

# **HENDERSON FINANCES**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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## **HENDERSON FINANCES**

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## HENDERSON FINANCES

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### COMPANY INFORMATION

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<b>DIRECTORS</b>	A J Formica R P McNamara R M Thompson
<b>COMPANY SECRETARY</b>	Henderson Secretarial Services Limited
<b>REGISTERED NUMBER</b>	1974498
<b>REGISTERED OFFICE</b>	201 Bishopsgate London EC2M 3AE
<b>AUDITORS</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>BANKERS</b>	The Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

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## HENDERSON FINANCES

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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The Directors present their report and the financial statements of Henderson Finances ("the Company") for the year ended 31 December 2013

#### PRINCIPAL ACTIVITIES

The Company is a private unlimited company. The principal activity of the company is that of an investment holding company.

#### BUSINESS REVIEW

The Company is a wholly-owned subsidiary of Henderson Group plc ("HG plc" or "the Group"). The Group is run on an integrated basis through business units. Therefore the Company's strategy and business model is governed by that of the Group which is set out in considerable detail in the Annual Report and Accounts of the Group which can be obtained from its registered office as set out in note 15. The Group provides investment management services throughout Europe, the Americas and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income, property and private equity.

#### KEY PERFORMANCE MEASURES

The Board of HG plc, the Company's ultimate parent undertaking, monitors the performance of the Group against plan using a number of financial and non-financial performance measures. The performance of the Company contributes to the Group's KPIs. Please refer to the Henderson Group plc Annual Report and Accounts for a review of the Group's KPIs.

#### Administration Expenses

Administration expenses decreased by £0.5m from £0.4m foreign exchange gain in 2012 to £0.1m foreign exchange loss in 2013 due to a decrease in the Group Administration cost recharge from the Group's service company.

#### Financial position

Total equity attributable to equity holders of the parent increased by £0.1m to £187.8m as at 31 December 2013. This was due to a profit in the year of £0.1m.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Henderson's risk management framework helps the Group meet its business objectives within acceptable risk parameters and it is reviewed regularly so that new and emerging risks are identified early on. The Group's culture embeds the management of risk at all levels within the organisation. The framework under which it operates also ensures that it meets its business objectives without exceeding its risk appetite and it is subject to continuous review to ensure it recognises both new and emerging risks in the business. Please refer to the Group Annual Report and Accounts for the major risks affecting the Group.

This report was approved by the Board of Directors 22 April 2014 and signed on its behalf by



Henderson Secretarial Services Limited  
Secretary

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## HENDERSON FINANCES

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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The Directors present their report for the year ended 31 December 2013

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £112,000 (2012 £1,264,000 loss)

#### DIRECTORS

The Directors who served during the year were

A J Formica  
R P McNamara (Appointed 20 February 2013)  
R M Thompson (Appointed 25 October 2013)  
S J Garrood (Resigned 20 February 2013)

#### DIRECTORS' INDEMNITY

Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by United Kingdom law whereby Henderson Group plc is able to indemnify a director against any liability incurred in proceedings in which the Director is successful, and against the cost of successfully applying to the court to be excused for breach of duty where the Director acted honestly and reasonably

#### PROVISION OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Having made enquiries of fellow Directors and the Auditors, each Director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

#### GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, its financial risk management objectives and its exposure to cash flow risk are included in the Group's Business Review as described in note 15.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### AUDITORS

Ernst & Young LLP has not been reappointed as auditor. The shareholder will appoint PricewaterhouseCoopers LLP ("PwC") as the Company's auditors, subject to approval at the Group's AGM on 1 May 2014, beginning the year end 31 December 2014.

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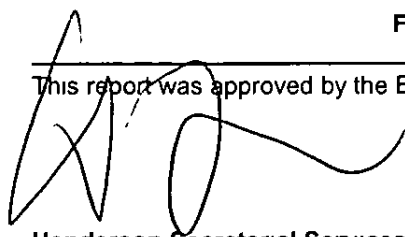
**HENDERSON FINANCES**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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This report was approved by the Board of Directors on 22 April 2014 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'A. O.', written over a horizontal line.

**Henderson Secretarial Services Limited**  
Secretary

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## HENDERSON FINANCES

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 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.

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## HENDERSON FINANCES

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENDERSON FINANCES

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We have audited the financial statements of Henderson Finances for the year ended 31 December 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Auditors' 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 Directors' Responsibilities Statement 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 Ethical Standards for Auditors. 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 Ethical Standards for Auditor.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### 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 United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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



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## HENDERSON FINANCES

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENDERSON FINANCES

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#### 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, or



Ratan Engineer (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditors  
London

Date 22 April 2014

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## HENDERSON FINANCES

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### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

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	Notes	2013 £000	2012 £000
Foreign exchange (loss)/gain	2	(129)	417
<b>OPERATING (LOSS)/PROFIT</b>		<b>(129)</b>	<b>417</b>
Interest payable	5	(524)	(916)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(653)</b>	<b>(499)</b>
Tax on loss on ordinary activities	6	765	(765)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	11	<b>112</b>	<b>(1,264)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account, accordingly a Statement of Total Recognised Gains and Losses is not required

The notes on pages 10 to 13 form part of these financial statements

**HENDERSON FINANCES**  
**REGISTERED NUMBER: 1974498**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Notes	£000	2013 £000	£000	2012 £000
<b>CURRENT ASSETS</b>					
Debtors	7	377,569		377,569	
Cash	8	21		20	
		<u>377,590</u>		<u>377,589</u>	
<b>CREDITORS</b> amounts falling due within one year					
	9	<u>(189,793)</u>		<u>(189,904)</u>	
<b>NET CURRENT ASSETS</b>			<u>187,797</u>		<u>187,685</u>
<b>NET ASSETS</b>			<u>187,797</u>		<u>187,685</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		173,173		173,173
Profit and loss account	11		<u>14,624</u>		<u>14,512</u>
<b>SHAREHOLDER'S FUNDS</b>	12		<u>187,797</u>		<u>187,685</u>

The notes on pages 10 to 13 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2014 and were signed on its behalf by



**R P McNamara**  
Director

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## HENDERSON FINANCES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1 ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice. The financial statements have been prepared on a going concern basis.

##### 1.2 INTEREST PAYABLE

Interest payable is accounted for on an accruals basis.

##### 1.3 TAXATION

Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided in respect of all timing differences which result in an obligation at the Balance Sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. However, deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### 1.4 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the appropriate exchange rate prevailing at the date of the transaction. Foreign currency monetary balances at the reporting date are converted at the prevailing exchange rate. Foreign currency non-monetary balances carried at fair value or cost are translated at the rates prevailing at the date when the fair value or cost is determined. Gains and losses arising on retranslation are taken to the Profit and Loss Account.

#### 2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	2013 £000	2012 £000
Difference on foreign exchange loss/(gain)	129	(417)

Auditor's remuneration of £7,000 (2012: £7,000) in respect of the audit of the Company's financial statements is borne by a Group undertaking.

#### 3. EMPLOYEES

The Company has no employees. Employees' contracts of employment are with Henderson Administration Limited, a group undertaking, and staff costs are disclosed in that company's financial statements.

## HENDERSON FINANCES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 4 DIRECTORS' REMUNERATION

The Directors of the Company were employed and remunerated as directors and executives of the Group in respect of their services to the Group as a whole. The Directors believe that it is not practicable to apportion part of their remuneration to the services as Directors of the Company.

Mr A J Formica and Mr R M Thompson were also directors of Henderson Group plc during the year and particulars of their remuneration for the period that they were Directors are set out in the Group's Annual Report and Accounts as described in note 15.

#### 5 INTEREST PAYABLE

	2013 £000	2012 £000
Interest payable on loans from Group undertakings	524	916

#### 6 TAXATION

	2013 £000	2012 £000
<b>ANALYSIS OF TAX (CREDIT)/CHARGE IN THE YEAR</b>		
Charge for the year	-	765
Adjustments in respect of prior periods	(765)	-
<b>TOTAL TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES</b>	<b>(765)</b>	<b>765</b>

#### FACTORS AFFECTING TAX (CREDIT)/CHARGE FOR THE YEAR

The difference between the total current tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2013 £000	2012 £000
Loss on ordinary activities before tax	(653)	(499)
Tax on loss on ordinary activities at the standard UK corporation tax rate of 23.25% pro rata (2012: 24.5% pro rata)	(152)	(122)
<b>EFFECTS OF:</b>		
Adjustments in respect of prior periods	(765)	-
Group relief claimed for nil consideration and worldwide debt cap adjustments	(962)	(521)
Transfer pricing adjustments	1,114	1,408
<b>TOTAL CURRENT TAX (CREDIT)/CHARGE FOR THE YEAR</b>	<b>(765)</b>	<b>765</b>

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## HENDERSON FINANCES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 6. TAXATION (continued)

##### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Government previously announced its intention to reduce the main corporation tax rate to 23% from 1 April 2013, and then to 21% from 1 April 2014 and 20% from 1 April 2015. The announced rate reductions to 20% by 1 April 2015 have been substantively enacted by the Balance Sheet date and have been reflected above as appropriate.

#### 7. DEBTORS

	2013 £000	2012 £000
Amounts owed by Group undertakings	<u>377,569</u>	<u>377,569</u>

#### 8. CASH

	2013 £000	2012 £000
Cash at bank	<u>21</u>	<u>20</u>

#### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Loans due to Group undertakings	69,317	86,958
Amounts owed to Group undertakings	120,476	102,181
Corporation tax	-	765
	<u>189,793</u>	<u>189,904</u>

#### 10. SHARE CAPITAL

	2013 £000	2012 £000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
17,317,256,600 (2012 17,317,256,600) Ordinary shares of £0.01 each	<u>173,173</u>	<u>173,173</u>

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## HENDERSON FINANCES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 11 RESERVES

	Profit and loss account £000
At 1 January 2013	14,512
Profit for the financial year	- 112
	<hr/>
At 31 December 2013	14,624
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#### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013 £000	2012 £000
Opening shareholder's funds	187,685	188,949
Profit/(loss) for the financial year	112	(1,264)
	<hr/>	<hr/>
Closing shareholder's funds	187,797	187,685
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#### 13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures", relating to transactions between 100% controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the Group, or investees of the Group qualifying as related parties

#### 14. CASH FLOW STATEMENT

The Company has taken advantage of the exemption in FRS 1 "Cash Flow Statements" from the requirement to prepare a cash flow statement, on the basis that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group, which prepares publicly available financial statements

#### 15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Global Investors (Holdings) Limited and ultimate parent undertaking is Henderson Group plc. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2013 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, [www.henderson.com](http://www.henderson.com)

#### 16 POST BALANCE SHEET EVENTS

The Board of Directors has not received as at 22 April 2014 being the date the financial statements were approved, any information concerning significant conditions in existence at the Balance Sheet date, which have not been reflected in the financial statements as presented