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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008
FOR
VERITAS ASSET MANAGEMENT (UK) LIMITED**

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VERITAS ASSET MANAGEMENT (UK) LIMITED

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for the year ended 30 September 2008

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VERITAS ASSET MANAGEMENT (UK) LIMITED

COMPANY INFORMATION
for the year ended 30 September 2008

DIRECTORS:	R J Grant A N Headley C B S Richardson (Chairman) A S Rosenfelder M R Woods S W Newton
SECRETARY:	Jordan Company Secretaries Limited
REGISTERED OFFICE:	6th Floor Elizabeth House 39 York Road London SE1 7NQ
REGISTERED NUMBER:	03132257 (England and Wales)
AUDITORS:	Ernst & Young LLP 1 More London Place London SE1 2AF
BANKERS:	Bank of Scotland plc Corporate Channel Support PO Box 39900 Level 7, 155 Bishopsgate London EC2M 3YB
SOLICITORS:	Dickson Minto W S Royal London House 22-25 Finsbury Square London EC2A 1DX

VERITAS ASSET MANAGEMENT (UK) LIMITED

REPORT OF THE DIRECTORS for the year ended 30 September 2008

The directors present their report with the financial statements of the company for the year ended 30 September 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of investment services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are pleased with the progress made by the company in the past financial year. The improved investment performance across the mandates by the company has resulted in improved profitability. The profit for the year after taxation, amounted to £1,360,676. (2007: £1,674,177).

DIVIDENDS

During the year a dividend of £836,000 (2007: £450,000) was paid, representing the interim dividend recommended by the directors for the year ended 30 September 2008. In addition a dividend of NIL (2007:£400,000) has been recommended and paid for the year ended 30 September 2008.

FUTURE DEVELOPMENTS

The directors intend to continue to focus on developing the investment expertise in the company in order to give the best possible environment to sustain that investment performance in the future. In addition, the directors intend to explore the addressable markets for the investment services offered by the company with a view to grow the size and breadth of investment mandates managed.

PRINCIPAL RISK AND UNCERTAINTIES

The principal risk affecting the company is the performance of the Veritas group's funds under management as these generate its revenue. The immediate risk to the company of under performing funds is a decline in revenues, and, longer-term, the risk of redemptions to the funds managed by the Veritas group.

Other key risks relate to the company's ability to attract and retain key investment management personnel

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2007 to the date of this report.

R J Grant
A N Headley
C B S Richardson
A S Rosenfelder
M R Woods
S W Newton

Mr J Campbell resigned as a director of the company on 11th July 2008.

Other changes in directors holding office are as follows:

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made no donations.

VERITAS ASSET MANAGEMENT (UK) LIMITED

**REPORT OF THE DIRECTORS
for the year ended 30 September 2008**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

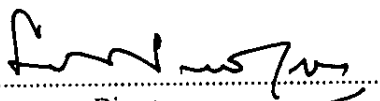
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, 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 group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
- Director

Date: 22/1/09 .

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VERITAS ASSET MANAGEMENT (UK) LIMITED

We have audited the financial statements of Veritas Asset Management (UK) Limited for the year ended 30 September 2008 which comprise Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VERITAS ASSET MANAGEMENT (UK) LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
London

Date: *23 January 2009*

VERITAS ASSET MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2008

	Notes	2008 £	2007 £
TURNOVER	2	9,173,225	11,699,803
Administrative expenses		<u>(7,781,298)</u>	<u>(9,437,886)</u>
		1,391,927	2,261,917
Other operating income		<u>6,589</u>	<u>9,593</u>
OPERATING PROFIT	4	1,398,516	2,271,510
Interest receivable and similar income	5	<u>361,406</u>	<u>219,010</u>
		1,759,922	2,490,520
Interest payable and similar charges	6	<u>(101,178)</u>	<u>(89,287)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,658,744	2,401,233
Tax on profit on ordinary activities	7	<u>(298,068)</u>	<u>(727,056)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>1,360,676</u></u>	<u><u>1,674,177</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.


The notes form part of these financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

BALANCE SHEET
30 September 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	9	71,248	100,166
Investments	10	<u>570</u>	<u>570</u>
		<u>71,818</u>	<u>100,736</u>
CURRENT ASSETS			
Debtors	11	4,827,009	9,525,101
Cash at bank and in hand		<u>5,172,253</u>	<u>2,336,136</u>
		9,999,262	11,861,237
CREDITORS			
Amounts falling due within one year	12	<u>(4,343,908)</u>	<u>(6,759,477)</u>
NET CURRENT ASSETS		<u>5,655,354</u>	<u>5,101,760</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,727,172</u>	<u>5,202,496</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>(1,500,000)</u>	<u>(1,500,000)</u>
NET ASSETS		<u>4,227,172</u>	<u>3,702,496</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,050,000	1,050,000
Profit and loss account	15	<u>3,177,172</u>	<u>2,652,496</u>
SHAREHOLDERS' FUNDS	17	<u>4,227,172</u>	<u>3,702,496</u>

The financial statements were approved by the Board of Directors on 22 January 2009 and were signed on its behalf by:


.....
R J Grant - Director

The notes form part of these financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Revenue recognition

Revenue is in respect of investment management and performance fees and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent free periods are amortised over the life of the lease

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Taxation and Deferred tax

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallise and are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Related party transactions

Exemption has been taken from disclosing related party transactions under FRS 8, on the grounds that the company is a 100% subsidiary of The Real Return Group Limited which produces publicly available consolidated financial statements.

Cash Flow Statement

Exemption has been taken from preparing a cash flow statement under FRS 1 (Revised), on the grounds that the company is a 100% subsidiary of The Real Return Group Limited which produces publicly available consolidated financial statements.

The notes form part of these financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2008**

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2008	2007
	£	£
USA	66,582	57,270
Europe	<u>9,106,643</u>	<u>11,642,533</u>
	<u>9,173,225</u>	<u>11,699,803</u>

3. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	5,496,775	7,877,699
Social security costs	703,587	55,883
Other pension costs	<u>185,520</u>	<u>201,426</u>
	<u>6,385,882</u>	<u>8,135,008</u>

The average monthly number of employees during the year was as follows:

	2008	2007
	25	19
Administrative staff	<u>25</u>	<u>19</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2008	2007
	£	£
Depreciation - owned assets	57,510	45,464
Auditors' remuneration	22,500	38,467
Foreign exchange differences	<u>144,045</u>	<u>14,183</u>
	<u>638,550</u>	<u>636,050</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Money purchase schemes	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2008	2007
	£	£
Emoluments etc	<u>137,500</u>	<u>130,000</u>

The notes form part of these financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 September 2008

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Deposit account interest	361,406	219,010

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank interest	1,312	4
Loan interest payable to group undertaking	<u>99,866</u>	<u>89,283</u>
	<u>101,178</u>	<u>89,287</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008	2007
	£	£
Current tax:		
UK corporation tax	<u>298,068</u>	<u>727,056</u>
Tax on profit on ordinary activities	<u>298,068</u>	<u>727,056</u>

UK corporation tax has been charged at 30%

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>1,658,744</u>	<u>2,401,233</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29% (2007 - 30%)	481,035	720,370
Effects of:		
Excess of depreciation over capital allowances	6,341	2,002
Expenses disallowed	8,046	4,684
Group relief surrendered	(197,354)	-
Current tax charge	<u>298,068</u>	<u>727,056</u>

The notes form part of these financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 September 2008

8. DIVIDENDS

	2008	2007
	£	£
Ordinary shares of £1 each		
Final	-	400,000
Interim	<u>836,000</u>	<u>450,000</u>
	<u>836,000</u>	<u>850,000</u>

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 October 2007	57,982	75,119	109,953	243,054
Additions	-	7,560	21,622	29,182
Disposals	<u>-</u>	<u>(3,017)</u>	<u>-</u>	<u>(3,017)</u>
At 30 September 2008	<u>57,982</u>	<u>79,662</u>	<u>131,575</u>	<u>269,219</u>
DEPRECIATION				
At 1 October 2007	43,178	56,042	43,668	142,888
Charge for year	13,434	10,670	33,406	57,510
Disposals	<u>-</u>	<u>(2,427)</u>	<u>-</u>	<u>(2,427)</u>
At 30 September 2008	<u>56,612</u>	<u>64,285</u>	<u>77,074</u>	<u>197,971</u>
NET BOOK VALUE				
At 30 September 2008	<u>1,370</u>	<u>15,377</u>	<u>54,501</u>	<u>71,248</u>
At 30 September 2007	<u>14,804</u>	<u>19,077</u>	<u>66,285</u>	<u>100,166</u>

10. FIXED ASSET INVESTMENTS

	Listed investments £
COST	
At 1 October 2007	570
Disposals	<u>-</u>
At 30 September 2008	<u>570</u>
NET BOOK VALUE	
At 30 September 2008	<u>570</u>
At 30 September 2007	<u>570</u>

VERITAS ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 September 2008

11. DEBTORS

	2008	2007
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	-	110,445
Other debtors	773,977	6,660
VAT	11,380	33,468
Prepayments & accrued income	480,270	6,494,767
Corporation Tax	<u>532,473</u>	<u>-</u>
	<u>1,798,100</u>	<u>6,645,340</u>
 Amounts falling due after more than one year:		
Cash collateral held at bank	<u>3,028,909</u>	<u>2,879,761</u>
 Aggregate amounts	<u>4,827,009</u>	<u>9,525,101</u>

Cash collateral held at bank represents a deposit of £2,500,000 plus accrued interest held by the company with the Bank of Scotland (BoS) as collateral for a loan of £6,000,000 provided by BoS to the company's ultimate parent company. The deposit, together with the accrued interest, cannot be withdrawn or transferred in the total amount or in any part until all liabilities under the loan of £6m have been unconditionally and irrevocably paid and discharged in full to the satisfaction of BoS.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	73,163	59,060
Amounts owed to group undertakings	1,013,620	23,796
Corporation tax	-	647,977
Other taxes	81,738	-
Accrued expenses	3,171,265	6,028,644
Other creditors	<u>4,122</u>	<u>-</u>
	<u>4,343,908</u>	<u>6,759,477</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Loan from group undertaking	<u>1,500,000</u>	<u>1,500,000</u>

The loan from group undertaking is a subordinated loan payable to Veritas Asset Management AG. Interest on the loan is accrued at LIBOR plus 0.5% per annum. Interest is due and payable September 30 and March 31 of each year commencing 30 September 2004. The loan is repayable on 31 May 2009.

VERITAS ASSET MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 September 2008

14. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value: £1	2008 £	2007 £
3,000,000	Ordinary		<u>3,000,000</u>	<u>3,000,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2008 £	2007 £
1,050,000	Ordinary		<u>1,050,000</u>	<u>1,050,000</u>

15. RESERVES

	Profit and loss account £
At 1 October 2007	2,652,496
Profit for the year	1,360,676
Dividends	<u>(836,000)</u>
At 30 September 2008	<u>3,177,172</u>

16. ULTIMATE PARENT COMPANY

The Real Return Group Limited, a company incorporated in the United Kingdom, is the ultimate parent undertaking. Copies of its group financial statements can be obtained from Brookfield House, Green Lane Ivinghoe, Leighton Buzzard, Bedfordshire, LU7 9ES.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	1,360,676	1,674,177
Dividends	<u>(836,000)</u>	<u>(850,000)</u>
Net addition to shareholders' funds	524,676	824,177
Opening shareholders' funds	<u>3,702,496</u>	<u>2,878,319</u>
Closing shareholders' funds	<u>4,227,172</u>	<u>3,702,496</u>

18. RELATED PARTIES

Certain Directors of the Company are also Directors of the Funds managed by the Company. These funds are therefore related parties. Management and Performance Fees received from the Funds are disclosed in note 2 and at the year end GBP 558,976 (2007: £6,063,936) was receivable and included in Other debtors. Included in Wages and Salaries are emoluments paid to Directors of £1,070,000 (2007: £ 1,025,000) in connection with the management of the funds.

VERITAS ASSET MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2008

	2008		2007	
	£	£	£	£
Turnover				
New private client mandates	363,303		224,951	
Existing external fees - UK	228,835		271,920	
VAG US Clients	66,582		71,341	
Pooled vehicles – management fees	6,530,674		3,933,729	
Pooled vehicles – performance fees	797,567		6,169,610	
Investment advisory agreement - Veritas AG	958,016		913,878	
Institutional mandates	228,248		107,258	
Loan interest			7,116	
		9,173,225		11,699,803
Other income				
Sundry receipts	6,589		9,593	
Deposit account interest	361,406		219,010	
		367,995		228,603
		9,541,220		11,928,406
Expenditure				
Rent and service charges	220,381		194,546	
Property repairs & maintenance	4,562		2,069	
Directors' salaries	1,119,271		907,084	
Directors' social security	143,266		55,883	
Directors' pensions paid	38,156		37,027	
Wages	4,899,669		6,970,615	
Pensions	185,520		201,426	
Other employee benefits	47,369		37,616	
Telephone and communications	31,726		26,288	
Printing, postage & stationery	30,419		24,252	
Travel & subsistence	50,770		36,523	
Insurance	33,932		31,984	
Recruitment fees	22,723		135,824	
Training	6,790		7,917	
Temp staff	393		-	
Sundry expenses	7,986		4,269	
Canteen expenses	2,641		3,005	
Bookkeeping fees	35,318		34,975	
Legal fees	34,230		10,483	
Taxation fees	2,000		6,228	
Market Data	7,345			
Investment trading error	132,832			
Consultancy fees	128,467		124,138	
Professional subscriptions	33,559		27,074	
Bloomberg subscription fees	82,042		83,240	
Carried forward	7,057,299	9,541,220	8,728,014	11,928,406

This page does not form part of the statutory financial statements

VERITAS ASSET MANAGEMENT (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2008**

	2008		2007	
	£	£	£	£
Investment research subscription fees	158,722		135,988	
Data protection and disaster recovery	15,997		11,501	
Software license	147,797		101,552	
Auditors' remuneration	17,500		38,467	
Profit on foreign exchange	(144,045)		14,183	
Marketing	133,039		77,503	
Entertaining	27,158		16,802	
IT	45,685		30,802	
Miscellaneous	19,740		779	
Donations	-		1,750	
Bank charges	237		4	
Disposal of fixed asset	590		-	
Depreciation of tangible fixed assets				
Leasehold improvements	13,434		14,463	
Fixtures and fittings	10,670		10,829	
Computer equipment	33,406		20,172	
	<u>7,781,298</u>		<u>9,437,886</u>	
	1,759,922		2,490,520	
Finance costs				
Bank charges	1,312		4	
Loan interest payable to group undertaking	99,866		89,283	
	<u>101,178</u>		<u>89,287</u>	
NET PROFIT	<u>1,658,744</u>		<u>2,401,233</u>	

This page does not form part of the statutory financial statements