

HENDERSON FINANCES

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2009



HENDERSON FINANCES

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HENDERSON FINANCES

COMPANY INFORMATION

DIRECTORS	A J Formica S J Garrood
COMPANY SECRETARY	Henderson Secretarial Services Limited
COMPANY NUMBER	1974498
REGISTERED OFFICE	201 Bishopsgate London EC2M 3AE
AUDITORS	Ernst & Young LLP 1 More London Place London SE1 2AF

HENDERSON FINANCES

DIRECTORS' REPORT for the year ended 31 December 2009

The Directors present the report and the financial statements of Henderson Finances ("the Company"), registered company 1974498, for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The Company is a private unlimited company. The principal activity of the Company is that of an investment company and it is likely to continue to be an intermediate holding company in the Henderson Group for the foreseeable future.

BUSINESS REVIEW

The Company's ultimate parent undertaking is Henderson Group plc ('the Group'). The review of the Company's activities and business operations is not performed at the individual entity level, but as part of the Group's operational review. Accordingly, the key financial and other performance indicators have been disclosed within the Annual Report and Accounts of Henderson Group plc for the year ended 31 December 2009 which can be obtained from the Group's registered office as provided in note 18 to these financial statements.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £327,000 (2008 profit £25,972,000)

The Directors declared an interim dividend of £50,000,000 on 27 May 2010 (2008. nil)

DIRECTORS

The Directors who served during the period were:

A J Formica (appointed 2 January 2009)
N T Hiscock (resigned 1 September 2009)
S J Garrod (appointed 1 September 2009)

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 he or she is obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution will be proposed for the members to reappoint Ernst & Young LLP as auditors of the Company.

HENDERSON FINANCES

DIRECTORS' REPORT for the year ended 31 December 2009

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, financial risk management objectives and its exposure to cash flow risk are set out in the Business Review above

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

DIRECTORS' INDEMNITY

Henderson Group plc provides a deed of indemnity to Directors to the extent permitted by UK 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

This report was approved by the Board of Directors on 11 June 2010 and signed on its behalf by



Henderson Secretarial Services Limited
Secretary

HENDERSON FINANCES

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2009

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 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 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,
- 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.

HENDERSON FINANCES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HENDERSON FINANCES

We have audited the financial statements of Henderson Finances for the year ended 31 December 2009 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 20. 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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

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.

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 2009 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

HENDERSON FINANCES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HENDERSON FINANCES

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

Ernst & Young LLP

Ratan Engineer (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 16 June 2010

HENDERSON FINANCES

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Administration expenses		-	-
OPERATING PROFIT	2	-	-
Foreign exchange loss	5	(80)	-
Dividends received from subsidiary undertaking		-	1,130
Profit on disposal of investments		-	26
Interest receivable	6	9,205	25,847
Interest payable	7	(248)	-
Other expenses	8	<u>(9,204)</u>	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(327)	27,003
Tax on profit on ordinary activities	9	<u>-</u>	<u>(1,031)</u>
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR	15	<u><u>(327)</u></u>	<u><u>25,972</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 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 9 to 13 form part of these financial statements.

HENDERSON FINANCES
Registered number: 1974498

BALANCE SHEET
as at 31 December 2009

			2009		2008
	Note	£000	£000	£000	£000
FIXED ASSETS					
Investment in subsidiary undertakings	10		2,191		2,191
CURRENT ASSETS					
Debtors	11	378,080		378,054	
Cash at bank	12	<u>327</u>		<u>1,352</u>	
		378,407		379,406	
CREDITORS: amounts falling due within one year	13	<u>(140,092)</u>		<u>(140,764)</u>	
NET CURRENT ASSETS			<u>238,315</u>		<u>238,642</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>240,506</u>		<u>240,833</u>
CAPITAL AND RESERVES					
Called up share capital	14		173,173		173,173
Profit and loss account	15		<u>67,333</u>		<u>67,660</u>
SHAREHOLDERS' FUNDS	16		<u>240,506</u>		<u>240,833</u>

The notes on pages 9 to 13 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 11 June 2010 by

S J Garrood

S J Garrood
Director

HENDERSON FINANCES
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

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 applicable accounting standards

1.2 INVESTMENTS

Investments held as fixed assets are shown at cost less permanent diminution in value

1.3 INTEREST RECEIVABLE

Interest receivable is accounted for on an accruals basis

1.4 DIVIDEND INCOME

Dividends received from subsidiary undertakings are recognised when the Company's right to receive payment is established

1.5 TAXATION

Current tax in respect of the taxable profit or loss for a period is provided using the tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised on timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities are generally recognised in respect of all timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax are recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or a loss recognised directly in the statement of total recognised gains and losses in which case tax attributable to that gain or loss is also recognised directly in the statement of total recognised gains and losses

1.6 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2. OPERATING PROFIT

Auditor's remuneration in respect of the audit of the Company's financial statements was borne by a fellow subsidiary, Henderson Administration Limited and was not recharged to the Company. Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed on a consolidated basis in the Group's Annual Report and Accounts

HENDERSON FINANCES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

3. STAFF COSTS

The Company has no employees other than the Directors (2008 - £nil)

4. DIRECTORS' REMUNERATION

The Directors of the Company were employed and remunerated as directors and executives of Henderson Group plc and its subsidiaries ('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 their services as Directors of the Company.

Mr A J Formica and Ms S J Garrod are also Directors of Henderson Group plc and particulars of their remuneration are set out in the Group's Annual Report and Accounts.

5. FOREIGN EXCHANGE LOSS

	2009 £000	2008 £000
Difference on foreign exchange	<u>80</u>	<u>-</u>

6. INTEREST RECEIVABLE

	2009 £000	2008 £000
Interest receivable from Group undertakings	9,204	25,840
Other interest receivable	1	7
	<u>9,205</u>	<u>25,847</u>

7. INTEREST PAYABLE

	2009 £000	2008 £000
Interest payable to Group undertakings	<u>248</u>	<u>-</u>

8. OTHER EXPENSES

	2009 £000	2008 £000
Write off interest receivable from Group undertakings	<u>9,204</u>	<u>-</u>

HENDERSON FINANCES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

9. TAXATION

	2009 £000	2008 £000
Tax recognised in the profit and loss account		
Current tax (see note below)		
Total current tax charge	-	-
Deferred tax		
- current year charge	-	1,031
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>-</u>	<u>1,031</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

Tax charge for the year can be reconciled to the profit before tax in the profit and loss account as follows

	2009 £000	2008 £000
(Loss)/profit on ordinary activities before tax	<u>(327)</u>	<u>27,003</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	(91)	7,696
EFFECTS OF		
Income not taxable for tax purposes	-	(329)
Transfer pricing interest adjustment	1,634	(1,760)
Group relief utilised	(229)	-
Utilisation of tax losses	(1,314)	(5,607)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>-</u>	<u>-</u>

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2009 £000
COST/NET BOOK VALUE	
At 1 January 2009 and 31 December 2009	<u>2,191</u>

Subsidiary Undertakings	Principal Activity	Country of incorporation	Holding
Henderson Unit Trusts Limited	Fund Management	UK	100%

HENDERSON FINANCES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

11. DEBTORS

	2009 £000	2008 £000
Debtors: Amounts falling due within one year		
Other debtors	26	-
Amounts owed by Group undertakings	485	485
Loan to parent undertaking	377,569	377,569
	<u>378,080</u>	<u>378,054</u>

The loan to parent undertaking attracts interest at 3 month LIBOR plus 90 basis points and is repayable on demand. From 27 May 2010 the loan no longer attracts interest and the interest accrued to that date has been waived by the Directors.

12. CASH

	2009 £000	2008 £000
Cash at bank	202	201
Cash held under agency agreement	125	1,151
	<u>327</u>	<u>1,352</u>

The Directors have waived the right to receive interest on the balance held under an agency agreement with a fellow group subsidiary.

13. CREDITORS

	2009 £000	2008 £000
Creditors: Amounts falling due within one year		
Other loans	48,300	-
Amounts owed to Group undertakings	91,791	140,764
Other creditors	1	-
	<u>140,092</u>	<u>140,764</u>

Other loans, which are repayable on demand, include:

- Interest-free loans from fellow subsidiaries amounting to £20,000,000 and
- Interest-bearing loans from fellow subsidiaries amounting to £27,700,000, which incur interest at 3 month LIBOR plus 50 basis points

14. SHARE CAPITAL

	2009 £000	2008 £000
ALLOTTED, CALLED UP AND FULLY PAID		
17,317,256,600- Ordinary shares of 1p each	<u>173,173</u>	<u>173,173</u>

HENDERSON FINANCES
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

15. RESERVES

	Profit and loss account £000
At 1 January 2009	67,660
Loss for the year	(327)
	<hr/>
At 31 December 2009	<u><u>67,333</u></u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £000	2008 £000
Opening shareholders' funds	240,833	214,861
(Loss)/profit for the year	<u>(327)</u>	<u>25,972</u>
Closing shareholders' funds	<u><u>240,506</u></u>	<u><u>240,833</u></u>

17. 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

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is HGI Group 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 2009 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD

Accordingly, in line with S400(1) of the Companies Act 2006, the Company is exempt from the requirement to prepare and deliver group financial statements.

19. 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

20. POST BALANCE SHEET EVENTS

The Board of Directors has not received, as at 11 June 2010, 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. The Board has, however, given due regard to the events described below which occurred after the balance sheet date

The Directors declared an interim dividend of £50,000,000 on 27 May 2010. In addition the Board waived the interest outstanding on the loan to the parent undertaking outstanding at that date and amended the terms of the loan to be interest free. On that date £50,000,000 of the loan was novated to Henderson Holdings Group Limited