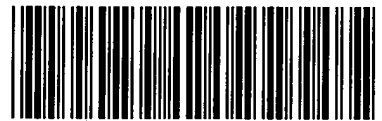


**Fischer Francis Trees & Watts UK Limited**  
**Directors' Report and Financial Statements**  
**For the Year Ended 31 December 2014**

Company Registration Number 00979759

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**FISCHER FRANCIS TREES & WATTS UK LIMITED**

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**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	G Hildrup (resigned 19 June 2014) D Kiddie (appointed 08 August 2014) D Klein R Harrison
<b>Company Secretary</b>	I Furtado
<b>Registered Office</b>	5 Aldermanbury Square London EC2V 7BP
<b>Company Registration Number</b>	00979759
<b>FSA Registration Number</b>	119264
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP
<b>Bankers</b>	BNP Paribas 10 Harewood Avenue London NW1 6AA

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **STRATEGIC REPORT**

The Directors present their Strategic report and the audited financial statements of Fischer Francis Trees and Watts UK Limited ("the Company") for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continues to be the provision of investment management services. The Company is authorised and regulated by the Financial Conduct Authority in accordance with the Financial Services and Markets Act 2000. The Company does not hold client assets.

#### **REVIEW OF BUSINESS**

The results for the year to 31 December 2014 are set out in the income statement on page 10. Net assets have decreased from £7.6 million as at 31 December 2013 to £5.1 million at 31 December 2014. This is mainly driven by a loss for the year of £2.5 million (2013: loss of £1.6 million) and payments to related parties.

The reduction in revenue is attributed to assets under management being negatively impacted during the period by asset withdrawals. The existing economic conditions remain difficult.

#### **FUTURE OUTLOOK AND GOING CONCERN**

The Company operates as an integral part of BNP Paribas' asset management capability and employs the following approach to managing assets:

- use multiple alpha strategies in order to achieve higher information ratios;
- blend in-depth quantitative models with qualitative analysis;
- have specialized investment managers who are accountable and have proper incentives;
- embed risk management in each stage of the investment process; and
- promote innovation to ensure the investment process and strategies evolve over time with market changes.

#### **Outlook for 2015**

We expect the economic environment to remain challenging in 2015 with estimated budgeted losses. The Company's current business priorities are:

- Strategic review of the business to be completed during the year which if successful may materially change the outlook of its activities. The review will look at improving efficiencies.
- Portfolio management
- Review and develop the emerging fixed income team
- Enhance our understanding of our existing and prospective client needs
- Promote and retain our talent pool

#### **Longer term Strategy**

Aside from the business review in 2015, the Company continues with its participation in the global IP 2016 initiative. This initiative is to strengthen the asset management business globally so that the global business may continue to build for the future. The IP 2016 three year plan launched in 2014 aims to generate EUR 40 billion in asset inflows. This strategic initiative focuses on three priority segments: Institutional; Distribution; and clients in emerging markets and the Asia-Pacific region.

This reflects the ability of the Group and its subsidiaries to adapt to the changing needs and expectations of clients and also to regulatory changes. The Directors are of the view that the initiative will facilitate the profitability of the Company in the foreseeable future and therefore the Company remains a viable going concern.

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors present their annual report and the audited financial statements of Fischer Francis Trees and Watts UK Limited ("the Company") for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continues to be the provision of investment management services. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") in accordance with the Financial Services and Markets Act 2000. The Company does not hold client assets.

#### **PILLAR 3 DISCLOSURES**

The New Basel Capital Accord, issued by the Basel Committee on Banking Supervision, aims to improve the flexibility and risk sensitivity of the existing Accord. The New Accord consists of three mutually reinforcing pillars which are applicable to the Company. Pillar 3 recommends requirements aimed at enhancing market discipline through effective disclosure of information to market participants.

The disclosures can be found on the following website:  
<http://invest.bnpparibas.com/en/pid748/registration-document.html>

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (2013: £nil).

#### **PRINCIPAL RISKS**

The Company's main income is in the form of fees for investment management services, which the Directors also consider to be the key performance indicator. Fee income is dependent on the level of assets under management which is dependent on performance and investor trading activity. These forces are partly under the control of the business but are also impacted by market forces.

The Company aligns its key business indicators with those set out by the Global CEO. The financial and operational efficiency is measured by the cost income ratio. The sales team efficiencies are measured by new revenue generated. Investment performance is measured by the percentage of funds under management with a positive excess return. A monthly dashboard is produced by the local human resources team which indicates overall turnover of staff, voluntary and involuntary staff turnover.

The principal risks and uncertainties facing the Company are broadly grouped as follows:

##### *Market risk*

The Company may be materially affected by conditions in the global financial markets and economic conditions in general. Significant levels of volatility in the market may impact the confidence, risk attitude and liquidity needs of investors as well as the performance and asset values of the underlying investments which the Company manage.

##### *Credit and liquidity risk*

The Company is dependent upon its ability to collect revenues from investors and other group counterparties. The Company is not however, dependent upon a small number of investors and its diversified product range helps to mitigate against the risk that the loss or default of certain investors could lead to materially significant losses for the Company. There is no history of material allowances against bad or doubtful debts.

Liquidity risk is managed at a local and group level. The Company has unrestricted and direct access to funding sourced by the BNP Paribas Group. The Group Treasury function is managed at parent company level and aims to ensure the most effective use of the group's cash resources. Local management also regularly review cash position and forecasts. At present the Company does not make use of any debt or credit facilities

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### *Operational risk*

There are numerous operational risks in any business, a significant one being business continuity risk. This is represented by the Company's ability to continue operating and meeting client requirements in response to a disaster recovery event or other disruption to the continuity of day to day systems and processes. The Company has a comprehensive disaster recovery/business continuity plan in place, including a dedicated business continuity planning manager and a separate disaster recovery site with the facilities being subject to regular testing.

#### *Regulatory risk*

The Company is regulated as an investment management firm by the FCA and is required to comply with the rules of the FCA in order to continue to conduct investment business in the UK. The Company's regulatory risk profile is formally documented in the Internal Capital Adequacy Assessment Programme ("ICAAP") which is updated regularly and is available to the FCA on their request. The Company monitors capital adequacy on a regular basis and provides returns, as required, to the FCA. At present the directors consider the Company to be adequately capitalised in order to allow it to meet its regulatory capital requirements for the foreseeable future.

#### **DIRECTORS**

The Directors, who served throughout the year except as noted, were as follows:

G Hilddrup (resigned 19 June 2014)

D Kiddie (appointed 08 August 2014)

D Klein

R Harrison

#### **DIRECTORS' INDEMNITIES**

The Company qualified for third party indemnity provisions under a BNP Paribas Group policy for the benefit of its Directors during the year which remains in force at the date of this report.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**INDEPENDENT AUDITORS**

The Company has by elective resolution dispensed with the obligation to appoint an auditor annually as per s386 of the Companies Act 2006.

Therefore the auditors, PricewaterhouseCoopers LLP, will be deemed to be reappointed for each succeeding financial year.

On behalf of the Board



Director David Kiddie  
23 April 2015



Director - Robert Harrison

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHER FRANCIS TREES & WATTS  
UK LIMITED**

**Report on the financial statements**

---

**Our opinion**

In our opinion the financial statements, defined below:

give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;

have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and

have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

---

**What we have audited**

The financial statements, which are prepared by Fischer Francis Trees & Watts UK Limited, comprise:

the balance sheet as at 31 December 2014;

the income statement for the year then ended;

the statement of cash flows for the year then ended;

the statement of changes in equity for the year then ended; and

the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;

the reasonableness of significant accounting estimates made by the directors; and

the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**Opinion on other matter prescribed by the Companies Act 2006**

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

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHER FRANCIS TREES & WATTS  
UK LIMITED (continued)**

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

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.

We have no exceptions to report arising from this responsibility.

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Philip Tew (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 April 2015

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Revenue	2	4,913	5,991
Operating expenses	3	<u>(8,455)</u>	<u>(8,407)</u>
<b>OPERATING LOSS</b>	4	<b><u>(3,542)</u></b>	<b><u>(2,416)</u></b>
Foreign exchange gains	5	102	233
Interest revenue	6	28	52
Finance costs		<u>(2)</u>	<u>(1)</u>
<b>LOSS BEFORE EXCEPTIONAL ITEM AND TAXATION</b>		<b>(3,414)</b>	<b>(2,132)</b>
Exceptional item	7	<u>182</u>	-
<b>LOSS BEFORE TAXATION</b>		<b>(3,232)</b>	<b>(2,132)</b>
Taxation credit	9	<u>688</u>	<u>550</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(2,544)</u></b>	<b><u>(1,582)</u></b>

The results for the current year and the prior year are derived from continuing operations.

The Company had no recognised gains or losses in either year other than the results reflected above.

There was no other comprehensive income for the years ended 31 December 2014 and 2013.


**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2014**

	Note	2014 £'000	2013 £'000
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	4,359	3,722
Cash and cash equivalents	11	<u>5,678</u>	<u>11,294</u>
<b>TOTAL ASSETS</b>		<u>10,037</u>	<u>15,016</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,940	7,375
<b>TOTAL LIABILITIES</b>		<u>4,940</u>	<u>7,375</u>
<b>EQUITY</b>			
Share capital	13	9,920	9,920
Share premium account	14	184	184
Accumulated losses	14	<u>(5,007)</u>	<u>(2,463)</u>
<b>TOTAL EQUITY</b>		<u>5,097</u>	<u>7,641</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>10,037</u>	<u>15,016</u>

The financial statements on pages 10 to 24 were approved by the Board of Directors and authorised for issue on 23 April 2015. They were signed on its behalf by:

  
.....  
Director David Kiddie

  
.....  
Director Robert Harrison

Fischer Francis Trees & Watts UK Limited  
Company No. 00979759

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Share Capital £'000</b>	<b>Share Premium Account £'000</b>	<b>Accumulated losses £'000</b>	<b>Total Equity £'000</b>
Balance at 01 January 2013	9,920	184	(881)	9,223
Loss for the year	-	-	(1,582)	(1,582)
Balance at 31 December 2013	<u>9,920</u>	<u>184</u>	<u>(2,463)</u>	<u>7,641</u>
Loss for the year	-	-	(2,544)	(2,544)
Balance at 31 December 2014	<u>9,920</u>	<u>184</u>	<u>(5,007)</u>	<u>5,097</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Cash (absorbed)/ received by operations	15	(5,926)	530
Taxation paid		-	433
Exceptional item		<u>182</u>	-
<b>Net cash (used in)/ generated from operating activities</b>		<b><u>(5,744)</u></b>	<b><u>963</u></b>
<b>Cash flows from financing activities</b>			
Interest paid		<u>(2)</u>	<u>(1)</u>
<b>Net cash used in financing activities</b>		<b><u>(2)</u></b>	<b><u>(1)</u></b>
<b>Cash flows from investing activities</b>			
Interest received		<u>28</u>	<u>52</u>
<b>Net cash generated from investing activities</b>		<b><u>28</u></b>	<b><u>52</u></b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(5,718)</b>	<b>1,014</b>
Cash and cash equivalents at 1 January		11,294	10,046
Effect of foreign exchange rate changes		<u>102</u>	<u>234</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>5,678</u></b>	<b><u>11,294</u></b>

The comparative figures for cashflow from operating activities have been restated for interest of £52k which has been classified in Investing Activities.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES**

**Basis of Accounting Preparation**

These financial statements have been prepared in accordance with United Kingdom law and International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

**Adoption of new and revised Standards**

In the current year, no new and revised Standards and Interpretations have been adopted that affected the amounts reported in these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (Amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

IFRS 7 (Amended) Financial Instruments: Disclosures

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement

IAS 1 (Amended) Presentation of Items of Other Comprehensive Income

IAS 12 (Amended) Deferred Tax: Recovery of Underlying Assets

IAS 19(2011) Employee Benefits

IAS 27(2011) Separate Financial Statements

IAS 28(2011) Investments in Associates and Joint Ventures

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Going Concern**

The Directors have a reasonable expectation that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. This is discussed in the Strategic Report on page 3 under the heading of 'Future Outlook and Going Concern'.

Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board.

**Statement of Cash Flows**

The Company has prepared a statement of cash flows, in accordance with IAS 7. Cash and cash equivalents include demand deposits and deposits held at call with banks.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Revenue, comprising management fees, is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue is recognised monthly and / or quarterly based on the average month end market value of assets and applicable fee rate as agreed in terms of the Company's Global Transfer Pricing Policy and Investment Management and Distribution Agreements.

**Interest revenue**

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accounted for using an effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, should they exist, are shown within borrowings in the current liabilities in the balance sheet.

**Trade and other receivables/ payables**

Trade and other receivables/payables are recognised initially at fair value based on amounts exchanged. Liabilities are recognised as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Foreign currencies**

**i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

**ii) Balances**

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items at fair value, denominated in foreign currencies, are retranslated at the rates prevailing at the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**iii) Transactions**

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Exchange differences are recognised in the Income Statement in the period in which they arise.

**Taxation**

The tax expense represents the sum of the tax currently payable or recoverable and deferred tax.

**i) Current tax**

The tax currently payable or recoverable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

**ii) Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

- Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Retirement benefit costs**

The Company participates, as a subsidiary employer, in the BNP Paribas UK Group Pension Scheme, which is a defined contribution scheme.

The pension scheme, which provides benefits based on employee contributions, is set up under trust and the assets of the scheme are therefore held separately from those of the Company.

The Company accounts for its pension cost liabilities under the provisions of IAS 19, 'Employee Benefits' and payments are charged as an expense as they fall due.

Pension costs for those of the Company's staff who are secondees from BNP Paribas Investment Partners UK Limited (BNPP IP) are borne on a monthly basis by BNPP IP in accordance with a secondment arrangement. These costs are then recharged to the Company and charged to the Company's income statement.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. REVENUE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Management fees	4,913	6,169
Other fees	=	<u>(178)</u>
	4,913	5,991

The Company's revenue is allocated using a global transfer pricing policy and it is therefore impractical to split revenue geographically.

Management fees of £4,913k in the current financial year represents gross management fees of £5,640k less commissions and rebates of £727k (2013: £6,169k).

The prior year comparatives have been restated for Provider Cost of £1,499k relating to dealing costs charged by BNPP Dealing Services and performance reporting costs for fund performance measurement and Operating Losses of £561k relating to costs borne by the Company for any operational risk issues. These costs have been reclassified from Operating Expenses to Other Fees.

**3. OPERATING EXPENSES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Directors and staff costs (see Note 8)	4,540	3,754
Other operating expenses	<u>3,915</u>	<u>4,653</u>
	<u>8,455</u>	<u>8,407</u>

The prior year comparatives have been restated for Provider Cost of £1,499k relating to dealing costs charged by BNPP Dealing Services and performance reporting costs for fund performance measurement and Operating Losses of £561k relating to costs borne by the Company for any operational risk issues. These costs have been reclassified from Other Fees to Operating Expenses.

**4. OPERATING LOSS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
The operating loss is stated after charging:		
Directors' remuneration (see Note 8)	1,160	862
Auditors' remuneration – statutory audit services	50	60
Rentals under operating leases	241	189

**5. FOREIGN EXCHANGE GAINS**

The foreign exchange gain of £102k (2013: gain of £233k) arises from the revaluation of all foreign currency transactions in line with the Company's accounting policies throughout the year.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**6. INTEREST REVENUE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Bank Interest	28	52

**7. EXCEPTIONAL ITEM**

The Company had a contract in place to occupy space within a new development in Kings Cross, London. During the year, an agreement was reached with the landlord to void the right that the Company had to move into the new premises as a result of the interest of a third party wanting to occupy the entire building. As a result of this the Company received compensation of £182k net of transaction costs from the landlord.

**8. DIRECTORS AND STAFF COSTS**

The average yearly number of employees excluding executive directors during the year was made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
By activity:		
Investment management	20	17
Other support functions	-	-
	<u>20</u>	<u>17</u>

Their aggregate remuneration comprised:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs:		
Wages and salaries	3,795	3,084
Social security costs	425	414
Other pension costs	<u>320</u>	<u>256</u>
	<u>4,540</u>	<u>3,754</u>

Included within this figure are Directors' emoluments, comprising the following:

Directors' emoluments:

Short-term employee benefits	1,127	845
Post-employment benefits	<u>33</u>	<u>17</u>
	<u>1,160</u>	<u>862</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. DIRECTORS AND STAFF COSTS (continued)**

Emoluments disclosed above include the following amounts paid to the highest paid director:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Short-term employee benefits	853	845
Post-employment benefits	<u>17</u>	<u>17</u>
	<b><u>870</u></b>	<b><u>862</u></b>

**9. TAXATION CREDIT**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Current tax		
Continuing operations	749	496
Adjustments in respect of prior years	<u>(61)</u>	<u>54</u>
Total current tax	<b><u>688</u></b>	<b><u>550</u></b>
Deferred tax		
Adjustment in respect of prior years	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total taxation credit for the year	<b><u>688</u></b>	<b><u>550</u></b>

The standard rate of corporate tax for the year is calculated at the rate of 21.50% (2013: 23.25%). For 2014 individual group companies, where applicable, will surrender tax losses to other companies within the BNP Paribas UK tax group and will receive Group Relief at the rate of 21.50% (2013: 23.25%). The Company earns its profits and losses in the UK. Therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	(3,232)	(2,132)
Loss on ordinary activities multiplied by standard rate of corporate tax in the UK at 21.50 % (2013: 23.25%)	695	496
Effects of:		
Adjustments in respect of prior years	-	54
Non allowable expenses	54	-
Prior year adjustments	<u>(61)</u>	<u>-</u>
Total taxation credit for the year	<b><u>688</u></b>	<b><u>550</u></b>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. TRADE AND OTHER RECEIVABLES**

	2014	2013
<1 year	£'000	£'000
Corporation tax recoverable	2,569	1,880
Amounts owed from group undertakings	1,461	1,405
Trade receivables	318	379
Prepayments and accrued income	11	51
Other receivables	-	<u>7</u>
	<u>4,359</u>	<u>3,722</u>

**11. CASH AND CASH EQUIVALENTS**

Cash at bank and in hand is comprised of a number of interest earning current and deposit accounts held with BNP Paribas London Branch.

**12. TRADE AND OTHER PAYABLES**

	2014	2013
<1 year	£'000	£'000
Amounts owed to group undertakings	4,885	6,773
Accruals and deferred income	54	595
Other liabilities	<u>1</u>	<u>7</u>
	<u>4,940</u>	<u>7,375</u>

**13. SHARE CAPITAL**

	2014	2013
Authorised:	£'000	£'000
10,000,000 (2013: 10,000,000) ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid:		
9,919,866 (2013: 9,919,866) ordinary shares of £1 each	9,920	9,920

**14. STATEMENT OF MOVEMENT ON RESERVES**

	2014	2013
Share Premium Account	£'000	£'000
Balance at 1 January	184	184
Premium arising on issue of equity shares	-	-
Expense of issue of equity shares	-	-
Balance at 31 December	<u>184</u>	<u>184</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**14. STATEMENT OF MOVEMENT ON RESERVES (continued)**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Accumulated Losses		
Balance at 1 January	(2,463)	(881)
Net loss for the year	<u>(2,544)</u>	<u>(1,582)</u>
Balance at 31 December	<u>(5,007)</u>	<u>(2,463)</u>

**15. CASH FLOW FROM OPERATING ACTIVITIES**

Reconciliation of profit for the year to net cash inflow from operating activities:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year before exceptional item and taxation	(3,414)	(2,132)
Adjustments for:		
- net interest paid	(26)	(52)
- effect of foreign exchange rate changes	(102)	(233)
Changes in working capital:		
- decrease in receivables	52	6,928
- decrease in payables	<u>(2,436)</u>	<u>(3,981)</u>
Cash (used in)/ generated from operations	<u>(5,926)</u>	<u>530</u>

**16. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The exposures and risk management techniques have not changed significantly from the prior year.

**Credit risk**

The Company takes on exposure to credit risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. All of the Company's credit risk arises on its cash and cash equivalents due from other group undertakings and other financial institutions. The carrying value of financial assets does not materially differ from their fair value.

Credit risk within the Company is monitored centrally by the Group Risk Management Department of the ultimate parent undertaking BNP Paribas S.A.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Corporation tax recoverable	2,569	1,880
Amounts owed from group undertakings	1,461	1,405
Trade receivables	318	379
Prepayments and accrued income	11	51
Other receivables	-	7
Cash at bank and in hand	<u>5,678</u>	<u>11,294</u>
	<u><b>10,037</b></u>	<u><b>15,016</b></u>

**Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management is achieved by maintaining sufficient cash balance and the availability of funding through an adequate amount of committed credit facilities. In addition, the Company's liquidity is supported by the ultimate parent undertaking.

Liquidity risk is monitored centrally by Group Risk Management Department of the ultimate parent undertaking BNP Paribas S.A. In terms of the Group's policy liquidity risk is managed through a global liquidity policy approved by Group Executive Management. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity situation is assessed on the basis of internal standards, warning flags and regulatory ratios.

The table below presents the cash flows payable by the Company by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Up to 3 months £'000</b>	<b>3 – 12 months £'000</b>	<b>1 – 5 years £'000</b>	<b>Total £'000</b>
<b>As at 31 December 2014</b>				
<b>Financial liabilities</b>				
Amounts owed to group undertakings	4,143	742	-	4,885
Accruals and deferred income	28	26	-	54
Other liabilities	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u><b>4,171</b></u>	<u><b>769</b></u>	<u><b>-</b></u>	<u><b>4,940</b></u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

**As at 31 December 2013**

**Financial liabilities**

Amounts owed to group undertakings	5,756	1,017	-	6,773
Accruals and deferred income	569	26	-	595
Other liabilities	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
	<u>6,332</u>	<u>1,043</u>	<u>-</u>	<u>7,375</u>

**Market risk**

The Company's activities potentially expose it to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, and foreign currency risk, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates. Exposure to market risk is monitored by the Directors.

**Foreign exchange risk**

The net carrying amount of the Company's material foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	<b>2014</b>	<b>2013</b>
<b>Currency</b>	<b>£'000</b>	<b>£'000</b>
EUR	(732)	1,248
USD	875	1,053
DKK	(6)	3

**17. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

**a. Management Fees**

Net Management Fees revenue from fellow subsidiary undertakings for the year amounted to £4,223,530 (2013: £5,144,636).

**b. Provider Cost**

Provider Cost from fellow subsidiary undertakings for the year amounted to £1,142,132 (2013: £1,479,269).

**c. Intercompany recharges**

Intercompany recharges to fellow subsidiary undertakings for the year amounted to £1,557,077 (2013: £1,464,493).



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. RELATED PARTY TRANSACTIONS (continued)**

**d. Taxation**

Group relief on tax losses from fellow subsidiary undertakings for the year amounted to £nil (2013: £nil).

**e. Interest received**

Interest income from fellow subsidiary undertakings for the year amounted to £28,287 (2013: £51,794).

In respect of these transactions, the outstanding balances receivable/ (payable) as at 31 December were as follows:

		2014	2013
Nature of transaction	Related Party	£'000	£'000
Trade and Other Receivables	Fellow Subsidiaries	1,343	1,405
Cash and cash equivalents	Fellow Subsidiaries	5,679	11,294
Trade and Other Payables	Fellow Subsidiaries	(4,860)	(4,212)
Trade and Other Payables	Ultimate parent undertaking	(20)	13

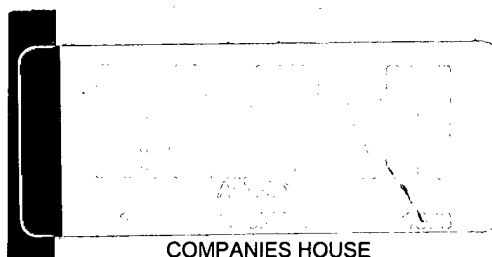
**18. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is BNP Paribas S.A. which owns 100% of the immediate parent via other group companies. BNP Paribas S.A. is a company incorporated in France with limited liability and is the largest group in which the results of the Company are consolidated. Copies of those financial statements are available at that company's registered office, 16 Boulevard des Italiens, 75009 Paris, France.



**Fischer Francis Trees & Watts UK Limited**  
**Directors' Report and Financial Statements**  
**For the Year Ended 31 December 2014**

Company Registration Number 00979759



COMPANIES HOUSE

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

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**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**COMPANY INFORMATION**

Directors	G Hilldrup (resigned 19 June 2014) D Kiddie (appointed 08 August 2014) D Klein R Harrison
Company Secretary	I Furtado
Registered Office	5 Aldermanbury Square London EC2V 7BP
Company Registration Number	00979759
FSA Registration Number	119264
Independent Auditors	PricewaterhouseCoopers LLP
Bankers	BNP Paribas 10 Harewood Avenue London NW1 6AA

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **STRATEGIC REPORT**

The Directors present their Strategic report and the audited financial statements of Fischer Francis Trees and Watts UK Limited ("the Company") for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continues to be the provision of investment management services. The Company is authorised and regulated by the Financial Conduct Authority in accordance with the Financial Services and Markets Act 2000. The Company does not hold client assets.

#### **REVIEW OF BUSINESS**

The results for the year to 31 December 2014 are set out in the income statement on page 10. Net assets have decreased from £7.6 million as at 31 December 2013 to £5.1 million at 31 December 2014. This is mainly driven by a loss for the year of £2.5 million (2013: loss of £1.6 million) and payments to related parties.

The reduction in revenue is attributed to assets under management being negatively impacted during the period by asset withdrawals. The existing economic conditions remain difficult.

#### **FUTURE OUTLOOK AND GOING CONCERN**

The Company operates as an integral part of BNP Paribas' asset management capability and employs the following approach to managing assets:

- use multiple alpha strategies in order to achieve higher information ratios;
- blend in-depth quantitative models with qualitative analysis;
- have specialized investment managers who are accountable and have proper incentives;
- embed risk management in each stage of the investment process; and
- promote innovation to ensure the investment process and strategies evolve over time with market changes.

#### **Outlook for 2015**

We expect the economic environment to remain challenging in 2015 with estimated budgeted losses. The Company's current business priorities are:

- Strategic review of the business to be completed during the year which if successful may materially change the outlook of its activities. The review will look at improving efficiencies.
- Portfolio management
- Review and develop the emerging fixed income team
- Enhance our understanding of our existing and prospective client needs
- Promote and retain our talent pool

#### **Longer term Strategy**

Aside from the business review in 2015, the Company continues with its participation in the global IP 2016 initiative. This initiative is to strengthen the asset management business globally so that the global business may continue to build for the future. The IP 2016 three year plan launched in 2014 aims to generate EUR 40 billion in asset inflows. This strategic initiative focuses on three priority segments: Institutional; Distribution; and clients in emerging markets and the Asia-Pacific region.

This reflects the ability of the Group and its subsidiaries to adapt to the changing needs and expectations of clients and also to regulatory changes. The Directors are of the view that the initiative will facilitate the profitability of the Company in the foreseeable future and therefore the Company remains a viable going concern.

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors present their annual report and the audited financial statements of Fischer Francis Trees and Watts UK Limited ("the Company") for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continues to be the provision of investment management services. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") in accordance with the Financial Services and Markets Act 2000. The Company does not hold client assets.

#### **PILLAR 3 DISCLOSURES**

The New Basel Capital Accord, issued by the Basel Committee on Banking Supervision, aims to improve the flexibility and risk sensitivity of the existing Accord. The New Accord consists of three mutually reinforcing pillars which are applicable to the Company. Pillar 3 recommends requirements aimed at enhancing market discipline through effective disclosure of information to market participants.

The disclosures can be found on the following website:

<http://invest.bnpparibas.com/en/pid748/registration-document.html>

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (2013: £nil).

#### **PRINCIPAL RISKS**

The Company's main income is in the form of fees for investment management services, which the Directors also consider to be the key performance indicator. Fee income is dependent on the level of assets under management which is dependent on performance and investor trading activity. These forces are partly under the control of the business but are also impacted by market forces.

The Company aligns its key business indicators with those set out by the Global CEO. The financial and operational efficiency is measured by the cost income ratio. The sales team efficiencies are measured by new revenue generated. Investment performance is measured by the percentage of funds under management with a positive excess return. A monthly dashboard is produced by the local human resources team which indicates overall turnover of staff, voluntary and involuntary staff turnover.

The principal risks and uncertainties facing the Company are broadly grouped as follows:

##### *Market risk*

The Company may be materially affected by conditions in the global financial markets and economic conditions in general. Significant levels of volatility in the market may impact the confidence, risk attitude and liquidity needs of investors as well as the performance and asset values of the underlying investments which the Company manage.

##### *Credit and liquidity risk*

The Company is dependent upon its ability to collect revenues from investors and other group counterparties. The Company is not however, dependent upon a small number of investors and its diversified product range helps to mitigate against the risk that the loss or default of certain investors could lead to materially significant losses for the Company. There is no history of material allowances against bad or doubtful debts.

Liquidity risk is managed at a local and group level. The Company has unrestricted and direct access to funding sourced by the BNP Paribas Group. The Group Treasury function is managed at parent company level and aims to ensure the most effective use of the group's cash resources. Local management also regularly review cash position and forecasts. At present the Company does not make use of any debt or credit facilities

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### *Operational risk*

There are numerous operational risks in any business, a significant one being business continuity risk. This is represented by the Company's ability to continue operating and meeting client requirements in response to a disaster recovery event or other disruption to the continuity of day to day systems and processes. The Company has a comprehensive disaster recovery/business continuity plan in place, including a dedicated business continuity planning manager and a separate disaster recovery site with the facilities being subject to regular testing.

#### *Regulatory risk*

The Company is regulated as an investment management firm by the FCA and is required to comply with the rules of the FCA in order to continue to conduct investment business in the UK. The Company's regulatory risk profile is formally documented in the Internal Capital Adequacy Assessment Programme ("ICAAP") which is updated regularly and is available to the FCA on their request. The Company monitors capital adequacy on a regular basis and provides returns, as required, to the FCA. At present the directors consider the Company to be adequately capitalised in order to allow it to meet its regulatory capital requirements for the foreseeable future.

#### **DIRECTORS**

The Directors, who served throughout the year except as noted, were as follows:

G Hilldrup (resigned 19 June 2014)

D Kiddie (appointed 08 August 2014)

D Klein

R Harrison

#### **DIRECTORS' INDEMNITIES**

The Company qualified for third party indemnity provisions under a BNP Paribas Group policy for the benefit of its Directors during the year which remains in force at the date of this report.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**INDEPENDENT AUDITORS**

The Company has by elective resolution dispensed with the obligation to appoint an auditor annually as per s386 of the Companies Act 2006.

Therefore the auditors, PricewaterhouseCoopers LLP, will be deemed to be reappointed for each succeeding financial year.

On behalf of the Board



Director      David Kiddie  
23 April 2015



Director - Robert Harrison

## **FISCHER FRANCIS TREES & WATTS UK LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHER FRANCIS TREES & WATTS  
UK LIMITED**

**Report on the financial statements**

---

**Our opinion**

In our opinion the financial statements, defined below:

give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;

have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and

have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

---

**What we have audited**

The financial statements, which are prepared by Fischer Francis Trees & Watts UK Limited, comprise:

the balance sheet as at 31 December 2014;

the income statement for the year then ended;

the statement of cash flows for the year then ended;

the statement of changes in equity for the year then ended; and

the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;

the reasonableness of significant accounting estimates made by the directors; and

the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

---

**Opinion on other matter prescribed by the Companies Act 2006**

---

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

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FISCHER FRANCIS TREES & WATTS  
UK LIMITED (continued)**

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**Other matters on which we are required to report by exception**

---

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

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.

We have no exceptions to report arising from this responsibility.

---

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

**Responsibilities for the financial statements and the audit**

---

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Philip Tew (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 April 2015

**FISCHER FRANCIS TREES & WATTS UK LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2014**

		<b>2014</b>	<b>2013</b>
	Note	<b>£'000</b>	<b>£'000</b>
Revenue	2	4,913	5,991
Operating expenses	3	<u>(8,455)</u>	<u>(8,407)</u>
<b>OPERATING LOSS</b>	4	<b><u>(3,542)</u></b>	<b><u>(2,416)</u></b>
Foreign exchange gains	5	102	233
Interest revenue	6	28	52
Finance costs		<u>(2)</u>	<u>(1)</u>
<b>LOSS BEFORE EXCEPTIONAL ITEM AND TAXATION</b>		<b>(3,414)</b>	<b>(2,132)</b>
Exceptional item	7	<u>182</u>	-
<b>LOSS BEFORE TAXATION</b>		<b>(3,232)</b>	<b>(2,132)</b>
Taxation credit	9	<u>688</u>	<u>550</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(2,544)</u></b>	<b><u>(1,582)</u></b>

The results for the current year and the prior year are derived from continuing operations.

The Company had no recognised gains or losses in either year other than the results reflected above.

There was no other comprehensive income for the years ended 31 December 2014 and 2013.


**FISCHER FRANCIS TREES & WATTS UK LIMITED**


**BALANCE SHEET**

**AS AT 31 DECEMBER 2014**

	Note	2014 £'000	2013 £'000
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	4,359	3,722
Cash and cash equivalents	11	<u>5,678</u>	<u>11,294</u>
<b>TOTAL ASSETS</b>		<u>10,037</u>	<u>15,016</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,940	7,375
<b>TOTAL LIABILITIES</b>		<u>4,940</u>	<u>7,375</u>
<b>EQUITY</b>			
Share capital	13	9,920	9,920
Share premium account	14	184	184
Accumulated losses	14	<u>(5,007)</u>	<u>(2,463)</u>
<b>TOTAL EQUITY</b>		<u>5,097</u>	<u>7,641</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>10,037</u>	<u>15,016</u>

The financial statements on pages 10 to 24 were approved by the Board of Directors and authorised for issue on 23 April 2015. They were signed on its behalf by:

  
.....  
Director David Kiddie

  
.....  
Director Robert Harrison

Fischer Francis Trees & Watts UK Limited  
Company No. 00979759

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share Capital £'000	Share Premium Account £'000	Accumulated losses £'000	Total Equity £'000
Balance at 01 January 2013	9,920	184	(881)	9,223
Loss for the year	-	-	(1,582)	(1,582)
Balance at 31 December 2013	<u>9,920</u>	<u>184</u>	<u>(2,463)</u>	<u>7,641</u>
Loss for the year	-	-	(2,544)	(2,544)
Balance at 31 December 2014	<u>9,920</u>	<u>184</u>	<u>(5,007)</u>	<u>5,097</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Cash (absorbed)/ received by operations	15	(5,926)	530
Taxation paid		-	433
Exceptional item		<u>182</u>	-
<b>Net cash (used in)/ generated from operating activities</b>		<u>(5,744)</u>	<u>963</u>
<b>Cash flows from financing activities</b>			
Interest paid		<u>(2)</u>	<u>(1)</u>
<b>Net cash used in financing activities</b>		<u>(2)</u>	<u>(1)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>28</u>	<u>52</u>
<b>Net cash generated from investing activities</b>		<u>28</u>	<u>52</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(5,718)	1,014
Cash and cash equivalents at 1 January		11,294	10,046
Effect of foreign exchange rate changes		<u>102</u>	<u>234</u>
<b>Cash and cash equivalents at 31 December</b>		<u><b>5,678</b></u>	<u><b>11,294</b></u>

The comparative figures for cashflow from operating activities have been restated for Interest of £52k which has been classified in Investing Activities.



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES**

**Basis of Accounting Preparation**

These financial statements have been prepared in accordance with United Kingdom law and International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

**Adoption of new and revised Standards**

In the current year, no new and revised Standards and Interpretations have been adopted that affected the amounts reported in these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (Amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

IFRS 7 (Amended) Financial Instruments: Disclosures

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement

IAS 1 (Amended) Presentation of Items of Other Comprehensive Income

IAS 12 (Amended) Deferred Tax: Recovery of Underlying Assets

IAS 19(2011) Employee Benefits

IAS 27(2011) Separate Financial Statements

IAS 28(2011) Investments in Associates and Joint Ventures

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**Going Concern**

The Directors have a reasonable expectation that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. This is discussed in the Strategic Report on page 3 under the heading of 'Future Outlook and Going Concern'.

Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board.

**Statement of Cash Flows**

The Company has prepared a statement of cash flows, in accordance with IAS 7. Cash and cash equivalents include demand deposits and deposits held at call with banks.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Revenue, comprising management fees, is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue is recognised monthly and / or quarterly based on the average month end market value of assets and applicable fee rate as agreed in terms of the Company's Global Transfer Pricing Policy and Investment Management and Distribution Agreements.

**Interest revenue**

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accounted for using an effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, should they exist, are shown within borrowings in the current liabilities in the balance sheet.

**Trade and other receivables/ payables**

Trade and other receivables/payables are recognised initially at fair value based on amounts exchanged. Liabilities are recognised as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Foreign currencies**

**i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

**ii) Balances**

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items at fair value, denominated in foreign currencies, are retranslated at the rates prevailing at the date the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**iii) Transactions**

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Exchange differences are recognised in the Income Statement in the period in which they arise.

**Taxation**

The tax expense represents the sum of the tax currently payable or recoverable and deferred tax.

**i) Current tax**

The tax currently payable or recoverable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

**ii) Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Retirement benefit costs**

The Company participates, as a subsidiary employer, in the BNP Paribas UK Group Pension Scheme, which is a defined contribution scheme.

The pension scheme, which provides benefits based on employee contributions, is set up under trust and the assets of the scheme are therefore held separately from those of the Company.

The Company accounts for its pension cost liabilities under the provisions of IAS 19, 'Employee Benefits' and payments are charged as an expense as they fall due.

Pension costs for those of the Company's staff who are secondees from BNP Paribas Investment Partners UK Limited (BNPP IP) are borne on a monthly basis by BNPP IP in accordance with a secondment arrangement. These costs are then recharged to the Company and charged to the Company's income statement.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. REVENUE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Management fees	4,913	6,169
Other fees	-	(178)
	<b>4,913</b>	<b>5,991</b>

The Company's revenue is allocated using a global transfer pricing policy and it is therefore impractical to split revenue geographically.

Management fees of £4,913k in the current financial year represents gross management fees of £5,640k less commissions and rebates of £727k (2013: £6,169k).

The prior year comparatives have been restated for Provider Cost of £1,499k relating to dealing costs charged by BNPP Dealing Services and performance reporting costs for fund performance measurement and Operating Losses of £561k relating to costs borne by the Company for any operational risk issues. These costs have been reclassified from Operating Expenses to Other Fees.

**3. OPERATING EXPENSES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Directors and staff costs (see Note 8)	4,540	3,754
Other operating expenses	<u>3,915</u>	<u>4,653</u>
	<b><u>8,455</u></b>	<b><u>8,407</u></b>

The prior year comparatives have been restated for Provider Cost of £1,499k relating to dealing costs charged by BNPP Dealing Services and performance reporting costs for fund performance measurement and Operating Losses of £561k relating to costs borne by the Company for any operational risk issues. These costs have been reclassified from Other Fees to Operating Expenses.

**4. OPERATING LOSS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
The operating loss is stated after charging:		
Directors' remuneration (see Note 8)	1,160	862
Auditors' remuneration – statutory audit services	50	60
Rentals under operating leases	241	189

**5. FOREIGN EXCHANGE GAINS**

The foreign exchange gain of £102k (2013: gain of £233k) arises from the revaluation of all foreign currency transactions in line with the Company's accounting policies throughout the year.

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**6. INTEREST REVENUE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Bank Interest	28	52

**7. EXCEPTIONAL ITEM**

The Company had a contract in place to occupy space within a new development in Kings Cross, London. During the year, an agreement was reached with the landlord to void the right that the Company had to move into the new premises as a result of the interest of a third party wanting to occupy the entire building. As a result of this the Company received compensation of £182k net of transaction costs from the landlord.

**8. DIRECTORS AND STAFF COSTS**

The average yearly number of employees excluding executive directors during the year was made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
By activity:		
Investment management	20	17
Other support functions	-	-
	<u>20</u>	<u>17</u>

Their aggregate remuneration comprised:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs:		
Wages and salaries	3,795	3,084
Social security costs	425	414
Other pension costs	<u>320</u>	<u>256</u>
	<u>4,540</u>	<u>3,754</u>

Included within this figure are Directors' emoluments, comprising the following:

Directors' emoluments:		
Short-term employee benefits	1,127	845
Post-employment benefits	<u>33</u>	<u>17</u>
	<u>1,160</u>	<u>862</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. DIRECTORS AND STAFF COSTS (continued)**

Emoluments disclosed above include the following amounts paid to the highest paid director:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Short-term employee benefits	853	845
Post-employment benefits	<u>17</u>	<u>17</u>
	<u>870</u>	<u>862</u>

**9. TAXATION CREDIT**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
Continuing operations	749	496
Adjustments in respect of prior years	<u>(61)</u>	<u>54</u>
Total current tax	<u>688</u>	<u>550</u>
<b>Deferred tax</b>		
Adjustment in respect of prior years	-	-
Total deferred tax	-	-
Total taxation credit for the year	<u>688</u>	<u>550</u>

The standard rate of corporate tax for the year is calculated at the rate of 21.50% (2013: 23.25%). For 2014 individual group companies, where applicable, will surrender tax losses to other companies within the BNP Paribas UK tax group and will receive Group Relief at the rate of 21.50% (2013: 23.25%). The Company earns its profits and losses in the UK. Therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	(3,232)	(2,132)
Loss on ordinary activities multiplied by standard rate of corporate tax in the UK at 21.50 % (2013: 23.25%)	695	496
Effects of:		
Adjustments in respect of prior years	-	54
Non allowable expenses	54	-
Prior year adjustments	<u>(61)</u>	-
Total taxation credit for the year	<u>688</u>	<u>550</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. TRADE AND OTHER RECEIVABLES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<1 year		
Corporation tax recoverable	2,569	1,880
Amounts owed from group undertakings	1,461	1,405
Trade receivables	318	379
Prepayments and accrued income	11	51
Other receivables	-	<u>7</u>
	<u>4,359</u>	<u>3,722</u>

**11. CASH AND CASH EQUIVALENTS**

Cash at bank and in hand is comprised of a number of interest earning current and deposit accounts held with BNP Paribas London Branch.

**12. TRADE AND OTHER PAYABLES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<1 year		
Amounts owed to group undertakings	4,885	6,773
Accruals and deferred income	54	595
Other liabilities	<u>1</u>	<u>7</u>
	<u>4,940</u>	<u>7,375</u>

**13. SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised:</b>		
10,000,000 (2013: 10,000,000) ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid:</b>		
9,919,866 (2013: 9,919,866) ordinary shares of £1 each	9,920	9,920

**14. STATEMENT OF MOVEMENT ON RESERVES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Share Premium Account</b>		
Balance at 1 January	184	184
Premium arising on issue of equity shares	-	-
Expense of issue of equity shares	-	-
Balance at 31 December	<u>184</u>	<u>184</u>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**14. STATEMENT OF MOVEMENT ON RESERVES (continued)**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Accumulated Losses		
Balance at 1 January	(2,463)	(881)
Net loss for the year	<u>(2,544)</u>	<u>(1,582)</u>
Balance at 31 December	<u>(5,007)</u>	<u>(2,463)</u>

**15. CASH FLOW FROM OPERATING ACTIVITIES**

Reconciliation of profit for the year to net cash inflow from operating activities:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year before exceptional item and taxation	(3,414)	(2,132)
Adjustments for:		
- net interest paid	(26)	(52)
- effect of foreign exchange rate changes	(102)	(233)
Changes in working capital:		
- decrease in receivables	52	6,928
- decrease in payables	<u>(2,436)</u>	<u>(3,981)</u>
Cash (used in)/ generated from operations	<u>(5,926)</u>	<u>530</u>

**16. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The exposures and risk management techniques have not changed significantly from the prior year.

**Credit risk**

The Company takes on exposure to credit risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. All of the Companies credit risk arises on its cash and cash equivalents due from other group undertakings and other financial institutions. The carrying value of financial assets does not materially differ from their fair value.

Credit risk within the Company is monitored centrally by the Group Risk Management Department of the ultimate parent undertaking BNP Paribas S.A.



**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Corporation tax recoverable	2,569	1,880
Amounts owed from group undertakings	1,461	1,405
Trade receivables	318	379
Prepayments and accrued income	11	51
Other receivables	-	7
Cash at bank and in hand	<u>5,678</u>	<u>11,294</u>
	<b><u>10,037</u></b>	<b><u>15,016</u></b>

**Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management is achieved by maintaining sufficient cash balance and the availability of funding through an adequate amount of committed credit facilities. In addition, the Company's liquidity is supported by the ultimate parent undertaking.

Liquidity risk is monitored centrally by Group Risk Management Department of the ultimate parent undertaking BNP Paribas S.A. In terms of the Group's policy liquidity risk is managed through a global liquidity policy approved by Group Executive Management. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity situation is assessed on the basis of internal standards, warning flags and regulatory ratios.

The table below presents the cash flows payable by the Company by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Up to 3 months £'000</b>	<b>3 – 12 months £'000</b>	<b>1 – 5 years £'000</b>	<b>Total £'000</b>
<b>As at 31 December 2014</b>				
<b>Financial liabilities</b>				
Amounts owed to group undertakings	4,143	742	-	4,885
Accruals and deferred income	28	26	-	54
Other liabilities	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<b><u>4,171</u></b>	<b><u>769</u></b>	<b><u>-</u></b>	<b><u>4,940</u></b>

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

**As at 31 December 2013**

**Financial liabilities**

Amounts owed to group undertakings	5,756	1,017	-	6,773
Accruals and deferred income	569	26	-	595
Other liabilities	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
	<u>6,332</u>	<u>1,043</u>	<u>-</u>	<u>7,375</u>

**Market risk**

The Company's activities potentially expose it to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, and foreign currency risk, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates. Exposure to market risk is monitored by the Directors.

**Foreign exchange risk**

The net carrying amount of the Company's material foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	<b>2014</b>	<b>2013</b>
<b>Currency</b>	<b>£'000</b>	<b>£'000</b>
EUR	(732)	1,248
USD	875	1,053
DKK	(6)	3

**17. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

**a. Management Fees**

Net Management Fees revenue from fellow subsidiary undertakings for the year amounted to £4,223,530 (2013: £5,144,636).

**b. Provider Cost**

Provider Cost from fellow subsidiary undertakings for the year amounted to £1,142,132 (2013: £1,479,269).

**c. Intercompany recharges**

Intercompany recharges to fellow subsidiary undertakings for the year amounted to £1,557,077 (2013: £1,464,493).

**FISCHER FRANCIS TREES & WATTS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. RELATED PARTY TRANSACTIONS (continued)**

**d. Taxation**

Group relief on tax losses from fellow subsidiary undertakings for the year amounted to £nil (2013: £nil).

**e. Interest received**

Interest income from fellow subsidiary undertakings for the year amounted to £28,287 (2013: £51,794).

In respect of these transactions, the outstanding balances receivable/ (payable) as at 31 December were as follows:

Nature of transaction	Related Party	2014	2013
		£'000	£'000
Trade and Other Receivables	Fellow Subsidiaries	1,343	1,405
Cash and cash equivalents	Fellow Subsidiaries	5,679	11,294
Trade and Other Payables	Fellow Subsidiaries	(4,860)	(4,212)
Trade and Other Payables	Ultimate parent undertaking	(20)	13

**18. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is BNP Paribas S.A. which owns 100% of the immediate parent via other group companies. BNP Paribas S.A. is a company incorporated in France with limited liability and is the largest group in which the results of the Company are consolidated. Copies of those financial statements are available at that company's registered office, 16 Boulevard des Italiens, 75009 Paris, France.