

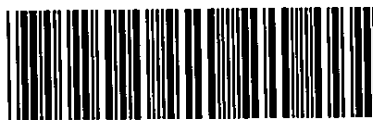
Registered number. 1974498

## HENDERSON FINANCES

### REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2010

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## **HENDERSON FINANCES**

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## **HENDERSON FINANCES**

### **COMPANY INFORMATION**

<b>DIRECTORS</b>	S J Garrood A J Formica
<b>COMPANY SECRETARY</b>	Henderson Secretarial Services Limited
<b>COMPANY 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>	HSBC Bank plc 20 Eastcheap London EC3M 1ED

## **HENDERSON FINANCES**

### **DIRECTORS' REPORT for the year ended 31 December 2010**

The Directors present their report and the financial statements of Henderson Finances ("the Company") for the year ended 31 December 2010

#### **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 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 review of the Company's activities and business operations is not performed at the individual entity level as the operational review is conducted at the ultimate parent level, Henderson Group plc and its subsidiaries ("the Group"). There is a proactive approach to risk management and a framework has been designed to manage the risks of its business and to ensure that the Boards of Directors at both Henderson Group plc and subsidiary levels have in place appropriate risk management practices. Accordingly, the key financial and other performance indicators together with the risk management objectives and policies have been disclosed within the Annual Report and Accounts of Henderson Group plc for the year ended 31 December 2010, which can be obtained from the registered office as provided in note 17 to these financial statements.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £335,000 (2009 loss £327,000). Interim dividends of £50,000,000 were declared in 2010. The Directors do not recommend the payment of a final dividend (2009 £nil).

#### **DIRECTORS**

The Directors who served during the year were

S J Garrood  
A J Formica

#### **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.

#### **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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the auditor, 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 auditor is aware of that information.

## **HENDERSON FINANCES**

### **DIRECTORS' REPORT for the year ended 31 December 2010**

#### **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

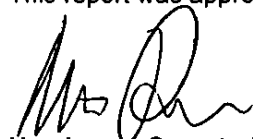
Whilst the underlying subsidiaries are active the Company will also remain active. The Directors believe that the Company is well placed to manage its business risks successfully

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**

In accordance with section 487(2) of the Companies Act 2006, the auditors are deemed to be reappointed

This report was approved by the Board of Directors on 25 March 2011 and signed on its behalf



**Henderson Secretarial Services Limited**  
Secretary

## **HENDERSON FINANCES**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2010**

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice 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 2010, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 Statement of Directors' responsibilities, 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.

### **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 2010 and of its loss 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*

**R Engineer (Senior Statutory Auditor)**  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

25 March 2011



## HENDERSON FINANCES

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Administrative expenses	2	(2,074)	(9,284)
<b>OPERATING LOSS</b>		<b>(2,074)</b>	<b>(9,284)</b>
Interest receivable	5	2,341	9,205
Interest payable	6	(602)	(248)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(335)</b>	<b>(327)</b>
Tax on loss on ordinary activities	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(335)</b>	<b>(327)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 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 - 13 form part of these financial statements

**HENDERSON FINANCES**  
Registered number: 1974498

**BALANCE SHEET**  
as at 31 December 2010

	Note	£000	2010 £000	2009 £000
<b>FIXED ASSETS</b>				
Fixed asset investments	8		2,191	2,191
<b>CURRENT ASSETS</b>				
Debtors	10	377,582		378,080
Cash at bank	11	825		327
		<u>378,407</u>		<u>378,407</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(190,427)</u>		<u>(140,092)</u>
<b>NET CURRENT ASSETS</b>			<u>187,980</u>	<u>238,315</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>190,171</u>	<u>240,506</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	13		173,173	173,173
Profit and loss account	14		<u>16,998</u>	<u>67,333</u>
<b>SHAREHOLDER'S FUNDS</b>	15		<u>190,171</u>	<u>240,506</u>

The notes on pages 9 - 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 25 March 2011

*S J Garrood*

**S J Garrood**  
Director

## **HENDERSON FINANCES**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010**

#### **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

Comparative disclosures in relation to administrative expenses in the Profit and Loss account have been amended to ensure consistency with the current year's financial statements

##### **1.2 EXPENSES AND INTEREST PAYABLE**

Expenses and interest payable are accounted for on an accruals basis

##### **1.3 INVESTMENTS**

Investments in subsidiaries are valued at cost less permanent diminution in value

##### **1.4 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 full on 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 tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised 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.

Current and deferred tax is 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.

##### **1.5 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

##### **1.6 INTEREST RECEIVABLE**

Interest receivable is accounted for on an accruals basis

## HENDERSON FINANCES

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

#### 2. OPERATING LOSS

The operating loss is stated after charging

	2010 £000	2009 £000
Foreign exchange (gain)/loss	(267)	80
Write back of interest receivable	2,341	9,204
	<u>2,341</u>	<u>9,204</u>

Auditors' remuneration in respect of the audit of the Company's financial statements was borne by a fellow subsidiary 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.

#### 3. STAFF COSTS

The Company has no employees. Employees' contracts of employment are with Henderson Administration Limited, a fellow subsidiary, and staff costs are disclosed in that company's financial statements. These costs will not be recharged to the Company.

#### 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 Ms S J Garrood are also directors of Henderson Group plc and particulars of their remuneration are set out in the Group's Annual Report and Accounts as described in note 17.

#### 5. INTEREST RECEIVABLE

	2010 £000	2009 £000
Interest receivable from Group undertakings	2,341	9,204
Other interest receivable	-	1
	<u>2,341</u>	<u>9,205</u>

#### 6. INTEREST PAYABLE

	2010 £000	2009 £000
Interest payable on loans from Group companies	602	248
	<u>602</u>	<u>248</u>

## HENDERSON FINANCES

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

#### 7. TAXATION

	2010 £000	2009 £000
UK corporation tax charge for the year	-	-

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2010 £000	2009 £000
Loss on ordinary activities before tax	(335)	(327)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%(2009 28%)	(94)	(91)
<b>EFFECTS OF:</b>		
Transfer pricing interest adjustment	-	1,634
Group relief surrendered/(claimed)	94	(229)
Utilisation of tax losses	-	(1,314)
<b>CURRENT TAX CHARGE FOR THE YEAR</b>	-	-

#### 8. FIXED ASSET INVESTMENTS

	2010 £000
<b>COST/NET BOOK VALUE</b>	
At 1 January 2010 and 31 December 2010	2,191

#### 9. PRINCIPAL SUBSIDIARIES

Name	Country	Percentage Shareholding	Description
Henderson Unit Trusts Limited	UK	100%	Dormant

#### 10. DEBTORS

	2010 £000	2009 £000
Other debtors	13	26
Amounts due from Group undertakings	-	485
Loans due from Group undertakings	377,569	377,569
	377,582	378,080

## HENDERSON FINANCES

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

#### 11. CASH

	2010 £000	2009 £000
Cash	202	202
Cash held under agency agreement	623	125
	<u>825</u>	<u>327</u>

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

#### 12. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £000	2009 £000
Loans due to Group undertakings	93,519	48,300
Amounts due to Group undertakings	96,908	91,791
Other creditors	-	1
	<u>190,427</u>	<u>140,092</u>

Loans from Group undertakings, which are repayable on demand, include Interest-free loans from fellow subsidiaries amounting to £22,104,151 and interest-bearing loans from fellow subsidiaries amounting to £71,414,526 which incur interest at 3 month LIBOR plus 50 basis points

#### 13. SHARE CAPITAL

	2010 £000	2009 £000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
17,317,256,600 Ordinary shares of 1p each	<u>173,173</u>	<u>173,173</u>

#### 14. RESERVES

	Profit and loss account £000
At 1 January 2010	67,333
Loss for the year	(335)
Dividends paid	(50,000)
	<u>16,998</u>
At 31 December 2010	<u>16,998</u>

## HENDERSON FINANCES

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

#### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2010 £000	2009 £000
Opening shareholder's funds	240,506	240,833
Loss for the year	(335)	(327)
Dividends	(50,000)	-
	<hr/>	<hr/>
Closing shareholder's funds	190,171	240,506
	<hr/>	<hr/>

#### 16. 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

#### 17. 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 2010 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

#### 18. 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

#### 19. POST BALANCE SHEET EVENTS

The Board of Directors has not received, as at 25 March 2011, 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

## Henderson Finances

### Summary of Movements

#### Profit and loss account for the year to date 31 December 2010

	Note	2010 £'000	2009 £'000	Movement £'000
Foreign exchange loss		(267)	80	(347)
Other expenses	1	2,341	9,204	(6 863)
Interest receivable	1	(2,341)	(9 205)	6 864
Interest payable	2	602	248	354
		<u>335</u>	<u>327</u>	<u>8</u>
Taxation		-	-	-
Loss for the year		<u>335</u>	<u>327</u>	<u>8</u>

#### Notes on P&L movements

1 The loan agreement between the Company and HGI Group Ltd was amended, and now states that outstanding interest will be waived and no further interest would be charged from 1st January 2009. This resulted in the write back of interest in both 2009 and 2010.

2 Interest payable on loans from other group entities	£'000	£'000
Henderson Holdings Group BV	46	6
Henderson Global Investors (International Holdings) BV	163	25
Henderson Global Investors Jersey 2 Ltd	126	95
Henderson Property Management Jersey Ltd	4	96
Henderson Funds Management Jersey Ltd	2	26
New Star Investment Funds Ltd	62	-
Henderson Investment Funds Ltd	199	-
	<u>602</u>	<u>248</u>

During 2009, loans from HPMJL and HFMJL were assigned to HGI(IH)BV and HHGBV respectively.

New loans were received from these companies in 2010 and subsequently assigned to HGI(IH)BV and HHGBV. Additionally, new loans were received from NSIF and HIFL (see note 6).



# **Balance sheet as at 31 December 2010**

	Note	2010 £'000	2009 £'000	Movement £'000
Fixed asset investment	3	2,191	2,191	-
Debtors				
Other debtors		13	26	(13)
Intercompany debtors	4	-	485	(485)
Loan debtors	4	377,569	377,569	-
Cash at bank	5	825	327	498
Creditors	6	(190,427)	(140 092)	(50,335)
Total assets less liabilities		190,171	240,506	(50 335)
Share capital		173,173	173,173	-
P&L reserve	7	16,998	67,333	(50 335)
Total net assets		190,171	240 506	(50 335)

## **Notes on B/S movements**

### **3 Investment in subsidiary**

Henderson Unit Trusts Limited		2,191	2 191	-
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### **4 Debtors**

Intercompany debtors - Henderson Administration Limited (HAL)		-	485	(485)
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This balance has now been classified as cash held under agency agreement

#### **Loan debtors**

HGI Group Ltd (HGIGL)	327,569	377,569	(50 000)
Henderson Holdings Group Ltd (HHGL)	50,000	-	50,000
	377,569	377,569	0

During the year £50m of the original loan debtor was assigned by HGIGL to HHGL

### **5 Cash**

Cash at bank	202	202	-
Cash held under agency agreement	623	125	498
	825	327	498

The increase in cash is a result of the reclassification of an intercompany debtor with HAL

### **6 Creditors**

Henderson Global Investors (Holdings) Limited (HGI(H)L)	(96,264)	-	(96,264)
Henderson Global Investors (Jersey) 2 Limited	(50)	(49)	(1)
Henderson Management SA	(2)	-	(2)
HGI Group Limited	(592)	(91 743)	91,151
Loan creditors (see breakdown below)	(93,519)	(48,300)	(45 219)
	(190,427)	(140 092)	(50 335)

The company declared a dividend of £50m in favour of HGIGL, which was offset by the repayment of £44.9m, resulting in a £5.1m increase in the balance outstanding. In addition, a balance of £96.2m with HGIGL was transferred to HGI(H)L (the new Parent company) as part of Project Consol

#### **Loan creditors are as follows:**

Henderson Administration Ltd	(13,000)	(13,000)	-
Henderson Holdings Group BV (HHGBV)	(8,144)	(6 742)	(1,402)
Henderson Global Investors (International Holdings) BV (HGI(H)BV)	(19,794)	(17,963)	(1 831)
Henderson Global Investors (Jersey) 2 Ltd	(10,720)	(10,595)	(125)
Henderson Investment Funds Ltd (HIFL)	(33,799)	-	(33,799)
New Star Investment Funds Ltd (NSIF)	(8,062)	-	(8 062)
	(93,519)	(48 300)	(45 219)

During the year new loans were received from HIFL (£33.6m), NSIF (£8m), HHGBV (£1.44m) and HGI(H)BV (£1.79m) in relation to the payment of the Group dividend

### **7 P&L reserve comprises**

Opening balance	67,333
Loss for the year	(335)
Dividend	(50,000)
P&L Reserve	16,998

Note: Henderson Finances has dissenting shareholders