

F&C Treasury Limited

(Registered Number 4425921)

Annual Report & Financial Statements
for the year ended
31 October 2015

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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 LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

F&C TREASURY LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for F&C Treasury Limited (the Company) for the year ended 31 October 2015.

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.

RESULTS AND BUSINESS REVIEW

Results

The Financial Statements show a loss after tax of £168,000 for the year ended 31 October 2015 (period ended 31 October 2014: loss after tax of £1,085,000).

Trading performance and development of the business

The F&C Group was acquired by Bank of Montreal (BMO) on 7 May 2014. In order to align the Company's reporting date with BMO Financial Group, the Company's accounting reference date was changed from 31 December to 31 October, resulting in a reporting period of ten months to 31 October 2014 in the previous period. Therefore, certain amounts presented in these Financial Statements for the year ended 31 October 2015 are not directly comparable with those for the period ended 31 October 2014.

A loss was incurred during the year ended 31 October 2015 primarily as a result of the Company's interest expense being greater than its interest income.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors manage the risks as part of the overall risk management framework within the F&C Group. Members of the F&C Group management team 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 risks facing the Company are:

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.

A significant element of the Company's assets relate to the carrying value of investments in subsidiary undertakings. If there was a permanent reduction in the profits of subsidiary undertakings, then this could lead to an impairment in value of the Company's investments.

F&C TREASURY LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 a 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 Group 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 treasury team within 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.

The Company has net current liabilities of £204,001,000 as at 31 October 2015. It has received a letter of financial support from its immediate parent undertaking which would enable sufficient funding to be received to the extent that the Company had insufficient cash resources to meet its obligations as they fall due.

Proposed exit of the UK from the EU

The referendum on the UK's membership of the European Union (EU) was held on 23 June 2016. The result was a vote to 'Leave'. There is no precedent of any country leaving the EU with the exception of Greenland. It is unclear how the UK's access to the EU Single Market and the wider trading, legal and regulatory environment will be structured in the future. Current expectations are that the UK will only commence the formal exit process later in 2016 at the earliest. The terms of exit are expected to take a significant amount of time to negotiate.

In the short time since the announcement of the referendum result, significant volatility has occurred in global financial markets as a result of the uncertainty created. Significant uncertainties are expected to remain for the medium term. This uncertainty will impact the environment in which the Company's subsidiary undertakings, their clients, and their investors operate, and could impact the financial results of the Company's subsidiaries.

BY ORDER OF THE BOARD



For F&C Asset Management plc
Secretary
26 July 2016

F&C TREASURY LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the Company for the year ended 31 October 2015.

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2014: £nil) and no interim dividend was approved or paid during the year ended 31 October 2015 (period ended 31 October 2014: nil).

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.

The Company has net current liabilities of £204,001,000 at 31 October 2015 (31 October 2014: £203,833,000). However, the Company has continuing financial support from F&C Asset Management plc to allow it to continue operating for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were as follows:

D Logan
F&C Asset Management plc

There have been no appointments or resignations of Directors since 31 October 2015.

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.

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 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



For F&C Asset Management plc
Secretary
26 July 2016

F&C TREASURY LIMITED

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

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

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

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 October 2015 set out on pages 7 to 15. 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 October 2015 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors 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;
- 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 LLP, Statutory Auditor
Chartered Accountants
Saltire Court
Edinburgh
26 July 2016

F&C TREASURY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015

	Notes	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Administrative expenses		394	(365)
OPERATING PROFIT/(LOSS)	2	394	(365)
Interest receivable	4	254	192
Interest and similar charges payable	5	(851)	(703)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(203)	(876)
Tax on loss on ordinary activities	6	35	(209)
LOSS ON ORDINARY ACTIVITIES AFTER TAX	12	(168)	(1,085)

All amounts relate to continuing operations.

The Company has no recognised gains or losses in the current year or preceding period other than those shown in the Profit and Loss Account above.

The notes on pages 9 to 15 form an integral part of these Financial Statements.

F&C TREASURY LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2015

(Registered Number 4425921)

	Notes	31 October 2015 £000	31 October 2014 £000
FIXED ASSETS			
Investment in subsidiary	7	213,692	213,692
CURRENT ASSETS			
Debtors	8	51,081	54,220
Short term deposits		19,824	25,800
Cash at bank		458	238
		<u>71,363</u>	<u>80,258</u>
CREDITORS: Amounts falling due within one year	9	<u>(275,364)</u>	<u>(284,091)</u>
NET CURRENT LIABILITIES		<u>(204,001)</u>	<u>(203,833)</u>
NET ASSETS		<u>9,691</u>	<u>9,859</u>
CAPITAL AND RESERVES			
Called up share capital	11, 12	-	-
Profit and Loss Account	12	<u>9,691</u>	<u>9,859</u>
TOTAL SHAREHOLDER'S FUNDS	12	<u>9,691</u>	<u>9,859</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 26 July 2016.
They were signed on its behalf by:



D Logan
Director

The notes on pages 9 to 15 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 year ended 31 October 2015 and the period ended 31 October 2014.

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.

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, other interest 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 period in which it arises.

If, after an impairment loss has been recognised, the recoverable amount of investments increases as a result of changes in economic conditions or in the expected use of the investments at the reporting date, the resulting reversal of the impairment loss is recognised in the Profit and Loss Account.

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.

Cash at bank and short-term deposits

Cash at bank and short-term deposits comprise cash balances, deposits held at call with banks, and other short-term, highly liquid investments in money-market instruments with original maturity dates of three months or less.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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 within the Annual Report and Financial Statements of F&C Asset Management plc. As members of the BMO Real Estate Partners LLP (formerly F&C REIT Asset Management LLP) Group (BMO REP Group) do not meet the 100% ownership criteria all transactions between the BMO REP 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 parent undertaking.

2. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Provision for bad debt on loan (note 8)	33	660
Auditor's remuneration – audit of these Financial Statements	5	5
Gain on foreign exchange	(432)	(300)

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 parent undertaking, F&C Asset Management plc.

The Company had no employees during the year ended 31 October 2015 (period ended 31 October 2014: nil).

3. DIRECTORS' EMOLUMENTS

No Director received any emoluments in respect of services to the Company for the year ended 31 October 2015 (period ended 31 October 2014: £nil).

4. INTEREST RECEIVABLE

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Interest on loans to group undertakings	184	159
Bank interest receivable	70	30
Other interest receivable	-	3
	254	192

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTEREST AND SIMILAR CHARGES PAYABLE

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
Interest on loans from group undertakings	865	644
Other interest	(15)	59
Bank interest and charges	1	-
	<u>851</u>	<u>703</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 October 2015 £000	Period ended 31 October 2014 £000
UK Corporation Tax		
UK Corporation Tax credit on loss for the year/period	(35)	(47)
Adjustment in respect of previous years	-	256
Total current tax (credit)/charge for the year/period	<u>(35)</u>	<u>209</u>

Factors affecting the tax (credit)/charge for the year/period

The tax credit (2014: charge) assessed for the year is lower (2014: higher) than the standard rate of Corporation Tax in the UK of 20.42% (2014: 21.60%).

The differences are explained below.

Loss on ordinary activities before tax	<u>(203)</u>	<u>(876)</u>
Loss on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20.42% (2014: 21.60%)	(41)	(189)
Effect of:		
Permanent differences	6	142
Adjustment in respect of previous years	-	256
Current tax (credit)/charge for the year/period	<u>(35)</u>	<u>209</u>

Factors affecting future tax charges

The current Corporation Tax rate of 20% became effective from 1 April 2015, resulting in a statutory UK Corporation Tax rate of 20.42% for the year ended 31 October 2015 for the Company.

Future UK Corporation Tax rate reductions to 19% from 1 April 2017 and to 18% from 1 April 2020 respectively were substantively enacted on 26 October 2015.

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

Following an announcement by the Chancellor of the Exchequer at the 2016 Budget Speech on 16 March 2016, the UK rate of Corporation Tax is expected to reduce to 17% by 2020.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN SUBSIDIARY

£000

Cost and valuation:

At 1 January 2014, 31 October 2014 and 31 October 2015

213,692

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 October 2015 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 distribution and administration and an AIFM†

* Subsidiary of WAM Holdings Limited

† AIFM – Alternative Investment Fund Manager

8. DEBTORS

	31 October 2015 £000	31 October 2014 £000
Amounts falling due within one year:		
Loans to fellow subsidiary undertakings (i)	50,947	53,010
Group relief receivable	128	1,210
Interest receivable	6	-
	<u>51,081</u>	<u>54,220</u>

- (i) The loans to fellow subsidiary undertakings are unsecured, repayable on demand and subject to interest at 3-month LIBOR minus 0.25% margin, with the exception of one loan of £1,301 (31 October 2014: £1,301) to FCEM Holdings (UK) Limited which is not subject to interest.

Included in loans to fellow subsidiary undertakings is an amount of £1,767,000 (31 October 2014: £1,734,000) in respect of a provision made in relation to loans to fellow subsidiary undertakings where the Directors consider recovery unlikely.

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS

	31 October 2015 £000	31 October 2014 £000
Amounts falling due within one year:		
Loan from immediate parent undertaking	95,807	122,164
Loans from fellow subsidiary undertakings	112,990	95,469
Loans from subsidiary undertakings	58,472	58,272
Corporation tax creditor	7,668	7,668
Other creditors	422	481
Amounts due to immediate parent undertaking	5	37
	<u>275,364</u>	<u>284,091</u>

The details of the loans are disclosed within note 10 below.

10. LOANS

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

	31 October 2015 £000	31 October 2014 £000
Loans with F&C Group entities at 3-month LIBOR minus 0.25% margin; repayable on demand	267,062	275,698
Loans with F&C Group entities at no interest; repayable on demand	207	207
	<u>267,269</u>	<u>275,905</u>

Repayment periods

	31 October 2015 £000	31 October 2014 £000
Amounts repayable:		
In one year or less, or on demand	267,269	275,905

11. SHARE CAPITAL

	31 October 2015 £000	31 October 2014 £000
Allotted, called up and fully paid:		
1 ordinary share of £1	-	-

F&C TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2014	-	10,944	10,944
Loss on ordinary activities after tax	-	(1,085)	(1,085)
At 31 October 2014	-	9,859	9,859
Loss on ordinary activities after tax	-	(168)	(168)
At 31 October 2015	-	9,691	9,691

13. RELATED PARTY TRANSACTIONS

BMO Real Estate Partners LLP Group

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

Loan to BMO REP Asset Management plc

At 31 October 2015 the Company was owed £32,651 (31 October 2014: £32,547) by BMO REP Asset Management plc, a subsidiary of BMO Real Estate Partners LLP. Loan interest accrued during the year ended 31 October 2015 was £104 (period ended 31 October 2014: £78) of which £104 was outstanding at 31 October 2015 (31 October 2014: £78). This balance is included within 'Loans to fellow subsidiary undertakings' in note 8.

Loans from other F&C Group entities

The following entities are considered to be related parties due to fellow F&C Group subsidiary undertakings being the General Partner of the following GP LP's:

Loan from F&C Climate Opportunity Partners (GP) LP

At 31 October 2015 the Company owed £1,327,264 (31 October 2014: £1,002,535) to F&C Climate Opportunity Partners (GP) LP. Loan interest accrued during the year ended 31 October 2015 was £3,550 (period ended 31 October 2014: £1,452) of which £3,550 was payable at 31 October 2015 (31 October 2014: £1,452).

Loan from F&C European Capital Partners II (GP) LP

At 31 October 2015 the Company owed £1,084,808 (31 October 2014: £391,463) to F&C European Capital Partners II (GP) LP. Loan interest accrued during the year ended 31 October 2015 was £1,811 (period ended 31 October 2014: £317) of which £1,811 was payable at 31 October 2015 (31 October 2014: £317).

14. CONTINGENT LIABILITIES

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.

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, which is incorporated in Scotland.

The smallest group of which the Company is a member and for which Group Financial Statements are prepared is F&C Asset Management plc. Copies of the 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 and controlling party is Bank of Montreal, a company incorporated in Canada. The consolidated accounts of Bank of Montreal are available from Bank of Montreal Public Affairs Department, P.O. Box 6002, Place d'Armes, Montreal, Quebec H2Y, Canada or Corporate Communications Department, BMO Financial Group, 28th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.