F&C Investment Business Limited

(Registered number SC151198)

Report & Financial Statements for the year ended 31 December 2013

Contents

1	Directors and Advisers
2-3	Strategic Report
4	Report of the Directors
5	Statement of Directors' Responsibilities
6	Independent Auditor's Report
7	Profit and Loss Account
8	Balance Sheet
9-16	Notes to the Financial Statements

F&C INVESTMENT BUSINESS LIMITED

DIRECTORS AND ADVISERS

REGISTERED NUMBER:	SC151198
DIRECTORS:	B Apfel D Logan A W Olding N D Parry M A K Smith W M Tonkin R A Watts F&C Asset Management plc
SECRETARY:	F&C Asset Management plc 80 George Street Edinburgh EH2 3BU
REGISTERED OFFICE:	80 George Street Edinburgh EH2 3BU
SOLICITORS:	Norton Rose LLP 3 More London Riverside London SE1 2AQ Shepherd and Wedderburn LLP 1 Exchange Crescent Conference Square Edinburgh EH3 8UL
AUDITOR:	KPMG Audit Plc Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

F&C INVESTMENT BUSINESS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY

The company is the asset manager of a number of Investment Trusts and private equity funds and, until August 2012, was the manager of a number of financial products including investment bonds, ISAs and other retail products. These products are now managed by F&C Management Limited, a fellow subsidiary undertaking within the F&C Asset Management plc Group (F&C Group). The company also receives secretarial fees for the Investment Trusts it provides company secretarial services to. The company is authorised and regulated by the Financial Conduct Authority (FCA).

RESULTS AND BUSINESS REVIEW

Results and Dividend

The financial statements show a profit after tax of £1,426,000 (2012: £79,000). The directors do not recommend the payment of a final dividend (2012: £nil) and no interim dividend was approved during the year (2012: £nil).

Trading performance and development of the business

The assets managed by the company as at 31 December 2013 were £1,180,511,000 (2012: £1,116,152,000). The company's turnover increased from £9,012,000 in 2012 to £11,604,000 in 2013. This is primarily due to performance related fees of £1,426,000 (2012: £nil) being earned in 2013, increased levels of equity markets benefiting revenue, and the revenue impact from the launch of a new private equity fund. Administrative expenses increased from £8,797,000 in 2012 to £9,752,000 in 2013. The totality of the costs borne by the company is linked to its net revenue, which is the key driver for determining the share of the Group's UK operating platform costs attributable to the company.

Future Developments

The company's prime focus will continue to be the management of assets on behalf of Investment Trust and private equity clients.

The company has made a variation of permission application to the FCA to become an Alternative Investment Fund Manager (AIFM) regulated company to comply with the EU Alternative Investment Fund Manager Directive (AIFMD). If successful, this permission will become effective in July 2014. As a result of this Directive, there will be a requirement for a number of contracts to be reassigned within the F&C Group.

On 28 January 2014, F&C Asset Management plc and the Bank of Montreal (BMO) announced that agreement had been reached for BMO Global Asset Management (Europe) Limited to acquire F&C Asset Management plc, the company's ultimate parent undertaking. Further details of this are outlined in note 18.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors manage the risks as part of the overall risk management framework within the F&C Group. Members of the F&C Group Management 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. The key operational risks facing the company are:

Indirect earnings risk through client assets

As an asset manager the company is responsible for managing assets in accordance with the mandates specified by the respective clients. The assets managed by the company are subject to varying degrees of financial risk (market, credit and liquidity). While these risks could result in financial loss or gain through a change in asset value, these risks and rewards are fully borne by, or fall to the benefit of, the company's clients. However, as the majority of the company's asset management fees are quantified as a percentage of assets under management, the company's revenues are impacted by movements in client assets which are caused by the exposure to financial risks. As a result of the direct link of revenues to the value of client assets, the company's interests are aligned to those of its clients.

F&C INVESTMENT BUSINESS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Indirect earnings risk through client assets (continued)

A key risk to the business is that of poor investment performance, which would lead to the subsequent loss of client mandates. A key role of the Heads of F&C's investment functions is to monitor the fund performance achieved by F&C Group's investment professionals. Where it is necessary, actions are taken to change process or personnel with a view to achieving or outperforming the respective client objectives or benchmarks.

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 and regulatory capital requirements.

Credit risk

As an asset management business which derives revenues which are based on a percentage of client assets under management, the company's exposure to default by clients is considered to be relatively low.

The quantum of accrued income and trade debtors at each balance sheet date is shown in note 9 to the financial statements. There is a low inherent risk of the non-collection of management fees from clients as the company's revenues are generally funded from the assets which are managed on behalf of clients.

A component of debtors at the balance sheet dates relates to inter-company balances with other F&C Group undertakings. As the F&C Group's regulatory and working capital requirements are monitored on a group-wide basis, the risk of default is considered minimal.

The F&C Group's treasury policy limits the exposure to any one counterparty (in respect of cash and cash equivalents), recognising that each counterparty has been approved by the F&C Counterparty Credit Committee. There is no direct credit risk in relation to client assets as this risk is borne fully by the clients concerned.

Liquidity risk

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

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

The regulatory environment

Significant changes in regulatory frameworks and the increased trend in regulatory scrutiny across the financial services industry present both opportunities and challenges for the company. The F&C Group Compliance team ensures that key regulatory changes are identified at the earliest opportunity. Their impact is then assessed to allow practical guidance on the proper application and interpretation of any changes to be provided to all relevant business areas. This is especially critical given the current regulatory environment.

BY ORDER OF THE BOARD

F&C Asset Management plc
Secretary
23 April 2014

F&C INVESTMENT BUSINESS LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and audited financial statements for the year ended 31 December 2013.

GOING CONCERN

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

On the basis of their assessment of the company's financial position the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows: .

B Apfel	(appointed 31 December 2013)
D Logan	
R C Wilson	(resigned 31 December 2013)
F&C Asset Management plc	

In addition to the above, N D Parry, W M Tonkin and R A Watts were appointed as directors on 8 January 2014, A W Olding was appointed as director on 13 January 2014 and M A K Smith was appointed as director on 14 January 2014.

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

DIRECTORS' AND OFFICERS' LIABILITY

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

PAYMENT POLICY AND PRACTICE

It is the company's payment policy to ensure settlement to suppliers' accounts in accordance with stated terms. In certain circumstances, settlement terms are agreed prior to any business taking place. It is the company's policy to abide by those terms.

ADEQUACY OF THE INFORMATION PROVIDED TO THE AUDITOR

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

BY ORDER OF THE BOARD

F&C Asset Management plc
Secretary
23 April 2014

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

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

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

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

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

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

F&C INVESTMENT BUSINESS LIMITED

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

We have audited the financial statements of F&C Investment Business Limited for the year ended 31 December 2013 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Saltire Court
Edinburgh
23 April 2014

F&C INVESTMENT BUSINESS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
TURNOVER	2	11,604	9,012
Selling expenses		-	(145)
NET REVENUE		11,604	8,867
Administrative expenses		(9,752)	(8,797)
OPERATING PROFIT	4	1,852	70
Interest receivable	5	48	57
Interest and similar charges payable	6	(2)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,898	126
Taxation on profit on ordinary activities	7	(472)	(47)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	1,426	79

All amounts relate to continuing operations.

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

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

F&C INVESTMENT BUSINESS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013
(Registered number SC151198)

	Notes	31 December 2013 £000	31 December 2012 £000
FIXED ASSETS			
Intangible fixed assets	8	708	772
CURRENT ASSETS			
Debtors: Amounts falling due:			
Within one year	9	9,811	7,229
After more than one year	9	70	386
Short-term deposits		9,853	8,918
Cash at bank and in hand		6	4
		19,740	16,537
CREDITORS: Amounts falling due within one year	10	(6,869)	(5,156)
NET CURRENT ASSETS		12,871	11,381
NET ASSETS		13,579	12,153
CAPITAL AND RESERVES			
Called up share capital	12, 13	13,000	13,000
Profit and loss account	13	579	(847)
TOTAL SHAREHOLDER'S FUNDS	13	13,579	12,153

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2014. They were signed on its behalf by:

D Logan
Director

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

F&C INVESTMENT BUSINESS 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 2013 and 31 December 2012.

Basis of accounting

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

Turnover

Turnover comprises income from investment management services and secretarial fees.

Asset management fees, investment advisory fees and other revenue generated by the company's investment management activities are recognised in the Profit and Loss Account over the period for which these investment management services are provided.

The company is entitled to earn performance fees from a number of clients if the actual investment performance of clients' assets exceeds defined benchmarks by an agreed level of outperformance in a set time period. Performance fees are recognised when the quantum of the fee can be estimated reliably, which is when the performance period ends when this occurs on or before the reporting date, or where there is a period of less than six months remaining to the end of the performance period and there is evidence at the reporting date which suggests that the current performance will be sustainable.

Interest receivable

Interest receivable comprises interest on bank balances and short-term deposits and is recognised in the Profit and Loss Account on an accruals basis.

Interest payable

Interest payable comprises interest on balances owed to other group companies and interest on bank accounts and is recognised in the Profit and Loss Account on an accruals basis.

Dividend recognition

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

Foreign currencies

The company's financial statements are presented in pounds Sterling, the company's functional and presentational currency.

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date, and any exchange differences arising are taken to the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets

Acquired intangible fixed assets are measured on initial recognition at cost. Following initial recognition, intangible fixed assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of management contracts are finite and management contracts are amortised on a straight-line basis over their estimated term, depending on the nature of the contract, with amortisation being charged to the Profit and Loss Account. The amortisation period is reviewed at each financial year-end.

Deferred taxation

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

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

Current tax

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

Related party disclosures

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

Cash flow statement

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER

Turnover comprises investment management fees, performance fees and secretarial fees from clients in:

	2013 £000	2012 £000
United Kingdom	9,436	7,681
The Netherlands	1,059	726
Cayman Islands	877	331
Other	232	274
	11,604	9,012

3. DIRECTORS' EMOLUMENTS

No director received any emoluments in respect of their services to the company during the year ended 31 December 2013 (2012: £nil). The emoluments of D Logan and R C Wilson are shown in the Group Financial Statements of F&C Asset Management plc.

4. OPERATING PROFIT

	2013 £000	2012 £000
This is stated after charging:		
Inter-company recharges	9,653	8,967
Auditors' remuneration – audit of these financial statements	14	14
Amortisation of intangible fixed assets	64	63
Foreign exchange losses	25	29

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

The company had no employees during the year ended 31 December 2013 (2012: nil).

5. INTEREST RECEIVABLE

	2013 £000	2012 £000
Bank interest	48	57

6. INTEREST AND SIMILAR CHARGES PAYABLE

	2013 £000	2012 £000
Interest on loan from fellow subsidiary undertaking	1	1
Bank interest and charges	1	-
	2	1

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
UK Corporation Tax		
UK Corporation Tax on profit for the year	11	31
Adjustments in respect of previous periods	178	(142)
Current tax charge/(credit) for the year	189	(111)
Deferred tax		
Originating and reversal of timing differences	430	-
Adjustments in respect of previous periods	(178)	142
Adjustments in respect of Corporation Tax rate change	31	16
Total deferred tax charge for the year (note 11)	283	158
Total tax charge for the year	472	47

Factors affecting the tax charge for the year
The tax charge assessed for the year is lower (2012: lower) than the standard rate of Corporation Tax in the UK of 23.25% (2012: 24.50%).
The differences are explained below.

	2013 £000	2012 £000
Profit on ordinary activities before taxation	1,898	126
Profit on ordinary activities multiplied by the UK Corporation Tax rate of 23.25% (2012: 24.50%)	441	31
Effects of:		
Reversible timing differences	(430)	-
Adjustments in respect of previous periods	178	(142)
Current tax charge/(credit) for the year	189	(111)

Factors affecting future tax charges

The Corporation Tax rate of 23% became effective from 1 April 2013, leading to a statutory UK Corporation Tax rate of 23.25% for 2013 for the Company.

A 3% reduction in the UK Corporation Tax rate was substantively enacted during the year to take effect in 2014 and 2015. The effect of these tax rate changes enacted has been to decrease the deferred tax assets of the Company by £31,000 comprising a charge through the Profit and Loss Account.

The 3% reduction in the UK Corporation Tax rate will lead to a Company statutory Corporation Tax rate of 21.50% for 2014 and 20.25% for 2015.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INTANGIBLE FIXED ASSETS

	Management contracts £000
Cost:	
At 1 January 2012, 31 December 2012 and 31 December 2013	1,135
Amortisation:	
At 1 January 2012	300
Amortisation charge for the year	63
At 31 December 2012	363
Amortisation charge for the year	64
At 31 December 2013	427
Net Book Values:	
At 31 December 2012	772
At 31 December 2013	708

On 1 March 2007, the management contract was transferred to the company from F&C Asset Management plc at its net book value. The management contract is being amortised over its estimated remaining useful life of 11 years.

9. DEBTORS

	31 December 2013 £000	31 December 2012 £000
Amounts due within one year:		
Accrued income	6,219	5,106
Trade debtors	2,010	897
Amounts due from fellow subsidiary undertakings	1,317	1,176
Other debtors	255	35
Prepayments	8	12
Accrued bank deposit interest	2	3
	9,811	7,229
Amounts due after more than one year:		
Deferred tax (note 11)	70	386
	9,881	7,615

Interest is paid to the company on certain intra-group balances. This is calculated by taking an average of the balance over the appropriate period and applying an average annual 3-month LIBOR interest rate minus 0.25% margin.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CREDITORS

	31 December 2013 £000	31 December 2012 £000
Amounts falling due within one year:		
Amounts due to fellow subsidiary undertakings	5,809	4,086
Other creditors	489	820
Loan from fellow subsidiary undertaking	479	121
VAT payable	69	67
Accruals	12	17
Group relief payable	11	30
Amounts due to parent undertaking	-	15
	6,869	5,156

The loan is from 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.

Interest is paid by the company on certain intra-group balances. This is calculated by taking an average of the balance over the appropriate period and applying an average annual 3-month LIBOR interest rate minus 0.25% margin.

11. DEFERRED TAXATION

	2013 £000	2012 £000
Balance at 1 January	386	544
Charged during the year (note 7)	(283)	(158)
Transfer to another F&C Group company	(33)	-
Balance at 31 December (note 9)	70	386

A deferred tax asset has been provided in the financial statements as follows:

	31 December 2013 £000	31 December 2012 £000
Unused tax losses	70	386

The directors believe it is appropriate to recognise a deferred tax asset because it is considered that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. SHARE CAPITAL

	31 December 2013 £000	31 December 2012 £000
Allotted, called up and fully paid:		
13,000,000 Ordinary Shares of £1 each	13,000	13,000

13. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2012	13,000	(926)	12,074
Profit on ordinary activities after taxation	-	79	79
At 31 December 2012	13,000	(847)	12,153
Profit on ordinary activities after taxation	-	1,426	1,426
At 31 December 2013	13,000	579	13,579

14. RELATED PARTY TRANSACTIONS

The company has taken exemption from the requirement to disclose related party transactions with members of the F&C Group, with the exception below, on the basis that all Group companies it transacted with were wholly-owned subsidiaries.

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

Management fees

The Company is charged property management fees from F&C REIT Property Asset Management plc and F&C REIT Property Management Limited, both subsidiary undertakings of the F&C Group:

	Total invoiced and accrued during the year ended 31 December 2013 £000	Outstanding at 31 December 2013 £000	Total invoiced and accrued during the year ended 31 December 2012 £000	Outstanding at 31 December 2012 £000
F&C REIT Property Asset Management plc	374	(81)	6,927	3,477
F&C REIT Property Management Limited	6,822	4,489	-	-

The balances outstanding are included in Amounts due from/to fellow subsidiary undertakings (notes 9 and 10).

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CAPITAL REQUIREMENTS DIRECTIVE

Under Pillar 3 of the Capital Requirements Directive (CRD), prescribed in the UK by the Financial Conduct Authority, the F&C Group is required to disclose information relating to its risks, regulatory capital, remuneration policy and risk management objectives and policies. The F&C Group's Pillar 3 disclosures are given on the Group's website (www.fandc.com).

Country by country reporting

CRD IV brings in new transparency rules for EU institutions and introduces a requirement for institutions to disclose certain information on a country by country basis. The disclosures in respect of 2013 are not subject to audit and require to be reported by 1 July 2014; the F&C Group is currently considering the basis and format of the disclosures which will be disclosed separately on the Group website (www.fandc.com) by 1 July 2014.

16. CONTINGENT LIABILITIES

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

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

18. EVENTS AFTER THE BALANCE SHEET DATE

Proposed acquisition of the F&C Group by Bank of Montreal

On 28 January 2014, F&C Asset Management plc (F&C) and the Bank of Montreal (BMO) announced that agreement had been reached for BMO Global Asset Management (Europe) Limited (BMO Europe), a wholly-owned subsidiary of BMO, to acquire the entire issued and to be issued Ordinary Share capital of F&C for an aggregate consideration of approximately £708m. F&C shareholders will receive 120p per share and will also be entitled to retain an ordinary course dividend of 2p per share which was declared on 28 January 2014.

The proposed acquisition is subject to the satisfaction of certain regulatory and other conditions.

The acquisition will be effected by means of a Court-sanctioned scheme of arrangement, full details of which, together with the terms and conditions of the transaction, are contained in the Scheme Circular. A copy of this document is available via the link on the front page of the F&C Group's website: www.fandc.com. The Scheme was approved by shareholders on 25 March 2014. In addition to the regulatory conditions referred to above, the Scheme is also subject to sanction by the Court prior to it becoming effective. Once the Scheme becomes effective, BMO Europe will acquire 100% of the share capital of F&C and F&C will, therefore, become a wholly-owned subsidiary of BMO Europe.

Subject to the fulfilment of the conditions, the acquisition is currently expected to complete on or around 7 May 2014. However, if the Scheme does not become effective on or before 31 August 2014 (or such later date (if any) as BMO and F&C may agree), it will lapse and the acquisition will not proceed (unless the Takeover Panel otherwise consents).