

F&C (CI) Limited

(Registered Number 3950874)

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

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F&C (CI) LIMITED

DIRECTORS AND ADVISERS

REGISTERED NUMBER: 3950874

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 (CI) LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for F&C (CI) 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 with the Company also holding a loan with another F&C Asset Management plc Group (F&C Group) subsidiary. The Company also has a carried interest in the Graphite Capital Partners Investment partnerships.

BUSINESS AND FINANCIAL REVIEW

Results

The Financial Statements show a profit for the 2016 financial year of £6,512 (2015: profit of £289,759).

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 future development of the business

As a result of the Graphite Capital Partners V Fund (the Fund) initiating the sale of its remaining investments during the period ended 31 October 2014, the Company realised £113,076 of investment income in the year ended 31 October 2015 from its carried interest in the Fund. No investment income was received in 2016, however, following the wind up of the Fund, a final distribution was received by the Company in 2017, as disclosed in note 17. The Company continues to receive interest on a loan owed by a group subsidiary.

Given the Company's principal activity 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. However, as the Company's principal activity is now primarily limited to acting as a holding company, the Directors are of the view that these risks are now significantly diluted from previous years. 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 (CI) LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Market risk (interest rate risk)

The Company is exposed to interest rate risk through market fluctuations in the variable rate of interest, impacting interest received on cash at bank and on a loan owed by a group subsidiary which is subject to interest based on LIBOR rates.

Note 14(b)(i) provides an overview of the Company's exposure to market risk.

Credit risk

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

The F&C Group 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.

Note 14(b)(ii) provides an overview of the Company's credit risk exposure.

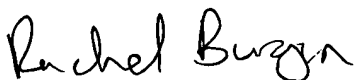
Liquidity risk

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.

Note 14(b)(iii) outlines the cash flow profile of the Company's financial liabilities.

BY ORDER OF THE BOARD



R D Burgin
Secretary
22 June 2017

F&C (CI) LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the Company 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 7. A Strategic Report for the same period is set out on pages 2 and 3.

The Company recognised a profit for the 2016 financial year of £6,512 (2015: profit of £289,759).

DIVIDENDS

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

FUTURE DEVELOPMENTS

The Company will continue to act as a holding company. No further investment income is expected to be received from the Graphite Capital Partners Investment partnerships beyond 2017.

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.

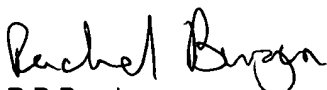
AUDITOR

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 (CI) 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 (CI) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C (CI) LIMITED

We have audited the Financial Statements of F&C (CI) Limited for the year ended 31 October 2016 set out on pages 7 to 20. 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 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 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 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 (CI) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

| | Notes | 2016 £ | 2015 £ |
|---|-------|----------------|----------------|
| REVENUE | 3 | 12,765 | 125,792 |
| Operating expenses | 4 | <u>(5,039)</u> | <u>(5,000)</u> |
| OPERATING PROFIT AND PROFIT BEFORE TAX | | 7,726 | 120,792 |
| Tax (expense)/income | 6 | <u>(1,214)</u> | <u>168,967</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>6,512</u> | <u>289,759</u> |

All amounts are derived from continuing activities.

The notes on pages 11 to 20 form an integral part of these Financial Statements.

F&C (CI) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2016

| | | 2016 | 2015 (as restated*) |
|--|------|--------------|------------------------|
| | Note | £ | £ |
| Profit for the financial year | | 6,512 | 289,759 |
| Other comprehensive income: | | | |
| Items which may be reclassified subsequently to profit or loss: | | | |
| Fair value gains on revaluation of available for sale financial investments | 9 | - | 113,076 |
| Realised fair value gains on available for sale financial investments recycled to the Income Statement | 9 | - | (113,076) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | <u>6,512</u> | <u>289,759</u> |

* As restated for the conversion to FRS 101, as disclosed in note 16 to the Financial Statements.

The notes on pages 11 to 20 form an integral part of these Financial Statements.

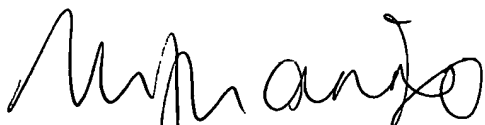
F&C (CI) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

(Registered Number 3950874)

| | Notes | 31 October 2016 £ | 31 October 2015 £ |
|-------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiary | 7 | 2 | 2 |
| Loan receivable | 8 | 4,201,067 | 4,206,012 |
| Total non-current assets | | <u>4,201,069</u> | <u>4,206,014</u> |
| Current assets | | | |
| Cash and cash equivalents | 10 | 8,551 | 8,545 |
| TOTAL ASSETS | | <u>4,209,620</u> | <u>4,214,559</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 11 | 30,260 | 41,711 |
| TOTAL LIABILITIES | | <u>30,260</u> | <u>41,711</u> |
| EQUITY | | | |
| Share capital | 12 | 100 | 100 |
| Fair value reserve | 13 | - | - |
| Retained earnings | 13 | 4,179,260 | 4,172,748 |
| TOTAL EQUITY | | <u>4,179,360</u> | <u>4,172,848</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>4,209,620</u> | <u>4,214,559</u> |

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 20 form an integral part of these Financial Statements.

F&C (CI) LIMITED

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

| | Share capital £ | Fair value reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|----------------------------|---------------------------|----------------------|
| At 1 November 2014 | 100 | - | 3,882,989 | 3,883,089 |
| Profit for the financial year and total comprehensive income | - | -* | 289,759 | 289,759 |
| At 31 October 2015 | 100 | - | 4,172,748 | 4,172,848 |
| Profit for the financial year and total comprehensive income | - | - | 6,512 | 6,512 |
| At 31 October 2016 | 100 | - | 4,179,260 | 4,179,360 |

* Includes other comprehensive income of £nil which reflects the net impact of the recognition of £113,076 of fair value gains on revaluation of available for sale financial investments and the subsequent recycling of these gains, when realised, through the Income Statement.

The notes on pages 11 to 20 form an integral part of these Financial Statements.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY INFORMATION

F&C (CI) 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 (CI) 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.

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. However, a Statement of Comprehensive Income has been included as a result of the adoption of FRS 101, as detailed in note 16.

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) A Statement of Cash Flows and related notes;
- (b) The effects of new but not yet effective IFRSs;
- (c) Disclosures of key management personnel compensation; and
- (d) Disclosures in respect of related party transactions with wholly-owned subsidiaries.

F&C (CI) 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 can 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 both investment income receivable from historical investments in the Graphite Capital Partners V Fund and interest receivable.

Interest receivable comprises interest on a loan owed by a group subsidiary and bank interest receivable and 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 financial instruments to their net carrying amount.

(b) Income tax

The income tax expense or income 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.

Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is considered probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

(c) Investment in subsidiary

The Company's investment in subsidiary is held at cost. The Company assesses the investment in subsidiary for impairment whenever events or changes in circumstances indicate that the carrying amount of the 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 the investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

(d) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets have been classified, on initial recognition, as either assets designated as available for sale or loans and receivables. The financial assets are measured on initial recognition at fair value plus any directly attributable transaction costs.

- (i) *Available for sale financial investments* comprise unquoted investments where the Company has a passive interest.
- (ii) *Loans and receivables* are recorded as either current or non-current in the Statement of Financial Position according to their expected settlement dates and consist of a loan owed by a group subsidiary and cash at bank.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- (i) *Available for sale financial investments* – subsequent to initial recognition, available for sale financial investments are measured at fair value with unrealised gains or losses taken to the fair value reserve in equity until derecognition of the asset, at which time the cumulative amount in this reserve is recognised in the Income Statement.
- (ii) *Loans and receivables*, subsequent to initial recognition, 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 of financial assets

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.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Financial liabilities

Initial recognition and measurement

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

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.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held in a current account with a bank.

(f) Share capital

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

3. REVENUE

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

| | Note | 2016 £ | 2015 £ |
|--|------|---------------|----------------|
| Loans and receivables: | | | |
| Interest receivable on a loan owed by group subsidiary | | 12,759 | 12,715 |
| Bank interest receivable | | 6 | 1 |
| Financial investments designated as available for sale: | | | |
| Investment income receivable | 9 | - | 113,076 |
| Total revenue | | 12,765 | 125,792 |

4. OPERATING EXPENSES

Operating expenses consist of auditor's remuneration of £5,039 (2015: £5,000). 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, 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 (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INCOME TAX

(a) Analysis of tax expense/(income) in the year

The tax expense/(income) recognised in the Income Statement is as follows:

| | 2016 £ | 2015 £ |
|--|--------------|------------------|
| Current income tax: | | |
| <i>UK Corporation Tax</i> | | |
| Current tax on income for the year | 1,545 | 24,665 |
| Adjustment in respect of previous periods | (331) | (193,632) |
| Tax expense/(income) reported in the Income Statement | 1,214 | (168,967) |

(b) Reconciliation of total tax expense/(income) for the year

A reconciliation between the actual tax expense/(income) and the accounting profit multiplied by the Company's domestic tax rate for the years ended 31 October 2016 and 31 October 2015 is as follows:

| | 2016 £ | 2015 £ |
|---|--------------|------------------|
| Profit before tax | 7,726 | 120,792 |
| Tax at the Company's statutory income tax rate of 20.00% (2015: 20.42%) | 1,545 | 24,666 |
| Adjustment in respect of previous periods | (331) | (193,633) |
| Tax expense/(income) reported in the Income Statement | 1,214 | (168,967) |

(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.

(d) Unrecognised deferred tax assets

At 31 October 2016, the Company has unrecognised gross tax losses of £1,234,216 (31 October 2015: £1,234,216 gross). Deferred tax assets have not been recognised in respect of these losses as there is uncertainty around the timing of when sufficient taxable profits will arise in the Company against which the losses can be offset.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN SUBSIDIARY

| | £ |
|---|----------|
| Cost and net book value: | |
| At 1 November 2014, 31 October 2015 and 31 October 2016 | <u>2</u> |

The Directors assess the Company's investment in subsidiary for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. In the opinion of the Directors, no such indicator of impairment has been identified in the reporting period.

The Company holds 100% of the Ordinary share capital of F&C Private Equity Nominee Limited, a company incorporated in England. F&C Private Equity Nominee Limited's registered office is Exchange House, Primrose Street, London, EC2A 2NY.

8. LOAN RECEIVABLE

| | 31 October 2016 £ | 31 October 2015 £ |
|-------------------------------|-------------------------|-------------------------|
| Non-current: | | |
| Loan owed by group subsidiary | <u>4,201,067</u> | <u>4,206,012</u> |

The loan is to F&C Treasury Limited, an F&C Group subsidiary. The loan is unsecured, repayable on demand and is subject to interest at the 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 is no discernible difference between the carrying amount and fair value of the receivable balance disclosed.

9. FINANCIAL INVESTMENTS

The Company holds a carried interest investment in the Graphite Capital Partners Investment partnerships, an unquoted investment.

| | Note | 2016 £ | 2015 £ |
|--|------|-----------|------------------|
| Available for sale financial investments | | | |
| At 1 November | | - | - |
| Fair value gains on revaluation | | - | 113,076 |
| Realised fair value gains recycled to the Income Statement | 3 | <u>-</u> | <u>(113,076)</u> |
| At 31 October | | <u>-</u> | <u>-</u> |

10. CASH AND CASH EQUIVALENTS

| | 31 October 2016 £ | 31 October 2015 £ |
|--------------|-------------------------|-------------------------|
| Cash at bank | <u>8,551</u> | <u>8,545</u> |

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The fair value of cash and cash equivalents at the reporting dates is as shown above.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. OTHER PAYABLES

| | 31 October 2016 £ | 31 October 2015 £ |
|-------------------------------------|-------------------------|-------------------------|
| Current: | | |
| Group relief payable | 25,221 | 36,711 |
| Amounts owed to intermediate parent | 5,039 | 5,000 |
| | <hr/> | <hr/> |
| | 30,260 | 41,711 |

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.

12. SHARE CAPITAL

| | 31 October 2016 £ | 31 October 2015 £ |
|----------------------------------|-------------------------|-------------------------|
| Authorised: | | |
| 12,000,000 Ordinary shares of £1 | 12,000,000 | 12,000,000 |
| | <hr/> | <hr/> |
| Issued and fully paid: | | |
| 100 Ordinary shares of £1 | 100 | 100 |

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

13. RESERVES

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

Nature and purpose of reserves:

Fair value reserve

The fair value reserve is used to record movements in available for sale financial investments.

Retained earnings

Retained earnings comprise net profits and losses recognised through the Income Statement.

14. FINANCIAL RISK MANAGEMENT

(a) Risk overview

Financial risks

The Company is exposed to a number of financial risks through its financial assets and liabilities, including market risk (interest rate risk), credit risk and liquidity risk. An explanation of each of these risks in terms of how they arise and the Company's objectives, policies and processes for managing these risks, is set out under 'Principal risks and uncertainties' in the Strategic Report on pages 2 and 3.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The overall objective of capital management is to ensure that there is sufficient liquidity over the short and medium-term to meet the needs of the business. This includes an assessment of the liquidity to cover the Company's operating expenses, taxation payments and repayment of amounts owed to other F&C Group entities. The overall cash position of the F&C Group is monitored as a whole by the Group treasury team, with each company within the F&C Group drawing on the available cash balances to meet its working capital requirements.

(b) Extent of risks arising from financial instruments

The extent of each risk arising from the Company's financial instruments is set out below.

(i) Market risk (interest rate risk) – loans and receivables

The Company is exposed to interest rate risk through its loan receivable of £4,201,067 (31 October 2015: £4,206,012) as disclosed in note 8, with the loan subject to interest at a variable rate of 3-month LIBOR minus 0.25% margin. The loan is repayable on demand.

Whilst interest is also received on the cash and cash equivalents balance of £8,551 (31 October 2015: £8,545), as the related interest is considered to be minimal, it has not been included in the sensitivity analysis disclosed below.

The Directors are of the opinion that the Company is not exposed to any other significant market risks at 31 October 2016 or 31 October 2015.

Sensitivity analysis

The Company has quantified the impact of an increase or decrease of 1% in the 3-month LIBOR interest rates applied to the loan receivable carrying value (approximates to fair value) at 31 October 2016 and 31 October 2015, with the profit or loss and equity impact of these changes set out below. The financial impact is calculated based on the year-end closing loan receivable balance and has been disclosed after taxation.

The sensitivity analysis assumes changes in interest rates which may differ materially from the actual outcome due to the inherent uncertainties in global financial markets. The calculation methods and assumptions are consistently applied in the sensitivity analysis across both reporting periods.

| | Profit or loss sensitivity £ | Profit or loss sensitivity £ | Equity sensitivity £ | Equity sensitivity £ |
|--------------------------------------|------------------------------------|------------------------------------|----------------------------|----------------------------|
| As at 31 October 2016 | | | | |
| Interest rate movement | +1% | -1% | +1% | -1% |
| Increase/(decrease) in profit/equity | 33,609 | (33,609) | 33,609 | (33,609) |
| As at 31 October 2015 | | | | |
| Interest rate movement | +1% | -1% | +1% | -1% |
| Increase/(decrease) in profit/equity | 33,471 | (33,471) | 33,471 | (33,471) |

(ii) Credit risk – loans and receivables

The credit risk associated with loans and receivables, analysed by the external credit ratings of the respective counterparties, is set out below:

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. FINANCIAL RISK MANAGEMENT (continued)

| | External credit rating | 31 October 2016 £ | 31 October 2015 £ |
|-------------------------------|------------------------------|-------------------------|-------------------------|
| Loans and receivables: | | | |
| Loan receivable | Not rated | 4,201,067 | 4,206,012 |
| Cash and cash equivalents | BBB- | 8,551 | 8,545 |
| | | <u>4,209,618</u> | <u>4,214,557</u> |

The carrying amount of loans and receivables of £4,209,618 at 31 October 2016 (31 October 2015: £4,214,557) as disclosed in the table above represents the Company's maximum exposure to credit risk.

The Directors do not consider loans and receivables to be past due or impaired at 31 October 2016 or 31 October 2015.

The Company is exposed to concentration of credit risk, with loans and receivables primarily consisting of a £4,201,067 (31 October 2015: £4,206,012) loan owed by a group subsidiary. As the counterparty is, however a fellow subsidiary of the F&C Group, with working capital monitored on an F&C Group basis, the risk of default is considered to be minimal.

(iii) Liquidity risk – financial liabilities

The Company's financial liabilities of £30,260 at 31 October 2016 (31 October 2015: £41,711), as disclosed in note 11, are repayable within one year.

The maturity dates of these financial liabilities have been determined by reference to the earliest contractual date on which the counterparty could demand payment and the amounts disclosed in note 11 represent the undiscounted cash flows.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent is F&C 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, 28th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

F&C (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. EXPLANATION OF TRANSITION TO FRS 101 FROM PREVIOUS UK GAAP

As stated in note 2, these are the Company's first Financial Statements prepared in accordance with FRS 101. The accounting policies set out in note 2 have been applied in preparing the Financial Statements for the year ended 31 October 2016, the comparative information presented in these Financial Statements for the year ended 31 October 2015 and in the opening equity position at 1 November 2014 (the Company's date of transition to FRS 101).

The transition from previous UK GAAP to FRS 101 has affected the Company's Statement of Comprehensive Income, as disclosed on page 8, whereby the fair value gains on the revaluation of available for sale financial investments recognised in 2015 are recorded as other comprehensive income and are recycled subsequently to the Income Statement when realised.

17. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Company received a payment of £66,762 in February 2017 from the Graphite Capital Partners V Fund following the wind up of the Fund.