

**F&C Equity  
Partners plc**  
(Registered number 01659209)

**Annual Report & Financial Statements  
for the year ended  
31 October 2017**

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# **F&C EQUITY PARTNERS PLC**

## ***DIRECTORS AND ADVISERS***

**REGISTERED NUMBER:** 01659209

**DIRECTORS:** M F Mannix  
D J Sloper  
R A Watts

**SECRETARY:** R D Burgin  
95 Queen Victoria Street  
London  
EC4V 4HG

**REGISTERED OFFICE:** Exchange House  
Primrose Street  
London  
EC2A 2NY

**SOLICITORS:** Norton Rose Fulbright LLP  
3 More London Riverside  
London  
SE1 2AQ

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

**AUDITOR:** KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

# F&C EQUITY PARTNERS PLC

## STRATEGIC REPORT

The Directors present their Strategic Report on F&C Equity Partners plc (the Company) for the year ended 31 October 2017.

### PRINCIPAL ACTIVITY

The Company no longer has any trading activity, but continues to earn interest on a loan to another F&C Asset Management plc Group (F&C Group) subsidiary.

### BUSINESS AND FINANCIAL REVIEW

#### Results

The Company recognised a loss after tax of £597 for the 2017 financial year (2016: profit of £3,634).

#### Trading performance and development of the business

Revenue consists of interest receivable on a loan owed by a group subsidiary which continues to be based on the prevailing loan balance and interest rate level during the year, with revenue for the year ended 31 October 2017 decreasing to £2,282 (2016: £7,565). A loss after tax of £597 for the year ended 31 October 2017 was recognised (2016: profit of £3,634), as a result of the decrease in revenue, with operating expenses, comprising the annual audit fee, remaining constant at £3,023 (2016: £3,023).

Given the Company no longer has any trading activity, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### 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 Executive Management Committee 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. However, as the Company no longer has any trading activity, the Directors are of the view that these risks are now significantly diluted from previous years. The principal risks and uncertainties facing the Company are broadly grouped as follows:

#### *Financial risk*

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

#### *Market risk (interest rate risk)*

The Company is exposed to interest rate risk through market fluctuations in the variable rate of interest, impacting interest received on a loan owed by a group subsidiary which is subject to interest based on LIBOR rates.

Note 12(b)(i) provides an overview of the Company's exposure to market risk.

#### *Credit risk*

Loans and other receivables at the reporting dates are mainly in respect of a loan owed by another F&C Group subsidiary. As the F&C Group's working capital is monitored on a group-wide basis, the risk of default is considered minimal.

Note 12(b)(ii) provides an overview of the Company's credit risk exposure.

# F&C EQUITY PARTNERS PLC

## **STRATEGIC REPORT (continued)**

### *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 function within the F&C Group as a whole and each individual company within the Group draws on the available cash balance to meet its working capital requirements.

Note 12(b)(iii) outlines the cash flow profile of the Company's financial liabilities.

BY ORDER OF THE BOARD



R D Burgin  
Secretary  
18 April 2018

# **F&C EQUITY PARTNERS PLC**

## **REPORT OF THE DIRECTORS**

The Directors present their Annual Report and audited Financial Statements for the year ended 31 October 2017.

## **RESULTS AND BUSINESS REVIEW**

The Company's results for the year ended 31 October 2017 are shown in the Income Statement on page 9. A Strategic Report for the same period is set out on pages 2 to 3.

The Company recognised a loss of £597 for the year ended 31 October 2017 (2016: profit of £3,634).

## **DIVIDENDS**

The Directors do not recommend the payment of a final dividend (2016: £nil) and no interim dividend was approved or paid during the year ended 31 October 2017 (2016: £nil).

## **FUTURE DEVELOPMENTS**

The Directors do not anticipate any major change in the activity of the business within the foreseeable future.

## **DIRECTORS AND THEIR INTERESTS**

The Directors who served during the year were as follows:

D Logan	(resigned 5 June 2017)
M F Mannix	(appointed 1 June 2017)
D J Sloper	(appointed 1 June 2017)
R A Watts	(appointed 1 June 2017)
F&C Asset Management plc	(resigned 5 June 2017)

There have been no appointments or resignations of Directors since 31 October 2017.

R D Burgin was appointed as Company Secretary on 1 June 2017. F&C Asset Management plc resigned as Company Secretary on 5 June 2017.

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

## **DIRECTORS' AND OFFICERS' LIABILITY**

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

## **AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

# F&C EQUITY PARTNERS PLC

## *REPORT OF THE DIRECTORS (continued)*

### ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITOR

The Directors who held office at the date of approving this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BY ORDER OF THE BOARD

A handwritten signature in black ink that reads "Rachel Burgin". The signature is written in a cursive, flowing style.

R D Burgin  
Secretary  
18 April 2018

## **F&C EQUITY PARTNERS PLC**

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **F&C EQUITY PARTNERS PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C EQUITY PARTNERS PLC**

### **Opinion**

We have audited the Financial Statements of F&C Equity Partners plc ("the Company") for the year ended 31 October 2017 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

### **Strategic Report and Report of the Directors**

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

Our responsibility is to read the Strategic Report and the Report of the Directors and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Report of the Directors;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

# F&C EQUITY PARTNERS PLC

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C EQUITY PARTNERS PLC (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Philip Merchant (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court

Edinburgh

18 April 2018

# F&C EQUITY PARTNERS PLC

## INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £	2016 £
<b>REVENUE</b>	3	2,282	7,565
Operating expenses	4	<u>(3,023)</u>	<u>(3,023)</u>
<b>OPERATING (LOSS)/PROFIT AND (LOSS)/PROFIT BEFORE TAX</b>		(741)	4,542
Tax income/(expense)	6	<u>144</u>	<u>(908)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>(597)</u></u>	<u><u>3,634</u></u>

All amounts relate to continuing operations.

There are no items of comprehensive income which have not already been presented in arriving at the (loss)/profit for the financial years presented. Accordingly the (loss)/profit for the financial years presented is the same as the total comprehensive (expense)/income for that year.

The notes on pages 12 to 19 form an integral part of these Financial Statements.

# F&C EQUITY PARTNERS PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2017

(Registered number 01659209)

	Notes	31 October 2017 £	31 October 2016 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loan and other receivables	7	2,494,367	2,496,118
<b>Current assets</b>			
Cash and cash equivalents	8	4,729	4,729
<b>TOTAL ASSETS</b>		<u>2,499,096</u>	<u>2,500,847</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	9	3,784	4,938
<b>TOTAL LIABILITIES</b>		<u>3,784</u>	<u>4,938</u>
<b>EQUITY</b>			
Share capital	10	93,786	93,786
Capital redemption reserve	11	150,600	150,600
Retained earnings	11	2,250,926	2,251,523
<b>TOTAL EQUITY</b>		<u>2,495,312</u>	<u>2,495,909</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>2,499,096</u>	<u>2,500,847</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 18 April 2018. They were signed on its behalf by:



M F Mannix  
Director

The notes on pages 12 to 19 form an integral part of these Financial Statements.

## F&C EQUITY PARTNERS PLC

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

	Share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 November 2015	93,786	150,600	2,247,889	2,492,275
Profit for the financial year	-	-	3,634	3,634
At 31 October 2016	93,786	150,600	2,251,523	2,495,909
Loss for the financial year	-	-	(597)	(597)
<b>At 31 October 2017</b>	<b>93,786</b>	<b>150,600</b>	<b>2,250,926</b>	<b>2,495,312</b>

The notes on pages 12 to 19 form an integral part of these Financial Statements.

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ENTITY INFORMATION

F&C Equity Partners plc is a public company limited by share capital, incorporated and domiciled in England. The Company's registered office and principal place of business is Exchange House, Primrose Street, London, EC2A 2NY.

The results of F&C Equity Partners plc are included in the consolidated Annual Report and Financial Statements of F&C Asset Management plc, which are available from the Company Secretary at 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

The Company's Financial Statements are presented in pounds Sterling, the Company's functional and presentational currency.

### 2. ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently for the years ended 31 October 2017 and 31 October 2016.

#### Basis of preparation

As the Company meets the definition of a qualifying entity under Financial Reporting Standard 100 *Application of Financial Reporting Requirements*, the Financial Statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

The Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union (EU-adopted IFRS), making amendments where necessary to comply with the requirements of the United Kingdom (UK) Companies Act 2006.

In the application of FRS 101, the Company has applied the following disclosure exemptions on the basis that equivalent disclosure is provided in the Annual Report and Financial Statements of F&C Asset Management plc, an intermediate parent company:

- (a) A Statement of Cash Flows and related notes;
- (b) The effects of new but not yet effective IFRSs;
- (c) Disclosures of key management personnel compensation; and
- (d) Disclosures in respect of related party transactions with wholly-owned subsidiaries.

#### Measurement convention

The Financial Statements are prepared under the historical cost convention.

#### Going concern

The Company has net assets, as well as profitable operating activities, that support the Directors' assessment that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### Accounting estimates, assumptions and judgements

The preparation of financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date as well as the reported income and expenses for the reporting periods. While estimates are based on management's best knowledge and judgement using information and financial data available to them, the actual outcome may differ from these estimates.

No significant estimates or judgements have been applied in the preparation of these Financial Statements.

#### Summary of significant accounting policies

The Company has adopted the following improvements in these Financial Statements:

- Annual Improvements to IFRSs – 2012-2014 Cycle

The adoption of these improvements has not had a material impact on the Company.

#### (a) Revenue recognition

Revenue consists of interest receivable on a loan owed by a group subsidiary, with this representing the Company's only source of income as the Company is no longer actively trading. Revenue is recognised in the Income Statement as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the underlying loan balance to its net carrying amount.

#### (b) Income tax

The income tax disclosed on the face of the Income Statement represents current tax.

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

#### (c) Financial instruments

##### (i) Financial assets

##### *Initial recognition and measurement*

Financial assets have been classified, at initial recognition, as loans and receivables and are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are recorded as either current or non-current in the Statement of Financial Position according to their expected settlement dates and consist of a loan owed by a group subsidiary, other receivables and cash and cash equivalents.

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### (c) Financial instruments (continued)

##### *Subsequent measurement*

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the EIR method, less impairment. Gains and losses are recognised in the Income Statement when loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### *Derecognition of financial assets*

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

##### *Impairment of financial assets*

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or group of financial assets. If any such indication of impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement. The F&C Group treasury function monitor the Group's working capital on an ongoing basis to determine if there is any evidence of impairment and therefore indication of financial difficulty.

#### (ii) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities have been initially recognised at fair value plus directly attributable transaction costs and consist of amounts owed to an intermediate parent company and group relief payable.

##### *Subsequent measurement*

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the EIR method.

##### *Derecognition of financial liabilities*

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

#### (iii) Offsetting of financial assets and liabilities

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

#### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances in a current account held with a bank.

#### (e) Share capital

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

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. REVENUE

Revenue, as recognised in the Income Statement, consists of interest receivable in the UK as follows:

	2017	2016
	£	£
<b>Loans and receivables:</b>		
Interest receivable on loan owed by group subsidiary	2,282	7,565

### 4. OPERATING EXPENSES

Operating expenses consist of auditor's remuneration of £3,023 (2016: £3,023). Amounts receivable by the Company's auditor in respect of services to the Company, other than for the audit of the Company's Financial Statements, have not been disclosed as the information is disclosed on a consolidated basis in the Annual Report and Financial Statements of the Company's intermediate parent company, F&C Asset Management plc.

The Company had no employees during the year ended 31 October 2017 (2016: nil).

### 5. DIRECTORS' REMUNERATION

No Director received any remuneration in respect of services to the Company during the year ended 31 October 2017 (2016: nil).

### 6. INCOME TAX

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

The tax (income)/expense recognised in the Income Statement is as follows:

	2017	2016
	£	£
<b>Current income tax</b>		
<i>UK Corporation Tax</i>		
Current tax on (loss)/profit for the year	(144)	908
<b>Tax (income)/expense reported in the Income Statement</b>	(144)	908

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

The tax assessed for the year ended 31 October 2017 is equal to the standard rate of Corporation Tax in the UK of 19.42% (2016: 20.00%) multiplied by the loss before tax for the year of £741 (2016: profit before tax of £4,542).

#### (c) Effective rate of tax and factors affecting future tax charges

The current Corporation Tax rate of 19.00% became effective from 1 April 2017, resulting in a statutory UK Corporation Tax rate of 19.42% for the year ended 31 October 2017 for the Company.

A future UK Corporation Tax rate reduction to 17.00% from 1 April 2020 was substantively enacted on 6 September 2016.

The reduction in the UK Corporation Tax rate will lead to a Company statutory UK Corporation Tax rate of 19.00% for 2018 and 2019, 17.83% for 2020, and 17.00% from 2021 onwards.

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

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. LOAN AND OTHER RECEIVABLES

	31 October 2017 £	31 October 2016 £
<b>Non-current:</b>		
Loan owed by group subsidiary	2,491,404	2,493,155
Other receivables	2,963	2,963
	<u>2,494,367</u>	<u>2,496,118</u>

The loan is to F&C Treasury Limited. The loan is unsecured, repayable on demand and is subject to interest at the 3-month LIBOR minus 0.25% margin. The Company does not expect to receive repayment of this loan within the next year.

In the Directors' opinion there are no discernible differences between the carrying amounts and fair values of the receivable balances disclosed.

### 8. CASH AND CASH EQUIVALENTS

	31 October 2017 £	31 October 2016 £
Cash at bank	<u>4,729</u>	<u>4,729</u>

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The fair value of cash and cash equivalents at the reporting dates is as shown above.

### 9. OTHER PAYABLES

	31 October 2017 £	31 October 2016 £
<b>Current:</b>		
Amounts owed to intermediate parent company	3,023	3,023
Group relief payable	761	1,915
	<u>3,784</u>	<u>4,938</u>

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

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. SHARE CAPITAL

	31 October 2017 £	31 October 2016 £
<b>Authorised:</b>		
2,600,000 Ordinary shares of 10p each	<u>260,000</u>	<u>260,000</u>
<b>Issued and fully paid:</b>		
937,855 Ordinary shares of 10p each	<u>93,786</u>	<u>93,786</u>

The holder of Ordinary shares is entitled to receive dividends as declared from time to time, is entitled to capital distribution rights (including on a winding up), and is entitled to one vote per share at meetings of the Company. The Ordinary shares do not confer any rights of redemption.

### 11. RESERVES

The analysis of movements in reserves is disclosed within the Statement of Changes in Equity on page 11.

#### Nature and purpose of reserves:

##### Capital redemption reserve

The capital redemption reserve is used to maintain the capital of the Company when its own shares are bought back or redeemed without Court Approval. This reserve is non-distributable.

##### Retained earnings

Movements in retained earnings comprise net profits and losses recognised through the Income Statement.

### 12. FINANCIAL RISK MANAGEMENT

#### (a) Risk overview

##### *Financial risks*

The Company is exposed to a number of financial risks through its financial assets and liabilities, including market risk (interest rate risk), credit risk and liquidity risk. An explanation of each of these risks in terms of how they arise, and the Company's objectives, policies and processes for managing these risks, is set out under 'Principal risks and uncertainties' in the Strategic Report on pages 2 to 3.

##### *Capital management*

The overall objective of capital management is to ensure that there is sufficient liquidity over the short and medium-term to meet the operational needs of the business. This includes liquidity to cover the Company's operating expenses, taxation payments, finance costs and repayment of amounts owed to other F&C Group entities. The overall cash position of the F&C Group is monitored by the Group treasury team as a whole, with each company within the F&C Group drawing on the available cash balances as appropriate to meet its working capital requirements.

#### (b) Extent of risks arising from financial instruments

The extent of each risk arising from the Company's financial instruments is set out below.

# F&C EQUITY PARTNERS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. FINANCIAL RISK MANAGEMENT (continued)

#### (i) Market risk (interest rate risk) – loans and receivables

The Company is exposed to interest rate risk through its loan owed by a group subsidiary of £2,491,404 at 31 October 2017 (31 October 2016: £2,493,155) as disclosed in note 7, with the loan subject to interest at a variable rate of 3-month LIBOR minus 0.25% margin. The loan is repayable on demand.

The Directors are of the opinion that the Company is not exposed to any other significant market risks at 31 October 2017 or 31 October 2016.

#### Sensitivity analysis

The Company has quantified the impact of an increase or decrease of 1% in the interest rate applied to the loan carrying value (approximates to fair value) at 31 October 2017 and 31 October 2016, with the profit or loss and equity impact of these changes set out below. The financial impact is calculated based on the year-end closing loan balance and is disclosed after taxation.

The sensitivity analysis assumes changes in interest rates, which may differ materially from the actual outturn due to the inherent uncertainties in global financial markets. The calculation methods and assumptions are consistently applied in the sensitivity analysis across both reporting periods.

	Profit or loss sensitivity £	Profit or loss sensitivity £	Equity sensitivity £	Equity sensitivity £
<b>As at 31 October 2017</b>				
<b>Interest rate movement</b>	<b>+1%</b>	<b>-1%</b>	<b>+1%</b>	<b>-1%</b>
3-month LIBOR interest rates	20,076	(20,076)	20,076	(20,076)
<b>As at 31 October 2016</b>				
<b>Interest rate movement</b>	<b>+1%</b>	<b>-1%</b>	<b>+1%</b>	<b>-1%</b>
3-month LIBOR interest rates	19,945	(19,945)	19,945	(19,945)

#### (ii) Credit risk – loans and receivables

The credit risk associated with loans and receivables, analysed by the credit ratings of the respective counterparties, is set out below:

	External credit rating	31 October 2017 £	31 October 2016 £
<b>Loans and receivables</b>			
Loan owed by group subsidiary	Not rated	2,491,404	2,493,155
Other receivables	Not rated	2,963	2,963
Cash and cash equivalents	BBB+	4,729	4,729
		<u>2,499,096</u>	<u>2,500,847</u>

The carrying amount of loans and receivables of £2,499,096 at 31 October 2017 (31 October 2016: £2,500,847) as disclosed in the table above represents the Company's maximum exposure to credit risk.

The Directors do not consider loans and receivables to be past due or impaired at 31 October 2017 or 31 October 2016.

The Company is exposed to concentration of credit risk, with loans and receivables primarily consisting of a £2,491,404 (31 October 2016: £2,493,155) loan owed by a group subsidiary. However, as the counterparty is a fellow subsidiary of the F&C Group, and working capital is monitored on a group basis, the risk of default is considered to be minimal.

# **F&C EQUITY PARTNERS PLC**

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

### **12. FINANCIAL RISK MANAGEMENT (continued)**

#### **(iii) Liquidity risk – financial liabilities**

The Company's financial liabilities of £3,784 at 31 October 2017 (31 October 2016: £4,938) consisting of other payables as disclosed in note 9, are repayable within one year.

The maturity dates of these financial liabilities have been determined by reference to the earliest contractual date on which the counterparty could demand payment and the amounts disclosed in note 9 represent the undiscounted cash flows.

### **13. CONTINGENT LIABILITIES**

#### **Ongoing business operations**

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

### **14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The Company's immediate parent company is F&C Equity Partners Holdings Limited, a company which is registered in England.

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 can be obtained from its registered office at 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

In the Directors' opinion the Company's ultimate parent company 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, 28<sup>th</sup> Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.