

Registered number: 2607112

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## HENDERSON FUND MANAGEMENT LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016



## **HENDERSON FUND MANAGEMENT LIMITED**

### **COMPANY INFORMATION**

<b>DIRECTORS</b>	A J Formica R M Thompson
<b>COMPANY SECRETARY</b>	Henderson Secretarial Services Limited
<b>REGISTERED NUMBER</b>	2607112
<b>REGISTERED OFFICE</b>	201 Bishopsgate London EC2M 3AE
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
<b>BANKERS</b>	Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

# **HENDERSON FUND MANAGEMENT LIMITED**

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## **HENDERSON FUND MANAGEMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016. The Directors have prepared the report in accordance with the small companies regime and taken advantage of the small companies' exemption (CA06 (section 414B)) in not preparing a Strategic Report. The Company would have otherwise qualified as a small company was it not a member of an ineligible group.

#### **PRINCIPAL ACTIVITY AND FUTURE OUTLOOK**

The principal activity of the Company, which is authorised and regulated by the Financial Conduct Authority ("FCA"), is the provision of investment management services for institutional funds, segregated accounts and international funds. However, the Company has applied to deregister from FCA supervision, its last client having novated to another Group undertaking.

#### **RESULTS AND DIVIDENDS**

The profit for the financial year, after taxation, amounted to £271,000 (2015: £702,000).

There were no dividends paid in the year under review (2015: £7,500,000).

#### **BUSINESS REVIEW**

The Company is a wholly owned subsidiary of Henderson Group plc ("HG plc" or "the Group"). The Group is run on an integrated basis through business units, not by the legal construct of its subsidiaries. Therefore the Company's strategy and business model is governed by that of the Group which is set out in detail in the Annual Report and Accounts of the Group, which can be obtained from its registered office as set out in note 18. The Group provides investment management services to clients throughout Europe, the Americas and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income, multi-asset and alternatives.

On 3 October 2016, Henderson Group plc announced a recommended merger with Janus Capital Group, Inc. The merger, which is still subject to the requisite shareholder approvals, is expected to close in the second quarter of 2017. The proposed merger did not have any impact on the Company's financial statements for the year ended 31 December 2016.

#### **DIRECTORS**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A J Formica  
R M Thompson

#### **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. The indemnity has been in force for the year to 31 December 2016 and up to the date of approval of the report and financial statements.

## **HENDERSON FUND MANAGEMENT LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **GOING CONCERN**

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 for the preparation of the annual financial statements.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### **DISCLOSURE 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 of which the Auditors are unaware. Each Director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

#### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

There have been no significant events affecting the Company since the year end.

#### **INDEPENDENT AUDITORS**

It is the intention of the Directors to reappoint the Auditors under the deemed appointment rules of section 487 of the Companies Act 2006.

This report was approved by the Board on 18 April 2017 and signed on its behalf by:



**Henderson Secretarial Services Limited**  
Secretary  
18 April 2017

## **HENDERSON FUND MANAGEMENT LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ("UK GAAP")), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

Under Company law the Directors must not approve the financial statements unless 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS101, 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.



**R. W. Thompson**  
Director  
18 April 2017

## **HENDERSON FUND MANAGEMENT LIMITED**

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

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Our opinion**

In our opinion, Henderson Fund Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements, comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

#### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

## HENDERSON FUND MANAGEMENT LIMITED

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

#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

##### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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) ("ISAs (UK & 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 members 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.

##### What an audit of financial statements involves

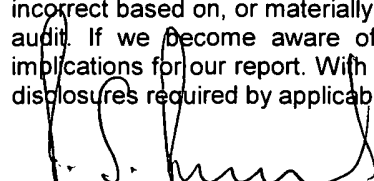
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Parwinder Purewal (Senior statutory auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

18 April 2017



**HENDERSON FUND MANAGEMENT LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Gross fee income	3	2,388	798
Operating expenses	4	(2,167)	(944)
<b>Operating profit/(loss)</b>		<b>221</b>	<b>(146)</b>
Finance income	8	324	915
Finance expense	9	(269)	(107)
<b>Profit before tax</b>		<b>276</b>	<b>662</b>
Taxation	10	(5)	40
<b>Profit for the year</b>		<b>271</b>	<b>702</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £000	2015 £000
Profit for the financial year	271	702
<b>Other comprehensive (expense)/income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Net loss on available-for-sale financial assets	-	(379)
<b>Total comprehensive income/ (expense) for the year</b>	<b>271</b>	<b>323</b>

The notes on pages 9 to 18 form part of these financial statements.

**HENDERSON FUND MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 2607112**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Deferred tax asset	12	15	20
		<u>15</u>	<u>20</u>
<b>Current assets</b>			
Trade and other receivables	12	4,722	22,998
Available-for-sale financial assets		8	8
Cash and cash equivalents	14	5,003	10,007
		<u>9,748</u>	<u>33,033</u>
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(244)	(23,800)
		<u>9,504</u>	<u>9,233</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Ordinary share capital		900	900
Profit and loss account		8,604	8,333
		<u>9,504</u>	<u>9,233</u>
<b>Total equity</b>			

The financial statements were approved and authorised for issue by the Board on 18 April 2017 and were signed on its behalf by:

  
**R M Thompson**  
 Director

The notes on pages 9 to 18 form part of these financial statements.

# HENDERSON FUND MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Ordinary share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	900	8,333	9,233
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	271	271
<b>Total comprehensive income for the year</b>	-	271	271
<b>At 31 December 2016</b>	<b>900</b>	<b>8,604</b>	<b>9,504</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Ordinary share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	900	379	15,131	16,410
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	702	702
Movement of available-for-sale financial assets	-	(379)	-	(379)
<b>Other comprehensive expense for the year</b>	-	(379)	-	(379)
<b>Total comprehensive (expense)/income for the year</b>	-	(379)	702	323
Dividends	-	-	(7,500)	(7,500)
<b>Total transactions with owners</b>	-	-	(7,500)	(7,500)
<b>At 31 December 2015</b>	<b>900</b>	<b>-</b>	<b>8,333</b>	<b>9,233</b>

The notes on pages 9 to 18 form part of these financial statements.

## **HENDERSON FUND MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. ACCOUNTING POLICIES**

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

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The Company financial statements are presented in GBP and all values are rounded to the nearest thousand pounds, except where otherwise indicated. The Company is a private limited company incorporated and domiciled in the UK.

Accounting policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has made significant judgements involving estimations and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company is a wholly owned subsidiary of Henderson Global Investors (Holdings) Limited and of its ultimate parent, Henderson Group plc. It is included within the consolidated financial statements of Henderson Group plc which are publically available, see note 18. Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

## **HENDERSON FUND MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### **1.3 GOING CONCERN**

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

##### **1.4 GROSS FEE INCOME**

Gross fee income includes management fees and performance fees (including earned carried interest), net of rebates. Management fees are recognised in the accounting period in which the associated investment management service is provided. Performance fees are recognised when the prescribed performance hurdles are achieved and it is probable that a fee will crystallise as a result.

Recharges to other Group undertakings are based on the Group's transfer pricing policy, and are recognised in the accounting period in which the associated gross fee income is incurred.

##### **1.5 OPERATING EXPENSES**

Operating expenses are accrued and recognised as incurred.

Recharges from Group undertakings in the year include amounts due to other Group undertakings for investment management, advisory or distribution services provided on behalf of the Company and expenses borne by another Group undertaking on behalf of the Company. These are allocated based on the Group's transfer pricing policy on a net residual profit/loss basis

## HENDERSON FUND MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.6 FINANCE INCOME AND EXPENSE

Interest income and finance expense is recognised as it accrues using the effective interest rate method.

Other net investment income is recognised on the date that the right to receive payment has been established.

##### 1.7 INCOME TAX

The Company provides for current tax expense according to the tax laws in each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Income tax relating to items recognised in the Statement of Comprehensive Income and Statement of Changes in Equity is also recognised in the respective statement and not in the Income Statement.

##### 1.8 FINANCIAL ASSETS

###### **Available-for-sale financial assets**

For available-for-sale financial assets, gains and losses arising from changes in fair value which are not part of a designated hedge relationship are recognised in the Statement of Comprehensive Income. When an asset is disposed of, the cumulative changes in fair value, previously recognised in the Statement of Comprehensive Income, are taken to the Income Statement in the current accounting period.

Unrealised gains and losses on financial assets represent the difference between the fair value of financial assets at the reporting date and cost or, if these have been previously revalued, the fair value at the last reporting date. Realised gains and losses on financial assets are calculated as the difference between the net sale proceeds and cost or amortised cost.

Where a fall in the value of an investment is prolonged or significant, it is considered an indication of impairment. In such an event, the investment is written down to fair value and the amounts previously recognised in the Statement of Comprehensive Income in respect of cumulative changes in fair value are taken to the Income Statement as an impairment charge.

## **HENDERSON FUND MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **FINANCIAL ASSETS (continued)**

###### **Trade and other receivables and cash and cash equivalents**

Trade and other receivables, which generally have 30 day payment terms, are initially recognised at fair value, normally equivalent to the invoice amount. When the time value of money is material, the fair value is discounted. Provision for specific doubtful debts is made when there is evidence that the Company may not be able to recover balances in full. Balances are written off when the receivable amount is deemed irrecoverable.

Cash amounts represent cash in hand and on-demand deposits. Cash equivalents are short-term highly liquid government securities or investments in money market instruments with a maturity date of three months or less.

##### **1.9 TRADE AND OTHER PAYABLES**

Trade and other payables are stated at amortised cost using the effective interest rate method.

##### **1.10 FOREIGN CURRENCY TRANSLATION**

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

##### **1.11 DIVIDEND RECOGNITION**

Dividend distributions to the Company's shareholder are recognised in the accounting period in which the dividends are declared as a deduction from equity.

#### **2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Company's accounting policies, management has made significant judgements involving estimations and assumptions which are summarised below:

##### **Impairment of investments**

Investments are reviewed for impairment at each reporting date or more frequently if there are indicators that the carrying value is impaired. Management also exercises judgement in determining whether a decrease in the value of an asset meets the prolonged and significant test.

## HENDERSON FUND MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 3. ANALYSIS OF GROSS FEE INCOME

An analysis of gross fee income by class of business is as follows:

	2016 £000	2015 £000
Gross management fees	529	805
Performance fees	1,859	(7)
	<u>2,388</u>	<u>798</u>

All gross fee income arose within the United Kingdom

#### 4. OPERATING EXPENSES

The operating expenses comprise:

	2016 £000	2015 £000
Recharges from other Group undertakings	2,841	956
Foreign exchange differences	(674)	(12)
	<u>2,167</u>	<u>944</u>

#### 5. AUDITORS' REMUNERATION

Auditors' remuneration of £11,523 (2015: £12,830) and £5,150 (2015: £5,150) in respect of the Company's financial statements and audit related assurance services respectively is borne by a fellow Group undertaking.

#### 6. EMPLOYEES

The Company did not have employees during the current and prior year. The UK group's employee contracts of employment are with Henderson Administration Limited, a Group undertaking and staff costs are disclosed in that company's financial statements.



## HENDERSON FUND MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 7. 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 their services as Directors of the Company.

A J Formica and R M Thompson were also directors of Henderson Group plc during the year and particulars of their remuneration for the period that they were Directors are set out in the Group's Annual Report and Accounts as described in note 18.

Total emoluments for the Directors of the Company is presented as follows:

	2016 £000	2015 £000
Total emoluments to company Directors	3,008	3,001
Emoluments paid to highest paid Director	1,950	2,005
Pension contributions made in respect of the highest paid Director	45	37
Money Purchase Pension Scheme contributions	77	64

The number of Directors accruing benefits under pension schemes during the year was:

Money purchase pension scheme	<u>2</u>	<u>2</u>
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During the year two of the Directors of the Company exercised share options (2015: two). Two of the Directors of the Company received options under the Group's Long Term Incentive Plan ("LTIP") (2015: two).

The highest paid Director of the Company was awarded LTIP options and exercised options during 2016 and 2015.

#### 8. FINANCE INCOME

	2016 £000	2015 £000
Interest receivable on balances due from Group companies	305	229
Net gain on financial assets carried at fair value	-	43
Gain on sale of investments	-	608
Other interest receivable	19	35
	<u>324</u>	<u>915</u>

# HENDERSON FUND MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 9. FINANCE EXPENSE

	2016 £000	2015 £000
Interest payable on balances due to Group undertakings	269	103
Loss on investment	-	2
Investment impairment	-	2
	<u>269</u>	<u>107</u>

### 10. TAXATION

	2016 £000	2015 £000
<b>Current tax</b>		
Charge for the year	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Charge for the year	4	(81)
Adjustments in respect of prior periods	-	38
Effect of change in statutory tax rate	1	3
<b>Total deferred tax</b>	<u>5</u>	<u>(40)</u>
<b>Total tax charged/(credited) to income statement</b>	<u>5</u>	<u>(40)</u>

# HENDERSON FUND MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 10. TAXATION (CONTINUED)

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The UK corporation tax rate applicable for the year is 20% (2015: 20.25%). The tax assessed to the company for the year is lower (2015: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £000	2015 £000
Profit before tax	276	662
Tax charge at the UK corporation tax rate of 20% (2015: 20.25%)	55	134
Effects of:		
Adjustments in respect of prior periods	-	38
Income not taxable for tax purposes	-	(9)
Net tax adjustment on sale of investments	-	(332)
Transfer in of capital gains from Group companies	-	209
Changes in statutory tax rates	1	3
Group relief claimed for nil consideration and worldwide debt cap adjustments	(51)	(83)
<b>Total tax charge/(credit) for the year</b>	<b>5</b>	<b>(40)</b>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020 have been substantively enacted. These tax rate changes will affect the Company's current tax charge or credit in future years.

### 11. DIVIDENDS

	2016 £000	2015 £000
£0.17 per share paid on 27 November 2015	-	7,500
	-	7,500

### 12. TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred tax asset (note 15)	15	20
	15	20

**HENDERSON FUND MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. TRADE AND OTHER RECEIVABLES (CONTINUED)**

	<b>2016 £000</b>	2015 £000
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	<b>216</b>	1,002
Amounts owed by Group undertakings	<b>4,348</b>	21,815
Prepayments and accrued income	<b>158</b>	181
	<u><b>4,722</b></u>	<u>22,998</u>

**13. TRADE AND OTHER PAYABLES**

	<b>2016 £000</b>	2015 £000
Amounts owed to Group undertakings	<b>244</b>	23,800
	<u><b>244</b></u>	<u>23,800</u>

Amounts owed to Group undertakings accrue interest at the Bank of England base rate plus 1%.

**14. CASH AND CASH EQUIVALENTS**

	<b>2016 £000</b>	2015 £000
Cash at bank and in hand	<b>5,003</b>	10,007
	<u><b>5,003</b></u>	<u>10,007</u>

**15. DEFERRED TAXATION**

	<b>2016 £000</b>	2015 £000
At 1 January	<b>20</b>	(20)
(Charged) / credited to the Income Statement	<b>(5)</b>	40
<b>At 31 December</b>	<u><b>15</b></u>	<u>20</u>

## HENDERSON FUND MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Deferred tax assets and liabilities in the above summary represent gross assets and liabilities as follows:

	2016 £000	2015 £000
<b>Accelerated capital allowances</b>		
Less than one year	2	5
More than one year	13	15
	<u>15</u>	<u>20</u>

The future reduction in the UK corporation tax rate from 18% to 17% with effect from 1 April 2020 was substantively enacted by the balance sheet date. This tax rate change resulted in a reduction in the Company's deferred tax assets of £1,000.

#### 16. CAPITAL REQUIREMENTS DIRECTIVE

Under Pillar 3 of the Capital Requirements Directive prescribed in the United Kingdom by the Financial Conduct 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, the address of which is set out in Note 18.

#### 17. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Board of Directors has not received as at 18 April 2017, being the date the financial statements were approved, any information concerning significant conditions in existence at the reporting date, which have not been reflected in the financial statements as presented.

#### 18. 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 and controlling party is Henderson Group plc, a company incorporated in Jersey which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2016 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, [www.henderson.com](http://www.henderson.com).

#### 19. CONTINGENT LIABILITIES

In the normal course of business, the Group is exposed to certain legal or tax matters, which could involve litigation and arbitration, and may result in contingent liabilities. The Directors are not aware of any contingent liabilities requiring disclosure in these financial statements as at 31 December 2016 or 2015.