

# JPMorgan Asset Management Holdings (UK) Limited

Registered number 2218729

Annual report for the year ended 31 December 2011



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## **JPMorgan Asset Management Holdings (UK) Limited**

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**JPMorgan Asset Management Holdings (UK) Limited**  
**Company information**

**Directors**

M R Porter

R M J Thompson

T J McDowall

**Secretaries**

J P Morgan Secretaries (UK) Limited

Y Y Maxwell

**Registered office**

25 Bank Street

Canary Wharf

London

E14 5JB

**Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

## **JP Morgan Asset Management Holdings (UK) Limited**

### **Directors' report for the year ended 31 December 2011**

The directors present their report and the audited financial statements of JPMorgan Asset Management Holdings (UK) Limited for the year ended 31 December 2011

#### **Principal activities**

JPMorgan Asset Management Holdings (UK) Limited (the "Company") acts as a holding company for companies engaged in the asset management business of the JPMorgan Asset Management International Limited group

#### **Review of business**

The principal subsidiary undertakings and their activities are set out in note 11 to the financial statements. The financial position of the Company remains satisfactory.

The directors of the Company do not anticipate any changes in the activities of the Company for the foreseeable future.

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Turnover	256,757,000	145,618,000
Profit before tax	237,261,000	173,809,000

The Company has invested surplus cash in AAA rated J P Morgan Liquidity Funds. This is repayable on demand and has been shown as Investments on the balance sheet. In the prior year, this cash was invested in overnight time deposits and classified as cash.

#### **Results and dividends**

The profit on ordinary activities before taxation for the financial year was £237,261,000 (2010 £173,809,000) and after taxation £233,326,000 (2010 £163,265,000).

An interim dividend of £289,000,000 was paid during the year (2010 £107,983,000). The directors do not recommend a final dividend for the year (2010 £nil).

#### **Directors**

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

J B Broderick resigned as a director of the Company on 30 April 2012.

C S Brown resigned as a director of the Company on 3 August 2012.

## **JP Morgan Asset Management Holdings (UK) Limited**

### **Directors' report for the year ended 31 December 2011**

#### **Principal risks and uncertainties**

Whilst management of the Company's risks and uncertainties is integrated with that of the wider group, the Company also manages its risks at a legal entity level

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the Financial Risk Management section of this report

#### **Financial risk management**

Risk management is an inherent part of the business activities of JPMorgan Chase & Co (the "Firm") and its associated subsidiaries (collectively, the "Group"), of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the board of directors, who in turn delegate to the various sub-committees, which are organised in line with the Group risk management policy.

The Company's operations expose it to a variety of financial risks, the most significant of which are credit risk, operational risk, and foreign exchange risk.

An overview of the key aspects of risk management and the use of financial instruments within the Group is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co annual report.

#### Credit risk

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant risk committees.

#### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well controlled operational environment and to monitor and record any control failures.

#### Foreign exchange risk

The Company uses financial instruments (derivatives) to manage foreign currency exposures in respect of its balance sheet, adhering to specific guidelines on the circumstances where it would be appropriate to use derivatives to manage these exposures.

From the perspective of the Company, the principal risks and uncertainties are integrated within the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Group's annual report which does not form part of this report.

## **JP Morgan Asset Management Holdings (UK) Limited**

### **Directors' report for the year ended 31 December 2011**

#### **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the annual 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 prepared 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 apply them consistently,
- make judgements and accounting 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.

#### **Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

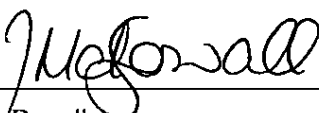
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**JP Morgan Asset Management Holdings (UK) Limited**  
**Directors' report for the year ended 31 December 2011**

**Liability insurance for directors**

As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's blanket insurance maintained at a consolidated level

Approved by the Board on 20 September 2012 and signed on its behalf by

  
\_\_\_\_\_  
T J McDowall  
Director

20 September 2012  
\_\_\_\_\_  
Date

## **JPMorgan Asset Management Holdings (UK) Limited**

### **Independent auditors' report to the member of JPMorgan Asset Management Holdings (UK) Limited**

We have audited the financial statements of JPMorgan Asset Management Holdings (UK) Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities 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 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.

This report, including the opinions, has been prepared for and only for the Company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 the 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 2011 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.



**JPMorgan Asset Management Holdings (UK) Limited**

**Independent auditors' report to the member of JPMorgan Asset Management Holdings  
(UK) Limited**

**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



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**Kelvin Laing-Williams**  
**Senior Statutory Auditor**

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

20 September 2012

**JPMorgan Asset Management Holdings (UK) Limited****Profit and loss account for the year ended 31 December 2011**

	Note	2011 £ 000	2010 £ 000
<b>Turnover</b>	2	256,757	145,618
Administrative expenses	3	(1)	(1)
Other operating income	4	15,943	28,020
<b>Operating profit</b>		272,699	173,637
Interest receivable and similar income	5	169	172
Amounts written off investments	10	(35,607)	-
<b>Profit on ordinary activities before taxation</b>		237,261	173,809
Tax on profit on ordinary activities	9	(3,935)	(10,544)
<b>Profit for the financial year</b>	18	233,326	163,265

All amounts relate to continuing operations

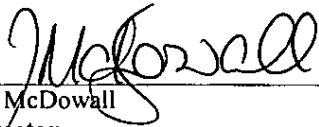
The Company has no recognised gains or losses for the years other than the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the results reported above and the results on an unmodified historical cost basis

**JPMorgan Asset Management Holdings (UK) Limited****Balance sheet as at 31 December 2011**

	Note	2011 £ 000	2010 £ 000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	10	350,540	443,389
Other investments	12	<u>1</u>	<u>1</u>
		<u>350,541</u>	<u>443,390</u>
<b>Current assets</b>			
Debtors	13	12,324	7,780
Investments	15	22,968	-
Cash at bank and in hand		<u>23,244</u>	<u>41,538</u>
		58,536	49,318
<b>Creditors: amounts falling due within one year</b>	16	<u>(3,987)</u>	<u>(31,944)</u>
<b>Net current assets</b>		<u>54,549</u>	<u>17,374</u>
<b>Net assets</b>		<u>405,090</u>	<u>460,764</u>
<b>Capital and reserves</b>			
Called up share capital	17	5	5
Capital contribution reserve	18	222,358	222,358
Profit and loss account	18	<u>182,727</u>	<u>238,401</u>
<b>Shareholder's funds</b>	19	<u>405,090</u>	<u>460,764</u>

The financial statements on pages 8 to 19 were approved by the board of directors on 20 September 2012 and signed on its behalf by

  
T J McDowall  
Director

Company registered number 2218729

## **JPMorgan Asset Management Holdings (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial instruments, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### **Group financial statements**

The Company is a wholly owned subsidiary of JPMorgan Asset Management International Limited and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

##### **Cash flow statement**

In accordance with Financial Reporting Standard ("FRS") 1 (revised 1996) "Cash Flow Statements", the Company has not prepared a cash flow statement since the Company is a wholly owned subsidiary of a parent undertaking which includes a consolidated cash flow statement in its financial statements, which are publicly available.

##### **Related party transactions**

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, "Related Party Disclosures", on the grounds that it is a wholly owned subsidiary of a group headed by JPMorgan Chase & Co., whose accounts are publicly available.

##### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are included at cost less any impairment in value that may have occurred. Realised gains and losses arising on disposal of subsidiaries are calculated as the difference between net sales proceeds and the carrying value.

##### **Turnover, income and expenditure**

Turnover, income and expenditure are included on an accrual basis.

##### **Dividend recognition**

Dividend income is recognised when the right to receive payment is established.

Dividend distributions are recognised in the period in which they are declared and approved.

## JPMorgan Asset Management Holdings (UK) Limited

### Notes to the financial statements for the year ended 31 December 2011

#### Derivative financial instruments

Derivative contracts held as economic hedges (not designated as FRS 26 "Financial Instruments Recognition and Measurement" hedges) are held at fair value. These comprise forward foreign exchange ("FFX") contracts which are held to hedge exposures to foreign currency denominated assets and liabilities. Fair values are calculated based on market forward foreign exchange rates at the balance sheet date.

The foreign currency denominated exposures are translated into sterling at rates of exchange ruling on the balance sheet date in accordance with FRS 23, "The Effects of Changes in Foreign Exchange Rates". Any realised or unrealised foreign exchange gain or loss resulting from FFX contracts and foreign currency denominated exposures are taken to the profit and loss account.

In accordance with FRS 29 "Financial Instruments Disclosures", the Company is exempt from presenting the disclosures required by this standard, since the Company is a wholly owned subsidiary of a parent undertaking whose consolidated financial statements are publicly available and include disclosures that comply with this standard.

#### 2 Turnover

Turnover comprises dividends received from subsidiaries. The Company has only one class of business.

#### 3 Administrative expenses

	2011 £ 000	2010 £ 000
Bank charges	1	1

Auditors' remuneration was £15,608 (2010: £14,000), wholly for audit services. The audit remuneration costs are borne by a fellow subsidiary.

#### 4 Other operating income

	2011 £ 000	2010 £ 000
Unrealised profit/(loss) on foreign exchange transactions	20,734	(16,313)
Realised (loss)/profit on foreign exchange transactions	(4,791)	44,333
	<u>15,943</u>	<u>28,020</u>

## **JPMorgan Asset Management Holdings (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **5 Interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable on amounts held with group undertakings	-	35
Other interest receivable	169	137
	<u>169</u>	<u>172</u>

#### **6 Dividends**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Equity - ordinary</b>		
Interim paid £57,800 (2010 £21,596 60) per £1 share	<u>289,000</u>	<u>107,983</u>

The directors do not recommend a final dividend for the year (2010 £nil)

#### **7 Employee information**

The employment contracts for all staff are with fellow group undertakings. The staff costs are borne by a fellow subsidiary.

#### **8 Directors' remuneration**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Aggregate emoluments	2,493	3,654
Total defined contribution pension payments for all directors	29	37
Aggregate amounts receivable (excluding shares) under Long Term Incentive Plans (LTIPs)	1,048	-

**JPMorgan Asset Management Holdings (UK) Limited****Notes to the financial statements for the year ended 31 December 2011****Retirement benefits:**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Number of directors who exercised share options	-	-
Number of directors to whom defined contribution pension rights accrued	3	4
Number of directors with shares received or receivable under (LTIPs)	5	5
Number of directors	5	5
	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Emoluments of highest paid director (excluding pension contributions)	900	1,474
Value of LTIPs of highest paid directors	417	-
The total amount contributed to the defined contribution scheme for the highest paid director	-	3
The highest paid director did (Yes) or did not (No) exercise any share options during the year	No	No
The highest paid director did (Yes) or did not (No) have shares received or receivable under LTIPs	Yes	Yes

The amounts shown above in respect of emoluments payable to directors exclude shares receivable by directors under long term incentive plans in accordance with Schedule 6 of the Companies Act 2006

**JPMorgan Asset Management Holdings (UK) Limited****Notes to the financial statements for the year ended 31 December 2011****9 Tax on profit on ordinary activities**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>(a) Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax on current year profits	3,935	7,326
Adjustments in respect of prior periods	-	3,218
Total current tax	<u>3,935</u>	<u>10,544</u>
Total tax charge for the year	<u>3,935</u>	<u>10,544</u>

**(b) Factors affecting tax charge for year**

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 26% reduced from 28% effective 1 April 2011. The differences are explained below

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit on ordinary activities before taxation	237,261	173,809
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 26.49% (2010: 28%)	62,850	48,667
<b>Effect of</b>		
Non taxable income	(68,348)	(41,341)
Non deductible expenditure	9,433	-
Adjustment in respect of previous years	-	3,208
<b>Current tax charge for year</b>	<u>3,935</u>	<u>10,544</u>



## **JPMorgan Asset Management Holdings (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **10 Investment in subsidiary undertakings**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Cost at 1 January	443,389	417,889
Additions by way of capital contribution	-	25,500
Return of capital	(57,242)	-
Amounts written off investments	(35,607)	-
Cost at 31 December	<u>350,540</u>	<u>443,389</u>

At 31 December 2011 a review of carrying values of subsidiaries identified that adjustments to the carrying value of JPMorgan Investments Limited and JPMorgan Asset Management Marketing Limited were required. This has resulted in a charge to the profit and loss account of £35,607,000.

During the year ended 31 December 2011 JPMorgan Asset Management Marketing Limited paid a dividend to the Company, part of which was out of pre-acquisition profits in relation to its disposal of its investment in Save & Prosper Insurance Limited on 20 December 2010. This has been recognised as a £57,242,000 return of capital.

During 2010 the Company increased its investment in JPMorgan Life Limited by £25,500,000.

## JPMorgan Asset Management Holdings (UK) Limited

### Notes to the financial statements for the year ended 31 December 2011

#### 11 Investments in subsidiary undertakings

The Company holds investments in the following companies

Subsidiary undertakings	Activity	Country of incorporation and registration	Class	%
JPMorgan Asset Management (UK) Limited	Investment management	England and Wales	Ordinary shares	100
JPMorgan Life Limited	Insurance	England and Wales	Ordinary shares	100
JPMorgan Asset Management Marketing Limited	Investment management	England and Wales	Ordinary shares	100
JPMorgan Investments Limited	Investment company	England and Wales	Ordinary shares	100
JPMorgan Asset Management Services Limited	Cost recharge	England and Wales	Ordinary shares	97
Airro UK Investor GP	Asset management	England and Wales	Ordinary shares	100
JPMorgan Asset Management Holdings (Luxembourg) Sarl	Holding company	Luxembourg	Ordinary shares	100
JPMorgan Asset Management Luxembourg S A	Investment management	Luxembourg	Ordinary shares	100

The directors are of the opinion that the value of the investments in subsidiaries at the year end is not less than the value at which they are stated in the balance sheet

#### 12 Other investments

In 2004 the Company purchased one share of €1,000 in JPMorgan European Property Fund Management Company S A. This company is a subsidiary of JPMorgan Asset Management Holdings (Luxembourg) Sarl, one of the subsidiaries of the Company.

#### 13 Debtors

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings	-	7,780
Other debtors	15	-
Derivative financial instruments (note 14)	12,309	-
	<u>12,324</u>	<u>7,780</u>

Amounts owed by group undertakings are unsecured and repayable on demand

## **JPMorgan Asset Management Holdings (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **14 Derivative financial instruments**

The net fair value gain at 31 December 2011 on open forward foreign exchange contracts held as economic hedges (as described in the accounting policy) is £12,257,000 (2010 loss of £8,476,000). The fair value gains/(losses) were recognised in other operating income for the year.

#### **15 Investments**

	<b>2011</b>
	<b>£000</b>
Book cost 1 January	-
Additions	50,423
Disposals	(27,455)
Closing book cost at 31 December	<u>22,968</u>
The investment is in AAA rated J P Morgan Liquidity funds	

#### **16 Creditors: amounts falling due within one year**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Derivative financial instruments (note 14)	52	8,476
Amounts owed to group undertakings	-	17
Corporation tax	3,935	23,451
	<u>3,987</u>	<u>31,944</u>

**JPMorgan Asset Management Holdings (UK) Limited**

**Notes to the financial statements for the year ended 31 December 2011**

**17 Called up share capital**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Allocated and fully paid</b>		
5,000 ordinary shares of £1 each	<u>5</u>	<u>5</u>

**18 Reconciliation of movement in reserves**

	<b>Capital contribution reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2011	222,358	238,401	460,759
Profit for the year	-	233,326	233,326
Dividends	-	(289,000)	(289,000)
At 31 December 2011	<u>222,358</u>	<u>182,727</u>	<u>405,085</u>

**19 Reconciliation of movement in shareholder's funds**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Shareholder's funds brought forward	460,764	405,482
Profit attributable to members of the Company	233,326	163,265
Dividends paid	(289,000)	(107,983)
Shareholder's funds carried forward	<u>405,090</u>	<u>460,764</u>

## **JPMorgan Asset Management Holdings (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **20 Ultimate parent undertaking**

The immediate parent undertaking is JPMorgan Asset Management International Limited

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company, is JPMorgan Chase & Co which is incorporated in the United States of America

The smallest group into which this company is consolidated is that headed by JPMorgan Asset Management International Limited, registered in England and Wales

The consolidated financial statements of JPMorgan Chase & Co and JPMorgan Asset Management International Limited are available to the public and may be obtained from the Company's registered office at

The Company Secretary  
25 Bank Street  
Canary Wharf  
London  
E14 5JP