BMO Asset Management (Services) Limited

(Registered Number: SC233297)

Annual Report & Financial Statements for the year ended 31 October 2021

Contents

BMO ASSET MANAGEMENT (SERVICES) LIMITED

DIRECTORS AND ADVISERS

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SECRETARY:	R D Burgin
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AUDITOR:	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

BMO ASSET MANAGEMENT (SERVICES) LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for BMO Asset Management (Services) Limited (the Company) for the year ended 31 October 2021. The Company was part of the BMO Global Asset Management (BMO GAM) business within the BMO Financial Group (BMO) until 8 November 2021 when the BMO GAM business in Europe, the Middle East and Africa (EMEA) was acquired by Ameriprise Financial, Inc. (Ameriprise). Further details are disclosed in note 27(i).

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as a UK employee services company for the BMO Asset Management (Holdings) plc Group (the Group). The Company receives revenue from recharges of staff related costs and other operating expenses to companies within the Group.

BUSINESS AND FINANCIAL REVIEW

Results

The Financial Statements show a profit for the 2021 financial year of £8,234,000 (2020: profit of £5,244,000).

Key performance indicators

Given the nature of the business, the Company's Directors are of the opinion that the following key performance indicators are relevant to its business:

	2021	**2020**
Average employee numbers	615	618
Total employee benefit expense*	£109,698,000	£76,439,000
Operating profit	£6,670,000	£4,261,000
Operating margin	4.7%	4.1%

* Stated net of expenses recovered from other BMO entities as disclosed in note 5.

Trading performance and development of the business

The Company's revenue for the year was £142,724,000 (2020: £103,486,000) and is a function of its cost base. In 2021, the Company incurred a higher level of expenses, primarily reflecting the increased share-based payment expense associated with the significant increase in the BMO share price which was experienced during the year, together with a number of increased costs arising in the lead up to the completion of the Ameriprise acquisition.

The increase in the Company's revenue reflects the increase in the costs incurred during the year. Total operating expenses have increased from £99,225,000 in 2020 to £136,054,000 in 2021. The increase in these expenses and revenue, contributed to an increased profit of £8,234,000 for the year ended 31 October 2021 compared to £5,244,000 for the year ended 31 October 2020.

The increase in operating margin from 4.1% in 2020 to 4.7% in 2021 reflects a change in the mix of operating cost categories which attract markups dependent upon the nature of the costs, recognising that employee benefit expenses are recharged at a higher markup than other operating costs incurred by the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors manage the risks as part of the overall risk management framework within the Group. Members of the Group's Executive 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 Group adopts a low risk approach to treasury management and financial risks in relation to equity, seeking to manage and preserve its capital. The Group's treasury function ensures that sufficient cash is retained by the Company in respect of short-term working capital requirements.

Market risk (price risk)

- *Share-based payment plans*

  The BMO Omnibus Restricted Share Unit (BMO RSU) Plan is a mid-term remuneration plan. Subsequent to the grant of units under this Plan, the associated value of the award, and hence the share-based payment liability, are subject to movements in both the share price of BMO Financial Group and the exchange rate between the Canadian dollar and Sterling. The Directors consider that, given the scale of the BMO RSU awards, the Company has significant exposure to market risk relating to these key variables. However, this exposure is mitigated as any extra cost arising is recharged to other Group entities. Further details of BMO RSUs are disclosed in note 24.

- *Defined benefit pension scheme*

  The Company is also indirectly exposed to market risk through the assets held by the defined benefit pension plan. The surplus recognised within this Company's Financial Statements is impacted by the combination of movements in the assets held by the pension plan, and the variables which impact the obligations of the plan. Further details of the plan are disclosed in note 23.

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 a loan owed by another Group subsidiary and amounts owed by Group subsidiaries. As the Group's working capital is monitored on a Group-wide basis, the risk of non-recovery of these intra-group balances is considered minimal, although an expected credit loss allowance has been recognised on the loan receivable as a result of a review of the expected timing of its recoverability.

Liquidity risk

The treasury policy set by the Group only allows financial assets attributable to equity holders to be invested in low risk deposits or money market instruments where the risk of capital loss is low, with prior approval required for any exception to this principle.

The Company has net current liabilities of £30,456,000 as at 31 October 2021 (31 October 2020: net current liabilities of £21,620,000). However, as the Group's overall cash position is monitored by the treasury team within the Group as a whole, and each individual company within the Group is able to draw on the available cash balances to meet its working capital requirements, the Company's liquidity risk is considered minimal.

Integration risk

As outlined earlier, the Group was acquired by Ameriprise on 8 November 2021 and now forms part of the broader Columbia Threadneedle Investments (CTI) asset management business within Ameriprise. Whilst detailed plans and timelines are still evolving, there is a clear objective to integrate the Group into the broader CTI operating model, where appropriate. By its very nature, integration activity can increase the inherent risks in a number of areas of the business, including increased operational risk where changes to people, process or systems are initiated; the risk that consultant ratings of products move to 'hold' while integration activity is executed, potentially impacting new business generation; and strain being placed on employees of the Company, recognising they are key to the successful integration of the business. Failure to adequately plan and control the activities required to meet the integration objective in a timely basis may result in excessive project costs, a weakened control environment or the loss of clients or key employees. In addition, these activities must be completed in a manner which is cognisant of and compliant with prescribed regulatory requirements in the UK and other jurisdictions.

STRATEGIC REPORT (continued)

Ameriprise established a Transition Management Office (TMO) several months prior to legal completion of the transaction to manage the overall planning and execution of the integration process, with activities split between those required to be completed prior to Completion; actions to be implemented with effect from Completion; and the prioritisation and planning of subsequent integrations activities. Workstream leaders from both BMO GAM and Ameriprise have collaborated to establish the integration plans for each area of the business. The TMO are actively involved with the workstream leaders, to facilitate the formal governance reporting to senior management on, among other things, integration progress, risks, approval of resourcing requirements and ensuring continued compliance with all regulatory requirements.

COVID-19 pandemic

Since becoming a global pandemic, the coronavirus (COVID-19) has led to multiple "lock-down" periods across the globe causing the suspension or curtailment of business operations and imposing travel restrictions and quarantine measures. These measures and policies have significantly disrupted the activities of many entities and the wider global economy. As the pandemic continues, it is challenging at this juncture to predict the full extent and duration of its business and economic impact. As increased knowledge through research and data studies combines with increasing roll out of vaccines, anti-viral drugs, and other measures to combat the effects of the virus, the extent of restrictions have reduced in the UK and some other jurisdictions. However, the virus continues to evolve and certain variants of the virus may hinder progress and require some level of restrictions to be reimposed generating further adverse economic consequences. Irrespective of when relative "normality" returns, significant economic consequences will continue to occur for some time thereafter and many industries and services may never return to pre-pandemic levels of activity and will implement permanent changes to operating models.

This remains an evolving position, but the Company, which is now a part of the broader CTI business within Ameriprise, is continuing to take every precaution it can to safeguard employees, continue serving customers and keep operations running effectively. Key actions taken so far include:

- The BMO GAM EMEA business have an Emergency Response Team (ERT), including the Heads of key business and support functions who, in conjunction with their counterparts at CTI, co-ordinate actions to address the evolving situation as required;
- The business has continued to implement Group-wide working from home options in line with government guidance, ensuring that this incorporates appropriate support for staff and focus on their wellbeing. The Group has also ensured all office environments meet staff needs enabling staff to work from home or in the office under a hybrid model where appropriate and when guidance permits;
- The Group continues to monitor and engage with the Group's key third-party outsource service providers, seeking to ensure maintenance of normal operations and service levels notwithstanding the evolution of the virus; and
- BMO GAM EMEA and the wider CTI business continue to issue regular communications to staff focused on well-being and providing updates on any changes to office or remote working environments.

Notwithstanding the measures outlined above, it is inevitable that current events will continue to have a direct or indirect impact on the operations, financial position, and results of the Group for the year to 31 October 2022 and potentially beyond that date. Historically the biggest impacts experienced during the early stages of the pandemic have been reduced revenues as a result of the impact of global markets on the value of the assets managed by the Group and the need to adapt operational processes and the technology infrastructure to support a working from home environment. While it is not possible to estimate the overall future operational or financial impact of COVID-19 on the Group or Company given the unpredictable nature of this pandemic and the inherent uncertainties, we have generally seen global equity markets substantially recover from the low levels experienced in 2020. In addition, the Group continues to benefit from the broader diversity of its revenues and client base and, where necessary, seeks to enhance its operational resilience. The Group, and therefore the Company, are considered to be well positioned to deal with future challenges that might be presented by the pandemic as long as it continues.

Uncertain economic outlook

The UK and global macroeconomic outlook remains uncertain, particularly recognising its susceptibility to the potential continuation of the COVID-19 pandemic referred to above and the growing global inflationary pressures, both of which may hinder economic growth. Client investment preferences, and the Group's AUM and revenue, may be impacted by underlying economic and market conditions. Adverse market conditions in one or more asset classes or changes in economic factors may lead to a reduction in AUM and/or revenue. In addition, actual or perceived changes in market or economic outlook may lead clients to alter their allocations to particular products or asset classes.

The operation of the Trade & Co-operation Agreement (TCA) concluded between the UK and EU remains subject to significant uncertainties given its governance structure. This includes a review every five years and the ability of the UK and EU to take action against the other for divergence from prescribed standards and structures designed to ensure that a regulatory "level playing field" remains in place between them. The operation of the Northern Ireland Protocol concluded by the UK and EU as part of the Withdrawal Agreement also remains subject to significant uncertainties around its implementation creating challenges for trade flowing between Northern Ireland and Great Britain and having wider adverse impact on the EU-UK relationship. Consequently, the evolution of the long-term relationship between the UK and EU could still have a significant impact on underlying economic and market conditions for European asset classes.

The Company earns its revenues from the recharge of costs to other Group entities which earn asset management and related revenues. These companies offer competitive products across a range of asset classes, including equities, fixed income, alternatives and multi-asset, with this diversified range limiting its exposure to the impact of market volatility in any one market or asset class. Furthermore, a number of the Group's investment solutions products are much longer term in nature, and their performance and marketability are less impacted by short-term market volatility. The Group continues to closely monitor developments around the relationship between the UK and the EU so as to ensure that any adverse impact is appropriately mitigated as far as possible in the management of European asset classes.

Operational risk

The Company, as a key service provider for the wider Group, is exposed to operational risks which could result from the loss of key employees, a weakness in the Group's IT infrastructure and systems, or potential cyberattacks, as detailed below:

- *Loss of key employees*

  The success of the Group depends on the support of its employees in key areas including investment, distribution, marketing, product development, operations and support functions. The loss of key employees, or indeed the ability to attract new employees, may prevent the Company or the Group from winning new business or meeting its strategic goals, and may therefore lead to client outflows and the loss of key mandates. Employee retention risk is inherently heightened as a result of the transaction and the uncertainty created by future integration activity.

  The Group's compensation model targets the long-term retention of key employees, as well as providing market-competitive packages to attract new employees. All employees receive an annual appraisal which reviews their performance against clearly defined objectives with the aim of encouraging strong performance. Reliance on key individuals is mitigated by the Group's team-based approach to investment management. Moreover, we seek to reduce our dependence on key staff through the recruitment of suitably skilled individuals, promoting training and by ensuring succession plans are in place for senior roles to provide emergency or immediate cover. As part of CTI, we are also able to leverage a wider range of support for our investment, distribution and support function capabilities through inter-group arrangements with affiliates that form part of the existing CTI business.

- *Business continuity and information technology*

  The Group's success is dependent on access to the Group's resilient IT infrastructure and appropriate IT systems that are sufficient to support the Group in meeting its strategic objectives. The Group is exposed to the risk that its infrastructure and systems are unable to meet the demands of clients, or regulatory and/or technology change.

  The Group has a short-term and medium-term IT plan with clear objectives to meet mandatory change requirements, deliver further integration of systems and enhance the agility, security and resiliency of the Group. The Group maintains and periodically tests its critical technology disaster recovery arrangements. The Group also has detailed business continuity plans in place to enable events to be managed, location specific actions to be taken and key business processes to be maintained in the event of a disaster.

- *Cyber security*

  The Group is exposed to a variety of potential cyber risks, and a failure to prevent or defend against such risks could have a material adverse effect on the Group's operations and its clients. Attacks could result in a denial of services, or loss of client data or other sensitive information, thereby potentially impacting the Group financial results and/or its reputation.

  The Group relies on the effectiveness of its internal policies and associated procedures, infrastructure and capabilities to protect the confidentiality, integrity and availability of information held on its computer systems, networks and mobile devices. These include security, access control and data leakage protection measures. In addition, the Group holds an ISO 27001 security accreditation.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172 (1) OF THE COMPANIES ACT 2006

Directors of the Company are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole. This requires the Directors to have regard to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers, and others;
- impact of the Company's operations on the community and the environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The principal activity of the Company is to employ UK staff on behalf of the Group, who in turn provide services to support other Group entities.

As part of an integrated financial services group, the Company's stakeholders are largely aligned with the key stakeholders in the wider BMO GAM EMEA business (GAM EMEA). When taking key decisions, the Directors will often receive information from the Group and GAM EMEA. The Directors also consider, as applicable, the views and interests of a wider set of stakeholders including its shareholders, employees, Group regulators and counterparties.

While under the ownership of BMO, the Directors were encouraged to consider BMO's Purpose when taking key decisions.

Examples of how stakeholder interests were considered this year and, in the period prior to approval of the Financial Statements, are listed below:

Suppliers and services provided to Group entities – The board annually approves a Modern Slavery Act Statement to ensure modern slavery is not occurring in their business, their clients and supply chains. The Board received attestations that the policies, standards, codes, guidance and practices cited in the statement were true and accurate in relation to the non-occurrence of modern slavery.

Employees – The Company is the main employing entity for the Group in the UK. It has signed a service level agreement with several entities within the Group for the procurement of employment and business support services from those entities.

This year, amid the continuing global pandemic, the Directors placed increased focus on employee safety, health and wellbeing. This was reflected by a decision to introduce a soft opening of the office from August 2021 on a voluntary basis; staff continued to work effectively in both home and office working environments throughout the year and since the year end. The Directors remained committed to ensuring a high standard of workplace safety whilst prioritising employees' physical and mental health needs, and also being adaptable to a hybrid working model.

As part of the wider BMO business, the Directors continued to champion diversity and inclusion initiatives. Following the Black Lives Matter movement, increased focus was given to racial equality initiatives both within the Group and as part of the wider BMO Financial Group. This included strengthening our awareness through employee education as well as initiatives to improve BAME representation through a culture of sponsorship and providing equitable opportunities in the talent pipeline. For example, during the year, employees were invited to participate in an Indigenous Communities Education Programme and a National Indigenous History Month. Diversity and inclusion remains an important focus of the Company and the Group following the Ameriprise acquisition.

Community and Environment – The Group is committed to giving back to the communities in which it operates. A number of Group employees, including some Directors, are actively involved in fundraising and volunteering activities.

This year, BMO GAM supported Farms for City Children in the UK. Employees and contractors participated in a major fundraising initiative which involved sponsored walks, runs and cycle rides. The Corporate Responsibility Committee agreed to make a significant donation to this initiative.

The Company is also committed to improving sustainability in its business operations. Within its operations, the BMO GAM office at Exchange House has signed up to the 'Plastic Free City' Scheme and has achieved "Platinum" status. The BMO GAM offices at Exchange House and Quartermile 4 maintain an ISO 14001 accreditation that sets out the requirements for an Environmental Management System. This system is used to identify and better manage the buildings' environmental aspects and impacts and helps BMO GAM EMEA to continually improve its environmental performance through a more efficient use of resources and reduction of waste. The electricity used at both offices is derived from 100 per cent. renewable resources.

BY ORDER OF THE BOARD

Rachel Burgin

R D Burgin
Secretary
9 June 2022

BMO ASSET MANAGEMENT (SERVICES) LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the year ended 31 October 2021.

RESULTS AND BUSINESS REVIEW

The Company's results for the year ended 31 October 2021 are shown in the Income Statement on page 14. A Strategic Report for the same period is set out on pages 2 to 7.

The Company recognised a profit for the 2021 financial year of £8,234,000 (2020: profit of £5,244,000).

DIVIDENDS

No dividends were approved or paid during the year ended 31 October 2021 (2020: £nil).

EMPLOYEES

Employee involvement
The Company, as an integral part of BMO GAM, provides employees with information about the Group and wider BMO Group through internal presentations and publications to keep them informed about developments in the business. Employees are encouraged to participate in surveys conducted by BMO Financial Group to enable them to provide feedback on a range of subjects. Wherever appropriate, employees are consulted to ensure that their views are taken into account before decisions are taken which are likely to affect their interests. Following the change in ownership of the Company since the year end, there continues to be a focus on providing regular updates to employees and providing them with opportunities to listen to updates from senior management.

Statement of diversity policy
The Company recognises the value of a diverse workforce and aims to attract and retain the best people from the widest pool of talent, drawn from all sections of society. We believe that differences in background, perspective, expertise and culture are an asset to the Company and the wider Group.

Equal opportunities
The Company aims to provide equal opportunities for all, without discrimination on the grounds of race, religion, marital status, age, gender, sexual orientation or disability. We recruit and promote those best suited for the job. The Company respects the dignity of individuals and their beliefs and does not tolerate any sexual, racial, physical or mental harassment of staff in the workplace. The Company acknowledges its responsibility to make reasonable adjustments to work arrangements or physical aspects of the workplace for applicants or employees with disabilities.

FUTURE DEVELOPMENTS

The Directors do not anticipate any major change in the principal activities of the business within the foreseeable future. The Directors will continue to take an active role in assessing the impact of integration activity connected with the Ameriprise transaction, to the extent it will impact the operation of the Company or its interaction with Group or other CTI entities.

GOING CONCERN

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

REPORT OF THE DIRECTORS (continued)

ENERGY AND CARBON REPORTING

Disclosures are provided on a Group basis in the consolidated Annual Report and Financial Statements of BMO Asset Management (Holdings) plc.

DIRECTORS AND THEIR INTERESTS

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

P J Doel
D Logan
R A Watts

There have been no appointments or resignations of Directors since 31 October 2021.

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

DIRECTORS' AND OFFICERS' LIABILITY

The Group maintains insurance cover in respect of Directors' and Officers' liability.

AUDITOR

KPMG LLP are not seeking re-appointment as auditor of the Company. It is expected that a resolution proposing the appointment of PricewaterhouseCoopers LLP (PwC) as auditor of the Company will be submitted to the Board of Directors later this year for their consideration and approval, recognising that PwC is the current auditor of Ameriprise.

CHARITABLE CONTRIBUTIONS

During the year ended 31 October 2021, the Company made various charitable contributions totalling £71,000 (2020: £79,000).

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

Rachel Burgin

R D Burgin
Secretary
9 June 2022

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.

BMO ASSET MANAGEMENT (SERVICES) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMO ASSET MANAGEMENT (SERVICES) LIMITED

Opinion

We have audited the Financial Statements of BMO Asset Management (Services) Limited ("the Company") for the year ended 31 October 2021 which comprise the Income Statement, Statement of Comprehensive Income, 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 2021 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.

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").

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.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes to assess for any discussion of fraud; and
- Considering remuneration incentive schemes and performance targets for management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMO ASSET MANAGEMENT (SERVICES) LIMITED (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

On this audit we have rebutted the fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the Financial Sptatements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of financial services regulations, including market abuse regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMO ASSET MANAGEMENT (SERVICES) LIMITED (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 10, 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.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG
9 June 2022

BMO ASSET MANAGEMENT (SERVICES) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	2021 £000	2020 £000
Revenue	3	142,724	103,486
Operating expenses	4(a)	(136,054)	(99,225)
Operating profit		6,670	4,261
Finance income	7	1,207	1,669
Finance costs	8	(565)	(660)
Profit before tax		7,312	5,270
Tax income/(expense)	9	922	(26)
Profit for the financial year		8,234	5,244

All amounts are derived from continuing activities.

The notes on pages 18 to 48 form an integral part of these Financial Statements.

BMO ASSET MANAGEMENT (SERVICES) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	2021 £000	2020 £000
Profit for the financial year		8,234	5,244
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial losses on defined benefit pension arrangements	23(d)	(1,613)	(3,957)
Tax income on net actuarial losses on defined benefit pension arrangements	9(a)	306	752
Tax expense arising from Corporation Tax rate change in respect of defined benefit pension arrangements	9(a)	(3,659)	(1,483)
Other comprehensive expense for the year		(4,966)	(4,688)
Total comprehensive income for the year		3,268	556

The notes on pages 18 to 48 form an integral part of these Financial Statements.

BMO ASSET MANAGEMENT (SERVICES) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2021

(Registered Number: SC233297)

	Notes	31 October 2021 £000	31 October 2020 £000
ASSETS			
Non-current assets			
Property, plant and equipment	10	3,631	4,062
Right-of-use assets	11	18,335	21,010
Intangible assets	12	1,634	1,405
Deferred tax assets	13	12,223	9,540
Pension surplus	23	71,028	71,539
Loan receivable	14	86,441	65,734
Total non-current assets		193,292	173,290
Current assets			
Trade and other receivables	15	45,682	28,722
Cash and cash equivalents	16	3,929	1,537
Total current assets		49,611	30,259
TOTAL ASSETS		242,903	203,549
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	13	17,155	13,592
Provisions	17	3,896	3,009
Employee benefit liabilities	18	22,320	15,758
Trade and other payables	19	29	39
Lease liabilities	11	16,466	19,570
Total non-current liabilities		59,866	51,968
Current liabilities			
Provisions	17	7,942	4,659
Employee benefit liabilities	18	56,465	41,220
Trade and other payables	19	12,556	3,131
Lease liabilities	11	3,104	2,869
Total current liabilities		80,067	51,879
TOTAL LIABILITIES		139,933	103,847
EQUITY			
Share capital	20	-	-
Retained earnings	21	102,970	99,702
TOTAL EQUITY		102,970	99,702
TOTAL LIABILITIES AND EQUITY		242,903	203,549

The Financial Statements were approved by the Board of Directors and authorised for issue on 9 June 2022 and were signed on its behalf by:

P J Doel
Director

The notes on pages 18 to 48 form an integral part of these Financial Statements.

BMO ASSET MANAGEMENT (SERVICES) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2021

	Share capital £000	Retained earnings £000	Total equity £000
At 1 November 2019	-	99,146	99,146
Profit for the financial year	-	5,244	5,244
Other comprehensive expense	-	(4,688)	(4,688)
Total comprehensive income	-	556	556
At 31 October 2020	-	99,702	99,702
Profit for the financial year	-	8,234	8,234
Other comprehensive expense	-	(4,966)	(4,966)
Total comprehensive income	-	3,268	3,268
At 31 October 2021	-	102,970	102,970

The notes on pages 18 to 48 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY INFORMATION

BMO Asset Management (Services) Limited is a private company limited by share capital, incorporated in Scotland. The Company's registered office is 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG and its principal place of business is Exchange House, Primrose Street, London, EC2A 2NY.

The results of BMO Asset Management (Services) 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, and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. ACCOUNTING POLICIES

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 accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs), making amendments where necessary in order to comply with the 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) A Statement of Cash Flows and related notes;
(c) Certain disclosures in respect of share-based payment awards;
(d) Financial instruments disclosures;
(e) The effects of new but not yet effective IFRSs;
(f) Disclosures of key management personnel compensation;
(g) Disclosures of comparative information for property, plant and equipment;
(h) Disclosures of comparative information for intangible assets; and
(i) Disclosures in respect of related party transactions with wholly-owned subsidiaries of the Group.

Measurement convention

The Financial Statements are prepared under the historical cost convention with the exception of the cash-settled share-based payment liability and the defined benefit plan assets and obligations, which are both measured at fair value.

Going concern

As explained in the Strategic Report on page 4, COVID-19 has had, and will continue to have, an impact on the operations and financial results of the Company and the wider Group for the year to 31 October 2022 and potentially beyond. However, due to the inherent uncertainties it is not possible to quantify the impact of these on the Company. As part of the Directors assessment of going concern they have considered, to the best of their knowledge, the potential impacts of COVID-19 on the Company. Notwithstanding net current liabilities of £30,456,000 as at 31 October 2021, the Directors expect to continue to be able to obtain sufficient repayment of the intra-group loan receivable to enable liabilities to be met as they fall due, including those within 12 months. While there can be no absolute certainty, having considered the current results of the Company, the potential impact of COVID-19 on the Company's results and operations and the current liquidity and net assets of the Company, the Directors are satisfied that it remains a reasonable assumption that the Company has sufficient resources to meet its working capital requirements for at least 12 months from the date of approval of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

2. ACCOUNTING POLICIES (continued)

New and amended standards and interpretations

Several new and amended standards and interpretations apply for the first time in 2021, 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.

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.

The critical judgements in applying accounting policies is disclosed in the following note to the Financial Statements:

- **Recognition of pension surplus** - The Company has considered the availability of a refund or reduction in future contributions, based on the Plan Rules, in recognising the surplus in respect of the F&C Asset Management (FCAM) Pension Plan, as disclosed in note 23.

The key sources of assumptions and estimation uncertainties in applying the accounting policies outlined below are disclosed, where appropriate, in the following notes to the Financial Statements:

- **Pension assumptions** - The Company has exercised judgement over the mortality assumptions, discount rates, rates of salary increases and inflation increases used in the valuation of the pension obligation. The sensitivities of the amounts recognised to changes in assumptions are disclosed in note 23(b)(iv).

- **Deferred tax assets** - Management judgement is required to determine the amount of deferred tax assets that can be recognised, as detailed in note 13. This is based upon assumptions as to the future profitability of the Company and other UK Group companies to which the assets relate and the timing of when such profits arise.

- **Share-based payments** - The liability for share-based payments, as disclosed in notes 18 and 24, is a cumulative estimate based on the BMO share price, the foreign exchange rate at the reporting date and the relative proportion of the vesting period for which services have been provided. There was a significant increase in the BMO share price between 31 October 2020 and 31 October 2021 (CAD 79.33 to CAD 134.37) which resulted in a considerable increase in the cumulative charge recognised in 2021 compare to 2020. The quantum of the liability and the associated National Insurance at any future reporting date, and/or for the vesting date, will be subject to changes in these variables.

- **Provisions** -

  - The provision for National Insurance Contributions (NIC) on share-based payments is impacted by the same uncertainties associated with the liability itself, as outlined above. The quantum of the current provision is disclosed in note 17.
  - The long-term sickness provision also disclosed in note 17 involves judgement relating to assumptions used in the period over which the payments will be made.

- **Loan receivable** - The calculation of the allowance for expected credit losses (ECLs) on the Company's loan receivable balance, as disclosed in note 14, involves estimation uncertainty. The Company uses a discounted cash flow model to determine the ECL which involves an estimation, under a number of scenarios, of the timing of when the loan balance will be repaid. Any change to the assumptions around the timing and amounts of cash flows could impact the allowance for ECLs at the reporting date.

2. **ACCOUNTING POLICIES (continued)**

- **Determination of lease terms and lease discount rates** - The Company has made assumptions about the determination of lease terms and the exercise of lease extensions or termination options on the Company's properties and other third-party services. Properties have been assumed to run until the end of the lease extensions (in line with previous experience) and rolling leases are based on management's best estimates of the likely timeframes. The Company has also made assumptions about the discount rates used in calculating lease liabilities based on the applicable borrowing rates for the Company. Leasing disclosures are given in note 11.

Summary of significant accounting policies

(a) Foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate ruling at the reporting date, and any exchange differences arising are taken to the Income Statement.

(b) Revenue

The Company's primary source of revenue is from services provided to other Group entities. A contract with a customer is a formal agreement specifying the services to be performed. The Company considers its customers to be other Group entities that have contracted with the Company to obtain employment and business support services. The Company has generally concluded that it is the principal in its revenue arrangements, because it controls the services provided.

The Company's contracts are considered to be formal transfer pricing agreements. Revenue represents recharges of staff-related costs and other operating expenses to companies within the Group, together with a "cost plus" uplift in accordance with the transfer pricing policy applied by the Company, and is recognised in the Income Statement over the period which these services are provided, regardless of when the payment is due.

The Company recognises revenue when it provides a service to a fellow Group entity. Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment and excluding any taxes. The majority of the Company's revenue is recognised over time, as the associated activities generally reflect an ongoing provision of employee services on a daily basis.

Amounts invoiced for services provided to Group entities and accrued income for services provided which have not yet been invoiced are included within amounts owed by group subsidiaries.

(c) Finance income

Finance income comprises net interest income on the pension scheme surplus and interest receivable on a loan owed by a group subsidiary and is recognised in the Income Statement as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

(d) Finance costs

Finance costs comprise interest on lease liabilities, other interest payable and charges payable on bank accounts. These costs are recognised in the Income Statement on an EIR basis.

2. ACCOUNTING POLICIES (continued)

(e) Leases

The Company assesses whether a contract is, or contains, a lease at the inception of the contract. A lease is identified if the contract conveys the right to control the use or economic benefits of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases for individual low value assets. The Company's primary leasing arrangements are in respect of its office in the UK, but it also leases datacentres.

(i) Right-of-use assets
The Company recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the expected lease term and the estimated useful lives of the assets, as follows:

Leasehold land and buildings	– 7 - 12 years
Datacentres	– 4 years

Where applicable, the Company's ROU asset for leased office premises also includes an estimate of costs incurred by the lessee in restoring the office to the condition required by the terms and conditions of the lease (known as dilapidations). The ROU assets are also subject to impairment assessments. Refer to accounting policy (i) Impairment of non-financial assets.

(ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Company has assessed its incremental borrowing rate to be either the borrowing rate it can obtain from the BMO Financial Group or, for smaller items, the rate it could borrow from within the Group. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included within current and non-current lease liabilities according to expected payment dates.

(iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office and computer equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease "low value assets recognition exemption" to leases of office and computer equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

(f) Income tax

The income tax expense disclosed on the face of the Income Statement represents the aggregate of current tax and the movement in deferred tax.

Current income tax
Income tax is recognised in the Income Statement for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the Statement of Comprehensive Income or equity. In such cases the gain or loss shown in equity is stated separately from the attributable income tax, which is also recognised directly in equity.

Current tax is the expected tax payable to, or receivable from, the taxation authorities on the taxable profit or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and includes any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit or loss, accounted for using the reporting date liability method.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Any legal restrictions on the utilisation of available taxable profits are also considered, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Expenditure on property, plant and equipment is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits associated with the expenditure which can be measured reliably. All other expenditure is recognised in the Income Statement as incurred.

Property, plant and equipment, with the exception of motor vehicles, is depreciated so as to write off the cost of assets using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	– over 10 years (or lease term if shorter)
Computer equipment	– 3 years
Office furniture and equipment	– 3-5 years

Depreciation on property, plant and equipment is recognised as an expense in the Income Statement.

The carrying value of assets and their useful lives are reviewed at each reporting date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the Income Statement in the period in which it arises. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

2. ACCOUNTING POLICIES (continued)

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its continued use. Any gain or loss arising on derecognition of the asset (calculated as the fair value less costs to sell) is included in the Income Statement in the reporting period the asset is derecognised.

(h) Intangible assets

Intangible assets comprise both internally generated software and acquired licences. Separately purchased software and licences have a finite life and are shown at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the Income Statement in equal annual instalments, based on the following useful economic lives:

Software – 3-7 years
Licences – 3 years *(or over contractual term)*

Subsequent expenditure on capitalised software and licences is expensed as incurred.

(i) Impairment of non-financial assets

At each reporting date the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any impairment arising is recognised in the Income Statement.

(j) 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.

i) Financial assets

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

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 a loan owed by a group subsidiary, amounts owed by group subsidiaries, group relief receivable, other receivables, amounts owed by a parent company, amounts owed by BMO Group entities and cash at bank.

2. ACCOUNTING POLICIES (continued)

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 considers the requirement to recognise an allowance for 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.

For loan receivables, the Company uses a discounted cash flow model to determine the lifetime ECL. This model assesses the maximum credit exposure, taking into account inputs concerning probabilities of default. Corresponding movements in the ECL allowance are recognised in operating expenses.

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.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as trade and other payables. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. The Company's financial liabilities consist of trade and other payables.

Subsequent measurement
Subsequent to initial recognition, financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. No provision is established where a reliable estimate of the obligation cannot be made.

Where the Company expects some or all of a provision to be recovered from external parties, the recovery is recognised as a separate asset but only when the reimbursement is virtually certain.

2. ACCOUNTING POLICIES (continued)

(l) Financial guarantees

The Company assesses, at each reporting date, whether it is required to recognise a liability in respect of any guarantee it has issued. A liability is only recognised if it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related services. Bonus entitlements are included in short-term employee benefits and are recognised when there is a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

Short-term compensated absences are recognised, in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences or, in the case of non-accumulating compensated absences, when the absences occur.

ii) Post-employment benefits

Defined benefit scheme
The Company operates a defined benefit pension scheme which provides benefits based on final pensionable salary.

The pension surplus recognised in the Statement of Financial Position is the net of the present obligation of the employer, which is the estimated present value of future benefits that employees have earned in return for their services in the current and prior years, less the value of the plan assets in the schemes. A pension surplus is recognised where there is the availability of a refund to the sponsoring entity, reduction in future contributions, or residual interest in the plan. The discount rate applied to the employees' benefits is the appropriate corporate bond yield at the reporting date which has a maturity date similar to the terms of the Company's obligations. A qualified actuary performs the calculation annually using the projected unit credit method.

The defined benefit pension expense in the Income Statement is analysed into:

- current service costs, which are the actuarially calculated present value of the benefits earned by the active employees in each period;
- past service costs, which relate to employee service in prior periods, and arise as a result of the introduction of change in, or improvements to, retirement benefits in the current period. These are recognised in the Income Statement at the earlier of when the plan amendment or curtailment occurs, and when the Company recognises related restructuring costs or termination benefits;
- settlements or curtailments to the extent that they are not allowed for in the actuarial assumptions. Gains or losses on settlements or curtailments are recognised at the date on which there is a demonstrable commitment to making a significant reduction in the number of employees covered by the plan, or an amendment to the terms of the plan; and
- the net interest income on the net defined benefit surplus. This represents the change during the period in the net defined benefit surplus that arises from the passage of time. This net interest income is recognised in finance income.

2. ACCOUNTING POLICIES (continued)

The actuarial gains and losses, which arise from any new valuation and from updating the previous actuarial valuation to reflect conditions at the reporting date, are taken in full to the Statement of Comprehensive Income for the period.

Defined contribution schemes
Contributions made to these schemes are charged to the Income Statement as they become payable, in accordance with the rules of the schemes.

iii) Other long-term employee benefits

Other long-term employee benefits are recognised at the discounted present value of the obligation at the reporting date. The benefit is determined using actuarial techniques to estimate the amount of benefit employees have earned for their services at the reporting date.

iv) Termination benefits

Termination benefits are recognised as a liability and an expense when the Company is committed to the termination of employment before the normal retirement date. Termination benefits are recognised only when the offer cannot be withdrawn, or when the related restructuring costs are recognised as a provision.

(n) Share-based payments

The Company participates in share scheme arrangements operated by BMO Financial Group. These awards require to be accounted for as share-based payments.

The fair value is measured at market price at the date the award is granted and the expense is spread over the period during which the employees become unconditionally entitled to exercise the awards, known as the vesting period. The cumulative expense recognised in the Income Statement over the vesting period is equal to the estimated fair value of the award multiplied by the number of awards expected to vest.

Non-market related conditions are performance criteria not directly linked to BMO's share price, such as continued employment. The probability of meeting non-market conditions is incorporated into the expense charge via the estimate of the number of awards expected to vest. The total cumulative expense is reassessed at each reporting date and is ultimately adjusted to reflect the actual number of awards which vest. Therefore, if no awards vest, no cumulative expense charge is ultimately recognised.

IFRS 2 Share-based Payment makes a distinction between awards settled in equity and those settled in cash. All BMO RSU awards are cash-settled and are therefore charged to the Income Statement with a corresponding credit to liabilities. The estimated fair value of awards is re-measured at each reporting date until the payments are ultimately settled.

Awards to employees treated as good leavers continue to be settled on the vesting date, although the remaining expense of the awards is charged to the Income Statement immediately. In respect of the BMO RSU awards, the vesting period for any employee who becomes eligible to retire is accelerated.

(o) Share capital

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

3. REVENUE

The Company employs all UK-based personnel in the Group and procures a number of assets or services which support the activities performed by employees, primarily for the benefit of UK-domiciled regulated companies in the Group. The revenue of the Company, therefore, is comprised entirely of recharges of employment and other expenses incurred by the Company, together with an agreed uplift on costs, under transfer pricing agreements with these Group companies.

Details of the costs of services provided are disclosed in notes 4(a) and 5.

The services are invoiced monthly. Most employment and administrative services are provided over a continual period of time, although certain expenses may relate to individual transactions and, therefore, be charged as they arise. The majority of the Company's revenue is invoiced in GBP, even when contracting with its non-UK Group entities, so there is little exposure to changes in foreign exchange rates.

As the Company's revenue is primarily based on a fixed uplift of the recharge of expenses, the levels of revenue will vary directly with the level of expenditure, but the Company does not bear any significant risk from the net exposure.

4. OPERATING EXPENSES

(a) Total operating expenses

Total operating expenses can be summarised into the following categories:

	Notes	2021 £000	2020 £000
Employee benefit and related expenses*		112,620	79,811
Communication and information technology expenses		8,495	7,214
Premises expenses		2,944	3,045
Depreciation and amortisation expenses	4(b)	5,469	5,866
Other expenses		7,147	3,486
Promotional and client servicing expenses		182	168
Impairment loss reversal on loan receivable	14	(803)	(365)
		136,054	99,225

* This includes £2,922,000 (2020: £3,372,000) of employment-related expenses (e.g. recruitment costs, travel, training, etc.), which are not employee benefit expenses and are therefore excluded from the table in note 5.

(b) Operating expenses

Operating expenses include the following:

	Notes	2021 £000	2020 £000
Depreciation of property, plant and equipment	10	1,729	1,593
Depreciation of ROU assets	11	3,073	2,957
Amortisation of intangible assets	12	667	1,316
Auditor's remuneration – audit of these Financial Statements		44	40
Net loss on foreign exchange		59	39
Loss/(gain) on disposal of property, plant and equipment		6	(3)
Operating lease rentals – premises		3*	17*
Operating lease rentals – other contracts		-	89*

* These amounts represent leases of low-value assets and short-term leases with lease terms that end within 12 months of the date of initial application and are therefore not included within the amounts disclosed in note 11.

4. OPERATING EXPENSES (continued)

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 immediate parent, BMO Asset Management (Holdings) plc.

5. EMPLOYEE BENEFIT EXPENSES

Total employee benefit expenses, including remuneration of the Directors for their services to the Group, were:

	Notes	Gross 2021 £000	Expenses recovered from BMO £000	Net 2021 £000	Gross 2020 £000	Expenses recovered from BMO £000	Net 2020 £000
Short-term employee benefits:							
Salaries and related benefits		43,291	(2,100)	41,191	44,491	(1,585)	42,906
Bonus		28,045	(2,134)	25,911	20,748	(1,826)	18,922
Social security costs		14,405	(845)	13,560	8,783	(768)	8,015
		85,741	(5,079)	80,662	74,022	(4,179)	69,843
Post-employment benefits:							
Defined contribution pension expense		4,563	(63)	4,500	4,462	(28)	4,434
Defined benefit pension expense	23(d)	737	-	737	1,011	-	1,011
Defined benefit pension recovery*		(307)	-	(307)	-	-	-
		4,993	(63)	4,930	5,473	(28)	5,445
Other long-term employee benefits		(7)	-	(7)	10	-	10
Termination expenses		1,227	-	1,227	(3,023)	-	(3,023)
Share-based payment expense		25,605#	(2,719)	22,886	6,487	(2,323)	4,164
Total employee benefit expenses		117,559	(7,861)	109,698	82,969	(6,530)	76,439

* In relation to employees seconded to other Group entities.

The amounts disclosed in the "gross" column excludes costs related to employees who are seconded to other Group companies. Total share-based payment expenses incurred by the Company including secondee costs are £27,680,000 as disclosed in note 24.

Expenses recovered from BMO represent a share of employee remuneration borne by other BMO Group companies where the risks and rewards of the services provided by the employees is borne by those companies.

The monthly average number of employees of the Company during the year ended 31 October 2021 was 615 (2020: 618).

6. DIRECTORS' REMUNERATION

While the Directors are employed by this Company, no Director received any remuneration specifically in respect of their services as Director to the Company during the year ended 31 October 2021 (2020: £nil) as their remuneration cannot be meaningfully apportioned.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. FINANCE INCOME

	Note	2021 £000	2020 £000
Other finance income:			
Interest income on pension scheme surplus	23(d)	1,207	1,480
Financial assets measured at amortised cost:			
Interest receivable on loan owed by group subsidiary		-	189
Total finance income		1,207	1,669

No income was recognised on the loan owed by a group subsidiary during the current year as the effective interest rates during the year were negative.

8. FINANCE COSTS

	Note	2021 £000	2020 £000
Other finance costs:			
Interest on lease liabilities	11	557	644
Other interest payable		4	12
Financial assets measured at amortised cost:			
Bank charges payable		4	4
Total finance costs		565	660

9. INCOME TAX

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

The major components of tax (income)/expense recognised in the Income Statement are:

	Note	2021 £000	2020 £000
Current income tax:			
UK Corporation Tax			
Current tax on profit for the year		1,490	(1,390)
Adjustments in respect of previous periods		61	975
Total current income tax		1,551	(415)
Deferred tax:			
Origination and reversal of temporary differences		(344)	2,475
Adjustments in respect of previous periods		(112)	(995)
Adjustments in respect of Corporation Tax rate change		(2,017)	(1,039)
Total deferred tax	13(b)	(2,473)	441
Tax (income)/expense reported in the Income Statement		(922)	26

9. INCOME TAX (continued)

	Note	2021 £000	2020 £000
Deferred and current income tax related to items charged or credited to equity and other comprehensive income or expense:			
Tax income on net actuarial losses on defined benefit pension arrangements		(306)	(752)
Tax expense arising from Corporation Tax rate change in respect of defined benefit pension arrangements		3,659	1,483
Tax expense recognised in equity and in the Statement of Comprehensive Income	13(b)	3,353	731

Deferred tax assets and liabilities are shown in note 13.

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

A reconciliation between the actual tax (income)/expense and the accounting profit multiplied by the Company's domestic tax rate for the years ended 31 October 2021 and 31 October 2020 is as follows:

	2021 £000	2020 £000
Profit before tax	7,312	5,270
Tax at the Company's statutory income tax rate of 19% (2020: 19%)	1,389	1,001
Share-based payments	(93)	107
Disallowed expenses	13	74
Non-taxable income	(163)	(97)
Adjustments in respect of previous periods	(51)	(20)
Adjustments in respect of Corporation Tax rate change	(2,017)	(1,039)
Tax (income)/expense reported in the Income Statement	(922)	26

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

The current UK Corporation Tax rate of 19% became effective from 1 April 2017, resulting in a statutory UK Corporation Tax rate of 19% for the year ended 31 October 2021 for the Company.

The UK Government announced an increase in the UK Corporation Tax rate from 19% to 25% effective from 1 April 2023. This was substantively enacted on 24 May 2021. The effect of this rate change has been to increase the deferred tax assets of the Company by a £2,017,000 credit through the Income Statement and a £3,659,000 charge to equity.

The increase in the UK Corporation Tax rate will lead to a statutory UK Corporation Tax rate for the Company of 22.52% for the year ending 31 October 2023 and 25% for years ending 31 October 2024 onwards.

The deferred tax asset has been stated at the rate at which the temporary differences are expected to reverse, except where the timing of the reversal is clearly known.

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

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Computer equipment £000	Office furniture and equipment £000	Total £000
Cost:				
At 31 October 2020	3,896	9,091	1,930	14,917
Additions	-	1,343	3	1,346
Disposals	(21)	(880)	(25)	(926)
At 31 October 2021	3,875	9,554	1,908	15,337
Depreciation:				
At 31 October 2020	2,537	6,766	1,552	10,855
Charge for the year	304	1,191	234	1,729
Disposals	(13)	(840)	(25)	(878)
At 31 October 2021	2,828	7,117	1,761	11,706
Net book value:				
At 31 October 2021	1,047	2,437	147	3,631
At 31 October 2020	1,359	2,325	378	4,062

There are no restrictions on the Company's title to the above assets and none are pledged as security for liabilities. The cost of fully depreciated property, plant and equipment which is still in use at 31 October 2021 is £5,739,000 (31 October 2020: £6,999,000).

11. LEASES

Company as a lessee

The Company has lease contracts predominantly for office buildings, but also for datacentres used by the Company and the Group. Leases generally have lease terms between 4 to 12 years.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are some lease contracts which include extension and termination options and variable lease payments.

The Company also leases certain items of IT and office equipment with lease terms of 12 months or less and has some low value leases. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

11. LEASES (continued)

Set out below are the carrying amounts of ROU assets recognised and the movements during the year:

	Note	Property £000	Datacentres £000	Intangibles £000	Total £000
ROU assets					
At 1 November 2019 (as restated)		22,751	1,245	-	23,996
Depreciation expense	4(b)	(2,645)	(312)	-	(2,957)
Other movements		(31)	2	-	(29)
At 31 October 2020		20,075	935	-	21,010
Additions		-	515	475	990
Depreciation expense	4(b)	(2,588)	(406)	(79)	(3,073)
Other movements		(621)	29	-	(592)
At 31 October 2021		16,866	1,073	396	18,335

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Note	2021 £000	2020 £000
Lease liabilities			
At 1 November		22,439	25,830
Additions		990	-
Accretion of interest	8	557	644
Payments		(3,819)	(3,405)
Other movements		(597)	(630)
At 31 October		19,570	22,439

	31 October 2021 £000	31 October 2020 £000
Non-current	16,466	19,570
Current	3,104	2,869

Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect. At 31 October 2021 £617,000 (31 October 2020: £892,000) of the Company's lease liabilities are subject to inflation-linked rentals and a further £18,032,000 (31 October 2020: £21,276,000) are subject to rent reviews. Rental reviews typically occur no earlier than every five years.

The following are the amounts recognised in profit or loss:

	Notes	2021 £000	2020 £000
Depreciation expense of ROU assets	4(b)	3,073	2,957
Interest expense on lease liabilities	8	557	644
Expense relating to short-term leases (included in operating expenses)		15	88
Expense relating to leases of low-value assets (included in operating expenses)		3	18
Total expense recognised in profit or loss		3,648	3,707

11. LEASES (continued)

The Company has lease contracts for office buildings that contains variable payments based on annual increases in rent based on CPI.

The Company had fixed rent payments of £3,820,000 in 2021 (2020: £3,405,000).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased office buildings and IT infrastructure and align with the Group's business needs. In accounting for the leases, management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

No termination options are expected to be exercised at 31 October 2021.

12. INTANGIBLE ASSETS

	Software and licences £000
Cost:	
At 31 October 2020	16,812
Additions	896
Disposals	(897)
At 31 October 2021	16,811
Amortisation:	
At 31 October 2020	15,407
Charge for the year	667
Disposals	(897)
At 31 October 2021	15,177
Net book value:	
At 31 October 2021	1,634
At 31 October 2020	1,405

Software and licences additions consists of £545,000 (31 October 2020: £578,000) of internally generated software and £351,000 (31 October 2020: £178,000) of acquired licences. The cost of fully amortised software and licences which are still in use at 31 October 2021 is £12,461,000 (31 October 2020: £13,945,000).

13. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 October 2021			31 October 2020		
	Assets £000	**Liabilities £000**	**Net £000**	**Assets £000**	**Liabilities £000**	**Net £000**
Employee benefits	8,069	(17,155)	(9,086)	5,767	(13,592)	(7,825)
Property, plant and equipment	3,024	-	3,024	2,852	-	2,852
Unused tax losses	1,130	-	1,130	921	-	921
Deferred tax assets/(liabilities)	12,223	(17,155)	(4,932)	9,540	(13,592)	(4,052)

Based on profit forecasts, the Directors believe it is appropriate to recognise a deferred tax asset for various employee benefit amounts, depreciation in advance of capital allowances and unused tax losses, as it is considered probable that there will be suitable future taxable profits in the Company and other UK entities in the next five years from which the underlying temporary differences can be deducted. Under current UK Corporation Tax legislation, all of the temporary differences disclosed above can be carried forward indefinitely to be utilised against future trading profits in the Company or other UK entities in the same tax grouping.

(b) Movement in temporary differences during the year

	1 November 2020 £000	**Credited to profit or loss £000**	**Tax expense recognised in equity £000**	**31 October 2021 £000**
Employee benefits	(7,825)	2,092	(3,353)	(9,086)
Property, plant and equipment	2,852	172	-	3,024
Unused tax losses	921	209	-	1,130
	(4,052)	2,473	(3,353)	(4,932)

	1 November 2019 £000	**(Charged)/ credited to profit or loss £000**	**Tax expense recognised in equity £000**	**31 October 2020 £000**
Employee benefits	(6,396)	(698)	(731)	(7,825)
Property, plant and equipment	2,993	(141)	-	2,852
Unused tax losses	523	398	-	921
	(2,880)	(441)	(731)	(4,052)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. LOAN RECEIVABLE

	31 October 2021 £000	31 October 2020 £000
Non-current:		
Loan owed by group subsidiary	86,484	66,580
Allowance for expected credit losses	(43)	(846)
	86,441	65,734

The loan is between the Company and BMO AM Treasury Limited. The loan is unsecured, repayable on demand and is subject to interest at 3-month LIBOR minus 0.25% margin. The Company does not expect to receive full repayment of this loan within the next year, however, the loan will be drawn down as required to enable all liabilities to be met as they fall due, including those within 12 months

With effect from 1 November 2021, the Company's loan owed by BMO AM Treasury Limited is subject to interest of the average SONIA rate less 40%. This interest rate was used when assessing the allowance for expected credit losses at 31 October 2021.

An impairment analysis is performed on the loan receivable balance at each reporting date to measure expected credit losses. The calculation reflects the time value of money associated with recovery of the loan receivable. The discount rate applied at 31 October 2021 was 0.03% per annum (31 October 2020: 0.57% per annum). £803,000 of the impairment allowance recognised at 31 October 2020 was reversed during 2021 resulting in an impairment allowance of £43,000 at 31 October 2021.

15. TRADE AND OTHER RECEIVABLES

	31 October 2021 £000	31 October 2020 £000
Current:		
Amounts owed by group subsidiaries	39,028	18,732
Amounts owed by BMO Group entities	786	6,688
Prepayments	1,645	1,451
VAT receivable	698	545
Employee benefit assets	937	473
Group relief receivable	1,329	297
Other receivables	1,259	280
Amounts owed by parent company	-	256
	45,682	28,722

Amounts owed by group subsidiaries and amounts owed by parent company at 31 October 2021, include £21,250,000 (31 October 2020: £4,240,000) in relation to accrued income for intra-group revenues.

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

16. CASH AND CASH EQUIVALENTS

	31 October 2021 £000	31 October 2020 £000
Cash at bank	3,929	1,537

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

The Company determined that the expected credit losses on cash and cash equivalents were immaterial at both reporting dates. The fair value of cash and cash equivalents at the reporting dates is as shown above.

17. PROVISIONS

	NIC on share schemes £000	Long-term sickness £000	Restructuring £000	Long-term service award £000	Total £000
At 1 November 2019	7,606	1,316	4,581	121	13,624
Provided during the year	874	183	284	11	1,352
Utilised during the year	(2,095)	(183)	(1,263)	(1)	(3,542)
Released during the year	(333)	(115)	(3,318)	-	(3,766)
At 31 October 2020	6,052	1,201	284	131	7,668
Provided during the year	4,883	187	1,443	-	6,513
Utilised during the year	(1,663)	(167)	(280)	(3)	(2,113)
Released during the year	(219)	-	(4)	(7)	(230)
At 31 October 2021	9,053	1,221	1,443	121	11,838
At 31 October 2021					
Non-current liabilities	2,793	982	-	121	3,896
Current liabilities	6,260	239	1,443	-	7,942
At 31 October 2020					
Non-current liabilities	1,849	1,029	-	131	3,009
Current liabilities	4,203	172	284	-	4,659

NIC on share schemes
This provision represents the expected employer's NIC liabilities in respect of a number of share-based payment schemes operated by the Company. The provision is subject to movements in the BMO share price, movements in the Sterling/Canadian dollar exchange rate, the extent to which awards are forfeited and, where eligible, the timing of when employees choose to exercise options. The current element of the provision for NIC on share schemes relates to awards which are expected to vest within one year.

Long-term sickness
The Company has long-term sickness insurance arrangements which cover the cost of absence from work of all current employees. However, the cost of employees who became long-term absentees prior to these arrangements being established is self-insured by the Company. The provision represents the expected present value of income protection payments due to these individuals. This provision has been quantified on the assumption that all employees currently on long-term sick leave will not return to the employment of the Company. The discount rate and salary growth assumptions used in each year are identical to those used for the purposes of determining UK defined benefit pension obligations (as disclosed in note 23(b)(iii)).

17. PROVISIONS (continued)

Restructuring
During 2019, a restructuring provision of £4,588,000 was recognised, as part of a wider ongoing BMO Financial Group restructuring programme, reflecting the expected redundancy costs associated with the achievement of planned operational efficiencies. During 2021, £280,000 (2020: £1,263,000) of this provision was utilised, with an additional £1,443,000 (2020: £284,000) being provided and £4,000 (2020: £3,318,000) released unutilised. The exact timing and quantum are subject to change. The release in both years reflects changes in the final quantum paid to employees as well as a change in the composition of employees impacted by the restructuring activity.

Long-term service award
This provision represents the obligation in respect of long-term service benefits to which some employees are entitled, including incremental holiday entitlement and long-term service awards. The exact number of employees who will receive this award is uncertain in nature.

18. EMPLOYEE BENEFITS LIABILITIES

	Note	31 October 2021 £000	31 October 2020 £000
Non-current:			
Share-based payment liabilities	24	18,488	13,400
Other employee benefit payables		1,493	1,652
Bonus accruals		1,978	542
Employment related taxation accruals		361	164
		22,320	15,758
Current:			
Bonus accruals		29,531	23,510
Share-based payment liabilities	24	19,633	10,500
Employment related taxation accruals		4,614	3,618
Other employee benefit payables		2,687	3,592
		56,465	41,220

19. TRADE AND OTHER PAYABLES

	31 October 2021 £000	31 October 2020 £000
Non-current:		
Accruals	29	39
Current:		
Accruals	6,581	2,023
Trade payables	2,213	1,052
Amounts owed to BMO Group entities	1,838	48
Group relief payable	1,490	-
Amounts owed to parent company	396	-
Other payables	38	8
	12,556	3,131

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

20. SHARE CAPITAL

	31 October 2021 £	31 October 2020 £
Authorised:		
1 Ordinary share of £1	1	1
Issued and fully paid:		
1 Ordinary share of £1	1	1

The holder of the Ordinary share 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 at meetings of the Company. The Ordinary share does not confer any rights of redemption.

21. RESERVES

The analysis of movements in reserves is disclosed within the Statement of Changes in Equity on page 17.

Retained earnings
Movements in retained earnings comprise:

- net profits and losses recognised through the Income Statement;
- dividend distributions to equity holders;
- actuarial gains and losses recognised on pension obligations;
- deferred tax on actuarial gains and losses; and
- transactions relating to equity-settled share-based payments, and deferred tax movement on share-based payments reflected through equity.

22. COMMITMENTS

Capital commitments
There was no capital expenditure contracted for, but not provided for, in the Financial Statements at 31 October 2020 or 31 October 2019.

23. PENSION BENEFITS

The Company operates a defined benefit pension plan in the United Kingdom, the F&C Asset Management Pension Plan (FCAM Plan). The Company is the sole participating employer in the FCAM Plan. This UK plan provides benefits calculated using salary data of the participants. The defined benefit plan is closed to new entrants, with all new employees being eligible to benefit from defined contribution arrangements, which provide greater certainty over the future cost to the Company.

The Company's defined benefit pension plan is based on final salary payments and benefits are adjusted in line with the plan's rules (e.g. in line with price inflation) once in payment during retirement. The level of benefits provided depends on the member's length of service and pensionable salary at retirement date or date of leaving, if earlier. The defined benefit pension plan requires contributions to be made to a separately administered fund. The Plan is wholly funded.

The defined benefit pension plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. Further details are set out under 23(g).

The net pension surplus is recognised in the Statement of Financial Position and is stated gross of the related deferred tax liability.

The results of the latest full actuarial valuation were updated at 31 October 2021 by a qualified independent actuary.

23. PENSION BENEFITS (continued)

The net pension surplus of the Company in respect of the FCAM Plan is as follows:

	Note	31 October 2021 £000	31 October 2020 £000
Fair value of plan assets	23(d)	399,664	399,193
Benefit obligations	23(d)	(328,636)	(327,654)
Total net pension surplus		71,028	71,539

Disclosure relating to the Company's defined benefit pension obligations

(a) Plan assets

	31 October 2021 £000	%	31 October 2020 £000	%
Plan assets				
Liability Driven Investment (LDI) pools	291,366	73	289,791	73
Bonds and private credit funds	75,638	19	85,854	21
Equity instruments	29,778	8	23,273	6
Cash and cash equivalents	5,735	1	2,639	1
Insurance contracts	(2,853)	(1)	(2,364)	(1)
Total fair value of plan assets	399,664	100	399,193	100

Included in the table above are the fair value of plan assets that have a quoted market price in an active market (i.e. level 1 assets as defined by IFRS 13 Fair value measurement):

	31 October 2021 £000	31 October 2020 £000
Plan assets		
Equity instruments	13,428	8,373

The plan assets do not include Ordinary shares issued by BMO.

(b) Major assumptions used by the scheme's actuary in respect of benefit obligations

(i) Mortality assumptions
The mortality assumptions used for the FCAM Plan are:

	31 October 2021	31 October 2020
Mortality table for males retiring in the future	100% S3PMA L CMI 2018 1.5%	100% S3PMA L CMI 2018 1.5%
Mortality table for females retiring in the future	99% S3PFA L CMI 2018 1.5%	99% S3PFA L CMI 2018 1.5%
Mortality table for current male pensioners	96% S3PMA L CMI 2018 1.5%	96% S3PMA L CMI 2018 1.5%
Mortality table for current female pensioners	93% S3PFA L CMI 2018 1.5%	93% S3PFA L CMI 2018 1.5%

The mortality improvements use a smoothing factor (s-kappa) of 7.5 and an initial improvement adjustment parameter A=0.

23. PENSION BENEFITS (continued)

(ii) Impact of mortality assumptions

To demonstrate what these mortality assumptions mean in respect of the FCAM Plan, the expected ages at death of members retiring at age 60 are as follows:

	31 October 2021 Years	31 October 2020 Years
Expected age at death for a male retiring in the future at age 60, currently aged 40	90	90
Expected age at death for a female retiring in the future at age 60, currently aged 40	92	92
Expected age at death for a current male pensioner aged 60	89	89
Expected age at death for a current female pensioner aged 60	91	91

(iii) Discount rate and growth assumptions

The Company updated its approach to setting CPI inflation assumptions for the 2020 year end in light of the RPI reform proposals published by the UK Chancellor (subsequently confirmed in November 2020). The Company used an assumed difference between RPI and CPI of 1% in the period to 2030 and 0% for the period from 2030 onwards, compared to a deduction of 0.9% at each term for the prior year end. The estimated impact of the change was an increase of approximately £600,000 in the defined benefit obligation in the FCAM Plan at 31 October 2020.

The assumptions used to determine benefit obligations are as follows:

	31 October 2021	31 October 2020
Discount rate	1.82%	1.68%
Rate of salary increase	2.00%	2.00%
Rate of pension increases (LPI 5%)*	3.23%	2.88%
Rate of inflation increase (RPI)†	3.43%	3.00%

* LPI - Limited Price Indexation
† RPI - Retail Price Index

The assumptions used to determine the net pension income for each year, are as follows:

	2021	2020
Discount rate	1.68-1.73%	1.99-2.01%
Rate of salary increase	2.00%	2.00%
Rate of pension increases (LPI 2.5%)	1.93%	2.10%
Rate of inflation increase (RPI)	2.95%	2.96%

(iv) Sensitivities

The sensitivity impact has been measured based on reasonably possible changes of each assumption at the reporting date, while holding all other assumptions constant. In practice, it is unlikely that any assumption would change in isolation.

23. PENSION BENEFITS (continued)

An estimate of the sensitivities regarding the principal assumptions used to measure the FCAM Plan's liabilities are set out below:

Assumption	Change in assumption	Estimated impact on FCAM Plan liabilities at 31 October 2021
Life expectancy	Increase/decrease by 1 year	Increase/decrease by 4.3% (31 October 2020: 4.1%)
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 2.1% (31 October 2020: 2.1%)
Inflation	Increase/decrease by 0.1%	Increase/decrease by 1.7% (31 October 2020: 1.8%)
Pension increases	Increase/decrease by 0.1%	Increase/decrease by 1.5% (31 October 2020: 1.4%)
Salary increases	Increase/decrease by 0.1%	Increase/decrease by 0.0%* (31 October 2020: 0.0%*)

* The salary increase sensitivity is shown as nil as the FCAM Plan has a limit on pensionable salary increases of 2.0% per annum. Given the current level of assumed future inflation, there is no effect from a 0.1% change in future salary increases.

The sensitivity analysis has been prepared using a similar method to the benefit obligation with one assumption varied in isolation. There have been no changes to the methods used to prepare the sensitivity analysis since the previous reporting year. The assumptions used have changed in line with those used to calculate the benefit obligation.

(c) Profile of Plan membership

The profile of the current membership of the Company's defined benefit arrangement is as follows:

	31 October 2021		31 October 2020	
	% of total membership	Average age	% of total membership	Average age
Active members	3%	52	3%	52
Deferred members	65%	51	65%	51
Pensioners	32%	69	32%	69
	100%		100%	

The member profile of the liabilities of the defined benefit Plan is as follows:

	31 October 2021 £000	31 October 2020 £000
Active members	24,681	25,773
Deferred members	117,690	129,695
Pensioners	186,265	172,186
Benefit obligations	328,636	327,654

The weighted average duration of benefit obligations at 31 October 2021 is 20 years (31 October 2020: 21 years). This is based on the life expectancy assumptions for the relevant obligation.

23. PENSION BENEFITS (continued)

The expected future benefit payments from the defined benefit arrangements are as follows:

	£000
Expected future benefit payments:	
Year ended 31 October 2022	6,856
Year ended 31 October 2023	7,314
Year ended 31 October 2024	7,836
Year ended 31 October 2025	8,385
Year ended 31 October 2026	8,852
Years ended 31 October 2027-2031	53,027

(d) Disclosures

	2021 £000	2020 £000
Change in benefit obligations:		
Benefit obligations at 1 November	327,654	312,825
Current service cost	713	750
Interest cost on pension obligations	5,452	6,167
Actuarial losses/(gains)		
Arising from changes in financial assumptions	9,568	22,054
Arising from experience	(2,932)	(183)
	6,636	21,871
Benefits paid*	(11,819)	(13,959)
Benefit obligations at 31 October	328,636	327,654

* Benefits paid includes individuals who have transferred out of the FCAM Plan.

	2021 £000	2020 £000
Change in plan assets:		
Fair value of plan assets at 1 November	399,193	386,971
Interest income on plan assets	6,659	7,647
Administrative expenses	(24)	(261)
Actuarial gains	5,023	17,914
Employer contributions	632	881
Benefits paid*	(11,819)	(13,959)
Fair value of plan assets at 31 October	399,664	399,193

* Benefits paid includes individuals who have transferred out of the FCAM Plan.

Components of defined benefit pension expense/(income)

	Notes	2021 £000	2020 £000
Operating expenses:			
Current service costs		713	750
Administrative expenses		24	261
	5	737	1,011
Finance income:			
Interest income on pension scheme surplus	7	(1,207)	(1,480)
Total defined benefit pension income recognised in the Income Statement		(470)	(469)

23. PENSION BENEFITS (continued)

	2021 £000	2020 £000
Net actuarial losses immediately recognised in the Statement of Comprehensive Income	(1,613)	(3,957)
Cumulative actuarial gains recognised in the Statement of Comprehensive Income	58,096	59,709

	2021 £000	2020 £000
Actual return on plan assets	11,682	25,561

(e) FCAM Plan pension scheme's details

Date of last triennial actuarial valuation	31 March 2019
Scheme Actuary	Mercer Limited
Method of valuation	Projected Unit
Market value of assets at actuarial valuation date	£369.0m
Level of funding	108%

The 31 March 2022 triennial actuarial valuation has commenced and is expected to be completed in 2023. The FCAM Plan's assets, which are managed by BMO GAM and other external investment managers, are held under the control of the Trustees and are used to secure benefits for the members of the FCAM Plan and their dependants in accordance with the Trust Deed and Rules.

The Plan is subject to the UK Statutory Funding Objective regime, overseen by the Pensions Regulator, which is a form of minimum funding requirement for the purposes of IAS 19 Employee Benefits (revised).

Trustee Board of the FCAM Plan
The appointment of Trustees is determined by the FCAM Plan's trust documentation. The Trustee Board currently consists of four employer appointed Trustees, three member-selected Trustees and an independent Trustee. The independent Trustee is a corporation and also currently the Chair of the Trustee Board. Of the current four employer-appointed and three member-selected Trustees, three are employees of BMO GAM (Europe) Group and four are retired and receiving a pension from the FCAM Plan.

Relationship between the Group and the Trustees of the FCAM Plan
The FCAM Plan's assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The Trustees of the FCAM Plan are required to act in the best interests of the FCAM Plan's beneficiaries.

(f) Future funding requirements

With effect from 1 July 2020, the Group agreed to pay a minimum of 42.1% of pensionable salaries in respect of ongoing benefit accrual. No further deficit recovery contributions are required. The Group also agreed to meet the administrative expenses of the Plan up to an annual maximum of £600,000, and to continue to meet the levies charged by the Pension Protection Fund and any life assurance premiums. The minimum estimated contribution expected to be paid into the Plan during the year ended 31 October 2022 is £583,000 (2021: £651,000).

As the FCAM Plan is a closed scheme, under the projected unit method the current service cost will tend to increase as a percentage of pensionable salaries as the average age of members increases.

23. PENSION BENEFITS (continued)

Contributions to defined benefit scheme
Amounts paid into the Company's defined benefit scheme in the past two reporting periods, and expected future payments over the next five years, are as follows:

	£000
Contributions paid:	
Year ended 31 October 2020	881
Year ended 31 October 2021	632

	£000
Expected future contributions:	
Year ended 31 October 2022	583
Year ended 31 October 2023	569
Year ended 31 October 2024	581
Year ended 31 October 2025	592
Year ended 31 October 2026	604

(g) Risk management

Market (investment) risk
The Trustees set the general investment policy but delegate the responsibility for the selection of specific investments (other than investments in respect of members' voluntary contributions) to the investment managers. The Trustees regularly monitor the FCAM Plan's investments.

The Trustees seek advice from their investment advisor and believe they have sufficient skills and expertise to make investment decisions based on this advice. The Trustees have set performance and risk targets for the investment managers. The performance objectives are long-term, and the Trustees monitor the investment managers on a regular basis in order to ensure that the FCAM Plan is on track to meet its long-term objectives. If the assets of the FCAM Plan do not perform as expected, the Company may have to make additional contributions to make up the shortfall.

The results of an asset-liability review undertaken alongside the 31 March 2019 actuarial valuation of the FCAM Plan have been used to assist the Trustees and the Company in managing volatility in the underlying investment performance and the risk of a significant change in the FCAM Plan's surplus by providing information used to determine the FCAM Plan's investment strategy.

There were no changes to the investment strategy during the year. The holding in short dated corporate bonds is included in the Private Credit category in the earlier breakdown.

Interest rate and inflation risk
The liabilities of the FCAM Plan are calculated with respect to the yields available on government bonds. In addition, a large part of the benefits under the FCAM Plan are linked to price inflation. Hence, if interest rates fall, or inflation expectations rise without a corresponding increase in the value of the FCAM Plan assets, a shortfall will arise and the Company may have to make additional contributions in order to rectify this.

The Trustees have implemented an LDI strategy in order to hedge the interest and inflation risk. This strategy uses leverage such that the exposure to interest rates and inflation is higher than the face value of the LDI asset.

23. PENSION BENEFITS (continued)

Longevity risk
If members live longer than anticipated, the value of the FCAM Plan's liabilities will increase. The current assumptions include an allowance for life expectancy to increase over time; however, it is possible that rates of improvement could be faster than assumed. The corresponding increase in liabilities could lead to an increase in the contributions required to fund the FCAM Plan.

During 2016, the Trustees, with the agreement of BMO Asset Management (Holdings) plc, extended their liability hedging strategy by entering into a named-life longevity swap contract in respect of the pensioner members of the Plan at that point. No initial consideration was paid but the FCAM Plan will make a series of fixed payments over the expected lifetimes of the named members and in return will receive a series of floating payments over the actual lifetimes of those members. The effect of this longevity hedge is to fix the FCAM Plan's exposure to longevity for the pensioners covered and transfer their longevity risk to an insurance company regulated by the Prudential Regulation Authority. This eliminates the risk of additional contributions being required in the event of the relevant members living longer than expected. A premium for the risk transfer is paid incrementally over the life of the long-term insurance contract.

Currency risk
In order to increase the diversification of the equity portfolio, the FCAM Plan invests in overseas assets. However, the FCAM Plan's liabilities are denominated entirely in Sterling and, therefore, there is a risk that the appreciation of Sterling against other currencies will reduce the return from overseas assets.

Operational risk
The investment managers do not directly hold any of the FCAM Plan's securities; these are held by an external custodian. The assets are ring-fenced from the Group's creditors and are therefore transferable.

(h) Cost of Company defined contribution plan

	2021 £000	2020 £000
Company personal pension plan contributions	4,542	4,383

The Company had no outstanding pension contributions as at 31 October 2021 (31 October 2020: £552,000).

24. SHARE-BASED PAYMENTS

The Company operates and participates in share-based payment plans as part of its total employee compensation arrangements.

Summary

The total expense recognised during the year in respect of cash-settled share-based payment plans is as follows:

	Notes	2021 £000	2020 £000
By plan:			
BMO Omnibus Restricted Share Unit Plan (BMO RSU)	24(a)	27,529	6,342
BMO UK Employee Share Ownership Plan (BMO ESOP)	24(b)	151	145
Total share-based payment expense		27,680	6,487

24. SHARE-BASED PAYMENTS (continued)

	Note	31 October 2021 £000	31 October 2020 £000
Total carrying amount of cash-settled liabilities	18	38,121	23,900

The details of each plan are disclosed below.

Details of the key assumptions used and the fair value of awards have been disclosed only for awards granted during the year ended 31 October 2021. Details of awards granted in previous accounting periods are disclosed in the previous periods' Financial Statements.

The fair value of services received in return for awards granted is measured by reference to the fair value of share awards granted.

The cumulative expense for each award is adjusted during, and at the end of, the vesting period, after allowing for actual forfeitures.

The price of BMO shares at 31 October 2021 was CAD 134.37 (31 October 2020: CAD 79.33).

The weighted average BMO share price for the year ended 31 October 2021 was CAD 114.37 (31 October 2020: CAD 83.11).

The following table provide analysis of awards granted during the year ended 31 October 2021:

BMO Omnibus Restricted Share Unit Plan

Award:	BMO RSU	BMO RSU	BMO RSU
Award date	14 December 2020	4 January 2021	4 March 2021
Number of awards granted	211,391.91	2,311.68	872.08
Grant value per unit*	CAD 89.73	CAD 89.73	CAD 101.12
Exercise price	CAD 0.00	CAD 0.00	CAD 0.00
Vesting period	36 months	11 months	36 months
Full term of award	36 months	11 months	36 months
Expected dividend yield	4.7%	4.7%	4.2%
Expected forfeiture rate	0%	0%	0%
Fair value per award at measurement date	CAD 89.73	CAD 89.73	CAD 101.12
Valuation basis	market price	market price	market price

* The BMO RSU plan calculates grant award and vesting prices utilising the average BMO share price in the 20 days preceding the grant and vesting dates. The foreign exchange rate used to convert from CAD to local currency is set on the trading date prior to the vesting date.

(a) BMO Omnibus Restricted Share Unit (BMO RSU) Plan

The BMO RSU plan is a mid-term incentive plan designed to reward recipients for performance over the medium term. This was the main medium-term incentive scheme for the Group under the ownership of BMO.

The BMO RSU awards are only subject to a time-vesting period, usually three years. The value of the awards will vary according to the BMO share price and the relevant foreign exchange rate. BMO RSUs also earn dividend equivalents that are credited to the employee's account as additional BMO RSUs. Once the awards vest, the value of the notional shares is paid to the employees in cash. The rules of the plan include good and bad leaver clauses.

24. SHARE-BASED PAYMENTS (continued)

At 31 October 2021 the following BMO RSU awards were outstanding:

Grant date	No. of awards outstanding	Earliest vesting date
17 December 2018	203,672.33	1 December 2021
4 January 2021	2,311.68	1 December 2021
5 March 2020	210.60	1 January 2022
7 June 2019	20,285.23	1 June 2022
5 March 2020	2,508.77	1 December 2022
16 December 2019	176,149.26	1 December 2022
5 March 2020	245.71	1 January 2023
14 December 2020	201,450.15	1 December 2023
4 March 2021	872.08	1 March 2024

All BMO RSU awards have no exercise price. The awards outstanding at 31 October 2021 have a weighted average outstanding term of 1.1 years (31 October 2020: 1.1 years).

(b) BMO UK Employee Share Ownership Plan (BMO ESOP)

The ESOP provides an opportunity for employees employed in the UK to buy shares in BMO out of pre-tax income (Partnership Shares). BMO contributes 1 share for every 2 shares bought by an employee (Matching Shares). The Matching Shares are treated as a share-based payment. Dividends are paid on a per share basis. Dividends are reinvested in additional BMO shares (Dividend Shares).

The Partnership, Matching and Dividend Shares are held in a BMO Financial Group Employee Benefit Trust. Withdrawal of Partnership or Matching Shares within 5 years of allocation and Dividend Shares within 3 years of allocation will result in a liability to income tax. If Partnership Shares are taken out within 1 year of their allocation then associated Matching Shares will be forfeited.

Following the acquisition of the Group by Ameriprise the ESOP shares of employees who became part of the Ameriprise Group vested without the requirement to meet further performance obligations. This resulted in the matching shares being settled in full to the employees.

25. CONTINGENT LIABILITIES

Ongoing business operations

In the normal course of its business, the Company may be subject to matters of litigation or dispute. While there can be no assurances, at this time the Directors believe, based on the information currently available to them, that it is not probable that the ultimate outcome of any of these matters will have a material adverse effect on the financial condition of the Company.

26. 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 at 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

At the reporting date, 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.

27. EVENTS AFTER THE REPORTING PERIOD

(i) Acquisition of the BMO Global Asset Management (Europe) Group by Ameriprise Inc.

On 12 April 2021, BMO announced that agreement had been reached to sell its asset management business in EMEA to Ameriprise Financial, Inc (Ameriprise), which is incorporated in Delaware, United States of America. The transaction completed on 8 November 2021.

The Company is part of the BMO GAM E Group, which formed a significant element of BMO's asset management business in EMEA, Therefore, as part of the broader transaction agreed with BMO, Ameriprise, via its subsidiary Columbia Threadneedle Investments UK International Limited, has acquired the entire share capital of BMO Global Asset Management (Europe) Limited, and as such, the BMO GAM E Group has transferred to become part of the Columbia Threadneedle Investments asset management business within Ameriprise.

As highlighted in the Strategic Report on page 2, the Group incurred a number of incremental costs arising in the lead up to the completion of the Ameriprise acquisition, and this impacted the level of costs borne by the Company for the financial year. It is inevitable that following the completion of the Transaction the cost base of the Company is likely to be impacted to some extent, positively or negatively, for the year to 31 October 2022 and beyond, thus also impacting the revenues of the Company. However, at this time it is not possible to quantify the extent of any financial impact. Ameriprise is now the Company's ultimate parent. Copies of the consolidated financial statements of Ameriprise Financial, Inc can be obtained from the Corporate Secretary's Office, Ameriprise Financial, Inc., 1098 Ameriprise Financial Center, Minneapolis, Minnesota, 55474, United States of America.

(ii) Share-based payment awards

Following on from the acquisition of the BMO GAM E Group by Ameriprise, the terms and conditions of the existing BMO RSU awards were maintained. However, the administration (and responsibility for settlement) of the remaining awards transferred from BMO to Ameriprise upon completion.

The following new awards under the Ameriprise Financial Restricted Share Unit Plan were granted after the reporting date:

Award	Grant date	Vesting date	Vesting period	No. of units awarded	Grant value per unit
Ameriprise RSU award	28 January 2022	1 February 2023	12 months	15,231	USD 298.09
Ameriprise RSU award	28 January 2022	1 February 2024	24 months	15,231	USD 298.09
Ameriprise RSU award	1 December 2021	1 December 2024	36 months	14,008	USD 284.94
Ameriprise RSU award	28 January 2022	1 February 2025	36 months	15,399	USD 298.09
Ameriprise RSU award	28 January 2022	1 February 2025	36 months	9,766	USD 298.09

(iii) Russia/Ukraine conflict

During late February 2022, the eastern part of Europe entered into a phase of instability following the military action taken by Russia against Ukraine (the "Situation"). The worsening military situation in Ukraine has led to a humanitarian crisis and deterioration of the Ukrainian economy. As a result, many leading global countries have unveiled a series of sanctions against Russia in an attempt to bring economic pressure on Russia. In addition to the direct impact on the concerned economies and parties in Ukraine and Russia, the impact on other economies is inevitable. More specifically, this is expected to impact economic growth across the United Kingdom, Europe and the United States.

The Group is monitoring the effects of the Situation on the Company and other stakeholders and have assessed that the Situation does not impact the Financial Statements as at 31 October 2021, nor does it impact the ability of the Company to continue as going concern.