

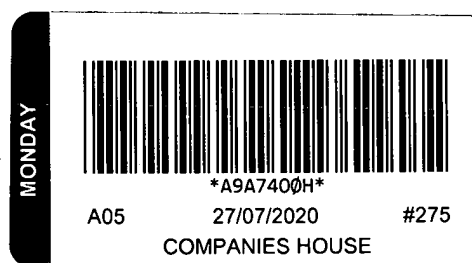
F&C Group ESOP Trustee Limited

(Registered Number: SC161077)

**Annual Report & Financial Statements
for the year ended
31 October 2019**

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F&C GROUP ESOP TRUSTEE LIMITED

DIRECTORS AND ADVISERS

REGISTERED NUMBER:

SC161077

DIRECTORS:

P J Doel
W M Tonkin
R A Watts

SECRETARY:

R D Burgin
95 Queen Victoria Street
London
EC4V 4HG

REGISTERED OFFICE:

6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh
EH3 9EG

SOLICITORS:

Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

AUDITOR:

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

F&C GROUP ESOP TRUSTEE LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Annual Report and audited Financial Statements for F&C Group ESOP Trustee Limited (the Company) for the year ended 31 October 2019. The Company is part of the BMO Global Asset Management (BMO GAM) business within the BMO Financial Group.

PRINCIPAL ACTIVITY

The Company was originally set up to encourage and facilitate participation in the BMO Asset Management (Holdings) plc share ownership schemes and to act as trustee to The Ivory and Sime Employee Benefit Trust (the EBT). Following the purchase of the underlying shares held by the EBT by Bank of Montreal on 7 May 2014, the EBT no longer holds any assets and is now inactive. Whilst the Company continues to operate as trustee to the EBT, it also no longer has any trading activity.

RESULTS AND BUSINESS REVIEW

As the Company did not trade during the current and prior financial years, an Income Statement and Statement of Comprehensive Income are not presented in these Financial Statements.

FUTURE DEVELOPMENTS

The Directors expect the Company to remain inactive for the foreseeable future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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. However, as the Company no longer has any trading activity and the EBT to which the Company operates as trustee, is now inactive, the Directors consider that the Company's exposure to financial risk is limited to the following:

Credit risk

The Company is exposed to credit risk if a counterparty to a financial instrument is unable to pay, in full, amounts when due. The Company's credit risk is principally in relation to an amount owed by the immediate parent company. As the BMO Asset Management (Holdings) plc Group's (the Group) working capital is monitored on a group-wide basis, the risk of non-recovery is considered minimal.

STRATEGIC REPORT: SMALL COMPANIES EXEMPTION

The Company has taken advantage of the small companies exemption in section 414B of Statutory Instrument 2013 No. 1970 *The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013* and has not prepared a Strategic Report.

DIRECTORS AND THEIR INTERESTS

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

M F Mannix (resigned 30 April 2019)
D J Sloper
W M Tonkin
R A Watts

D J Sloper resigned as Director on 16 January 2020 and P J Doel was appointed as Director on 18 February 2020.

No Director has any beneficial interest in the share capital of the company.

F&C GROUP ESOP TRUSTEE LIMITED

REPORT OF THE DIRECTORS (continued)

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

A handwritten signature in black ink, appearing to read 'Rachel Burgin', with a dotted rectangular box around it.

R D Burgin
Secretary
3 July 2020

F&C GROUP ESOP TRUSTEE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

F&C GROUP ESOP TRUSTEE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C GROUP ESOP TRUSTEE LIMITED

Opinion

We have audited the Financial Statements of F&C Group ESOP Trustee Limited ("the Company") for the year ended 31 October 2019 which comprise the Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2019;
- 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

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 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.

Report of the Directors

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

Our responsibility is to read 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 Report of the Directors;
- in our opinion the information given in that report for the financial year is consistent with the Financial Statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

F&C GROUP ESOP TRUSTEE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C GROUP ESOP TRUSTEE LIMITED (continued)

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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

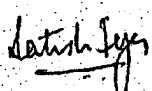
Auditor's responsibilities

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

3 July 2020

F&C GROUP ESOP TRUSTEE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

(Registered number SC161077)

	Notes	31 October 2019 £	31 October 2018 £
ASSETS			
Non-current assets			
Other receivables	6	100	100
TOTAL ASSETS		<u>100</u>	<u>100</u>
EQUITY			
Share capital	7	100	100
TOTAL EQUITY		<u>100</u>	<u>100</u>
TOTAL LIABILITIES AND EQUITY		<u>100</u>	<u>100</u>

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 3 July 2020. They were signed on its behalf by:



R A Watts
Director

The notes on pages 9 to 13 form an integral part of these Financial Statements.

F&C GROUP ESOP TRUSTEE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Share capital £	Total equity £
At 1 November 2017, 31 October 2018 and 31 October 2019	<u>100</u>	<u>100</u>

The notes on pages 9 to 13 form an integral part of these Financial Statements.

F&C GROUP ESOP TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY INFORMATION

F&C Group ESOP Trustee Limited is a private company limited by share capital, incorporated and domiciled in Scotland. The Company's registered office is 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

The results of F&C Group ESOP Trustee Limited 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

2.1 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 taken advantage of the following disclosure exemptions:

- (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

As part of the Directors assessment of going concern they have considered, as best they can, the potential impact of COVID-19 on the Company. Due to the nature of the Company's activities, the Directors do not currently expect this to have a significant direct or indirect impact on the Company as outlined in note 10 'Events after the reporting period'. Whilst the EBT no longer holds any assets and is now inactive, the Company continues to operate as trustee to the EBT, and has net assets that support the Directors' assessment that the Company has adequate resources to continue in business for a period of at least 12 months from the date of approval of the Financial Statements. Accordingly, the Financial Statements have been prepared on a going concern basis.

2.2 New and amended standards and interpretations

The Company applied IFRS 9 *Financial Instruments* for the first time. Details of the changes and effects resulting from adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the year ended 31 October 2019, but do not have an impact on the Company's Financial Statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

F&C GROUP ESOP TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Company has applied IFRS 9 prospectively, with an initial application date of 1 November 2018. The adoption of IFRS 9 had no impact on the recognition and measurement of the Company's financial instruments, however, the nature of the classification changes are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification requirements of IFRS 9 did not have a significant impact on the Company's financial instruments, with the only change being as follows: financial assets, previously classified as loans and receivables at 31 October 2018, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost with effect from 1 November 2018.

(b) Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss model with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, no ECL allowance was recognised on the Company's financial assets.

2.3 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 date 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.

2.4 Summary of significant accounting policies

(a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as debt instruments measured at amortised cost.

F&C GROUP ESOP TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amounts outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting cash flows, selling the financial assets or both.

Subsequent measurement

Subsequent to initial recognition, financial assets at amortised cost are measured using the EIR method. Gains and losses are recognised in the Income Statement when an asset is derecognised or impaired, as well as through the amortisation process. The Company's financial assets at amortised cost consist of amounts owed by the immediate parent company.

Derecognition of financial assets

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

Impairment of financial assets

The Company considers the requirement to recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company considers a financial asset to be in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets are recognised and measured under the same policies as the comparative year ended 31 October 2018, with the only change to the previous accounting policy being the measurement of impairment of financial assets.

IAS 39 accounting policy for year ended 31 October 2018

The previous accounting policy for impairment of financial assets applicable to the comparative period ended 31 October 2018 was as follows:

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.

(b) Share capital

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

F&C GROUP ESOP TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS' REMUNERATION

No Director received any remuneration for their services to the Company during the year ended 31 October 2019 (2018: £nil). Their remuneration is paid by BMO Asset Management (Services) Limited.

4. AUDIT FEES

The audit fees for the year ended 31 October 2019 of £3,023 (2018: £3,023) were paid by BMO Asset Management (Holdings) plc, the Company's immediate parent company and were not recharged to the Company.

5. EMPLOYEES

The Company had no employees during the year ended 31 October 2019 (2018: nil).

6. OTHER RECEIVABLES

	31 October 2019 £	31 October 2018 £
Non-current:		
Amounts owed by immediate parent company	100	100

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

7. SHARE CAPITAL

	31 October 2019 £	31 October 2018 £
Authorised:		
100 Ordinary shares of £1 each	100	100
Issued and fully paid:		
100 Ordinary shares of £1 each	100	100

The holder of the 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.

8. THE IVORY & SIME EMPLOYEE BENEFIT TRUST

The Company acts as trustee to The Ivory & Sime Employee Benefit Trust.

On 7 May 2014, following the acquisition of the entire share capital of BMO Asset Management (Holdings) plc by Bank of Montreal, the remaining shares held by the EBT were bought by Bank of Montreal for £1.20 per share and the cash was returned to BMO Asset Management (Holdings) plc. Consequently, at 31 October 2019, the EBT held no assets (31 October 2018: no assets) in respect of beneficiaries of the EBT.

F&C GROUP ESOP TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent is BMO Asset Management (Holdings) plc, a company registered in Scotland.

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 6th Floor, Quatermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

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.

10. EVENTS AFTER THE REPORTING PERIOD

Since the reporting date, there has been a rise and rapid expansion of the coronavirus (COVID-19) pandemic outbreak across many continents, with many countries, including the UK, suspending some business operations and imposing travel restrictions and quarantine measures. These measures and policies have significantly disrupted, and are expected to continue to disrupt, the activities of many entities and the wider global economy. The Directors have assessed that as the impact of COVID-19 has arisen since 31 October 2019, there is no impact on the reported Statement of Financial Position of the Company as at the reporting date. There could, however, be some impact on the results of other Group companies in the year to 31 October 2020 and potentially beyond. It is not currently expected to have a significant impact on the Company's financial position.