

F&C Group Management Limited

(Registered Number 2368461)

**Annual Report & Financial Statements
for the year ended
31 October 2015**

Contents

- 1** Directors and Advisers
- 2-3** Strategic Report
- 4** Report of the Directors
- 5** Statement of Directors' Responsibilities
- 6** Independent Auditor's Report
- 7** Profit and Loss Account
- 8** Balance Sheet
- 9-15** Notes to the Financial Statements

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F&C GROUP MANAGEMENT LIMITED

DIRECTORS AND ADVISERS

REGISTERED NUMBER:

2368461

DIRECTORS:

D Logan
F&C Asset Management plc

SECRETARY:

F&C Asset Management plc
80 George Street
Edinburgh
EH2 3BU

REGISTERED OFFICE:

Exchange House
Primrose Street
London
EC2A 2NY

SOLICITORS:

Norton Rose LLP
3 More London Riverside
London
SE1 2AQ

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

AUDITOR:

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

F&C GROUP MANAGEMENT LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for F&C Group Management Limited (the Company) for the year ended 31 October 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as a holding company for subsidiaries engaged in the management of investments. This is expected to continue.

RESULTS AND BUSINESS REVIEW

Results

The Financial Statements show a profit after tax of £673,000 for the year ended 31 October 2015 (period ended 31 October 2014: £532,000).

Trading performance and development of the business

The F&C Asset Management plc Group (F&C Group) was acquired by Bank of Montreal (BMO) on 7 May 2014. In order to align the Company's reporting date with BMO Financial Group, the Company's accounting reference date was changed from 31 December to 31 October, resulting in a reporting period of ten months to 31 October 2014 in the previous reporting period. Therefore, certain amounts presented in these Financial Statements for the year ended 31 October 2015 are not directly comparable with those for the period ended 31 October 2014.

The Company's only cost relates to its annual audit fee. As a result, operating loss was £3,000 for the year ended 31 October 2015, in line with an operating loss of £3,000 in the period ended 31 October 2014. Interest receivable will continue to be based on prevailing inter-group interest rates and loan balances during the year. Interest receivable has increased from £682,000 in the period ended 31 October 2014 to £849,000 in the year ended 31 October 2015, largely due to the longer reporting period. This led to a £141,000 increase in profits after tax to £673,000 in the year ended 31 October 2015 compared to £532,000 in the period ended 31 October 2014.

Future developments

The Directors do not anticipate any major change in the principal activity of the business within the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors manage the risks as part of the overall risk management framework within the F&C Group. Members of the F&C Group management team are responsible for identifying and evaluating key risks facing their areas of the business and procedures to control these risks, where possible, are reviewed and agreed. The key operational risks facing the Company are:

Financial risk

The F&C Group adopts a low risk approach to treasury management and financial risks in relation to shareholder equity, seeking to manage and preserve its capital. The F&C Group's treasury function ensures that sufficient cash is available to the Company in respect of short-term working capital requirements.

A significant element of the Company's assets relate to the carrying value of investments in subsidiary undertakings. If there was a permanent reduction in the profits of subsidiary undertakings, then this could lead to an impairment in value of the Company's investments.

F&C GROUP MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Credit risk

The debtors at the balance sheet dates are in respect of loans to other F&C Group undertakings. As the F&C Group's working capital is monitored on a group-wide basis, the risk of default is considered minimal.

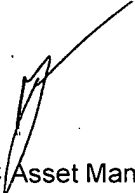
The F&C Group's treasury policy limits the exposure to any one counterparty (in respect of cash and cash equivalents), recognising that each counterparty has been approved by the F&C Group Counterparty Credit Committee.

Liquidity risk

The treasury policy set by the F&C Group only allows financial assets attributable to equity holders to be invested in low risk deposits or money market instruments where the risk of capital loss is low, with prior Board approval required for any exception to this principle.

The overall cash position is monitored by the treasury team within the F&C Group as a whole and each individual company within the F&C Group draws on the available cash balance to meet its working capital requirements.

BY ORDER OF THE BOARD



For F&C Asset Management plc
Secretary
26 July 2016

F&C GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the year ended 31 October 2015.

GOING CONCERN

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment of the Company's financial position the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2014: £nil) and no interim dividend was approved or paid during the year ended 31 October 2015 (period ended 31 October 2014: nil).

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who served during the year were as follows:

D Logan
F&C Asset Management plc

There have been no appointments or resignations of Directors since 31 October 2015.

No individual Director has any beneficial interest in the share capital of the Company.

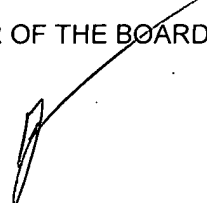
DIRECTORS' AND OFFICERS' LIABILITY

The F&C Group maintains insurance cover in respect of Directors' and officers' liability.

ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITOR

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

BY ORDER OF THE BOARD



For F&C Asset Management plc
Secretary
26 July 2016

F&C GROUP MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

F&C GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C GROUP MANAGEMENT LIMITED

We have audited the Financial Statements of F&C Group Management Limited for the year ended 31 October 2015 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

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



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
Edinburgh
26 July 2016

F&C GROUP MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015

	Notes	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Administrative expenses		(3)	(3)
OPERATING LOSS	2	(3)	(3)
Interest receivable	4	849	682
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		846	679
Tax on profit on ordinary activities	5	(173)	(147)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX	11	673	532

All amounts relate to continuing operations.

The Company has no recognised gains or losses in the current or preceding years other than those shown in the Profit and Loss Account above.

The notes on pages 9 to 15 form an integral part of these Financial Statements.

F&C GROUP MANAGEMENT LIMITED

BALANCE SHEET AT 31 OCTOBER 2015

(Registered Number 2368461)

	Notes	31 October 2015 £000	31 October 2014 £000
FIXED ASSETS			
Investments in subsidiary undertakings	6	161,664	161,664
CURRENT ASSETS			
Debtors: Amounts falling due within one year	7	146,208	145,543
Cash at bank		-	5
		146,208	145,548
CREDITORS: Amounts falling due within one year	8	(322)	(335)
NET CURRENT ASSETS		145,886	145,213
TOTAL ASSETS LESS CURRENT LIABILITIES		307,550	306,877
CAPITAL AND RESERVES			
Called up ordinary share capital	10, 11	54,864	54,864
Called up deferred share capital	10, 11	3,631	3,631
Share premium account	11	214,840	214,840
Other reserves	11	20,746	20,746
Profit and Loss Account	11	13,469	12,796
		307,550	306,877
Shareholder's funds:			
Equity		303,919	303,246
Non-equity		3,631	3,631
TOTAL SHAREHOLDER'S FUNDS	11	307,550	306,877

The Financial Statements were approved by the Board of Directors and authorised for issue on 26 July 2016. They were signed on its behalf by:


D Logan
Director

The notes on pages 9 to 15 form an integral part of these Financial Statements.

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently throughout the year ended 31 October 2015 and the period ended 31 October 2014.

Basis of preparation

The Financial Statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Subsidiary undertakings

The Company has taken exemption under section 401 of the Companies Act 2006 not to prepare group financial statements as it is a wholly-owned subsidiary of F&C Asset Management plc, a company incorporated in Scotland, which prepares consolidated financial statements.

Interest receivable

Interest receivable comprises interest on intra-group loans and is recognised in the Profit and Loss Account on an accruals basis.

Investments

Fixed asset investments are stated at cost less any accumulated impairment.

The carrying value of investments is reviewed at each reporting date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the Profit and Loss Account in the period in which it arises.

Foreign currency

The Company's Financial Statements are presented in pounds Sterling, the Company's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling on the balance sheet date and any exchange differences arising are taken to the Profit and Loss Account.

Current tax

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

Related party disclosures

FRS 8 'Related Party Disclosures' requires disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of the exemption in FRS 8 not to disclose transactions between F&C Group Companies which eliminate on consolidation.

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The Company has taken advantage of the exemptions of FRS 1 (revised) 'Cash Flow Statements' and has elected not to prepare its own cash flow statement as it is included within the Consolidated Statement of Cash Flows in the Financial Statements of F&C Asset Management plc, its intermediate parent undertaking.

Reserves

The other reserves are used to record share premium on shares issued by way of consideration in respect of acquisitions.

2. OPERATING LOSS

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
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This is stated after charging:

Auditors' remuneration – audit of these Financial Statements	<u>3</u>	<u>3</u>
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Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's Financial Statements, have not been disclosed as the information is disclosed on a consolidated basis in the Financial Statements of the Company's intermediate parent undertaking, F&C Asset Management plc.

The Company had no employees during the year ended 31 October 2015 (period ended 31 October 2014: nil).

3. DIRECTORS' EMOLUMENTS

No Director received any emoluments in respect of their services to the Company during the year ended 31 October 2015 (period ended 31 October 2014: £nil).

4. INTEREST RECEIVABLE

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Interest on loan to immediate parent undertaking	845	680
Interest on loan to fellow subsidiary undertaking	<u>4</u>	<u>2</u>
	<u>849</u>	<u>682</u>

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
UK Corporation Tax		
UK Corporation Tax on taxable profits for the year/period	173	147
Total current tax charge for the year/period	173	147
Factors affecting the tax charge for the year/period		
The tax assessed for the year is equal to (2014: equal to) the standard rate of Corporation Tax in the UK of 20.42% (2014: 21.60%).		
Profit on ordinary activities before tax	846	679
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20.42% (2014: 21.60%)	173	147
Current tax charge for the year/period	173	147

Factors affecting future tax charges

The current Corporation Tax rate of 20% became effective from 1 April 2015, resulting in a statutory UK Corporation Tax rate of 20.42% for the year ended 31 October 2015 for the Company.

Future UK Corporation Tax rate reductions to 19% from 1 April 2017 and to 18% from 1 April 2020 respectively were substantively enacted on 26 October 2015.

No additional rate changes have been substantively enacted since the reporting date.

Following an announcement by the Chancellor of the Exchequer at the 2016 Budget Speech on 16 March 2016, the UK rate of Corporation Tax is expected to reduce to 17% by 2020.

6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Cost:	£000
Balance as at 1 January 2014, 31 October 2014 and 31 October 2015	161,664

In the opinion of the Directors the valuation of the Company's investments is not less than the amount at which the investments are stated in the Balance Sheet.

The Company's subsidiary and related undertakings are shown in note 12.

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS

	31 October 2015 £000	31 October 2014 £000
Amounts falling due within one year:		
Loan to subsidiary undertaking (note 9)	84,399	84,399
Loan to immediate parent company (note 9)	60,419	60,415
Loan to fellow subsidiary undertaking (note 9)	1,390	729
	<u>146,208</u>	<u>145,543</u>

8. CREDITORS

	31 October 2015 £000	31 October 2014 £000
Amounts falling due within one year:		
Group relief payable	319	332
Amounts due to intermediate parent undertaking	3	3
	<u>322</u>	<u>335</u>

9. LOANS

The contractual terms of the Company's interest bearing loans are as follows:

		31 October 2015 £000	31 October 2014 £000
Loan to subsidiary undertaking at no interest	(i)	84,399	84,399
Loan to immediate parent company at 6-month Sterling LIBOR +0.7%	(ii)	60,419	60,415
Loan to fellow subsidiary undertaking at 3-month Sterling LIBOR -0.25%	(iii)	1,390	729
		<u>146,208</u>	<u>145,543</u>

- (i) The £84,399,000 (31 October 2014: £84,399,000) loan is due from F&C Holdings Limited, the Company's subsidiary undertaking. It is unsecured, repayable on demand and not subject to interest.
- (ii) The £60,419,000 (31 October 2014: £60,415,000) loan is due from F&C Group (Holdings) Limited, the Company's immediate parent undertaking, and was repayable not less than five years from the date of drawdown on 4 October 2004. On 7 September 2009 the date for the repayment of the loan was extended to 4 October 2014. This loan is now repayable on demand and subject to interest at 3-month LIBOR plus 0.70% margin.
- (iii) The £1,390,000 (31 October 2014: £729,000) loan is due from F&C Treasury Limited, a fellow subsidiary undertaking, and is unsecured, repayable on demand and subject to interest at 3-month LIBOR minus 0.25% margin.

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. SHARE CAPITAL

	Number of shares	31 October 2015 £000	Number of shares	31 October 2014 £000
Allotted, called-up and fully paid				
Equity interests:				
Ordinary shares of US\$0.001	5,490,650	3	5,490,650	3
Ordinary shares of £1	54,861,140	54,861	54,861,140	54,861
		<u>54,864</u>		<u>54,864</u>
Non-equity interests:				
Deferred 'A' shares of £1	1,815,549	1,815.5	1,815,549	1,815.5
Deferred 'B' shares of £1	1,815,549	1,815.5	1,815,549	1,815.5
		<u>3,631.0</u>		<u>3,631.0</u>

The deferred 'A' and 'B' shares have no entitlement to dividend or any other income. On a distribution of assets on a winding-up or other return of capital, holders of deferred shares are entitled to receive the amount paid up on their shares after distribution to the holders of ordinary shares of the amount of £100,000,000 in respect of each such share held. The holders of deferred shares are not entitled to receive notice of, or to attend any general meeting of the Company, or to vote on any resolution to be proposed thereat.

11. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS IN RESERVES

	Share capital £000	Share premium account £000	Other reserves £000	Profit and Loss Account £000	Total shareholder's funds £000
At 1 January 2014	58,495	214,840	20,746	12,264	306,345
Profit on ordinary activities after tax	-	-	-	532	532
At 31 October 2014	58,495	214,840	20,746	12,796	306,877
Profit on ordinary activities after tax	-	-	-	673	673
At 31 October 2015	58,495	214,840	20,746	13,469	307,550

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. SUBSIDIARY AND RELATED UNDERTAKINGS

The subsidiary and related undertakings of the Company are:

Subsidiary undertaking	Country of registration or incorporation	Nature of business	Percentage interest and voting rights
F&C Holdings Limited*	England	Holding company	100
F&C Management Limited	England	Investment management	100
F&C Unit Management Limited	England	Investment management#	100
FCEM Holdings (UK) Limited	England	Holding company#	100
F&C Emerging Markets Limited	England	Investment management	100
F&C Investment Services Limited	England	Support services company	100
F&C (CI) Limited	England	Investment company	100
F&C Private Equity Nominee Limited	England	Investment company	100
FOSCA Managers S.à.r.l.	Luxembourg	General Partner	50

* Direct holding by the Company

Company inactive

13. RELATED PARTY TRANSACTIONS

The Company has taken exemption from the requirement to disclose related party transactions with members of the F&C Asset Management plc Group on the basis that it is a wholly-owned subsidiary. There are no other related party transactions.

14. CONTINGENT LIABILITIES

In the normal course of its business, the Company may be subject to matters of litigation or dispute. While there can be no assurances, at this time the Directors believe, based on the information currently available to them, that it is not probable that the ultimate outcome of any of these matters will have a material adverse effect on the financial condition of the Company.

15. GUARANTEES

The Company agreed to provide ongoing finance to the following fellow subsidiary undertakings to enable them to continue operating and to meet their liabilities as they fall due:

- FP Fund Managers Limited until 21 July 2017. As at 31 October 2015, FP Fund Managers Limited had net liabilities of £1,079,270 (31 October 2014: net liabilities of £1,076,515).
- F&C European Capital Partners (GP) Limited until 21 July 2017. As at 31 October 2015, F&C European Capital Partners (GP) Limited had net liabilities of £34,152 (31 October 2014: net liabilities of £56,929).
- F&C Climate Opportunity Partners (GP) Limited until 21 July 2017. As at 31 October 2015, F&C Climate Opportunity Partners (GP) Limited had net liabilities of £1,361 (31 October 2014: net assets of £4).
- F&C European Capital Partners II (GP) Limited until 21 July 2017. As at 31 October 2015, F&C European Capital Partners II (GP) Limited had net liabilities of £3,201 (31 October 2014: net assets of £4).

The above companies did not receive support from the Company in the year ended 31 October 2015 or the period ended 31 October 2014.

F&C GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is F&C Group (Holdings) Limited, a company registered in England and Wales.

The smallest group of which the Company is a member and for which group report and financial statements are prepared is F&C Asset Management plc. Copies of the Annual Report and Financial Statements can be obtained from its registered office at 80 George Street, Edinburgh, EH2 3BU.

In the Directors' opinion the Company's ultimate parent undertaking and controlling party is Bank of Montreal, a company incorporated in Canada. The consolidated accounts of Bank of Montreal are available from Bank of Montreal Public Affairs Department, P.O. Box 6002, Place d'Armes, Montreal, Quebec H2Y, Canada or Corporate Communications Department, BMO Financial Group, 28th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

17. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the High Court of Justice approved the cancellation of 3,631,098 ordinary shares of US\$0.001 held in bearer form on 19 May 2016.