

The weighted average assumptions used to determine the net pension cost are as follows:

	2015 %	2014 %
Discount rate	**4.0**	4.5
Rate of compensation increase (applies to Murray Johnstone only)	**5.2**	5.4
Rate of price inflation ("RPI")	**3.2**	3.4
Rate of price inflation ("CPI")	**2.4**	2.9

Mortality assumptions
The mortality assumptions for the UK defined benefit schemes at 30 September 2015 follow the S1NA LIGHT CMI 2014 1.25% (YOB) tables. The impact of these assumptions on life expectancies is shown in the table below:

	2015 Years	2014 Years
Impact of mortality assumptions		
Expected age at death for a male currently aged 40 retiring in the future at age 60	**90.5**	90.5
Expected age at death for a female currently aged 40 retiring in the future at age 60	**92.0**	92.0
Expected age at death for a current male pensioner aged 60	**88.7**	88.6
Expected age at death for a current female pensioner aged 60	**90.1**	90.0

3) Principal assumptions used by the DEGI scheme actuaries

	2015 %	2014 %
Discount rate	**2.5**	3.6
Rate of pension increase	**2.0**	2.0
Rate of price inflation	**2.0**	2.0
Assumed retirement age	**63**	63

The mortality tables used for the DEGI scheme were Heubeck © 2005 G.

4) Aggregate disclosure obligations

The following disclosure relates to the Group's two UK schemes plus the DEGI scheme in Germany:

	2015 £m	2014 £m
Change in benefit obligation		
Benefit obligation at beginning of year	192.3	178.0
Interest expense	7.3	7.5
Effect of changes in demographic assumptions	0.6	3.7
Effect of changes in financial assumptions	0.8	13.2
Effect of experience adjustments	(3.1)	3.3
Benefits paid from scheme	(8.7)	(6.0)
Benefit obligations transferred out[1]	–	(6.6)
Effect of changes in foreign exchange rates	(0.7)	(0.8)
Benefit obligation at end of year	188.5	192.3
Change in scheme assets		
Fair value of plan assets at beginning of year	192.0	176.4
Interest income	7.5	7.1
Remeasurement gains	9.0	13.8
Employer contributions	10.6	7.7
Benefits paid from scheme	(8.7)	(6.0)
Administrative expenses	(0.7)	–
Assets transferred out[1]	–	(6.6)
Effect of changes in foreign exchange rates	(0.3)	(0.4)
Fair value of scheme assets at end of year	209.4	192.0
Surplus (deficit) recognised at end of year	20.9	(0.3)

[1] Benefit obligations and assets transferred out follows the buy out of the CGA Staff Pension Fund and formal wind-up of that scheme

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33 Retirement benefits (continued)

	2015 £m	2014 £m
Movement in deficit during the year		
Deficit in schemes at beginning of year	**(0.3)**	(1.6)
Movement in year:		
Employer contributions	**10.6**	7.7
Pension expense recognised in income statement	**(0.5)**	(0.4)
Amounts recognised in the statement of comprehensive income	**10.7**	(6.4)
Effect of changes in foreign exchange rates	**0.4**	0.4
Net surplus (deficit) in schemes at end of year	**20.9**	(0.3)
Surplus in scheme at end of year	**30.1**	16.6
Deficits in schemes at end of year	**(9.2)**	(16.9)
	20.9	(0.3)

The Group expects to pay approximately £11.1 million to the UK defined benefit schemes in the next financial year.

	2015 £m	2014 £m
Expense recognised in the income statement		
Interest expense on defined benefit obligations	**7.3**	7.5
Interest income on plan assets	**(7.5)**	(7.1)
Administrative expenses	**0.7**	–
	0.5	0.4
Amounts recognised in the statement of comprehensive income		
Return on plan assets	**9.0**	13.8
Actuarial losses due to change in demographic assumptions	**(0.6)**	(3.7)
Actuarial losses due to change in financial assumptions	**(0.8)**	(13.2)
Actuarial gains (losses) due to experience	**3.1**	(3.3)
	10.7	(6.4)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation rate, expected pension increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Assumption	**Assumption change**	**2015 Estimated impact on scheme liabilities %**	2014 Estimated impact on scheme liabilities %
Discount rate	Increase/decrease by 0.1% per annum	**Decrease/increase by 2.0**	Decrease/increase by 2.0
Inflation rate	Increase/decrease by 0.1% per annum	**Increase/decrease by 1.4**	Increase/decrease by 1.4
Expected rate of pension increases in payment	Increase/decrease by 0.1% per annum	**Increase/decrease by 0.9**	Increase/decrease by 0.9
Life expectancy	Increase/decrease by 1 year	**Increase/decrease by 3.4**	Increase/decrease by 3.1

Relationships between Aberdeen Asset Management and the trustees of the defined benefit schemes
The schemes assets are held in separate trustee-administered funds to meet long term pension liabilities to past employees. The trustees of the funds are required to act in the best interests of the funds' beneficiaries.

34 Interests in subsidiaries and related undertakings

The principal subsidiaries at 30 September 2015 were as follows:

Subsidiary undertaking	Principal activity	Country of registration	Ownership
Aberdeen Asset Investments Limited	Fund management	UK	Indirect
Aberdeen Asset Management Asia Limited	Fund management	Singapore	Direct
Aberdeen Asset Management Inc.	Fund management	USA	Direct
Aberdeen Asset Management Life and Pensions Limited	Life and pensions	UK	Direct
Aberdeen Asset Managers Limited	Fund management	UK	Direct
Aberdeen Fund Managers Limited	Fund administration	UK	Direct
Aberdeen Global Services S.A.	Management company	Luxembourg	Direct
Aberdeen International Fund Managers Limited	Fund distribution	Hong Kong	Direct
Aberdeen Private Equity Managers Limited	Fund management	UK	Direct

The Company directly or indirectly held 100% of the ordinary share capital of the principal subsidiaries at 30 September 2015 and 30 September 2014, except for Aberdeen Private Equity Managers Limited (formerly Aberdeen SVG Private Equity Managers Limited), where the remaining 49.9% stake was acquired on 30 June 2015. The effect of this acquisition on the equity of the Group is discussed in note 14.

In addition, funds are consolidated where the Group has determined that a controlling interest exists through an investment holding in the fund, in accordance with IFRS 10 Consolidated Financial Statements. This typically relates to seed capital investments (note 20), which do not have a material impact on the profits or net assets of the Group. These entities have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors from capital appreciation, investment income, or both.

A full list of the Group's other subsidiaries and related undertakings is included in the appendix which forms part of the financial statements.

There are no material non-controlling interests in subsidiaries or funds at 30 September 2015.

Significant restrictions
As described in note 30, the Group has a number of regulated entities, each subject to regulatory capital requirements, which could lead to the requirement to inject further capital and restrict their ability to remit funds within the Group.

A small number of subsidiaries are also subject to statutory requirements to maintain a certain level of capital, however these have no material impact to the Group.

The ability of individual subsidiaries to distribute profits and return capital by way of dividends within the Group is restricted to the level of distributable reserves. As of 30 September 2015, Aberdeen Asset Management Inc. was restricted in its ability to make a distribution due to accumulated losses, however this subsidiary is fully supported by the Company.

Aberdeen Asset Management Life and Pensions Limited is further restricted in its ability to make dividend distributions under the terms of its dividend policy, which specifies minimum reserves to be maintained, over and above the capital resources requirements of the regulator. Dividend payments are also subject to review by the regulator.

Independent auditor's report to the members of Aberdeen Asset Management PLC only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Aberdeen Asset Management PLC for the year ended 30 September 2015 set out on pages 94 to 155 and the appendix on pages 164 to 166. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

We summarise below the risks of material misstatement that had the greatest effect on our audit, our key audit procedures to address those risks and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

Valuation of the Earn-Out Liability (£46.8m)
Refer to page 66 (Audit Committee Report), page 96 (accounting policy) and notes 14 and 29 (financial disclosures).

Valuation of earn-out liability

- **The risk:** The Earn-out liability is stated at fair value, being based on expected future cash flows as determined by the Group. The assumptions include the expected performance and growth of relevant operations, and the discount rate used to obtain the present value. Given the level of judgement involved in deriving these assumptions and the sensitivity of the fair value, this is an area considered to be at risk of material misstatement.
- **Our response:** Our procedures included critically assessing the appropriateness of the assumptions used to value the earn-out payment, including the expected growth rates, forecast cash flows and discount rate applied. We evaluated, where possible, the assumptions used by comparing these to externally derived data, compared revenue growth rates to AAM's peer group via Bloomberg and performed a retrospective review comparing the Group's previous assessments to the actual results. We compared revenue growth assumptions to growth expectations for market participants that are comparable to the business and benchmarked the discount rate against those of comparable quoted companies. We compared wider publicly available data on other variables such as the risk free rate element of the discount rate to that used by the Group.

  We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the fair value of the liability.
- **Our findings:** We found the assumptions used in the earn-out models and the resulting estimates to be mildly cautious and that note 29 is proportionate in disclosing the sensitivity.

Assessment of impairment of Intangible Assets (£1,486.2m)
Refer to page 65 to 66 (Audit Committee Report), page 98 (accounting policy) and note 13 (financial disclosures).

- **The risk:** We view intangible assets in relation to goodwill, management contracts and distribution agreements to be a significant risk of misstatement as a result of a combination of factors. (1) There is significant judgement included when assessing these balances for impairment triggers and when selecting the appropriate assumptions for impairment assessment model (2) The key judgements are impacted by the level of outflows of business, which has been higher in the current year than in previous years. The outcome of the assessments could vary significantly and, due to the size of the intangibles recognised, have a material impact if different assumptions and judgements were applied.
- **Our response to goodwill:** Our procedures included critically assessing the assumptions and methodology used by the Group in their value-in-use impairment assessment. We compared the Group's assumptions to externally derived data and our own assessments of key inputs such as projected economic growth, client retention, cost inflation and discount rates and assessed sensitivities, as well as performing break-even analysis on key assumptions. We tested the Group's procedures around the preparation of the budget, upon which the value-in-use model is based, as well as comparing the sum of projected discounted cash flows to the market capitalisation of the Group to assess whether the projected cash flows appear reasonable. We used our own valuation specialists to support our procedures.

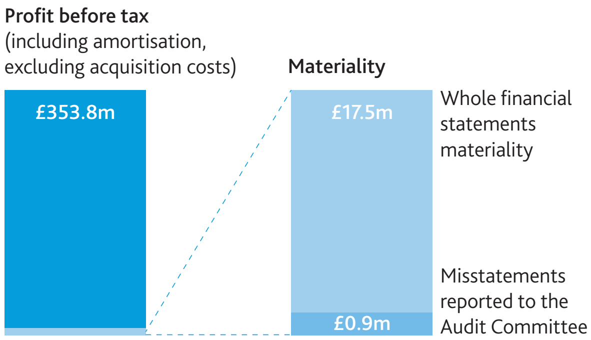
- **Our response to indefinite life intangibles**: Our procedures included critically assessing the assumptions and methodology used by the Group in their fair value less costs to sell model, by comparing the key assumptions – fee rates, projected assets under management ("AuM") and revenue multipliers on projected cash flows – against data derived from internal sources, such as the Group's own implied fee rates and reported AuM, and external sources, including recent transactions, which were used to derive an appropriate revenue multiple. We performed a sensitivity analysis based on the key assumptions of the models. We used our own valuation specialists to support our procedures.
- **Our response to definite life intangibles**: We critically assessed the Group's assessment of definite life intangibles for indicators of impairment by considering the potential impact of business performance, such as fund outflows on the intangible. Where indicators of impairment were identified, we critically assessed the Group's impairment assessment for those adopting a similar audit approach to the goodwill model described above. We assessed the useful lives of each definite life asset by reviewing their performance in the period, such as outflows, and assessing the impact of any changes to the contracts in the context of the expected future period of economic consumption.

  We considered the adequacy of the Group's disclosures in respect of impairment testing and whether disclosures about sensitivity to the outcome to changes in key assumptions properly reflected the risks inherent in the key assumptions and the requirements of accounting standards.
- **Our findings:** We have found the assumptions and resulting estimates used in each of the impairment assessments to be balanced. Note 13 proportionately discloses the key assumptions and sensitivities.

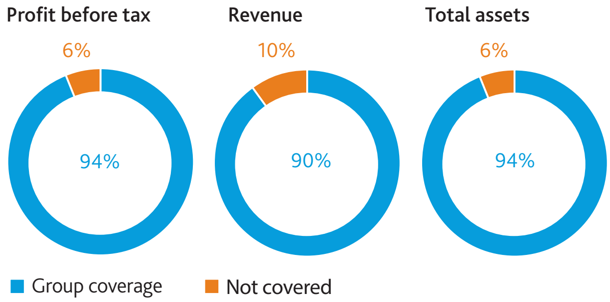
3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £17.5 million, determined with reference to a benchmark of Group profit before tax, normalised to exclude one-off acquisition costs as disclosed in note 4, of £353.8 million, of which it represents 4.9%. We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.9 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Materiality for the Group Financial Statements



Audit coverage of the Group Financial Statements



The group has over 100 reporting components. We subjected 21 to audits for group reporting purposes. These 21 components account for the portion of the group's results, revenues and assets shown in the graphs above. Four of these 21 audits were performed by component auditors and 17 by the Group audit team. The Group audit team instructed component auditors as to the significant areas to be covered including the relevant risks detailed above, and the information to be reported back. The Group audit team approved the component materialities which ranged from £9.2 to £13.9 million based on the mix of size and risk profile of the components within the Group.

The Group audit team reviewed reporting component audit files in the USA, Singapore and Luxembourg during planning and fieldwork to assess the audit strategy and findings. Telephone meetings were also held with the auditors of these components.

At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 **Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 **We have nothing to report on the disclosures of principal risks**

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of long term viability on page 43, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the 3 years to 30 September 2018; or
- the disclosures in the directors' report set out on page 89, concerning the use of the going concern basis of accounting.

6 **We have nothing to report in respect of the matters in which we are required to report by exception**

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee section of the Corporate Governance report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern set out on page 89, and long term viability on page 43; and
- the part of the Corporate Governance Statement on page 54 in the Corporate Governance Report relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 91, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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**. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at **www.kpmg.com/uk/auditscopeukco2014b**, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
37 Albyn Place
AB10 1JB

27 November 2015

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's position and performance, business model and strategy and is fair, balanced and understandable; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

R C Cornick
Chairman

W J Rattray
Finance Director

27 November 2015

Five year summary

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Net revenue	**1,169.0**	1,117.6	1,078.5	869.2	784.0
Operating expenses					
• Operating costs	**(670.3)**	(627.2)	(589.3)	(516.5)	(474.7)
• Acquisition-related items	**(0.1)**	(33.1)	(19.2)	–	–
• Amortisation and impairment of intangible assets	**(131.3)**	(99.4)	(73.2)	(78.1)	(77.8)
Total operating expenses	**(801.7)**	(759.7)	(681.7)	(594.6)	(552.5)
Operating profit before amortisation, impairment, acquisition costs and exceptional items	**498.7**	490.4	489.2	352.7	309.3
Amortisation and impairment of intangible assets	**(131.3)**	(99.4)	(73.2)	(78.1)	(77.8)
Acquisition and integration costs	**(0.1)**	(33.1)	(19.2)	–	–
Operating profit	**367.3**	357.9	396.8	274.6	231.5
Net finance costs	**(4.0)**	(2.7)	(3.5)	(5.1)	(7.4)
(Losses) gains on investments	**(9.6)**	(0.6)	(3.0)	0.2	–
Profit before taxation	**353.7**	354.6	390.3	269.7	224.1
Tax on profit on ordinary activities	**(44.7)**	(47.5)	(61.5)	(46.1)	(40.2)
Profit for the year	**309.0**	307.1	328.8	223.6	183.9
Earnings per share – IAS 33 basis					
• Basic	**22.28p**	23.54p	27.16p	18.88p	15.01p
• Diluted	**21.79p**	22.79p	26.22p	17.55p	14.06p
Underlying profit before taxation	**£491.6m**	£490.3m	£482.7m	£347.8m	£301.9m
Underlying earnings per share					
• Basic	**30.62p**	32.17p	33.71p	24.45p	20.13p
• Diluted	**29.95p**	31.14p	32.48p	22.62p	18.73p
Dividend per share	**19.5p**	18.0p	16.0p	11.5p	9.0p
Assets under management at year end	**£283.7bn**	£324.4bn	£200.4bn	£187.2bn	£169.9bn

Principal offices

United Kingdom and Channel Islands

Aberdeen Asset Management PLC
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Details of other office locations can be found on the Group's website at **aberdeen-asset.com**

Corporate information

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Scott E Massie

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Registered Number
82015

Registrar
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Auditor
KPMG Audit Plc
Chartered Accountants
37 Albyn Place
Aberdeen AB10 1JB

Brokers
J.P.Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Credit Suisse Securities (Europe) Limited
17 Columbus Courtyard
London E14 4DA

Financial Calendar

Annual General Meeting
27 January 2016

Payment of final dividend
3 February 2016

Announcement of interim results
May 2016

Payment of interim dividend
June 2016

Appendix - Related undertakings

Other related undertakings

In addition to the principal subsidiaries listed in note 34, the Company also owned, directly or indirectly, the following related undertakings as at 30 September 2015 (100% of the ordinary share capital), unless otherwise stated:

Related undertaking	Principal activity	Country of registration	Ownership
Aberdeen ACP, LLP	General partner	UK	Indirect
Aberdeen Alternatives (Holdings) Limited	Holding company	UK	Indirect
Aberdeen Asia Holdings Pte Limited	Investment holding company	Singapore	Indirect
Aberdeen Asset Fund Management Limited	Fund management	UK	Indirect
Aberdeen Asset Investment Group Limited	Holding company	UK	Direct
Aberdeen Asset Management (Shanghai) Co., Ltd.	Not yet operating	China	Direct
Aberdeen Asset Management Canada Limited	Fund management	Canada	Indirect
Aberdeen Asset Management Cayman Limited	Fund management	Cayman Islands	Direct
Aberdeen Asset Management Company Limited	Fund management	Thailand	Indirect
Aberdeen Asset Management Corporate AS	Fund management	Norway	Indirect
Aberdeen Asset Management Denmark A/S	Property asset management	Denmark	Indirect
Aberdeen Asset Management Deutschland AG	Property fund management	Germany	Indirect
Aberdeen Asset Management Finland Oy	Property asset management	Finland	Indirect
Aberdeen Asset Management Gestion SNC	Fund management	France	Indirect
Aberdeen Asset Management Hungary Alapkezelo Zrt	Fund management	Hungary	Direct
Aberdeen Asset Management Investment Funds Limited	Dormant	UK	Direct
Aberdeen Asset Management Limited	Fund management	Australia	Indirect
Aberdeen Asset Management Nominees Limited	Dormant	UK	Indirect
Aberdeen Asset Management Norway AS	Property asset management	Norway	Indirect
Aberdeen Asset Management Norway Holding AS	Holding company	Norway	Indirect
Aberdeen Asset Management Operations AS	Fund administration	Norway	Indirect
Aberdeen Asset Management Sdn. Bhd.	Fund management	Malaysia	Direct
Aberdeen Asset Management Services Limited	Integration services	UK	Direct
Aberdeen Asset Management Sweden AB	Property asset management	Sweden	Indirect
Aberdeen Asset Managers (Luxembourg) SARL	Management company	Luxembourg	Indirect
Aberdeen Asset Managers Switzerland AG	Fund distribution	Switzerland	Direct
Aberdeen Capital Management LLC	Investment advisory	USA	Indirect[1]
Aberdeen Claims Administration, Inc.	Corporate trust administration	USA	Indirect
Aberdeen Direct Property (Holding) Limited	Holding company	UK	Indirect
Aberdeen do Brasil Gestao de Recursos Ltda	Fund management	Brazil	Direct
Aberdeen Dormant 01 Limited	Dormant	UK	Direct
Aberdeen Dormant 02 Limited	Dormant	UK	Direct
Aberdeen European Infrastructure Carry GP Limited	General partner	UK	Indirect
Aberdeen European Infrastructure Carry Limited	Investment holding company	UK	Indirect
Aberdeen European Infrastructure GP II Limited	General partner	UK	Indirect
Aberdeen European Infrastructure GP Limited	General partner	UK	Indirect
Aberdeen Finance Jersey (II) Limited	Dormant	Jersey	Direct
Aberdeen Finance Jersey (III) Limited	Dormant	Jersey	Direct
Aberdeen France S.A.	Holding company	France	Direct
Aberdeen Fund Distributors, LLC	Broker-dealer	USA	Indirect
Aberdeen Fund Management Denmark A/S	Property fund management	Denmark	Indirect
Aberdeen Fund Management II Oy	General partner	Finland	Indirect
Aberdeen Fund Management Ireland Limited	Management company	Ireland	Direct
Aberdeen Fund Management Norway AS	Property fund management	Norway	Indirect
Aberdeen Fund Management Oy	General partner	Finland	Indirect
Aberdeen General Partner 1 Limited	General partner	UK	Indirect
Aberdeen General Partner 2 Limited	General partner	UK	Indirect
Aberdeen General Partner CAPELP Limited	General partner	Cayman Islands	Direct
Aberdeen General Partner CGPLP Limited	General partner	Cayman Islands	Direct
Aberdeen General Partner CMENAPELP Limited	General partner	Cayman Islands	Direct

Related undertaking	Principal activity	Country of registration	Ownership
Aberdeen General Partner CPELP II Limited	General partner	Cayman Islands	Direct
Aberdeen General Partner CPELP Limited	General partner	Cayman Islands	Direct
Aberdeen Global ex-Canada Core GP Inc.	Not yet operating	Canada	Indirect
Aberdeen Global Infrastructure Carry GP Limited	General partner	UK	Indirect
Aberdeen Global Infrastructure GP II Limited	General partner	Guernsey	Indirect
Aberdeen Global Infrastructure GP Limited	General partner	Guernsey	Indirect
Aberdeen GP 1 LLP	General partner	UK	Indirect
Aberdeen GP 2 LLP	General partner	UK	Indirect
Aberdeen Infrastructure Asset Managers Limited	Fund management	UK	Indirect
Aberdeen Infrastructure Feeder GP Limited	General partner	UK	Indirect
Aberdeen Infrastructure Finance GP Limited	General partner	Guernsey	Indirect
Aberdeen Infrastructure GP II Limited	General partner	UK	Indirect
Aberdeen Infrastructure Investments (No.4) Limited	Bid vehicle	Guernsey	Indirect
Aberdeen International Securities Investment Consulting Company Ltd	Fund distribution	Taiwan	Direct
Aberdeen Investment Company Limited	Dormant	UK	Direct/Indirect[2]
Aberdeen Investment Management K.K.	Fund management	Japan	Direct
Aberdeen Investment Solutions Limited	Investment advisory	UK	Indirect
Aberdeen Investments Jersey Limited	Investment holding company	Jersey	Direct
Aberdeen Investments Limited	Holding company	UK	Direct
Aberdeen ISAF Nominee Limited	Nominee company	UK	Indirect
Aberdeen Islamic Asset Management Sdn. Bhd.	Fund management	Malaysia	Indirect
Aberdeen Korea Co, Ltd	Client support and liaison	South Korea	Direct
Aberdeen Management Services S.A.	Management company	Luxembourg	Direct
Aberdeen Multi-Manager Limited	Fund management	UK	Indirect
Aberdeen Nominees Services Limited	Nominee company	Hong Kong	Indirect
Aberdeen Pacific Holdings Pte Limited	Investment holding company	Singapore	Direct
Aberdeen Pension Trustees Limited	Dormant	UK	Indirect
Aberdeen Private Equity Advisers Limited	Investment advisory	UK	Indirect
Aberdeen Private Wealth Management Limited	Fund management	Jersey	Direct
Aberdeen Property Asset Managers Limited	Dormant	UK	Indirect
Aberdeen Property Fund Limited Partner Oy	Investment holding company	Finland	Indirect
Aberdeen Property Fund Management (Jersey) Limited	Management company	Jersey	Indirect
Aberdeen Property Fund Management AB	Property fund management	Sweden	Indirect
Aberdeen Property Fund Management Estonia Ou	Dormant	Estonia	Indirect
Aberdeen Property Investors (General Partner) SARL	General partner	Luxembourg	Indirect
Aberdeen Property Investors Estonia Ou	Investment holding company	Estonia	Indirect[3]
Aberdeen Property Investors Europe BV	Property fund management	The Netherlands	Indirect
Aberdeen Property Investors France SAS	Property asset management	France	Indirect
Aberdeen Property Investors Indirect Investment Management AB	Fund management	Sweden	Indirect
Aberdeen Property Investors Limited Partner Oy	Investment holding company	Finland	Indirect
Aberdeen Property Investors Sweden AB	Investment holding company	Sweden	Indirect
Aberdeen Property Investors The Netherlands BV	Property asset management	The Netherlands	Indirect
Aberdeen Property Managers Limited	Dormant	UK	Indirect
Aberdeen Real Estate France SAS	Property asset management	France	Indirect
Aberdeen Real Estate Investors Operations (UK) Limited	Dormant	UK	Indirect
Aberdeen Real Estate Operations Limited	Property asset management	UK	Indirect
Aberdeen Residential JV Feeder Limited Partner Oy	Investment holding company	Finland	Indirect
Aberdeen SP 2013 A/S	Property asset management	Denmark	Indirect
Aberdeen Trust Limited	Dormant	UK	Direct/Indirect[4]
Aberdeen UK Infrastructure Carry GP Limited	General partner	UK	Indirect
Aberdeen UK Infrastructure Carry Limited	Investment holding company	UK	Indirect
Aberdeen UK Infrastructure GP Limited	General partner	UK	Indirect
Aberdeen Unit Trust Managers Limited	Dormant	UK	Direct

Related undertaking	Principal activity	Country of registration	Ownership
AFM Nominees Limited	Dormant	UK	Indirect
AIPP Pooling I S.A.	Management company	Luxembourg	Indirect
Airport Industrial GP Limited	General partner	UK	Indirect
Amberia General Partner Oy	General partner	Finland	Indirect
Arthur House (No.6) Limited	Dormant	UK	Indirect
Arthur House (No.9) Limited	Dormant	UK	Direct
Artio Global Holdings LLC	Dormant	USA	Indirect
Artio Global Investors (UK) Limited	Dormant	UK	Indirect
Artio Global Investors Inc.	Dormant	USA	Indirect
Artio Global Management LLC	Investment advisory	USA	Indirect
Bedfont Lakes Business Park (GP1) Limited	General partner	UK	Indirect
Bedfont Lakes Business Park (GP2) Limited	General partner	UK	Indirect
Cockspur Property (General Partner) Limited	General partner	UK	Direct
Cockspur Property (Nominee No.1) Limited	Dormant	UK	Direct
DEGI Beteiligungs GmbH	Investment holding company	Germany	Indirect
DEGI Prag Park 2 GmbH	Investment holding company	Germany	Indirect
DEGI Prag Park 6 GmbH	Investment holding company	Germany	Indirect
DEGI Prag Park 7 GmbH	Investment holding company	Germany	Indirect
Drummond Fund Management Limited	Dormant	UK	Direct
Dunedin Fund Managers Limited	Dormant	UK	Indirect
Edinburgh Fund Managers Group Limited	Holding company	UK	Direct
Edinburgh Fund Managers PLC	Dormant	UK	Direct
Edinburgh Unit Trust Managers Limited	Dormant	UK	Direct
FLAG Squadron Asia Limited	Investment advisory	Hong Kong	Indirect[1]
FLAG Squadron Asia Pacific III GP, LP	General partner	Cayman Islands	Indirect[1]
Glasgow Investment Managers Limited	Dormant	UK	Direct
Griffin Nominees Limited	Dormant	UK	Indirect
Komplementarselskabet af 2004 (I) A/S	General partner	Denmark	Indirect
M J Founders Limited	Dormant	UK	Indirect[5]
Murray Johnstone Asset Management Limited	Dormant	UK	Indirect
Murray Johnstone Holdings Limited	Holding company	UK	Direct
Murray Johnstone Limited	Dormant	UK	Direct
Platin 230. GmbH & Co. Verwaltungs KG	Investment holding company	Germany	Indirect[6]
Property Group A/S	Property asset management	Denmark	Indirect
PT Aberdeen Asset Management	Fund management	Indonesia	Indirect[7]
PURetail Luxembourg Management Company SARL	Management company	Luxembourg	Indirect[8]
Regent Property Partners (Retail Parks) Limited	General partner	UK	Indirect
Residential Zoning Club General Partner Oy	General partner	Finland	Indirect
Squadron Capital Asia Pacific GP, LP	General partner	Cayman Islands	Indirect[1]
Squadron Capital Asia Pacific II GP, LP	General partner	Cayman Islands	Indirect[1]
Squadron Capital Management Limited	Holding company	Cayman Islands	Direct[1]
Squadron Capital Partners Limited	General partner	Cayman Islands	Indirect[1]
Sundberg AREFF Holding Oy	Investment holding company	Finland	Indirect
Tenon Nominees Limited	Dormant	UK	Direct
Two Rivers One Limited	Property holding company	Jersey	Indirect
Two Rivers Two Limited	Property holding company	Jersey	Indirect
Waverley General Private Equity Limited	General partner	UK	Indirect
Waverley Healthcare Private Equity Limited	General partner	UK	Indirect

[1] Acquired as part of the purchase of FLAG on 31 August 2015
[2] The Company directly holds 90.0% of the ordinary share capital, with the remaining 10.0% held by another Group subsidiary
[3] 11.0% non-controlling interest
[4] The Company directly holds 50.0% of the ordinary share capital, with the remaining 50.0% held by another Group subsidiary
[5] The Company indirectly holds 33.3% of the ordinary share capital. It is classified as an associate and accounted for using the equity method, however it is not considered material to the Group
[6] 5.1% non-controlling interest
[7] 20.0% non-controlling interest
[8] This entity is a 50.0% owned joint venture and is accounted for using the equity method. It is not considered material to the Group

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