

HENDERSON FUND MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

WEDNESDAY



A1835VMP

A08

02/05/2012

#293

COMPANIES HOUSE

HENDERSON FUND MANAGEMENT LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 16

HENDERSON FUND MANAGEMENT LIMITED

COMPANY INFORMATION

DIRECTORS	A J Boorman J N Darkins A J Formica S J Garrood D J Jacob
COMPANY SECRETARY	Henderson Secretarial Services Limited
REGISTERED NUMBER	2607112
REGISTERED OFFICE	201 Bishopsgate London EC2M 3AE
AUDITORS	Ernst & Young LLP 1 More London Place London SE1 2AF
BANKERS	Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

HENDERSON FUND MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their report and the financial statements of Henderson Fund Management Limited ("the Company"), for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is authorised and regulated by the Financial Services Authority, is the provision of investment management services, together with related accounting and treasury services for institutional funds, segregated accounts and international funds. This will continue to be the principal activity of the Company for the foreseeable future. On 28 October 2010, the Company re-registered from a public limited company to a private company limited by shares.

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 2011, which can be obtained from the registered office as provided in note 21 to these financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,612,000 (2010 £6,975,000)

The Directors paid an interim dividend of £34,900,000 (2010 £nil)

The Directors do not recommend the payment of a final dividend (2010 £nil)

DIRECTORS

The Directors who served during the year were

A J Boorman
J N Darkins
A J Formica
S J Garrood
D J Jacob
A Hardgrave (Resigned 10 June 2011)

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.

HENDERSON FUND MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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 21.

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 19 April 2012 and signed on its behalf by



Henderson Secretarial Services Limited
Secretary

HENDERSON FUND MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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 judgements and 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.

HENDERSON FUND MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENDERSON FUND MANAGEMENT LIMITED

We have audited the financial statements of Henderson Fund Management Limited (formerly Henderson Fund Management plc) for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. 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 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. In addition, we read all the financial and non-financial information in the report and financial statements 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 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 MATTERS 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 FUND MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENDERSON FUND MANAGEMENT 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

Ernst & Young Ltd

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

Date 19 April 2012

HENDERSON FUND MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
REVENUE	2	6,922	9,572
Administrative expenses		<u>(2,013)</u>	<u>(2,225)</u>
OPERATING PROFIT		4,909	7,347
Interest receivable and similar income	6	32	39
Interest payable	7	<u>(8)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,933	7,386
Tax on profit on ordinary activities	8	<u>679</u>	<u>(411)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>5,612</u>	<u>6,975</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 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 16 form part of these financial statements

HENDERSON FUND MANAGEMENT LIMITED
REGISTERED NUMBER: 2607112

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Fixed asset investments	9		3,282		17,243
CURRENT ASSETS					
Debtors	10	5,862		5,407	
Cash	11	18,931		37,187	
		<u>24,793</u>		<u>42,594</u>	
CREDITORS amounts falling due within one year	12	(2,236)		(2,176)	
NET CURRENT ASSETS			<u>22,557</u>		<u>40,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,839</u>		<u>57,661</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	13	-		(480)	
Other provisions	14	(1,400)		(3,454)	
			<u>(1,400)</u>		<u>(3,934)</u>
NET ASSETS			<u>24,439</u>		<u>53,727</u>
CAPITAL AND RESERVES					
Called up share capital	16		900		900
Profit and loss account	17		23,539		52,827
SHAREHOLDERS' FUNDS	18		<u>24,439</u>		<u>53,727</u>

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

The financial statements were approved and authorised for issue by the Board of Directors on 19 April 2012 and were signed on its behalf by

S J Garrood

S J Garrood
Director

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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. The financial statements have been prepared on a going concern basis

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group

1.2 REVENUE

Management and advisory fees are accounted for on an accruals basis and the financial statements include estimates of fees receivable where the actual amounts have not been determined.

Performance fees, which are based on the investment performance achieved for certain client and fund portfolios, are recognised when crystallised and when the amounts can be measured reliably

The fees are stated net of discounts, rebates and any provisions for doubtful recovery

1.3 EXPENSES AND INTEREST PAYABLE

Administration services charged from Group undertakings, other expenses and interest payable are accounted for on an accruals basis

1.4 INTEREST RECEIVABLE

Interest receivable is recognised on an accruals basis

1.5 INVESTMENTS

- i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for permanent diminution in value
- ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for permanent diminution in value

1.6 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

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

1.7 FOREIGN CURRENCIES

Foreign currency denominated monetary assets and liabilities are translated into pounds sterling at the exchange rate ruling at the balance sheet date. Foreign currency transactions during the year have been translated at the exchange rate ruling at the date of the transaction. All such exchange gains and losses arising from these translations are included in the Profit and Loss Account.

2 REVENUE

Revenue, which is stated net of annual management fee rebates and value added tax, arises from investment management services to institutional funds and segregated accounts.

	2011 £000	2010 £000
Management and performance fees	2,631	4,945
Foreign exchange dealing profit	4,291	4,627
	<u>6,922</u>	<u>9,572</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

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 as described in note 21.

4 EMPLOYEES

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.

5. 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, Mrs S J Garrood, Mr D J Jacob and Mr J N Darkins 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 21.

6 INTEREST RECEIVABLE

	2011 £000	2010 £000
Interest receivable	<u>32</u>	<u>39</u>

HENDERSON FUND MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7 INTEREST PAYABLE

	2011 £000	2010 £000
Interest payable to Group undertakings	<u>8</u>	<u>-</u>

8 TAXATION

	2011 £000	2010 £000
ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR		
CURRENT TAX (see note below)		
Charge for the period	-	-
Adjustments in respect of prior periods	-	(2)
TOTAL CURRENT TAX	<u>-</u>	<u>(2)</u>
DEFERRED TAX		
(Credit)/charge for the period	(130)	453
Adjustments in respect of prior periods	(563)	(22)
Effect of change in statutory tax rate	14	(18)
TOTAL DEFERRED TAX (see note 13)	<u>(679)</u>	<u>413</u>
TOTAL TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES	<u>(679)</u>	<u>411</u>

FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE PERIOD

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

	2011 £000	2010 £000
Profit on ordinary activities before tax	<u>4,933</u>	<u>7,386</u>
Tax on profit on ordinary activities at the standard United Kingdom corporation tax rate of 26.5% pro rata (2010 28%)	1,307	2,068
EFFECTS OF:		
Capital allowances in excess of book depreciation	-	(22)
Prior period adjustments	-	(2)
Income not taxable for tax purposes	(16)	(5)
Accrued partnership profit share taxable in future periods	130	(431)
Group relief claimed for nil consideration and worldwide debt cap adjustment	(1,421)	(1,610)
CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR	<u>-</u>	<u>(2)</u>

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 21 March 2012, the Government announced its intention to reduce the main United Kingdom corporation tax rate to 24% from 1 April 2012 and then by 1% per annum to 22% by 1 April 2014. The reduction from 26% to 25% from 1 April 2012 has been substantively enacted by the balance sheet date and has been reflected above as appropriate. The remaining proposed rate reductions have not been substantively enacted at the balance sheet date and as such they have not been recognised in these financial statements. As and when the Government enacts these changes, the Company's tax charge/(credit) for the year will reflect the reduction in the United Kingdom corporation tax rate.

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings £000	Listed investments £000	Total £000
COST OR VALUATION			
At 1 January 2011	22,001	3,965	25,966
Additions	-	940	940
Disposals	(22,001)	-	(22,001)
At 31 December 2011	-	4,905	4,905
IMPAIRMENT			
At 1 January 2011	7,100	1,623	8,723
Disposals	(7,100)	-	(7,100)
At 31 December 2011	-	1,623	1,623
NET BOOK VALUE			
At 31 December 2011	-	3,282	3,282
At 31 December 2010	14,901	2,342	17,243

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

In November 2011 the Company sold its investments in all of its subsidiaries to other Group companies at book value.

LISTED INVESTMENTS

During the year the Company made an investment of £940,000 in The Leadenhall Unit Trust.

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. DEBTORS

	2011 £000	2010 £000
DUE AFTER MORE THAN ONE YEAR		
Other debtors	721	879
Deferred tax asset (note 13)	199	-
DUE WITHIN ONE YEAR		
Trade debtors	194	8
Amounts owed by Group undertakings	2,987	779
Prepayments and accrued income	1,761	3,741
	<u>5,862</u>	<u>5,407</u>

11. CASH

	2011 £000	2010 £000
Cash held under agency agreement	<u>18,931</u>	<u>37,187</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

	2011 £000	2010 £000
Amounts owed to Group undertakings	1,308	1,025
Social security and other taxes	7	7
Accruals and deferred income	921	1,144
	<u>2,236</u>	<u>2,176</u>

13. DEFERRED TAXATION

	2011 £000	2010 £000
At 1 January	(480)	(67)
Current year credit/(charge) to Profit and Loss Account	130	(453)
Prior period adjustments to Profit and Loss Account	563	22
Change in statutory tax rate	(14)	18
At 31 December	<u>199</u>	<u>(480)</u>

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

13 DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows

	2011 £000	2010 £000
Accelerated capital allowances	77	83
Accrued partnership profit share taxable in future periods	122	(563)
	<u>199</u>	<u>(480)</u>

The changes in the United Kingdom corporation tax rate from 27% to 26% from 1 April 2011 and thereafter to 25% from 1 April 2012 were enacted and substantively enacted respectively during the year and these changes have been reflected in the net deferred tax asset/(liability) above

Further, on 21 March 2012 the Government announced its intention to reduce the United Kingdom corporation tax rate to 24% from 1 April 2012 and then by 1% per annum to 22% by 1 April 2014. These changes have not been substantively enacted at the balance sheet date. The deferred tax assets and liabilities at each balance sheet date during this period will reflect the change in United Kingdom corporation tax rate enacted or substantially enacted at the reporting date.

14. PROVISIONS

	Custody provision £000	FSCS levy £000	Total £000
At 1 January 2011	3,400	54	3,454
Amounts utilised	(2,000)	(54)	(2,054)
At 31 December 2011	<u>1,400</u>	<u>-</u>	<u>1,400</u>

CUSTODY PROVISION

The custody provision relates to obligations and interest payable in respect of the disposal of Cogent Investment Operations Limited by the Group in 2002. A further £2,600,000 is held within Henderson Global Investors (Holdings) Limited in respect of a related provision.

Financial Services Compensation Scheme Levy

The FSCS raised an interim levy on investment managers in respect of claims received primarily from investors in Keydata Investment Services Limited (in administration). The Company provided for this levy in full in 2010 and settled it during 2011.

15. DIVIDENDS

	2011 £000	2010 £000
Dividends paid on equity capital	<u>34,900</u>	<u>-</u>

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16. SHARE CAPITAL

	2011 £000	2010 £000
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
45,000,000 (2010 45,000,000) Ordinary shares of £0.02 each (2010 £0.02 each)	<u>900</u>	<u>900</u>

17. RESERVES

	Profit and loss account £000
At 1 January 2011	52,827
Profit for the year	5,612
Dividends	(34,900)
At 31 December 2011	<u>23,539</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Opening shareholders' funds	53,727	46,752
Profit for the year	5,612	6,975
Dividends (note 15)	(34,900)	-
Closing shareholders' funds	<u>24,439</u>	<u>53,727</u>

19. 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.

20. 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.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Global Investors (Holdings) Limited, a company incorporated in the United Kingdom, and the ultimate parent undertaking is Henderson Group plc, a company incorporated in Jersey. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2011 can be obtained from its registered office at 47 Esplanade, St. Helier, Jersey, JE1 0BD.

HENDERSON FUND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

22. CAPITAL REQUIREMENT DIRECTIVE

Under Pillar 3 of the Capital Requirements Directive prescribed in the United Kingdom by the Financial Services Authority, the Company is required to disclose information relating to its risks and its capital and risk management objectives and policies. The Group's Pillar 3 disclosures are given on the Henderson website.

23. POST BALANCE SHEET EVENTS

The Board of Directors has not received as at 19 April 2012, 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.