

# F&C Group Management Limited

(Registered Number 2368461)

Annual Report & Financial Statements  
for the year ended  
31 October 2016

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# **F&C GROUP MANAGEMENT LIMITED**

## ***DIRECTORS AND ADVISERS***

**REGISTERED NUMBER:**

2368461

**DIRECTORS:**

M F Mannix  
D J Sloper  
R A Watts

**SECRETARY:**

R D Burgin  
95 Queen Victoria Street  
London  
EC4V 4HG

**REGISTERED OFFICE:**

Exchange House  
Primrose Street  
London  
EC2A 2NY

**SOLICITORS:**

Norton Rose Fulbright 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 2016.

### **PRINCIPAL ACTIVITY**

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

### **BUSINESS AND FINANCIAL REVIEW**

#### **Results**

The Financial Statements show a profit for the 2016 financial year of £678,000 (2015: profit of £673,000).

During the year the Company transitioned from previous UK Generally Accepted Accounting Practice (UK GAAP) to Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and has taken advantage of the disclosure exemptions allowed under this standard. There were no recognition or measurement differences arising on the adoption of FRS 101. However, the Company has adopted the principles of IAS 1 *Presentation of Financial Statements* as permitted by Statutory Instrument 2015 No. 980 *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015*. This has resulted in a restatement of the format of the primary Financial Statements and accompanying notes and disclosures within the Financial Statements.

#### **Trading performance and development of the business**

Revenue consists of interest receivable on loans owed by the Company's immediate parent company and another F&C Asset Management plc Group (F&C Group) subsidiary, and is based on the prevailing loan balances and interest rate levels during the year, with revenue for the year ended 31 October 2016 increasing marginally to £851,000 (2015: £849,000). Profit after tax also increased to £678,000 for the year ended 31 October 2016 (2015: profit of £673,000). Operating expenses, comprising the annual audit fee, remaining constant at £3,000 for both the years ended 31 October 2016 and 2015.

Given the principal activity of the Company is to act as a holding company, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors manage the risks of the Company as part of the overall risk management framework within the F&C Group. Members of the F&C Group Executive Management Committee 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 principal risks and uncertainties facing the Company are broadly grouped as follows:

#### *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.

# **F&C GROUP MANAGEMENT LIMITED**

## **STRATEGIC REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

#### *Investments in subsidiaries*

The Company is exposed to financial risk as a significant element of the Company's assets relate to the carrying value of its investments in subsidiaries. Whilst any permanent reduction in the profits of these subsidiaries could lead to an impairment in the value of the Company's investments and have a potentially significant impact on the Company's financial results, the Directors consider this risk to be low at the reporting date.

#### *Market risk (interest rate risk)*

The Company is exposed to interest rate risk through fluctuations in the variable rate of interest, impacting interest received on loans owed by the immediate parent company a group subsidiary which are subject to interest based on LIBOR rates.

#### *Credit risk*

The Company is exposed to credit risk in relation to loans and receivables which, at the reporting dates, are in respect of loans owed by other F&C Group subsidiaries. As the F&C Group's working capital is monitored on a group-wide basis, the risk of non-recovery is considered minimal.

#### *Liquidity risk*

The Company does not hold a bank account, however the overall F&C Group 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 balances to meet its working capital requirements.

#### *Exit of the UK from the European Union (EU)*

On 23 June 2016 the UK voted via a referendum to terminate its membership of the EU. On 29 March 2017 the UK government subsequently issued the formal 'Article 50' notice of the UK's intention to leave the EU.

The UK government has confirmed that leaving the EU will entail the UK leaving the European Single Market and the European Customs Union. It has indicated it wishes to negotiate certain bespoke access arrangements with the EU that could include access rights for the financial services industry. It has also indicated it wishes to negotiate appropriate transitional arrangements to take effect upon the UK's exit from the EU. At this point it is impossible to assess the likelihood of such arrangements being in place at the time of the UK's departure, given the potential challenges that may arise during the required exit negotiations.

The key impact of this risk on the Company is through its investments in subsidiaries. Absent these arrangements being in place at exit, key UK regulated entities within the F&C Group will lose all existing "passporting rights" under European regulation on which they currently rely to market and provide services to investors based within the EU. It may be possible for these entities to obtain access to European investors through reliance on "equivalence rights" under European regulation. However, there is at least a realistic possibility that these will not be available at the date of the UK's exit with the consequence that, in the absence of any mitigating action, these entities would have to rely upon any access rights available under the regulatory regimes in place in each individual member state. Given the above, there is a material risk that the UK's exit from the EU could have a significant adverse effect on any of the Group's business, financial condition, and results of operations.

# **F&C GROUP MANAGEMENT LIMITED**

## ***STRATEGIC REPORT (continued)***

### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

The F&C Group has already carried out analysis of the legal and regulatory challenges it faces as a result of the UK's exit from the EU and of possible solutions to these challenges. The F&C Group has a presence in a number of European jurisdictions, including a regulated subsidiary in the Netherlands, and it anticipates this may reduce the level of change required to its operations. BMO Financial Group is in the process of establishing a project governance structure that will cover both its asset management and capital markets businesses, which is intended to ensure it adopts a coordinated approach in dealing with the consequences of the UK's exit from the EU. The F&C Board will approve all project recommendations prior to their implementation.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Rachel Burgin', written in a cursive style.

R D Burgin  
Secretary  
22 June 2017

# **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 2016.

### **RESULTS AND BUSINESS REVIEW**

The Company's results for the year ended 31 October 2016 are shown in the Income Statement on page 8. A Strategic Report for the same period is set out on pages 2 to 4.

The Company recognised a profit for the 2016 financial year of £678,000 (2015: profit of £673,000).

### **DIVIDENDS**

No dividends were approved or paid during the year ended 31 October 2016 (2015: £nil).

### **FUTURE DEVELOPMENTS**

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

### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company during the financial year were as follows:

D Logan  
F&C Asset Management plc

M F Mannix, D J Sloper and R A Watts were appointed as Directors on 1 June 2017. D Logan and F&C Asset Management plc resigned as Directors on 5 June 2017.

R D Burgin was appointed as Company Secretary on 1 June 2017. F&C Asset Management plc resigned as Company Secretary on 5 June 2017.

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.

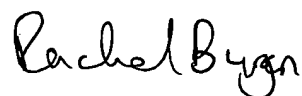
### **AUDITOR**

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

### **ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITOR**

The Directors who held office at the date of approving this Report of the Directors 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 in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BY ORDER OF THE BOARD



R D Burgin  
Secretary  
22 June 2017

## **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), including FRS 101 *Reduced Disclosure Framework*.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 2016 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

### **Scope of the audit of the Financial Statements**

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

### **Opinion on Financial Statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2016 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.

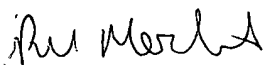
Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic Report and the Report of the Directors:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

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  
22 June 2017

# **F&C GROUP MANAGEMENT LIMITED**

## **INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016**

	Notes	2016 £000	2015 £000
<b>REVENUE</b>	3	851	849
Operating expenses	4	<u>(3)</u>	<u>(3)</u>
<b>OPERATING PROFIT AND PROFIT BEFORE TAX</b>		848	846
Tax expense	6	<u>(170)</u>	<u>(173)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>678</u>	<u>673</u>

All amounts are derived from continuing activities.

There are no items of comprehensive income which have not already been presented in arriving at the profit for the financial year. Accordingly the profit for the financial year is the same as the total comprehensive income for the year.

The notes on pages 11 to 18 form an integral part of these Financial Statements.

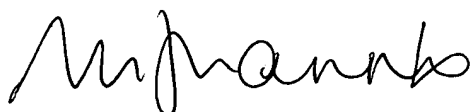
# F&C GROUP MANAGEMENT LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

(Registered Number 2368461)

	Notes	31 October 2016 £000	31 October 2015 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	7	161,664	161,664
Loans receivable	8	146,910	146,208
<b>TOTAL ASSETS</b>		<b>308,574</b>	<b>307,872</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	9	348	322
<b>TOTAL LIABILITIES</b>		<b>348</b>	<b>322</b>
<b>EQUITY</b>			
Share capital	10	58,493	58,495
Share premium account	11	214,840	214,840
Merger reserve	11	20,746	20,746
Capital redemption reserve	11	2	-
Retained earnings	11	14,145	13,469
<b>TOTAL EQUITY</b>		<b>308,226</b>	<b>307,550</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>308,574</b>	<b>307,872</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 22 June 2017. They were signed on its behalf by:



M F Mannix  
Director

The notes on pages 11 to 18 form an integral part of these Financial Statements.

# F&C GROUP MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 November 2014	58,495	214,840	20,746	-	12,796	306,877
Profit for the financial year and total comprehensive income	-	-	-	-	673	673
At 31 October 2015	58,495	214,840	20,746	-	13,469	307,550
Profit for the financial year and total comprehensive income	-	-	-	-	678	678
<b>Transactions with owners:</b>						
Cancellation of Ordinary bearer shares	(2)	-	-	2	-	-
Cash payment in respect of cancellation of Ordinary bearer shares	-	-	-	-	(2)	(2)
<b>At 31 October 2016</b>	<b>58,493</b>	<b>214,840</b>	<b>20,746</b>	<b>2</b>	<b>14,145</b>	<b>308,226</b>

The notes on pages 11 to 18 form an integral part of these Financial Statements.

# F&C GROUP MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ENTITY INFORMATION

F&C Group Management Limited is a private company limited by share capital, incorporated and domiciled in England. The Company's registered office is Exchange House, Primrose Street, London, EC2A 2NY.

These Financial Statements present information about the Company as an individual undertaking and do not include information about its group.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements, as it is a wholly owned subsidiary of F&C Asset Management plc, which prepares consolidated Financial Statements. The results of F&C Group Management Limited are included in the consolidated Annual Report and Financial Statements of F&C Asset Management plc, which are available from 80 George Street, Edinburgh, EH2 3BU.

The Company's Financial Statements are presented in Sterling, the Company's functional and presentational currency and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

### 2. ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently for the years ended 31 October 2016 and 31 October 2015.

#### Basis of preparation and statement of compliance with FRS 101

For periods up to and including the year ended 31 October 2015, the Company prepared its Financial Statements in accordance with previous UK GAAP. As the Company meets the definition of a qualifying entity under FRS 100 *Application of Financial Reporting Requirements*, all periods presented in these Financial Statements have been prepared in accordance with FRS 101, with 1 November 2014 representing the date of transition to this revised accounting framework.

In the adoption of FRS 101, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union (EU-adopted IFRS), making amendments where necessary to comply with the requirements of the United Kingdom (UK) Companies Act 2006. The Directors have elected to early adopt and apply the Statutory Instrument 2015 No. 980 in these Financial Statements, whereby the primary Financial Statements are presented in accordance with the provisions of IAS 1.

There were no recognition or measurement amendments arising on the adoption of FRS 101.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* grants certain exemptions from the full requirements of EU-adopted IFRSs on transition, with the following exemption applied in these Financial Statements:

- Business combinations that took place prior to the date of transition have not been restated.

In the application of FRS 101, the Company has also applied the following disclosure exemptions on the basis that equivalent disclosure is provided in the Annual Report and Financial Statements of its intermediate parent company, F&C Asset Management plc:

- (a) Information regarding the entity's objectives, policies and processes for managing capital;
- (b) A Statement of Cash Flows and related notes;
- (c) Financial instruments disclosures;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures of key management personnel compensation; and
- (f) Disclosures in respect of related party transactions with wholly-owned subsidiaries.

# **F&C GROUP MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **2. ACCOUNTING POLICIES (continued)**

#### **Measurement convention**

The Financial Statements are prepared under the historical cost convention.

#### **Going concern**

The Company has net assets that support the Directors' assessment that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

#### **Accounting estimates, assumptions and judgements**

The preparation of financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting dates as well as the reported income and expenses for the reporting periods. While estimates are based on management's best knowledge and judgement using information and financial data available to them, the actual outcome may differ from these estimates.

No significant estimates or judgements have been applied in the preparation of these Financial Statements.

#### **Summary of significant accounting policies**

The Company has adopted the following Improvements in these Financial Statements:

- Annual Improvements to IFRSs – 2010-2012 Cycle
- Annual Improvements to IFRSs – 2011-2013 Cycle

The adoption of these Improvements has not had a material impact on the Company.

#### **(a) Revenue recognition**

Revenue consists of interest receivable on a loan owed by the immediate parent company and a loan owed by a group subsidiary, with this representing the Company's only source of income for the periods presented. Revenue is recognised in the Income Statement as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the underlying loan balances to their net carrying amount.

#### **(b) Foreign currencies**

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 reporting date are translated at the exchange rate ruling at the reporting 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 using the exchange rate ruling at the date of transaction and are not subsequently restated. Non-monetary assets and liabilities stated at fair value in a foreign currency are translated at the exchange rate ruling at the date the fair value was determined.

#### **(c) Income tax**

The income tax expense disclosed on the face of the Income Statement represents current tax.

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

# **F&C GROUP MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **2. ACCOUNTING POLICIES (continued)**

#### **(d) Investments in subsidiaries**

Investments in subsidiaries are held at cost. The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

#### **(e) Financial instruments**

##### **i) Financial assets**

###### *Initial recognition and measurement*

Financial assets have been classified, on initial recognition, as loans and receivables and are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are recorded as non-current in the Statement of Financial Position according to their expected settlement dates and consist of loans receivable from other F&C Group subsidiaries.

###### *Subsequent measurement*

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the EIR method, less impairment. Gains and losses are recognised in the Income Statement when loans and receivables are derecognised or impaired, as well as through the amortisation process.

###### *Derecognition*

A financial asset or, where applicable, part of a financial asset, is derecognised when the rights to receive cash flows from the asset have expired.

###### *Impairment of financial assets*

The Company assesses at each reporting date whether a financial asset is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset. If any such indication of impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement.

##### **ii) Financial liabilities**

###### *Initial recognition and measurement*

Financial liabilities have been initially recognised at fair value plus directly attributable transaction costs and consist of amounts owed to other F&C Group subsidiaries, amounts owed to an intermediate parent company and group relief payable.

###### *Subsequent measurement*

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the EIR method.

###### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

# F&C GROUP MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (e) Financial instruments (continued)

##### iii) *Offsetting of financial assets and liabilities*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### (iv) *Financial guarantees*

The Company assesses, at each reporting date, whether it is required to recognise a liability in respect of any guarantee it has issued. A liability is only recognised if it is probable that an outflow of economic benefits will be required to settle the obligation.

#### (f) Share capital

Share capital is recorded at the proceeds of issue after deducting directly attributable transaction costs.

Gains and losses resulting from dealings in own shares are recorded directly in equity. Upon cancellation of any share capital, an equivalent amount is recorded in a capital redemption reserve in order to maintain the equity of the Company.

### 3. REVENUE

Revenue, as recognised in the Income Statement, consists of interest receivable in the UK as follows:

	2016 £000	2015 £000
<b>Loans and receivables:</b>		
Interest receivable on loan owed by immediate parent company	845	845
Interest receivable on loan owed by group subsidiary	6	4
	<hr/>	<hr/>
<b>Revenue</b>	<b>851</b>	<b>849</b>

### 4. OPERATING EXPENSES

Operating expenses consist of auditor's remuneration of £3,000 (2015: £3,000). Amounts receivable by the Company's auditor in respect of services to the Company, other than for the audit of the Company's Financial Statements, have not been disclosed as the information is disclosed on a consolidated basis in the Annual Report and Financial Statements of the Company's intermediate parent company, F&C Asset Management plc.

The Company had no employees during the year ended 31 October 2016 (2015: nil).

### 5. DIRECTORS' REMUNERATION

No Director received any remuneration in respect of their services to the Company during the year ended 31 October 2016 (2015: £nil).

# F&C GROUP MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. INCOME TAX

#### (a) Analysis of tax expense in the year

The tax expense recognised in the Income Statement is as follows:

	2016 £000	2015 £000
<b>Current income tax:</b>		
<i>UK Corporation Tax</i>		
Current tax on income for the year	170	173
<b>Tax expense reported in the Income Statement</b>	<u>170</u>	<u>173</u>

#### (b) Reconciliation of total tax expense for the year

The tax assessed for the year is equal to the standard rate of Corporation Tax in the UK of 20.00% (2015: 20.42%) multiplied by the profit before tax for the year of £848,000 (2015: £846,000).

#### (c) Effective rate of tax and factors affecting future tax charges

The current Corporation Tax rate of 20.00% became effective from 1 April 2015, resulting in a statutory UK Corporation Tax rate of 20.00% for the year ended 31 October 2016 for the Company.

Future UK Corporation Tax rate reductions to 19.00% from 1 April 2017 and to 17.00% from 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016 respectively.

The reductions in the UK Corporation Tax rate will lead to a Company statutory UK Corporation Tax rate of 19.42% for 2017, 19.00% for 2018 and 2019, 17.83% for 2020, and 17.00% from 2021 onwards.

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

### 7. INVESTMENTS IN SUBSIDIARIES

	£000
<b>Cost and net book value:</b>	
At 1 November 2014, 31 October 2015 and 31 October 2016	<u>161,664</u>

The Directors assess the Company's investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

Following the annual goodwill impairment review undertaken at the F&C Group level as at 31 October 2016, an indicator of potential impairment was identified. As a result, the carrying value of the Company's investments in subsidiaries was tested for impairment at the reporting date. This review determined that the carrying value of the investments in subsidiaries was not impaired at 31 October 2016 and no impairment loss was recognised during the year.

# F&C GROUP MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the Company's subsidiaries and joint arrangement are as follows:

Company name	Share class	Percentage interest and voting rights	Country of incorporation
F&C Holdings Limited*	Ordinary shares	100	England <sup>#</sup>
F&C Management Limited	Ordinary shares	100	England <sup>#</sup>
F&C Unit Management Limited	Ordinary and Deferred shares	100	England <sup>#</sup>
FCEM Holdings (UK) Limited	Ordinary shares	100	England <sup>#</sup>
F&C Emerging Markets Limited	Ordinary shares	100	England <sup>#</sup>
F&C Investment Services Limited	Ordinary shares	100	England <sup>#</sup>
F&C (CI) Limited	Ordinary shares	100	England <sup>#</sup>
F&C Private Equity Nominee Limited	Ordinary shares	100	England <sup>#</sup>
FOSCA Managers S.à.r.l.	Subscribed capital	50	Luxembourg <sup>†</sup>

\* Direct holding by the Company.

<sup>#</sup> The registered office is Exchange House, Primrose Street, London, EC2A 2NY.

<sup>†</sup> The registered office is 1, Rue Hildegard von Bingen, L-1282, Luxembourg.

### 8. LOANS RECEIVABLE

	31 October 2016 £000	31 October 2015 £000
<b>Non-current:</b>		
Loan owed by subsidiary (i)	84,399	84,399
Loan owed by immediate parent company (ii)	60,399	60,419
Loan owed by group subsidiary (iii)	2,112	1,390
	<u>146,910</u>	<u>146,208</u>

(i) The £84,399,000 (31 October 2015: £84,399,000) loan is to F&C Holdings Limited, a subsidiary company. It is unsecured, repayable on demand and not subject to interest. The Company does not expect to receive repayment of this loan within the next year.

(ii) The £60,399,000 (31 October 2015: £60,419,000) loan is to F&C Group (Holdings) Limited, the Company's immediate parent. It is unsecured, repayable on demand and subject to interest at 3-month LIBOR plus 0.70% margin. The Company does not expect to receive repayment of this loan within the next year.

(iii) The £2,112,000 (31 October 2015: £1,390,000) loan is to F&C Treasury Limited, an F&C Group subsidiary, and is unsecured, repayable on demand and subject to interest at 3-month LIBOR minus 0.25% margin. The Company does not expect to receive repayment of this loan within the next year.

In the Directors' opinion there are no discernible differences between the carrying amounts and fair values of the receivable balances disclosed.

# F&C GROUP MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. OTHER PAYABLES

	31 October 2016 £000	31 October 2015 £000
<b>Current:</b>		
Group relief payable	342	319
Amounts owed to intermediate parent company	3	3
Amounts owed to group subsidiaries	3	-
	<u>348</u>	<u>322</u>

In the Directors' opinion there are no discernible differences between the carrying amounts and fair values of the balances disclosed due to the short-term maturities of these amounts payable.

### 10. SHARE CAPITAL

	Number of shares	31 October 2016 £000	Number of shares	31 October 2015 £000
<b>Authorised:</b>				
<b>Equity interests</b>				
Ordinary shares of US\$0.001	6,000,000	4	6,000,000	4
Ordinary shares of £1	54,861,140	<u>54,861</u>	54,861,140	<u>54,861</u>
		<u>54,865</u>		<u>54,865</u>
<b>Non-equity interests</b>				
Deferred 'A' shares of £1	2,000,000	2,000	2,000,000	2,000
Deferred 'B' shares of £1	2,000,000	<u>2,000</u>	2,000,000	<u>2,000</u>
		<u>4,000</u>		<u>4,000</u>
<b>Total authorised share capital</b>		<u>58,865</u>		<u>58,865</u>
<b>Issued and fully paid:</b>				
<b>Equity interests</b>				
Ordinary shares of US\$0.001*	1,859,552	1	5,490,650	3
Ordinary shares of £1	54,861,140	<u>54,861</u>	54,861,140	<u>54,861</u>
		<u>54,862</u>		<u>54,864</u>
<b>Non-equity interests</b>				
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	<u>1,815.5</u>	1,815,549	<u>1,815.5</u>
		<u>3,631.0</u>		<u>3,631.0</u>
<b>Total issued and fully paid share capital</b>		<u>58,493</u>		<u>58,495</u>

\* 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. These shares were cancelled upon payment of US\$3,631 to the Courts and an amount of US\$3,631 was recognised in the capital redemption reserve.

The US Dollar and Sterling denominated Ordinary shares entitle the holder to receive dividends as declared from time to time, to capital distribution rights (including on a winding up), and to one vote per share at meetings of the Company. The Ordinary shares do not confer any rights of redemption.

The holder of both 'A' and 'B' 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 at such meetings. The deferred 'A' and 'B' shares have no entitlement to receive dividends or any other income out of the profits of the Company.

# **F&C GROUP MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **10. SHARE CAPITAL (continued)**

On a distribution of assets on a winding-up or other return of capital (other than on conversion, redemption or repurchase by the Company of its shares), 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 Ordinary share held.

### **11. RESERVES**

The analysis of movements in reserves is disclosed within the Statement of Changes in Equity on page 10.

#### **Nature and purpose of reserves:**

##### **Share premium account**

The share premium account is used to record the issue of share capital in excess of par value.

##### **Merger reserve**

The merger reserve is used to record share premium on shares issued by way of consideration in respect of acquisitions.

##### **Capital redemption reserve**

The capital redemption reserve is used to maintain the capital of the Company when shares are bought back or redeemed and subsequently cancelled. This reserve is non-distributable.

##### **Retained earnings**

Movements in retained earnings comprise net profits and losses recognised through the Income Statement.

### **12. GUARANTEES**

The Company has guaranteed to provide ongoing finance to FP Fund Managers Limited, an F&C Group subsidiary, to enable it to continue operating and to meet its liabilities as they fall due until 21 July 2017, if required. As at 31 October 2016, FP Fund Managers Limited had net liabilities of £1,081,898 (31 October 2015: net liabilities of £1,079,270).

In addition, as fellow F&C Group subsidiaries F&C European Capital Partners (GP) Limited, F&C Climate Opportunity Partners (GP) Limited and F&C European Capital Partners II (GP) Limited had net liabilities at 31 October 2015, the Company guaranteed to provide ongoing finance to enable these entities to continue operating and to meet their liabilities as they fall due until 21 July 2017, if required. These companies were in a positive net asset position at 31 October 2016.

No financial support was provided by the Company to the entities disclosed above during the years ended 31 October 2016 and 31 October 2015, and the Directors consider it unlikely that there will be an outflow of economic benefits in respect of these guarantees.

### **13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

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

The smallest group of which the Company is a member and for which Group 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 company 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, 28<sup>th</sup> Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.