

# **FP Asset Management Holdings Limited**

(Registered Number 2999393)

**Report & Financial Statements  
for the year ended  
31 December 2008**

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# **FP ASSET MANAGEMENT HOLDINGS LIMITED**

## ***DIRECTORS AND ADVISERS***

**REGISTERED NUMBER:** 2999393

**DIRECTORS:** A L Grisay  
F&C Asset Management plc

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

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

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

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

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

# **FP ASSET MANAGEMENT HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their annual report and audited financial statements for the year ended 31 December 2008.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is to act as a holding company.

### **RESULTS AND BUSINESS REVIEW**

#### **Results and Dividends**

The financial statements show a profit after tax of £788,570 (2007: £5,975,321). The reduced profits reflect the reduction in dividends received from subsidiary undertakings in 2008 of £500,000 compared to £6,000,000 in 2007. The directors approved an interim dividend of £500,000 (2007: £5,000,000) and propose no further dividends for the year (2007: £nil).

#### **Future Developments**

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

#### **Risks**

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

##### *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 endeavours to ensure that sufficient cash is retained by the company in respect of short-term working capital requirements.

##### *Credit risk*

The majority of debtors at the balance sheet dates are in respect of estimated amounts recoverable from the liquidation of two of the company's subsidiary undertakings and group relief receivable. Consequently, the risk of default is considered minimal.

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

##### *Liquidity risk*

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

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

# **FP ASSET MANAGEMENT HOLDINGS LIMITED**

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

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

A L Grisay  
F&C Asset Management plc

No individual director has any beneficial interest in the share capital of the company.

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

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

### **ULTIMATE PARENT UNDERTAKING**

On 31 October 2008 Friends Provident plc announced its intention to distribute its 52% stake in F&C Asset Management plc to Friends Provident shareholders. The distribution of the shareholding was completed on 3 July 2009.

The directors do not believe this announcement has any material financial impact on the financial position of the company at 31 December 2008, as reported herein.

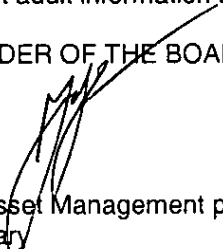
### **AUDITORS**

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

### **ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITORS**

The directors who held office at the date of approving this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BY ORDER OF THE BOARD



F&C Asset Management plc  
Secretary  
19 August 2009

# **FP ASSET MANAGEMENT HOLDINGS LIMITED**

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FP ASSET MANAGEMENT HOLDINGS LIMITED

We have audited the financial statements of FP Asset Management Holdings Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Report and Financial Statements, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit M*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh

August 2009

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# FP ASSET MANAGEMENT HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Administrative expenses		(3,150)	(3,200)
<b>OPERATING LOSS</b>	3	(3,150)	(3,200)
Other income	4	313,230	-
Dividends received from subsidiary undertaking		500,000	6,000,000
Interest receivable	5	297	297,021
Interest and similar charges payable	6	(31,637)	(329,077)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		778,740	5,964,744
Taxation credit on profit on ordinary activities	7	9,830	10,577
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	788,570	5,975,321

All amounts relate to continuing operations.

The company has no recognised gains or losses for the year ended 31 December 2008 and the year ended 31 December 2007 other than the results shown in the profit and loss account above.

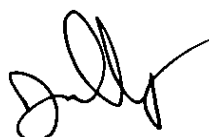
The accounting policies on page 8 and the notes on pages 9 to 13 form an integral part of these financial statements.

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	31 December 2008 £	31 December 2007 £
<b>FIXED ASSETS</b>			
Investments	9	1,050,000	5,431,457
<b>CURRENT ASSETS</b>			
Debtors : Amounts falling due within one year	10	4,704,517	18,725
Cash at bank		<u>7,057</u>	<u>6,760</u>
		4,711,574	25,485
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(551,864)</u>	<u>(535,802)</u>
<b>NET CURRENT LIABILITIES</b>		<u>4,159,710</u>	<u>(510,317)</u>
<b>NET ASSETS</b>		<u>5,209,710</u>	<u>4,921,140</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12, 13	3,682,362	3,682,362
Profit and loss account	13	<u>1,527,348</u>	<u>1,238,778</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>	13	<u>5,209,710</u>	<u>4,921,140</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 August 2009. They were signed on its behalf by:



D Logan  
For and on behalf of  
F&C Asset Management plc, Director

The accounting policies on page 8 and the notes on pages 9 to 13 form an integral part of these financial statements.



# FP ASSET MANAGEMENT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently for the years ended 31 December 2008 and 31 December 2007.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

#### *Subsidiary undertakings*

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

#### *Interest receivable*

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

#### *Interest payable*

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

#### *Dividend recognition*

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

#### *Investments*

Investments are stated at cost less accumulated impairment.

The carrying value of investments is reviewed at each reporting date. If any impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the profit and loss account in the year in which it arises.

#### *Current tax*

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

#### *Related party disclosures*

FRS 8 'Related Party Disclosures' required disclosure of the details of material transactions between the reporting entity and related parties. The company has taken advantage of the exemption in FRS 8 not to disclose transactions between F&C group companies which eliminate on consolidation.

#### *Cash flow statement*

The company has taken advantage of the exemptions of FRS1 (revised), "Cash Flow Statements" and has elected not to prepare its own cash flow statement as it is included within the consolidated cash flow statement in the financial statements of F&C Asset Management plc, its parent undertaking.

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. DIRECTORS' EMOLUMENTS

No director received any emoluments for their services to the company during the year ended 31 December 2008 (2007: £nil). The emoluments of A L Grisay are disclosed in the financial statements of the company's immediate parent undertaking, F&C Asset Management plc.

### 3. OPERATING LOSS

This is stated after charging:

	2008 £	2007 £
Auditors' remuneration – audit of these financial statements	2,150	2,000

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

The company had no employees during the year ended 31 December 2008 (2007: nil).

### 4. OTHER INCOME

Other income represents the gain on disposal of Friends Ivory & Sime North America Inc and Friends Ivory & Sime Inc which were placed in liquidation on 25 December 2008.

### 5. INTEREST RECEIVABLE

	2008 £	2007 £
Interest on loan to fellow subsidiary undertaking	-	296,693
Bank interest receivable	297	328
	297	297,021

### 6. INTEREST AND SIMILAR CHARGES PAYABLE

	2008 £	2007 £
Interest on loan from fellow subsidiary undertaking	13,222	24,855
Interest on balance owed to immediate parent undertaking	18,415	304,222
	31,637	329,077

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>UK Corporation Tax</b>		
UK Corporation Tax on profits for the year	(9,830)	(10,577)
<b>Total current tax credit for the year</b>	<u>(9,830)</u>	<u>(10,577)</u>
<b>Factors affecting the tax credit for the year.</b>		
The tax assessed for the year is lower (2007: lower) than the standard rate of Corporation Tax in the UK of 28.5% (2007: 30.0%)		
The differences are explained below.		
Profit on ordinary activities before taxation	778,740	5,964,744
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 28.5% (2007: 30.0%)	221,941	1,789,423
Effect of: Non-taxable income	(231,771)	(1,800,000)
<b>Current tax credit for the year</b>	<u>(9,830)</u>	<u>(10,577)</u>

### 8. ORDINARY DIVIDENDS

	2008 £	2007 £
Declared and paid during the year :		
Interim dividend for 2008: 13.57 pence per share (2007: 135.78 pence per share)	500,000	5,000,000

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INVESTMENTS

	Subsidiary Undertakings £
<b>Cost and valuation</b>	
At 31 December 2007 and 31 December 2006	5,431,457
Disposals during the year	<u>(4,381,457)</u>
<b>At 31 December 2008</b>	<u>1,050,000</u>

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

On 25 December 2008 Friends Ivory & Sime North America Inc and Friends Ivory & Sime Inc were placed in liquidation. The gain on disposal of £313,230 is included within other income and the amount recoverable from the liquidator of £4,694,687 is included within other debtors in note 10.

The subsidiary companies of FP Asset Management Holdings Limited as at 31 December 2008 are as follows:

Subsidiary undertakings	Percentage interest and voting rights	Country of registration or incorporation	Nature of business
F&C Asset Managers Limited	100% Ord shares	England	Investment management
FP Fund Managers Limited	100% Ord shares	England	Investment management
F&C Property Limited	100% Ord shares	England	Property investment management

### 10. DEBTORS

	31 December 2008 £	31 December 2007 £
Amounts falling due within one year:		
Other debtors	4,694,687	-
Amounts due from fellow subsidiary undertaking	-	8,148
Group relief receivable	<u>9,830</u>	<u>10,577</u>
	<u>4,704,517</u>	<u>18,725</u>

# FP ASSET MANAGEMENT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. CREDITORS

	31 December 2008 £	31 December 2007 £
Amounts falling due within one year:		
Amounts due to fellow subsidiary undertaking	3,412	-
Amounts due to immediate parent undertaking	21,565	307,422
Loan from fellow subsidiary undertaking	526,887	228,380
	<u>551,864</u>	<u>535,802</u>

The loan is from F&C Treasury Limited, a fellow subsidiary undertaking. It is repayable on demand and is subject to interest at the 3 month LIBOR minus 0.25% margin.

### 12. SHARE CAPITAL

	31 December 2008 £	31 December 2007 £
<b>Authorised:</b>		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
<b>Allotted, called up and fully paid:</b>		
3,682,362 ordinary shares of £1	<u>3,682,362</u>	<u>3,682,362</u>

### 13. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total share- holder's funds £
As at 1 January 2006	3,682,362	263,457	3,945,819
Profit on ordinary activities after taxation	-	5,975,321	5,975,321
Interim dividend 2007	-	(5,000,000)	(5,000,000)
As at 31 December 2007	3,682,362	1,238,778	4,921,140
Profit on ordinary activities after taxation	-	788,570	788,570
Interim dividend 2008	-	(500,000)	(500,000)
As at 31 December 2008	<u>3,682,362</u>	<u>1,527,348</u>	<u>5,209,710</u>

### 14. RELATED PARTY TRANSACTIONS

The company has taken exemption from the requirement to disclose related party transactions with members of the F&C Asset Management plc group on the basis that it is a wholly owned subsidiary. There are no related party transactions with Friends Provident plc or other significant investors of the group.

# **FP ASSET MANAGEMENT HOLDINGS LIMITED**

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

### **15. CONTINGENT LIABILITIES**

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

### **16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is F&C Asset Management plc. F&C Asset Management plc has included FP Asset Management Holdings Limited in its group financial statements. Copies of the Group Report and Financial Statements are available from its registered office: 80 George Street, Edinburgh, EH2 3BU.

The company's ultimate parent undertaking and controlling party until 3 July 2009 was Friends Provident plc, which is incorporated in England and Wales. Copies of the Friends Provident Annual Report and Accounts can be obtained from the Company Secretary, Pixham End, Dorking, Surrey, RH4 1QA.

The company's ultimate parent undertaking from 3 July 2009 is F&C Asset Management plc.