

**FCEM  
Holdings (UK)  
Limited**  
(Registered number 4126463)

**Annual Report & Financial Statements  
for the year ended  
31 October 2017**

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# **FCEM HOLDINGS (UK) LIMITED**

## ***DIRECTORS AND ADVISERS***

**REGISTERED NUMBER:**

4126463

**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

# **FCEM HOLDINGS (UK) LIMITED**

## **STRATEGIC REPORT**

The Directors submit their Strategic Report for FCEM Holdings (UK) Limited (the Company) for the year ended 31 October 2017.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to act as a holding company.

### **BUSINESS AND FINANCIAL REVIEW**

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

As the Company had no transactions during the current or prior year, no Income Statement or Statement of Comprehensive Income is presented. The expenses of the Company have been settled by another F&C Asset Management plc Group (F&C Group) subsidiary company.

Given the Company's principal activity is to act as a holding company, the 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.

#### **Going concern**

The Company is in a net liability position at 31 October 2017 due to the impairment charges incurred when the investment in F&C Emerging Markets Limited (a 100% owned subsidiary of the Company) was written down by £60,891,494 in 2006 and £65,512,396 in 2005. Therefore, the Company is dependent on continuing finance being made available by its immediate parent company, F&C Management Limited, to enable it to continue operating and to meet its liabilities as they fall due. F&C Management Limited has provided guaranteed funding to the Company for those purposes. The Directors believe that it is therefore appropriate to prepare the Financial Statements on a going concern basis.

### **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 operates as a holding Company only, the Directors are of the view that the risks to which the Company is exposed are limited to the following:

#### *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.

#### *Investment in subsidiary*

The Company is exposed to financial risk in relation to the carrying value of its investment in subsidiary. Whilst any further impairment in the carrying value of its investment could have a potentially significant impact on the Company, the Directors consider this risk to be low at the reporting date as the net assets of the Company's subsidiary are in excess of the carrying value.

# **FCEM HOLDINGS (UK) LIMITED**

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

### *Liquidity risk*

The Company's liabilities relate to amounts owed to its immediate parent company and a loan owed to a group subsidiary.

While the Company has net liabilities of £115,405,211 at 31 October 2017 (31 October 2016: net liabilities of £115,405,211), it is recognised that these liabilities are intra-group with liquidity risk therefore considered to be low given the common overall ownership and control of the entities involved.

However, it is not envisaged that the Company will be required to repay the amounts owed to the immediate parent company and group subsidiary in the foreseeable future.

BY ORDER OF THE BOARD



R D Burgin  
Secretary  
20 July 2018

# **FCEM HOLDINGS (UK) LIMITED**

## **REPORT OF THE DIRECTORS**

The Directors submit their Annual Report and audited Financial Statements for the year ended 31 October 2017.

## **RESULTS AND BUSINESS REVIEW**

As the Company had no transactions during the current or prior year, no Income Statement or Statement of Comprehensive Income is presented. The expenses of the Company have been settled by F&C Asset Management plc.

## **FUTURE DEVELOPMENTS**

The Directors do not anticipate that there will be any significant changes in the Company's activities within the foreseeable future.

## **DIRECTORS AND THEIR INTERESTS**

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

D Logan	(resigned 5 June 2017)
M F Mannix	(appointed 1 June 2017)
D J Sloper	(appointed 1 June 2017)
R A Watts	(appointed 1 June 2017)
F&C Asset Management plc	(resigned 5 June 2017)

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

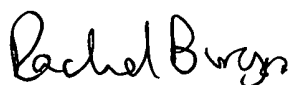
## **AUDITOR**

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  
20 July 2018

## **FCEM HOLDINGS (UK) 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

## **FCEM HOLDINGS (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCEM HOLDINGS (UK) LIMITED**

#### **Opinion**

We have audited the Financial Statements of FCEM Holdings (UK) Limited ("the Company") for the year ended 31 October 2017 which comprise the Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2017;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

#### **Strategic Report and Report of the Directors**

The Directors are responsible for the Strategic Report and the Report of the Directors. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Report of the Directors and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Report of the Directors;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; 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**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **FCEM HOLDINGS (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCEM HOLDINGS (UK) LIMITED (continued)**

#### **Directors' responsibilities**

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

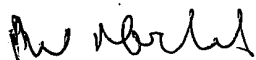
#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Philip Merchant (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court  
Edinburgh  
20 July 2018



# FCEM HOLDINGS (UK) LIMITED

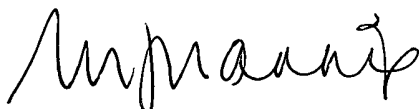
## STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2017

(Registered Number 4126463)

	Notes	31 October 2017 £	31 October 2016 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	6	13,142,398	13,142,398
<b>TOTAL ASSETS</b>		<b>13,142,398</b>	<b>13,142,398</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	7	1,301	1,301
Other payables	8	128,546,308	128,546,308
<b>TOTAL LIABILITIES</b>		<b>128,547,609</b>	<b>128,547,609</b>
<b>EQUITY</b>			
Share capital	9	11,000,001	11,000,001
Retained earnings	10	(126,405,212)	(126,405,212)
<b>TOTAL EQUITY</b>		<b>(115,405,211)</b>	<b>(115,405,211)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,142,398</b>	<b>13,142,398</b>

As the Company did not trade during the current or prior year, no Income Statement or Statement of Comprehensive Income is presented in these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 July 2018. They were signed on its behalf by:



M F Mannix  
Director

The notes on pages 10 to 13 form an integral part of these Financial Statements.

# **FCEM HOLDINGS (UK) LIMITED**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017**

	Share capital £	Retained earnings £	Total equity £
At 1 November 2015, 31 October 2016 and 31 October 2017	11,000,001	(126,405,212)	(115,405,211)

The notes on pages 10 to 13 form an integral part of these Financial Statements.

# **FCEM HOLDINGS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ENTITY INFORMATION**

FCEM Holdings (UK) 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 FCEM Holdings (UK) Limited are included in the consolidated Annual Report and Financial Statements of F&C Asset Management plc, which are available from 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

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 2017 and 31 October 2016.

#### **Basis of preparation**

As the Company meets the definition of a qualifying entity under Financial Reporting Standard 100 *Application of Financial Reporting Requirements*, the Financial Statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (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.

In the application of FRS 101, the Company has 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) Financial instruments disclosures;
- (c) The effects of new but not yet effective IFRSs;
- (d) Disclosures of key management personnel compensation; and
- (e) Disclosures in respect of related party transactions with wholly-owned subsidiaries.

#### **Measurement convention**

The Financial Statements are prepared under the historical cost convention.

#### **Going concern**

The Company is dependent on continuing finance being made available by its intermediate parent company, F&C Management Limited, to enable it to continue operating and to meet its liabilities as they fall due. F&C Management Limited has agreed to provide sufficient funds for these purposes. However, the majority of the Company's liabilities are owed to F&C Management Limited who have confirmed that they will not seek repayment of the debt owed to it until such time that the Company has adequate financial resources to settle this liability. The Directors believe that it is therefore appropriate to prepare the Financial Statements on a going concern basis.

# **FCEM HOLDINGS (UK) LIMITED**

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

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

#### **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 – 2012-2014 Cycle

The adoption of this improvement has not had a material impact on the Company.

#### **(a) Investment in subsidiary**

The Company's investment in subsidiary is held at cost less cumulative impairment. 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.

#### **(b) Financial instruments**

##### ***Financial liabilities***

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

Financial liabilities have been initially recognised at fair value plus directly attributable transaction costs and consist of a loan owed to a group subsidiary and amounts owed to the immediate parent company.

##### ***Subsequent measurement***

Subsequent to initial recognition, financial liabilities are measured at amortised cost 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 instrument to its net carrying amount.

##### ***Derecognition***

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

#### **(c) Share capital**

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

# FCFM HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. AUDIT FEES

The audit fees for the year ended 31 October 2017 of £3,023 (2016: £3,023) were paid on behalf of the Company by F&C Asset Management plc, an intermediate parent company. No audit fees were recharged to the Company.

### 4. DIRECTORS' REMUNERATION

No Director received any remuneration in respect of their services to the Company during the year ended 31 October 2017 (2016: £nil).

### 5. EMPLOYEES

The Company had no employees during the year ended 31 October 2017 (2016: nil).

### 6. INVESTMENT IN SUBSIDIARY

	£
<b>Cost:</b>	
At 1 November 2015, 31 October 2016 and 31 October 2017	<u>139,546,288</u>
<b>Cumulative impairment:</b>	
At 1 November 2015, 31 October 2016 and 31 October 2017	<u>(126,403,890)</u>
<b>Net book value:</b>	
At 1 November 2015, 31 October 2016 and 31 October 2017	<u>13,142,398</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.

Following the annual goodwill impairment review undertaken at the F&C Group level as at 31 October 2017, an indicator of potential impairment was identified. As a result, the carrying value of the Company's investment in subsidiary was tested for impairment at the reporting date. This review determined that the carrying value of the Company's investment in subsidiary was not impaired at 31 October 2017 and no impairment loss was recognised during the year.

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

### 7. LOANS AND BORROWINGS

	31 October 2017 £	31 October 2016 £
<b>Current:</b>		
Loan owed to group subsidiary	<u>1,301</u>	<u>1,301</u>

The loan is due to F&C Treasury Limited, a group subsidiary. The loan is unsecured, repayable on demand and is not subject to interest.

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.

# FCEM HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. OTHER PAYABLES

	31 October 2017 £	31 October 2016 £
<b>Current:</b>		
Amounts owed to immediate parent company	128,546,308	128,546,308

In the Directors' opinion there is no discernible difference between the carrying amount and fair value of the payable balance.

### 9. SHARE CAPITAL

	31 October 2017 £	31 October 2016 £
<b>Authorised:</b>		
12,000,000 Ordinary shares of £1 each	12,000,000	12,000,000
<b>Issued and fully paid:</b>		
11,000,001 Ordinary shares of £1 each	11,000,001	11,000,001

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.

### 10. RESERVES

Reserves are disclosed within the Statement of Changes in Equity on page 9.

#### Retained earnings

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

### 11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent is F&C Management 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 F&C Asset Management plc Annual Report and Financial Statements can be obtained from its registered office at 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

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.