

FundQuest UK Limited
Directors' Report and Financial Statements
For the Year Ended 31 December 2011



FUNDQUEST UK LIMITED

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FUNDQUEST UK LIMITED

COMPANY INFORMATION

Directors	C Belhomme R G Davies C Dennerly G Hildrup (appointed 19 April 2011)
Company Secretary	I Furtado (appointed 01 May 2012)
Registered Office	5 Aldermanbury Square London EC2V 7BP
Company Registration Number	3104985
FSA Registration Number	190830
Statutory Auditor	Deloitte LLP
Bankers	BNP Paribas 10 Harewood Avenue London NW1 6AA

FUNDQUEST UK LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

FundQuest UK Limited (the "Company") is a multi manager specialist company, advising its clients, who include life companies, pension funds, asset management groups, banks and family investment offices on the selection of investment managers, as well as investment strategy, portfolio construction and asset allocation. It also provides business consulting, where requested, to its clients and develops asset pooling facilities to execute efficient investment management.

The Company is authorised and regulated by the Financial Services Authority in accordance with the Financial Services and Markets Act 2000. The Company does not hold client assets.

REVIEW OF BUSINESS

The results for the year to 31 December 2011 are set out in the income statement on page 10.

The economic environment experienced by the Company during 2011 remained challenging than in previous years. The majority of the Company's revenue is based on the value of assets that it manages and volatility in the markets has a direct impact on the company's revenue. The directors continue to consider that the Key Performance Indicators ("KPI") for the Company are Revenue, Assets under Management and Operating Profit.

The Company suffered the loss of several clients during the first half of the year, with the majority making the decision to internalise their investment management arrangements. However this was broadly neutralised as a result of the annualisation of revenues received as a result of the purchase of assets from FundQuest MM Limited and the former Fortis Investment Management multi manager businesses in Q4 2010. This is demonstrated in the £18,126k increase in revenues from £5,764k in 2010 to £23,890k in 2011. There is an increase in operating expenses in the year primarily as a result of recharges relating to premises and shared support services costs under the Group campus and shared support services model.

The average headcount in the company altered as all staff headcount transferred to a related Group company under the shared support services model with the secondment of investment and advisory staff back to the company. FundQuest UK absorbed the staff employed by FundQuest multi management further to its liquidation in 2010.

The Company's assets under management declined from £7.9bn to £5.8bn over the period on both market movements and, notably, as a result of several of the Company's larger clients (by size) restructuring their respective investment management arrangements.

FUNDQUEST UK LIMITED

REPORT OF THE DIRECTORS - continued

FUTURE OUTLOOK & GOING CONCERN

The Company is reporting an operating profit/ (loss) in 2011 of £312k (2010 (£6))

Based on internal forecasts, together with the above comments, the Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future. The Directors expect Revenue to consolidate further during 2012, as a result of the ongoing receipt of revenues from Luxembourg and Belgium-based funds and mandates, and associated decisions anticipated to arise from the implementation of a Group-wide transfer pricing policy.

There is a strategic review of the business which if successful may materially change the nature of the activities. The review involves a business adaptation programme over two years culminating at the end of 2013. The Plan takes into account the restructuring of the revenue streams with a view of optimising the revenue and simultaneously reducing the cost to income ratio by minimising the costs attributed to the revenue.

The Directors expected the strategic review to conclude in September 2012 following the approval of relevant stakeholders in the BNP Paribas Investment Partners Group.

PILLAR 3 DISCLOSURES

The New Basel Capital Accord, issued by the Basel Committee on Banking Supervision, aims to improve the flexibility and risk sensitivity of the existing Accord. The New Accord consists of three mutually reinforcing pillars which are applicable to the Company. Pillar 3 recommends requirements aimed at enhancing market discipline through effective disclosure of information to market participants.

The disclosures can be found on the following website
<http://invest.bnpparibas.com/en/pid748/registration-document.html>

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year (2010 £nil)

RISK MANAGEMENT

The Company's main income is in the form of fees for investment management services, which the directors also consider to be the key performance indicator. Fee income is dependent on the level of assets under management which is dependent on performance and investor trading activity. These forces are partly under the control of the business but are also impacted by market forces.

The Company aligns its key business indicators with those agreed with the Global CEO. The financial and operational efficiency is measured by the cost income ratio. The sales team efficiencies are measured by net new cash and the associated revenue generated. Investment performance is measured by the percentage of funds under management with a positive excess return over the relevant benchmark. A monthly dashboard is produced by the local human resources team which indicates overall turnover of staff, voluntary and involuntary staff turnover.

The Board is accountable for risk and is responsible for the oversight of the risk management process. The Board has considered the principal risks facing the Company and the exposure in relation to each of these risks.

The Board reviews the key corporate risks facing the Company on a regular basis, and a summary of these are outlined below.

FUNDQUEST UK LIMITED

REPORT OF THE DIRECTORS - continued

Financial Instruments and Interest Rate Risk

The Company's principal financial instruments comprise cash balances. The main purpose of these instruments is to finance the operations of the Company. The Company has other financial assets and liabilities which arise directly from its operations.

Market risk

The Company may be materially affected by conditions in the global financial markets and economic conditions in general. Significant levels of volatility in the market may impact the confidence, risk attitude and liquidity needs of investors as well as the performance and asset values of the underlying investments which the Company manages. The Company does not use financial instruments to hedge against these risks.

Credit and liquidity risk

The Company is dependent upon its ability to collect revenues from investors and other group counterparties. The Company is not however, dependent upon a small number of investors and its diversified product range helps to mitigate against the risk that the loss or default of certain investors could lead to materially significant losses for the Company. There is no history of material allowances against bad or doubtful debts.

Liquidity risk is managed at a local and group level. The Company has unrestricted and direct access to funding sourced by the BNP Paribas Group. The Group Treasury function is managed at parent company level and aims to ensure the most effective use of the group's cash resources. Local management also regularly reviews cash position and forecasts. At present the Company does not make use of any debt or credit facilities. The Company does not use financial instruments to hedge against these risks.

Operational risk

There are numerous operational risks in any business, a significant one being business continuity risk. This is represented by the Company's ability to continue operating and meeting client requirements in response to a disaster recovery event or other disruption to the continuity of day to day systems and processes. The Company has a comprehensive disaster recovery/business continuity plan in place, including a dedicated business continuity planning manager and a separate disaster recovery site with the facilities being subject to regular testing.

Regulatory risk

The Company is regulated as an investment management firm by the Financial Services Authority ("FSA"), and is required to comply with the rules of the FSA in order to continue to conduct investment business in the UK. The Company's regulatory risk profile is formally documented in the Internal Capital Adequacy Assessment Programme (ICAAP) which is updated regularly and is available to the FSA on their request. The Company monitors capital adequacy on a regular basis and provides returns, as required, to the FSA. At present the directors consider the Company to be adequately capitalised in order to allow it to meet its regulatory capital requirements for the foreseeable future.

FUNDQUEST UK LIMITED

REPORT OF THE DIRECTORS - continued

DIRECTORS

The directors, who served throughout the year except as noted, were as follows

C Belhomme
R G Davies
C Dennerly
G Hildrup (appointed 19 April 2011)
A G John (resigned 01 May 2012)
M Sims (appointed 19 April 2011 - resigned 21 October 2011)
H Hamre (resigned 23 March 2011)

DIRECTORS' INDEMNITIES

The Company qualified for third party indemnity provisions under a BNP Paribas Group policy for the benefit of its directors during the year which remains in force at the date of this report

STATEMENT OF DISCLOSURE TO THE AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

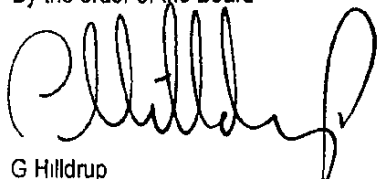
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

AUDITOR

The Company has by elective resolution dispensed with the obligation to appoint an auditor annually as per s386 of the Companies Act 2006. Therefore the auditors, Deloitte LLP, will be deemed to be reappointed for each succeeding financial year

By the order of the Board



G Hildrup
Director

25 May 2012

FUNDQUEST UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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, International Accounting Standard ('IAS') 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUNDQUEST UK LIMITED

We have audited the financial statements of FundQuest UK Limited for the year ended 31 December 2011 which comprise of the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUNDQUEST UK LIMITED (continued)

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

Simon Hardy

Simon Hardy, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

29 May 2012

FUNDQUEST UK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

		2011	2010
		£	£
	Notes		
REVENUE	1 and 2	23,890,082	5,764,395
Cost of Sales		<u>(14,685,404)</u>	<u>(1,796,703)</u>
GROSS PROFIT		9,204,678	3,967,692
Amortisation of intangible assets	9	(950,222)	-
Impairment of intangible assets	9	(641,400)	-
Operating Expenses	3	<u>(7,300,464)</u>	<u>(3,974,378)</u>
OPERATING PROFIT/(LOSS)	4	312,592	(6,686)
Foreign exchange gains	5	323,840	183,719
Finance Costs		(3,079)	(12,481)
Interest Revenue	6	4,144	13,212
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		637,497	177,764
Taxation	8	<u>(590,717)</u>	<u>244,355</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>46,780</u>	<u>422,119</u>

The results for the current year and the prior year are derived from continuing operations

The company had no recognised gains or losses in either year other than the results reflected above

There was no other comprehensive income for the years ended 31 December 2011 and 2010

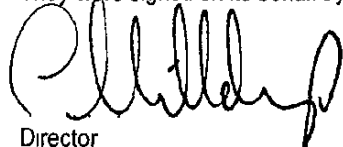
FUNDQUEST UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

		2011		2010	
	Notes	£	£	£	£
<u>ASSETS</u>					
<u>NON-CURRENT ASSETS</u>					
Intangible Assets	9		<u>3,159,489</u>		<u>4,751,111</u>
			<u>3,159,489</u>		<u>4,751,111</u>
<u>CURRENT ASSETS</u>					
Trade and Other Receivables	10	13,326,201		3,506,606	
Cash and Bank Balances	11	<u>2,264,094</u>		<u>2,449,172</u>	
			<u>15,590,295</u>		<u>10,706,889</u>
TOTAL ASSETS			<u>18,749,784</u>		<u>10,706,889</u>
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES</u>					
Trade and Other Payables	12		<u>12,077,966</u>		<u>4,081,851</u>
TOTAL LIABILITIES			<u>12,077,966</u>		<u>4,081,851</u>
<u>EQUITY</u>					
Share Capital	13	226,080		226,080	
Share Premium Account	14	8,140,554		8,140,554	
Retained Earnings	14	<u>(1,694,816)</u>		<u>(1,741,596)</u>	
TOTAL EQUITY			<u>6,671,818</u>		<u>6,625,038</u>
TOTAL LIABILITIES AND EQUITY			<u>18,749,784</u>		<u>10,706,889</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2012
They were signed on its behalf by


Director


Director

FundQuest UK Limited
Company Number 3104985

FUNDQUEST UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Ordinary Share Capital (£)	Share Premium Account (£)	Retained Earnings (£)	Total Equity (£)
Balance at 1 January 2010	168,061	2,598,573	(2,163,715)	602,919
Profit for the year	-	-	422,119	422,119
Share issue	<u>58,019</u>	<u>5,541,981</u>	-	<u>5,600,000</u>
Balance at 31 December 2010	226,080	8,140,554	(1,741,596)	6,625,038
Profit for the year			46,780	46,780
Balance at 31 December 2011	<u>226,080</u>	<u>8,140,554</u>	<u>(1,694,816)</u>	<u>6,671,818</u>

FUNDQUEST UK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 (£)	2010 (£)
Cash flows from operating activities			
Cash generated from operations	15	38,193	1,411,827
Interest received		4,144	13,212
Interest paid		(3,079)	(12,481)
Taxation (paid)		<u>(548,175)</u>	<u>(244,355)</u>
Net cash generated from operating activities		<u>(508,918)</u>	<u>1,168,203</u>
Cash flows from financing activities			
Share issue		-	<u>5,600,000</u>
Net cash generated from financing activities		-	<u>5,600,000</u>
Cash flows from investing activities			
Fixed asset purchases		-	-
Impairment of Intangible assets		-	-
Intangible asset purchases		-	(4,751,111)
Reduction of borrowings		-	<u>(400,000)</u>
Net cash used for investing activities		-	<u>(5,151,111)</u>
Net (decrease)/ increase in cash and cash equivalents		(508,918)	1,617,092
Cash and cash equivalents at 1 January		2,449,172	648,361
Effect of foreign exchange rate changes		<u>323,840</u>	<u>183,719</u>
Cash and cash equivalents at 31 December		<u>2,264,094</u>	<u>2,449,172</u>

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of Accounting Preparation

These financial statements have been prepared in accordance with United Kingdom law and International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Adoption of new and revised Standards

In the current year, no new and revised Standards and Interpretations have been adopted that affected the amounts reported in these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 1 (Amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 (Amended) Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
- IAS 12 (Amended) Deferred Tax: Recovery of Underlying Assets
- IAS 19(2011) Employee Benefits
- IAS 27(2011) Separate Financial Statements
- IAS 28(2011) Investments in Associates and Joint Ventures

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Going Concern

The Directors have a reasonable expectation that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. This is discussed in the Directors' Report on page 4 under the heading of 'Future Outlook and Going Concern'.

Statement of Cash Flows

The Company has prepared a statement of cash flows, in accordance with IAS 7. Cash and cash equivalents include demand deposits and deposits held at call with banks.

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Cost of Sales includes sub-advisory fees payable to third parties, rebates to clients of part of the investment advisory fees receivable, administration and custody fees payable to third parties, trail commissions payable to third parties and dealing fees payable to third parties

Interest Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accounted for using an effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, should they exist, are shown within borrowings in the current liabilities in the balance sheet.

Trade and other receivables/payables

Accounts receivable/payable are recognised initially at fair value based on the amounts exchanged.

Intangible assets

Intangible assets, arising on the purchase of "Investment mandate" revenue streams, are initially recognised at cost and subsequently at a cost less any amortisation and impairment losses. The amortisation rate is applied annually on a straight line basis. In accordance with IAS 38 intangible assets are subject to an annual impairment review at the balance sheet date.

Foreign currencies

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

ii) Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items at fair value, denominated in foreign currencies, are retranslated at the rates prevailing at the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

iii) Transactions

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Exchange differences are recognised in the Income Statement in the period in which they arise.

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable or recoverable and deferred tax

i) Current tax

The tax currently payable or recoverable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

ii) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the lease, even if the payments are not made on such a basis. Benefits received and receivable to sign an operating lease are similarly spread over the term of the lease.

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

Retirement benefit costs

The Company participates, as a subsidiary employer, in the BNP Paribas UK Group Pension Scheme, which is a defined contribution scheme

The pension scheme, which provides benefits based on employee contributions, is set up under trust and the assets of the scheme are therefore held separately from those of the Company

The Company accounts for its pension cost liabilities under the provisions of IAS 19, 'Employee Benefits' and payments are charged as an expense as they fall due

Pension costs for those of the Company's staff who are secondees from BNP Paribas Investment Partners UK Limited "BNPP IP" are borne on a monthly basis by BNPP IP in accordance with a secondment arrangement. These costs are then recharged to the Company and charged to the Company's income statement

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

2. REVENUE

In the year ended 31 December 2011 the geographical split of turnover was as follows

	2011	2010
	£	£
UK	14,159,279	2,689,720
Europe	9,227,857	2,499,379
Rest of world	<u>502,946</u>	<u>575,296</u>
	<u>23,890,082</u>	<u>5,764,395</u>

3. OPERATING EXPENSES

	2011	2010
	£	£
Staff costs and Directors' emoluments	3,202,676	1,771,211
Other operating expenses	<u>8,848,899</u>	<u>2,203,167</u>
	<u>12,051,575</u>	<u>3,974,378</u>

FUNDQUEST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

4. OPERATING PROFIT/(LOSS) FOR PERIOD

	2011	2010
	£	£
The operating profit/loss has been arrived at after charging/(crediting)		
Depreciation of plant and equipment	-	23,388
Directors' remuneration	1,397,757	701,221
Auditors' remuneration – audit services	41,000	25,000
Rentals under operating leases		
- plant and machinery	-	<u>8,153</u>

5. FOREIGN EXCHANGE GAINS

The foreign exchange gain of £323,840 in 2011 (2010 £183,719) arises from the revaluation of all foreign currency transactions in line with the Company's accounting policies throughout the year

6. INTEREST REVENUE

	2011	2010
	£	£
Interest receivable from group entities	-	4,522
Bank interest	4,144	4,093
Other interest	-	<u>4,597</u>
	<u>4,144</u>	<u>13,212</u>

FUNDQUEST UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7 DIRECTORS AND EMPLOYEES

The average monthly number of employees excluding executive directors during the year was made up as follows

	2011	2010
Administration	12	6
Management and consultancy	<u>14</u>	<u>7</u>
	<u>26</u>	<u>13</u>

Their aggregate remuneration comprised

	2011 £	2010 £
Staff costs		
Wages and salaries	2,492,017	908,769
Social security costs	328,553	126,402
Other pension costs	<u>382,106</u>	<u>67,858</u>
	<u>3,202,676</u>	<u>1,103,029</u>

	2011 £	2010 £
Directors' emoluments		
Emoluments for qualifying services	1,333,154	643,707
Compensation for loss of office	-	-
Company pension contributions	<u>64,603</u>	<u>24,475</u>
	<u>1,397,757</u>	<u>668,182</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

	2011 £	2010 £
Emoluments for qualifying services	471,576	140,372
Compensation for loss of office	-	-
Company pension contributions	<u>-</u>	<u>-</u>
	<u>471,576</u>	<u>140,372</u>

FUNDQUEST UK LIMITED
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8 TAXATION

	2011	2010
	£	£
Current year taxation on profit/(loss) for the year	590,717	86,706
Deferred taxation	-	(324,614)
Adjustment for prior years	<u>-</u>	<u>(6,447)</u>
Total tax on profit/(loss) on ordinary activities	<u>590,717</u>	<u>(244,355)</u>

The UK Government in the 2012 Budget announced that it intends to enact further reductions to the main rate of corporation tax to reduce the rate to 24% from 1 April 2012 and then by 1% per annum to 22% by 1 April 2014. The 24% rate was substantively enacted on 26 March 2012, whilst 23% effective from 1 April 2013 is expected to be enacted through Finance Bill 2012. These changes to the main tax rate had not been substantively enacted at the Balance Sheet date and, therefore, are not included in these financial statements. Management does not expect the impact of these rate changes to be significant.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2011	2010
	£	£
Profit/(Loss) on ordinary activities before tax	637,497	177,764
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporate tax in the UK at 26.5% (2010: 28%)	168,497	49,774
Expenses disallowed	421,780	35,353
Depreciation in excess of capital allowances	-	1,579
Adjustment in respect of prior years	-	(6,447)
Provision for previously unrecognised tax losses from prior years	<u>-</u>	<u>(324,614)</u>
Total tax on profit/(loss) for year	<u>590,717</u>	<u>(244,355)</u>

The Company recognised previously unrecognised tax losses forward of £324,614 in 2010, of which £247,058 was recognised as a deferred tax asset at 31 December 2010 (see Note 10).

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9. INTANGIBLE ASSETS

	2011 £	2010 £
Carrying amount:		
At 1 January	4,751,111	-
Additions.	<u>-</u>	<u>4,751,111</u>
Amortisation.		
Charge for the year	<u>(950,222)</u>	<u>-</u>
Impairment.		
Charge for the year	<u>(641,400)</u>	<u>-</u>
Carrying Amount.		
At 31 December	<u>3,159,489</u>	<u>4,751,111</u>

In accordance with IAS 38 the intangible asset was subject to an annual impairment review at the balance sheet date. It was determined the carrying value of the asset, based the carrying amount at the beginning of the year amortised on a five year straight line basis, is in excess of its recoverable amount and accordingly an impairment charge of £641,400 (2010 £nil) is recognised. Supporting this decision are the projected future cash flows from the transferred funds, which have been revised following the merger between BNP Paribas Investment Partners UK funds and no longer capable of being separable and identifiable. The useful life of the intangible asset is revised to three years and, in the event of no further impairment events, it is expected to be fully amortised in the two proceeding financial years.

10. TRADE AND OTHER RECEIVABLES

	2011 £	2010 £
Amounts receivable within one year		
Trade and other receivables	1,345,877	766,638
Group relief and corporation tax	-	345,790
Deferred tax asset	247,058	247,058
Value added tax	163,631	96,483
Amounts owed from group undertakings	8,256,947	-
Prepayments and accrued income	<u>3,312,688</u>	<u>2,050,637</u>
	<u>13,326,201</u>	<u>3,506,606</u>

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11. CASH AND BANK BALANCES

Cash and bank balances are comprised of a number of interests earning current and call accounts

12. TRADE AND OTHER PAYABLES

	2011 £	2010 £
Trade payables	801,122	115,709
Taxation and social security	882,448	-
Amounts due to group undertakings	6,801,144	1,509,757
Accruals and deferred income	3,593,252	2,456,385
	<u>12,077,966</u>	<u>4,081,851</u>

13. SHARE CAPITAL

	2011 £	2010 £
Authorised 226,080 ordinary shares of £1 each	226,080	226,080
Allotted, called up and fully paid 226,080 ordinary shares of £1 each	226,080	226,080

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14. STATEMENT OF MOVEMENT ON RESERVES

Share Premium Account	2011	2010
	£	£
Balance at 1 January	8,140,554	2,598,573
Premium arising on issue of equity shares	-	5,541,981
Balance at 31 December	<u>8,140,554</u>	<u>8,140,554</u>
Retained Earnings		£
Balance at 1 January 2010		(2,163,715)
Net Profit for the year		<u>422,119</u>
Balance at 31 December 2010		<u>(1,741,596)</u>
Balance at 1 January 2011		(1,741,596)
Net Profit for the year		<u>46,780</u>
Balance at 31 December 2011		<u>(1,694,816)</u>

15. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of profit for the year to net cash inflow from operating activities

	2011	2010
	£	£
Profit for the year after tax	46,780	422,119
Adjustments for		
- amortisation/impairment of intangible assets	1,591,622	23,388
- taxation	590,717	244,355
- interest received	(4,144)	(13,212)
- interest paid	3,079	12,481
- effect of foreign exchange rate changes	(323,840)	(183,719)
Changes in working capital		
- (increase) in receivables	(8,979,689)	(107,795)
- increase in payables	<u>7,113,666</u>	<u>1,014,210</u>
Cash generated from operations	<u>(38,193)</u>	<u>1,411,827</u>

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16 OPERATING LEASE COMMITMENTS

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Minimum lease payments under operating leases recognised as an expense in the year	-	-	-	8,153

At the balance sheet date, the Company had outstanding total commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	-	-	-	13,201
In the second to fifth years inclusive	-	-	-	-
After five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,201</u>

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17. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties

Interest revenue

Interest income from fellow subsidiary undertakings for the year amounted to £nil
(2010 £4,522)

Finance costs

Interest expense to ultimate parent undertakings for the year amounted to £nil (2010
£12,587)

Investment advisory fee revenue

Investment advisory fee revenue from fellow subsidiary undertakings for the year
amounted to £nil (2010 £63,282)

Intercompany recharges

Intercompany recharges from fellow subsidiary undertakings for the year amounted to
£2,539,447 (2010 £151,250)

Personnel cost recharges

Personnel cost recharges from fellow subsidiary undertakings for the year amounted to
£3,202,676 (2010 £270,068)

IT/Web cost recharges

IT/Web cost recharges from fellow subsidiary undertakings for the year amounted to
£10,524 (2010 £600)

Personnel cost recharge expenses

Personnel cost recharge expenses to fellow subsidiary undertakings for the year
amounted to £nil (2010 £2,725,394)

Travel cost recharge expenses

Travel cost recharge expenses to fellow subsidiary undertakings for the year
amounted to £219,935 (2010 £55,446)

Market Data cost recharge expenses

Market Data cost recharge expenses to fellow subsidiary undertakings for the year
amounted to £171,911 (2010 £77,192)

Dealing cost recharge expenses

Dealing cost recharge expenses to fellow subsidiary undertakings for the year
amounted to £34,777 (2010 £49,150)

Professional fee recharge expenses

Professional fee recharge expenses to fellow subsidiary undertakings for the year
amounted to £366,045 (2010 £10,000)

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17 RELATED PARTY TRANSACTIONS (continued)

Third Party fees

Third party fees paid to entities with common directorships with ultimate parent undertakings for the year amounted to £nil (2010 £nil)

In respect of these transactions, the outstanding balances receivable / (payable) as at 31 December 2011 were as follows

Nature of transaction	Related Party	2011	2010
		£	£
Trade & Other Receivables	Fellow Subsidiaries	-	39,183
Trade & Other Receivables	Ultimate parent undertaking	8,256,947	-
Trade & Other Payables	Fellow Subsidiaries	945,745	1,537,472
Trade & Other Payables	Ultimate parent undertaking	5,855,399	-
Cash and cash equivalents	Fellow Subsidiaries	2,264,094	2,449,172

All transactions with related parties are at arm's length

18. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is BNP Paribas Investment Partners S A , which is registered in France

The Company's ultimate parent undertaking is BNP Paribas S A which owns 100% of the immediate parent via other group companies BNP Paribas S A is a company incorporated in France with limited liability and is the largest group in which the results of the Company are consolidated Copies of those accounts are available at that company's registered office, 16 Boulevard des Italiens, 75009 Paris, France