

F&C Treasury Limited

(Registered Number 4425921)

**Report & Financial
Statements for
the year ended
31 December 2012**

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F&C TREASURY LIMITED

DIRECTORS AND ADVISERS

REGISTERED NUMBER:

4425921

DIRECTORS.

D Logan
F&C Asset Management plc

SECRETARY.

F&C Asset Management plc
80 George Street
Edinburgh
EH2 3BU

REGISTERED OFFICE.

Exchange House
Primrose Street
London
EC2A 2NY

SOLICITORS:

Norton Rose LLP
3 More London Riverside
London
SE1 2AQ

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

AUDITOR:

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

F&C TREASURY LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and audited financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company is to act as a treasury management company to a number of UK companies in the F&C Asset Management plc Group (F&C Group). The company also acts as an investment holding company.

BUSINESS REVIEW

Results and Dividend

The financial statements for the year ended 31 December 2012 show a loss after tax of £981,000 (2011 profit after tax of £9,000,000). The directors do not recommend the payment of a final dividend (2011 £nil), no interim dividend (2011 £nil) was approved and paid during the year.

Trading Performance and Development of the Business

The company did not receive any dividends during 2012 from F&C Fund Management Limited, a subsidiary undertaking, which recognised a profit after tax of £6.3 million. As a result, the company incurred a loss during the year primarily as a result of its interest expense being greater than interest income.

The principal reason for the operating profit in 2011 is due to the reversal of £5,525,000, being part of a provision of £6,595,000 recognised in 2010 in relation to loans to fellow subsidiary undertakings. This partial reversal arises due to a re-assessment at 31 December 2011 of the likelihood of recovery of the loan.

The company is in a net liability position at 31 December 2012 and 31 December 2011 mainly as a result of the investment impairment charges incurred in previous periods. The company is dependent on continuing finance being made available by its immediate and ultimate parent undertaking, F&C Asset Management plc, to enable it to continue operating and to meet its liabilities as they fall due. F&C Asset Management plc has agreed to provide sufficient funds to the company for those purposes. F&C Asset Management plc has also advised that it will give written notice of more than one year for the repayment of £60,000,000 of the total debt owed by the company. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis and they believe that the future profitability of the company will be sufficient to return the company to a net asset position in due course.

Going Concern

The company has net liabilities of £26,169,000 at 31 December 2012 (31 December 2011 £25,188,000). However, the company has continuing financial support from F&C Asset Management plc to allow it to continue operating for the foreseeable future.

Future Developments

The company will continue to act as an investment holding company as well as continuing to perform a treasury function for non-regulated F&C Group companies.

Risks

The directors manage the risks as part of the overall risk management framework within the F&C Group. Members of the F&C Group's executive management are responsible for identifying and evaluating key risks facing their areas of the business and procedures to control these risks, where possible, are reviewed and agreed. The key operational risks facing the company are:

F&C TREASURY LIMITED

REPORT OF THE DIRECTORS (continued)

Risks (continued)

Financial risk

The company adopts a low risk approach to treasury management and financial risks in relation to shareholder equity, seeking to manage and preserve its capital. The company's treasury function ensures that sufficient cash is retained by the company in respect of short-term working capital requirements.

Credit risk

The majority of debtors at the balance sheet dates are in respect of loans and inter-company balances with other F&C Group undertakings. As the F&C Group's working capital is monitored on an F&C Group-wide basis, the risk of default is considered minimal.

The F&C Group's treasury policy limits the exposure to any one counterparty (in respect of cash and cash equivalents), recognising that each counterparty has been approved by the F&C Counterparty Credit Committee.

Liquidity risk

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

The overall cash position is monitored by the F&C Group as a whole and each individual company within the F&C Group draws on the available cash balance to meet its working capital requirements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2012 were as follows:

A L Grisay	(retired 9 May 2012)
D Logan	(appointed 9 May 2012)
F&C Asset Management plc	

There have been no appointments or resignations of directors since 31 December 2012.

No individual director has any beneficial interest in the share capital of the company. F&C Asset Management plc holds the entire share capital of the company.

DIRECTORS' AND OFFICERS' LIABILITY

The F&C Group maintains insurance cover in respect of directors' and officers' liability.

AUDITOR

The company has passed an elective resolution in accordance with section 487 of the Companies Act 2006 to dispense with the annual appointment of the auditor, consequently KPMG Audit Plc will remain in office.

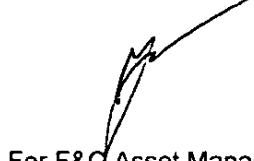
F&C TREASURY LIMITED

REPORT OF THE DIRECTORS (continued)

ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITOR

The directors who held office at the date of approving this Directors' Report 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 he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M. J. ...', written over a horizontal line.

For F&C Asset Management plc
Secretary
25 September 2013

F&C TREASURY LIMITED

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

The directors are responsible for preparing the Directors' Report 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)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

F&C TREASURY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C TREASURY LIMITED

We have audited the financial statements of F&C Treasury Limited for the year ended 31 December 2012 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

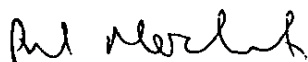
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Saltire Court
Edinburgh
25 September 2013

F&C TREASURY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Administrative expenses		(136)	5,692
OPERATING (LOSS)/PROFIT	2	(136)	5,692
Dividends received from subsidiary undertakings		-	4,000
Interest receivable	4	774	648
Interest and similar charges payable	5	(1,937)	(1,529)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,299)	8,811
Taxation on (loss)/profit on ordinary activities	6	318	189
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	(981)	9,000

All amounts relate to continuing operations

The company has no recognised gains or losses in the current or preceding years other than those shown in the profit and loss account above

The notes on pages 9 to 16 form an integral part of these financial statements

F&C TREASURY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

(Registered Number 4425921)

	Notes	31 December 2012 £000	31 December 2011 £000
FIXED ASSETS			
Investment in subsidiary	7	176,173	176,173
CURRENT ASSETS			
Debtors amounts falling due			
Within one year	8	78,765	72,802
Short term deposits		4,666	12,438
Cash at bank		84	554
		<u>83,515</u>	<u>85,794</u>
CREDITORS Amounts falling due within one year	9	<u>(225,857)</u>	<u>(227,155)</u>
NET CURRENT LIABILITIES		<u>(142,342)</u>	<u>(141,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,831	34,812
CREDITORS: Amounts falling due after more than one year	9	<u>(60,000)</u>	<u>(60,000)</u>
NET LIABILITIES		<u>(26,169)</u>	<u>(25,188)</u>
CAPITAL AND RESERVES			
Called up share capital	11, 12	-	-
Profit and loss account	12	<u>(26,169)</u>	<u>(25,188)</u>
TOTAL SHAREHOLDER'S FUNDS	12	<u>(26,169)</u>	<u>(25,188)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2013. They were signed on its behalf by



D Logan
Director

The notes on pages 9 to 16 form an integral part of these financial statements

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently throughout the years ended 31 December 2012 and 31 December 2011

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

Going concern

The company is dependent on continuing finance being made available by its immediate and ultimate parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. F&C Asset Management plc has agreed to provide sufficient funds for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Subsidiary undertakings

The company has taken exemption under section 401 of the Companies Act 2006 not to prepare group financial statements as it is a wholly-owned subsidiary of F&C Asset Management plc, a company incorporated in Scotland, which prepares consolidated financial statements.

Dividend recognition

Dividend receivables and liabilities are only recognised when the dividends have been declared and approved.

Interest receivable

Interest receivable comprises interest on intra-group loans, interest on bank accounts and other interest and is recognised in the profit and loss account on an accruals basis.

Interest payable

Interest payable comprises interest on intra-group loans and bank interest and charges, and is recognised in the profit and loss account on an accruals basis.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

The carrying value of investments is 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 profit and loss account in the year in which it arises.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Deferred taxation (continued)

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Current tax

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

Related party disclosures

FRS 8 'Related Party Disclosures' requires disclosure of the details of material transactions between the reporting entity and related parties. The company has taken advantage of the exemption in FRS 8 not to disclose transactions between F&C Group companies which eliminate on consolidation. As members of the F&C REIT Property Asset Management LLP Group (F&C REIT Group) do not meet the 100% ownership criteria all transactions between the F&C REIT Group and entities in the F&C Group are considered to be disclosable related party transactions.

Cash flow statement

The company has taken advantage of the exemptions of FRS 1 (revised) 'Cash Flow Statements' and has elected not to prepare its own cash flow statement as it is included within the Consolidated Statement of Cash Flows in the financial statements of F&C Asset Management plc, its immediate and ultimate parent undertaking.

2. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting)

	2012	2011
	£000	£000
Provision for bad debt on loan (note 8)	2	(5,525)
Auditors' remuneration – audit of these financial statements	15	15

Amounts receivable by the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the financial statements of the company's immediate and ultimate parent undertaking, F&C Asset Management plc.

The company had no employees during the year ended 31 December 2012 (2011: nil)

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments for their services to the company during the year ended 31 December 2012 (2011 £nil)

The emoluments of A L Grisay and D Logan are disclosed within the financial statements of F&C Asset Management plc, the immediate and ultimate parent undertaking

4. INTEREST RECEIVABLE

	2012 £000	2011 £000
Interest on loans to group undertakings	691	530
Bank interest receivable	53	118
Other interest receivable	30	-
	774	648

5. INTEREST AND SIMILAR CHARGES PAYABLE

	2012 £000	2011 £000
Interest on loans from group undertakings	1,936	1,528
Bank interest and charges	1	1
	1,937	1,529

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
UK Corporation Tax		
UK Corporation Tax credit on (loss)/profit for the year	(318)	(189)
Total current tax credit for the year	(318)	(189)
Factors affecting the tax credit for the year		
The tax credit assessed for the year is equal to (2011 lower than) the standard rate of Corporation Tax in the UK of 24.5% (2011 26.5%)		
The differences are explained below		
(Loss)/profit on ordinary activities before taxation	(1,299)	8,811
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 24.5% (2011 26.5%)	(318)	2,335
Effect of		
Non-taxable income	-	(1,060)
Disallowed expenses	-	(1,464)
Current tax credit for the year	(318)	(189)

Factors affecting future tax charges

Two UK corporation tax rate reductions were substantively enacted during 2012. The statutory corporation tax rate of 24% became effective from 1 April 2012, leading to a statutory UK corporation tax rate of 24.5% for 2012 for the company.

The 1% reduction to 23%, effective from 1 April 2013, was substantively enacted on 3 July 2012 and will lead to a statutory UK corporation tax rate of 23.25% for 2013.

Since the reporting date, the 2013 Finance Bill has enacted the further 3% reduction in the corporation tax rate. A 2% reduction to 21% will become effective from 1 April 2014 and the remaining 1% will be effective from 1 April 2015. This will bring the effective tax rate to 20% for the company by 2016.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN SUBSIDIARY

	£
Cost	
Balance at 31 December 2010, 31 December 2011 and 31 December 2012	<u>176,173,000</u>

In the opinion of the directors, the aggregate valuation of the company's investments is not less than the amount at which the investments are stated in the balance sheet

Details of subsidiary undertakings at 31 December 2012 are as follows

Subsidiary undertaking	Holding	Percentage interest and voting rights	Country of registration or incorporation	Nature of business
WAM Holdings Limited	Ordinary shares	100	England	Holding company
F&C Property Investments Limited*	Ordinary shares	100	England	Property investment management
F&C Managers Limited*	Ordinary shares	100	England	Investment management
F&C Fund Management Limited*	Ordinary shares	100	England	OEIC investment management

* Subsidiary of WAM Holdings Limited

8. DEBTORS

	31 December 2012 £000	31 December 2011 £000
Amounts falling due within one year		
Loans to fellow subsidiary undertakings (i)	67,163	62,801
Loan to fellow subsidiary undertaking (ii)	10,000	10,000
Group relief receivable	1,158	-
Amount due from fellow subsidiary undertaking	444	-
Interest receivable	-	1
	<u>78,765</u>	<u>72,802</u>

- (i) The loans to the fellow subsidiaries undertakings are unsecured, repayable on demand and subject to interest at 3-month LIBOR minus 0.25% margin

Included in loans to fellow subsidiary undertakings is an amount of £1,072,000 (2011 £1,070,000) in respect of a provision made in relation to loans to fellow subsidiary undertakings where the directors consider recovery unlikely

- (ii) This subordinated loan is to F&C Management Limited. It is repayable on 1 month's notice and subject to interest at 6-month Sterling LIBOR +1%

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 CREDITORS

	31 December 2012 £000	31 December 2011 £000
Amounts falling due within one year		
Loans from fellow subsidiary undertakings	85,938	80,952
Loan from immediate parent undertaking	81,233	94,379
Loans from subsidiary undertakings	50,581	41,619
Corporation tax creditor	7,668	7,668
Other creditors	422	422
Amounts due to immediate parent undertaking	15	17
Amounts due to fellow subsidiary undertakings	-	1,051
Group relief payable	-	1,047
	225,857	227,155
Amounts falling due after more than one year		
Loan from immediate parent undertaking	60,000	60,000
	285,857	287,155

The details of the loans are disclosed within note 10

10 LOANS

The contractual terms of the company's interest bearing loans are as follows

	31 December 2012 £000	31 December 2011 £000
Loans with members of the F&C Asset Management plc Group at 3-month LIBOR minus 0.25% margin, repayable on demand	217,752	216,950
Loan with F&C Asset Management plc at 3-month LIBOR minus 0.25% margin, repayable on more than one year's notice from the lender	60,000	60,000
	277,752	276,950

Repayment periods

	31 December 2012 £000	31 December 2011 £000
Amounts repayable		
In one year or less, or on demand	217,752	216,950
In more than one year but not more than two years	60,000	60,000
	277,752	276,950

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 SHARE CAPITAL

	31 December 2012 £000	31 December 2011 £000
Allotted, called up and fully paid:		
1 ordinary share of £1	-	-

12. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES

	Share capital £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2011	-	(34,188)	(34,188)
Profit on ordinary activities after taxation	-	9,000	9,000
At 31 December 2011	-	(25,188)	(25,188)
Loss on ordinary activities after taxation	-	(981)	(981)
At 31 December 2012	-	(26,169)	(26,169)

13. RELATED PARTY TRANSACTIONS

The company has taken exemption from the requirement to disclose related party transactions with other members of the F&C Asset Management Group with the exception below on the basis that it is a wholly-owned subsidiary

F&C REIT Asset Management LLP Group

F&C Asset Management plc owns 70% of F&C REIT Asset Management LLP. Consequently transactions between F&C Group companies and the F&C REIT Group are required to be disclosed as related party transactions

Loan to F&C REIT Property Asset Management plc

At 31 December 2012 the company was owed £32,384 (31 December 2011 £32,156) by F&C REIT Property Asset Management plc, a subsidiary of F&C REIT Asset Management LLP. Loan interest accrued during the year ended 31 December 2012 was £228 (31 December 2011 £169) of which £228 was outstanding at 31 December 2012 (31 December 2011 £169)

14. CONTINGENT LIABILITIES

In the normal course of its business, the company is 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.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is F&C Asset Management plc. The smallest group of which the company is a member and for which Group Financial Statements are prepared is F&C Asset Management plc, the ultimate parent undertaking. Copies of the Annual Report and Financial Statements are available from its registered office at 80 George Street, Edinburgh, EH2 3BU.

In the directors' opinion, the company's ultimate parent undertaking is considered to be F&C Asset Management plc.