

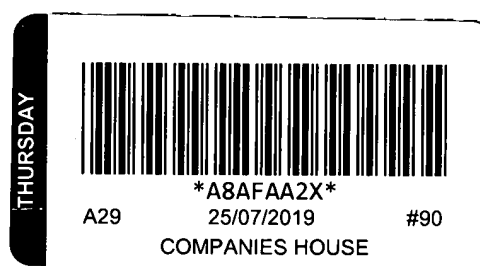
WAM Holdings Ltd

(Registered Number 4131397)

**Annual Report & Financial Statements
for the year ended
31 October 2018**

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WAM HOLDINGS LTD

DIRECTORS AND ADVISERS

REGISTERED NUMBER:

4131397

DIRECTORS:

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

WAM HOLDINGS LTD

STRATEGIC REPORT

The Directors present their Strategic Report for WAM Holdings Ltd (the Company) for the year ended 31 October 2018. The Company is part of BMO Financial Group's Global Asset Management (BMO GAM) business.

PRINCIPAL ACTIVITY

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

BUSINESS AND FINANCIAL REVIEW

Results

The Financial Statements show a profit for the 2018 financial year of £2,410 (2017: loss of £736,639).

Trading performance and development of the business

Revenue decreased to £5,998 in 2018 compared to revenue of £394,632 in 2017. The decrease is due to the Company receiving no dividends in the year, compared to dividends received of £394,000 in 2017. Interest receivable on a loan owed by the Company's immediate parent continues to be based on the prevailing loan balance and interest rate levels during the year. The Company's profit after tax was £2,410 in 2018 compared to a loss after tax of £736,639 in 2017. The Company's subsidiary, F&C Property Investments Limited, which ceased to act as a property investment and management services provider in 2008, was placed in to Members' Voluntary Liquidation in July 2017, resulting in a £1,128,495 loss on disposal during 2017 contributing to the loss for the year. Operating expenses, comprising the annual audit fee, remained constant at £3,023 (2016: £3,023).

During the year the Company's immediate parent, BMO AM Treasury Limited (formerly F&C Treasury Limited), subscribed for an additional 80 million Ordinary shares of £0.10 each in the Company. The £8m consideration was received in cash. The Company subsequently made a capital injection of £8m into its subsidiary, BMO Fund Management Limited (formerly F&C Fund Management Limited) in exchange for 8 million Ordinary shares of £1 each.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors manage the risks as part of the overall risk management framework within BMO GAM EMEA (Europe, the Middle East and Africa). Members of the BMO GAM EMEA Regional Committee are responsible for identifying and addressing any material or systematic issues or risks facing their areas of the business. The principal risks and uncertainties facing the Company are broadly grouped as follows:

Financial risk

The BMO Asset Management (Holdings) plc (formerly F&C Asset Management plc) Group (the 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 Group's treasury function ensures that sufficient cash is available to the Company in respect of short-term working capital requirements.

Investments in subsidiaries

The Company is exposed to financial risk as a significant element of the Company's assets relate to the carrying value of its investments in subsidiaries. Whilst any permanent reduction in the profits of these subsidiaries could lead to an impairment in the value of the Company's investments and have a potentially significant impact on the Company's financial results, the Directors consider that no impairment exists at the reporting date.

WAM HOLDINGS LTD

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 a loan owed by the immediate parent which is subject to interest based on LIBOR rates.

Credit risk

The Company is exposed to credit risk in relation to loans and receivables which, at the reporting date, is in respect of a loan owed by the immediate parent company. As the Group's working capital is monitored on a group-wide basis, the risk of default is considered minimal.

Liquidity risk

The Company does not hold a bank account, however the overall Group cash position is monitored by the treasury team within the Group as a whole and each individual company within the Group draws on the available cash balances to meet its working capital requirements.

Exit of the UK from the EU

Following the notice issued by the United Kingdom on 29 March 2017 of its decision to leave the European Union (Brexit), the commitment of the BMO Financial Group to its customers in the UK and the broader EU remains unchanged. Work has been undertaken to position BMO Financial Group's business in a post-Brexit Europe. The key priority has been to make sure BMO Financial Group's European business platform provides sufficient optionality to enable it to continue doing business effectively in Europe, whilst enabling London to remain a focal hub. The actions taken and to be taken will enable the Group to effectively steer its European business through the transition Brexit requires and so continue serving its clients in Europe.

The key impact of this risk on the Company is through its investments in subsidiaries. The Group Board has considered the nature and extent of risks, uncertainties and opportunities arising from the result of the UK's decision to leave the EU and the impact on the future performance and position of the Group's European business.

The Board considered the principal risks and uncertainties to be in the following areas:

- Macroeconomic uncertainty or downturn in the UK economy;
- Loss of passport rights to the EU single market, currently used to offer and provide services and products to BMO Financial Group's EU client base;
- EU regulatory authorities potentially restricting the ability of the Group's EU-based operations to delegate investment services to London once the UK leaves the EU; and
- Impact on the Group's employees, strategy, performance and operations.

BMO Financial Group had a Brexit Steering Committee, comprising senior management, including Executive Directors of the BMO Asset Management (Holdings) plc Group, to monitor developments as the post-Brexit landscape evolved. The Brexit Steering Committee ensured effective contingency planning was carried out for all potential implications relating to Brexit.

The Brexit Steering Committee, in conjunction with the Group Board, has overseen the restructuring of the business to ensure the Group can continue to operate in Europe and deal effectively with the challenges raised by Brexit. Brexit working groups were formed for all main business and support function areas to facilitate the restructuring process, as approved through the governance structure.

WAM HOLDINGS LTD


STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Group determined that the activities of the Group's Dutch subsidiary, BMO Asset Management Netherlands B.V. (BMO NL), should be expanded to enable it to operate effectively as the European Asset Management business hub for BMO GAM. As part of achieving this operating model, BMO NL obtained approval to act as an Alternative Investment Fund Manager. This now enables BMO NL to manage a number of the Group's European Alternative Investment Funds (AIFs). In addition, the distribution activities of the Group's existing five European branches have or will transfer to newly created branches of BMO NL. BMO NL will continue to delegate portfolio management to UK regulated entities, where appropriate, as that will be permitted even in the event of a "no deal" Brexit.

As a consequence of this restructure, BMO Fund Management Limited, one of the Company's subsidiaries, will cease to manage certain AIFs and its revenue will therefore reduce. However, the costs allocated to the subsidiary are also expected to reduce proportionately.

BY ORDER OF THE BOARD



R D Burgin
Secretary
19 July 2019

WAM HOLDINGS LTD

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the year ended 31 October 2018.

RESULTS AND BUSINESS REVIEW

The Company's results for the year ended 31 October 2018 are shown in the Income Statement on page 9. A Strategic Report for the same period is set out on pages 2 to 4.

The Company recognised a profit for the 2018 financial year of £2,410 (2017: loss of £736,639).

DIVIDENDS

No dividends were approved or paid during the year ended 31 October 2018 (2017: £nil).

FUTURE DEVELOPMENTS

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

DIRECTORS AND THEIR INTERESTS

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

M F Mannix
D J Sloper
R A Watts

M F Mannix resigned as Director on 30 April 2019.

No individual director has any beneficial interests in the share capital of the Company.

DIRECTORS' AND OFFICERS' LIABILITY

The 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
19 July 2019

WAM HOLDINGS LTD

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.

WAM HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAM HOLDINGS LTD

Opinion

We have audited the Financial Statements of WAM Holdings Ltd ("the Company") for the year ended 31 October 2018 which comprise the Income Statement, 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 2018 and of its profit for the year then ended;
- 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the Financial Statements. All audits assess and challenge the reasonableness of estimates made by the Directors, and related disclosures and the appropriateness of the going concern basis of preparation of the Financial Statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

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 a year from the date of approval of the Financial Statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

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.

WAM HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAM HOLDINGS LTD (continued)

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.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; 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.

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.



Satish Iyer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf, London
19 July 2019

WAM HOLDINGS LTD

INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018

	Notes	2018 £	2017 £
REVENUE	3	5,998	394,362
Loss on disposal of subsidiary		-	(1,128,495)
Operating expenses	4	<u>(3,023)</u>	<u>(3,023)</u>
OPERATING PROFIT/(LOSS) AND PROFIT/(LOSS) BEFORE TAX		2,975	(737,156)
Tax (expense)/income	6	<u>(565)</u>	<u>517</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,410</u>	<u>(736,639)</u>

All amounts relate to continuing operations.

There are no items of comprehensive income which have not already been presented in arriving at the profit/(loss) for the current or previous financial years. Accordingly the profit/(loss) for each financial year is the same as the total comprehensive income/(expense) for that year.

The notes on pages 12 to 18 form an integral part of these Financial Statements.

WAM HOLDINGS LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2018

(Registered Number 4131397)

	Notes	31 October 2018 £	31 October 2017 £
ASSETS			
Non-current assets			
Investments in subsidiaries	7	91,097,832	83,097,832
Loan receivable	8	1,620,065	1,615,844
Total non-current assets		92,717,897	84,713,676
Current assets			
Other receivables	9	-	1,027
Cash and cash equivalents	10	-	736
Total current assets		-	1,763
TOTAL ASSETS		92,717,897	84,715,439
LIABILITIES			
Current liabilities			
Other payables	11	3,071	3,023
TOTAL LIABILITIES		3,071	3,023
EQUITY			
Share capital	12	8,100,000	100,000
Share premium account	13	80,199,201	80,199,201
Retained earnings	13	4,415,625	4,413,215
TOTAL EQUITY		92,714,826	84,712,416
TOTAL LIABILITIES AND EQUITY		92,717,897	84,715,439

The Financial Statements were approved by the Board of Directors and authorised for issue on 19 July 2019.
They were signed on its behalf by:



R A Watts
Director

The notes on pages 12 to 18 form an integral part of these Financial Statements.

WAM HOLDINGS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2018

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 November 2016	100,000	80,199,201	5,149,854	85,449,055
Loss for the financial year and total comprehensive expense	-	-	(736,639)	(736,639)
At 31 October 2017	100,000	80,199,201	4,413,215	84,712,416
Share capital issued on capital injection	8,000,000	-	-	8,000,000
Profit for the financial year and total comprehensive income	-	-	2,410	2,410
At 31 October 2018	8,100,000	80,199,201	4,415,625	92,714,826

The notes on pages 12 to 18 form an integral part of these Financial Statements.

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY INFORMATION

WAM Holdings Ltd 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 does 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 BMO Asset Management (Holdings) plc, which prepares consolidated Financial Statements. The results of WAM Holdings Ltd are included in the consolidated Annual Report and Financial Statements of BMO Asset Management (Holdings) 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 2018 and 31 October 2017.

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, disclosure and presentation 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, BMO Asset Management (Holdings) plc:

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

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.

WAM HOLDINGS LTD

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

(a) Revenue recognition

Revenue consists of dividends receivable from subsidiaries and interest receivable on a loan owed by the immediate parent company. Dividends receivable are recognised only when they have been declared and approved, or at the date of payment for interim dividends. Interest receivable 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 instrument to its net carrying amount.

(b) Income tax

The tax 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.

(c) Investments in subsidiaries

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

(d) Financial instruments

i) Financial assets

Initial recognition and measurement

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

Loans and receivables are recorded as either current or non-current in the Statement of Financial Position according to their expected settlement dates and consist of a loan owed by the Company's immediate parent, group relief receivable and cash at bank.

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Subsequent measurement

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

Derecognition 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.

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition of financial liabilities

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

(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 dividends and interest receivable in the UK as follows:

	2018 £	2017 £
Loans and receivables:		
Interest receivable on loan owed by immediate parent	5,998	362
Dividends receivable	-	394,000
	<hr/> 5,998	<hr/> 394,362

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. OPERATING EXPENSES

Operating expenses consist of auditor's remuneration of £3,023 (2017: £3,023). Amounts receivable by the Company's auditor in respect of services to the Company, other than for the audit of the Company's Financial Statements, have not been disclosed as the information is disclosed on a consolidated basis in the Annual Report and Financial Statements of the Company's intermediate parent company, BMO Asset Management (Holdings) plc.

The Company had no employees during the year ended 31 October 2018 (2017: nil).

5. DIRECTORS' REMUNERATION

The Directors did not receive any remuneration for their services to the Company during the year ended 31 October 2018 (2017: nil). Their remuneration is paid by BMO Asset Management (Services) Limited (formerly F&C Asset Management Services Limited).

6. INCOME TAX

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

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

	2018 £	2017 £
Current income tax:		
UK Corporation Tax		
Current tax on profit/(loss) for the year	565	(517)
Tax expense/(income) reported in the Income Statement	565	(517)

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

A reconciliation between the actual tax expense/(income) and the accounting profit/(loss) multiplied by the Company's domestic tax rate for the years ended 31 October 2018 and 31 October 2017 is as follows:

	2018 £	2017 £
Profit/(loss) before tax	2,975	(737,156)
Tax at the Company's statutory income tax rate of 19.00% (2017: 19.42%)	565	(143,156)
Disallowed expenses	-	219,154
Non-taxable income	-	(76,515)
Tax expense/(income) reported in the Income Statement	565	(517)

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

The current Corporation Tax rate of 19.00% became effective from 1 April 2017, resulting in a statutory UK Corporation Tax rate of 19.00% for the year ended 31 October 2018 for the Company.

A future UK Corporation Tax rate reduction to 17.00% from 1 April 2020 was substantively enacted on 6 September 2016.

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

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

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INCOME TAX (continued)

(d) Unrecognised deferred tax assets

At 31 October 2018 the Company has unrecognised gross tax losses of £1,128,495 (31 October 2017: £nil). Deferred tax assets have not been recognised in respect of these losses as there is uncertainty around the timing of when suitable taxable profits will arise in other BMO UK entities against which these losses can be offset.

7. INVESTMENTS IN SUBSIDIARIES

	2018 £	2017 £
Cost and net book value:		
At 1 November	83,097,832	85,297,832
Additions in the year	8,000,000	-
Disposals in the year	-	(2,200,000)
	<u>91,097,832</u>	<u>83,097,832</u>
At 31 October		

The additions in 2018 relate to a capital injection of £8,000,000 in the Company's subsidiary BMO Fund Management Limited in exchange for 8 million Ordinary shares of £1 each.

The disposal in 2017 is a result of the Company's subsidiary F&C Property Investments Limited being placed in to Members' Voluntary Liquidation in July 2017. On disposal, £1,071,505 was received and the remaining investment in F&C Property Investments Limited was written off, resulting in a loss of £1,128,495 during 2017.

The Directors assess the Company's investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. In the opinion of the Directors, no such indicator of impairment has been identified in the year ended 31 October 2018.

Details of the Company's subsidiaries at 31 October 2018, which are all directly held, are as follows:

Company name	Share class	Percentage interest and voting rights	Country of incorporation
BMO Managers Limited (formerly F&C Managers Limited)	Ordinary shares	100	England*
BMO Fund Management Limited	Ordinary shares	100	England*

* The registered office is Exchange House, Primrose Street, London, EC2A 2NY.

8. LOAN RECEIVABLE

	31 October 2018 £	31 October 2017 £
Non-current:		
Loan owed by immediate parent	<u>1,620,065</u>	<u>1,615,844</u>

The loan is to BMO AM Treasury Limited, the Company's immediate parent. 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.

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. OTHER RECEIVABLES

	31 October 2018 £	31 October 2017 £
Current:		
Group relief receivable	-	1,027

In the Directors' opinion there is no discernible difference between the carrying amount and fair value of the receivable balance disclosed due to the short-term maturity of this amount.

10. CASH AND CASH EQUIVALENTS

	31 October 2018 £	31 October 2017 £
Cash at bank	-	736

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.

11. OTHER PAYABLES

	31 October 2018 £	31 October 2017 £
Current:		
Amounts owed to intermediate parent	3,023	3,023
Group relief payable	48	-
	3,071	3,023

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

WAM HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. SHARE CAPITAL

	31 October 2018 £	31 October 2017 £
Issued and fully paid:		
81,000,000 (31 October 2017: 1,000,000) Ordinary shares of £0.10 each	8,100,000	100,000
	2018 £	2017 £
At 1 November	100,000	100,000
Share capital issued to BMO AM Treasury Limited	8,000,000	-
At 31 October	8,100,000	100,000

On 31 October 2018 the Company's immediate parent, BMO AM Treasury Limited, subscribed for an additional 80 million Ordinary shares of £0.10 each in the Company. The £8m consideration was received in cash.

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 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 11.

Nature and purpose of reserves:

Share premium account

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

Retained earnings

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

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent is BMO AM Treasury 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 BMO Asset Management (Holdings) plc. Copies of the BMO Asset Management (Holdings) plc Annual Report and Financial Statements can be obtained from its registered office at 6th Floor, Quatermile 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 financial statements of Bank of Montreal are available from Corporate Communications Department, BMO Financial Group, 28th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.