

NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED

**REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2009**

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# **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

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# **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

## **COMPANY INFORMATION**

<b>DIRECTORS</b>	A Formica S Garrod S O'Brien R P Pease D M H Skinner
<b>COMPANY SECRETARY</b>	Henderson Secretarial Services Limited
<b>COMPANY NUMBER</b>	5387821
<b>REGISTERED OFFICE</b>	201 Bishopsgate London EC2M 3AE
<b>AUDITORS</b>	Ernst & Young LLP London SE1 2AF

# **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

## **DIRECTORS' REPORT for the year ended 31 December 2009**

The Directors present their report and the financial statements of New Star Asset Management Group Holdings Limited, registered company number 5387821, for the year ended 31 December 2009

### **PRINCIPAL ACTIVITIES**

The Company is a Holding Company, for a group of companies whose principal activity is to provide investment management and advisory services to clients worldwide

### **BUSINESS REVIEW**

The Company's ultimate parent undertaking is Henderson Group plc ('the Group') The review of the Company's activities and business operations is not performed at the individual entity level, but as part of the Group's operational review The Group takes a proactive approach to risk management and has designed a framework to manage the risks of its business and to ensure that the Boards of Directors at both the Group 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 2009, which can be obtained from the Group's registered office as provided in note 16 to these financial statements

### **RESULTS AND DIVIDENDS**

The profit / (loss) for the year, after taxation, amounted to £11,045,000 (2008 – loss £61,000)

The company paid dividends of £11,048,000 (2008 £8,300,000) in the year and does not propose a further dividend

### **DIRECTORS**

The Directors who served during the year were

R P Pease  
D M H Skinner  
A J Formica (appointed 6 April 2009)  
S J Garrod (appointed 6 April 2009)  
S O'Brien (appointed 6 April 2009)  
N T Hiscock (appointed 6 April 2009 resigned 1 September 2009)  
M R L Astor (resigned 6 April 2009)  
H J Covington (resigned 6 April 2009)  
J L Duffield (resigned 6 April 2009)  
J P B Jay (resigned 6 April 2009)  
R F J H Ruvigny (resigned 6 April 2009)

New Star Administration Services Limited resigned as secretary to the company on 6 April 2009 and Henderson Secretarial Services Limited was appointed

## **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

### **DIRECTORS' REPORT for the year ended 31 December 2009**

#### **DIRECTORS' INDEMNITY**

Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by UK law whereby Henderson Group plc is able to indemnify a director against any liability incurred in proceedings in which the director is successful, and against the cost of successfully applying to the court to be excused for breach of duty where the director acted honestly and reasonably

#### **PROVISION OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he or she is obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information

#### **GOING CONCERN**

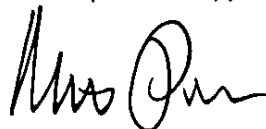
The Company's business activities, together with the factors likely to affect its future development, performance and position, financial risk management objectives and its exposure to cash flow risk are set out in the Business Review above. The Company has sufficient financial resources to meet its obligations as they fall due. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 485 of the Companies Act 2006, a resolution will be proposed for the members to reappoint Ernst & Young LLP as auditors of the Company.

This report was approved by the Board of Directors on the 17 May 2010 and signed on its behalf



**Henderson Secretarial Services Limited**  
Secretary

## **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2009**

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEW STAR ASSET MANagements GROUP HOLDINGS LIMITED**

We have audited the financial statements of New Star Asset Management Group Holdings Limited for the year ended 31 December 2009 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 16. 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 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 (APB's) Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 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.

**NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
NEW STAR ASSET MANagements GROUP HOLDINGS 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



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

Date 18 May 2010



**NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2009**

	<b>Notes</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Operating expenses		<u>(3)</u>	<u>(62)</u>
<b>OPERATING LOSS</b>		<b>(3)</b>	<b>(62)</b>
Interest receivable on amounts due from subsidiary undertakings		-	1
Dividend received from Group undertakings		<b>11,048</b>	-
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4</b>	<u><b>11,045</b></u>	<u><b>(61)</b></u>
Taxation	5	-	-
<b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>		<u><b>11,045</b></u>	<u><b>(61)</b></u>

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account, accordingly a statement of total recognised gains and losses is not required

The entire profit on ordinary activities is attributable to continuing operations

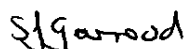
The notes on pages 9 to 14 form part of these financial statements

**NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

**BALANCE SHEET  
As at 31 December 2009  
Registered number 5387821**

	<b>Notes</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
<b>Fixed Assets</b>			
Investment in subsidiary undertakings	7	<b>4,303</b>	4,303
<b>Current Assets</b>			
Debtors amounts falling due within one year	8	<b>31,577</b>	31,580
Cash and short term deposits		<b>3</b>	3
		<u><b>31,580</b></u>	<u>31,583</u>
Creditors Amounts falling due within one year	9	<b>(763)</b>	(763)
<b>Net Current Assets</b>		<u><b>30,817</b></u>	<u>30,820</u>
<b>Total Net Assets</b>		<u><b>35,120</b></u>	<u>35,123</u>
<b>Capital and Reserves</b>			
Called up share capital	10,11	<b>14,599</b>	14,599
Share premium	10	<b>1,860</b>	1,860
Capital redemption reserve	10	<b>1,144</b>	1,144
Profit and loss account	10	<b>17,517</b>	17,520
<b>Equity Shareholders' Funds</b>		<u><b>35,120</b></u>	<u>35,123</u>

Approved by the Board and authorised for issue on 17 May 2010 and signed on its behalf by -



**S J Garrood**  
Director

The notes on pages 9 to 14 form part of these financial statements

# NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The principal accounting policies adopted are as set out below.

(a) **Accounting convention**

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

(b) **Dividends Paid**

In accordance with FRS 21, dividends payable at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

(c) **Investment**

Investments in subsidiaries are stated at cost less, where appropriate, provisions for permanent diminution in value.

(d) **Taxation**

Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current and deferred tax are recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or a loss recognised directly in the statement of total recognised gains and losses in which case tax attributable to that gain or loss is also recognised directly in the statement of total recognised gains and losses.

(e) **Cash and short term deposits**

Cash comprises cash in hand and deposits repayable on demand.

(f) **Share based payments**

The New Star Group operated schemes that allowed employees, including directors, to purchase shares in the ultimate parent company, New Star Asset Management Group PLC. The employee purchased the shares with a loan advanced by one of the Group Employee Benefit Trusts (EBTs). The employees have charged the relevant shares held by them in favour of an EBT by way of security for their obligations to the EBT. The employees' obligations to pay or repay sums to the EBT are of a limited recourse nature as the employees' liability is capped at the proceeds of sale of the shares charged by them. The New Star Group calculated the fair value of these awards using a Black-Scholes model and

## **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

### **NOTES TO THE COMPANY FINANCIAL STATEMENTS**

#### **(f) Share based payments (continued)**

recharged this expense to the employing Company. The fair value was recognised as an employee cost in the profit and loss statement over the period during which the employees became unconditionally entitled to the shares, being the period over which the employees' services are received. The amount recognised was adjusted to reflect the expected and actual numbers of shares that the employees became unconditionally entitled to.

The New Star Group also operated share option schemes that allowed employees, including Directors, to purchase shares in the holding company, New Star Asset Management Group PLC, at fixed prices. The fair value of the options is measured on the grant date and spread over the period during which the employees became unconditionally entitled to the underlying shares. The fair value of the options granted was determined using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the profit and loss account was adjusted to reflect the expected and actual number of options that vest.

All schemes were classified as being equity settled. The schemes ceased on acquisition of the entire share capital of New Star Asset Management Group PLC by Henderson Group plc on 9th April 2009.

## **2 STAFF COSTS**

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

## **3 DIRECTORS REMUNERATION**

The Directors of the Company were employed and remunerated as Directors and Executives of Henderson Group plc and its subsidiaries ("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.

Mr A J Formica and Ms S J Garrood are also directors of Henderson Group plc and particulars of their remuneration are set out in the Group's Annual Report and Accounts as described in note 16.

# NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Profit / (loss) on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Auditor's remuneration		
Amounts receivable by auditors and their associates in respect of		
- Audit of these financial statements	-	10
- Prior year audit fees	-	2
Other Expenses		
- Wind up of New Star Share Schemes	3	-
	<u>3</u>	<u>12</u>

Auditor's remuneration in respect of the audit of the Company's financial statements was borne by a fellow subsidiary and was not recharged to the Company. Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed on a consolidated basis in the Groups Annual Report and Accounts.

### 5 TAXATION

	2009 £'000	2008 £'000
(a) Analysis of charge in the year		
United Kingdom Corporation tax	-	-
(b) Factors affecting the tax charge for the year		
Profit / (Loss) on ordinary activities before tax	11,045	(61)
United Kingdom corporation tax at 28% (2008 28.5% pro rata) based on profit for the financial year	3,092	(17)
Effects of		
Income not taxable for tax purposes	(3,093)	-
Expenses not deductible for tax purposes	1	
Group relief utilised	-	17
Current tax charge for the year	-	-

### 6 DIVIDENDS

	2009 £'000	2008 £'000
Amount recognised as distributions to equity holders in the year		
Dividend for the year ended 31 December	<u>11,048</u>	<u>8,300</u>

# NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 7 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Share based payment £'000	Shares at cost £'000	Total £'000
At 1 January 2008	4,028	275	4,303
Additions	-	-	-
At 1 January 2009	4,028	275	4,303
Additions	-	-	-
At 31 December 2009	<u>4,028</u>	<u>275</u>	<u>4,303</u>

The Company's principal subsidiary undertaking is

	Country of incorporation and operation	% of issued Ordinary shares held	Activity
<b>Direct</b>			
New Star Asset Management Holdings Ltd	England	100	Intermediate holding company
<b>Indirect</b>			
New Star Asset Management Ltd	England	100	Fund management
New Star Investment Funds Ltd	England	100	Unit trust manager and authorised corporate director for open ended investment companies
New Star Institutional Managers Ltd	England	-	Fund management
New Star Property Asset Management Ltd	England	100	Property asset management
New Star Asset Management (Bermuda) Ltd	Bermuda	100	Fund management and distribution
New Star Investment Funds (Ireland) Ltd	Ireland	100	Manager for offshore open ended investment company
New Star International Investment Products (Asia) Ltd	Hong Kong	100	Offshore fund promotion and Property asset management
New Star International Investment Products Ltd	Bermuda	100	Administration company
New Star Asset Management Services Ltd	Ireland	100	Marketing & support company
New Star Institutional Managers Midco Ltd (previously WorldInvest Management)	England	100	Fund management

# **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

## **NOTES TO THE COMPANY FINANCIAL STATEMENTS**

### **7 INVESTEMENTS IN SUBSIDIARY UNDERTAKINGS (continued)**

In the opinion of the Directors, the aggregate value of the shares in subsidiaries is not less than the amount at which they are stated in the balance sheet

### **8 DEBTORS: Amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by subsidiary undertakings	<u>31,577</u>	<u>31,580</u>

### **9 CREDITORS (amounts falling due within one year)**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to subsidiary undertakings	735	720
Accruals	<u>28</u>	<u>43</u>
	<u>763</u>	<u>763</u>

### **10 SHARE CAPITAL**

	<b>2009</b>	<b>£'000</b>	<b>2008</b>	<b>£'000</b>
	<b>Number of shares</b>		<b>Number of shares</b>	
Authorised				
Ordinary shares of 5p each	<u>420,000,000</u>	<u>21,000</u>	<u>420,000,000</u>	<u>21,000</u>
Allotted, issued and fully paid				
Ordinary shares of 5p each	291,976,230	14,599	291,976,230	14,599
'C' Ordinary share of 5p each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Ordinary shares of 5p each	<u>291,976,231</u>	<u>14,599</u>	<u>291,976,231</u>	<u>14,599</u>

The Company did not issue ordinary shares during the year

### **11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Capital Redemption Reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equity shareholders' funds at 1 January 2008	14,599	1,860	1,144	25,881	43,484
Loss for financial year	-	-	-	(61)	(61)
Dividends paid	-	-	-	<u>(8,300)</u>	<u>(8,300)</u>
Equity shareholders' funds at 1 January 2009	14,599	1,860	1,144	17,520	35,123
Profit for financial year	-	-	-	11,045	11,045
Dividends paid	-	-	-	<u>(11,048)</u>	<u>(11,048)</u>
Closing equity shareholders' funds	<u>14,599</u>	<u>1,860</u>	<u>1,144</u>	<u>17,517</u>	<u>35,120</u>

## **NEW STAR ASSET MANAGEMENT GROUP HOLDINGS LIMITED**

### **NOTES TO THE COMPANY FINANCIAL STATEMENTS**

#### **12 GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

The Company along with two other Group companies was a guarantor under the loan facility between New Star Asset Management Group PLC and the Governor & Company of Bank of Scotland. As a result of the capital restructure and subsequent acquisition of the New Star Group by Henderson Group plc the £260m that was outstanding at the beginning of the year was fully repaid on 9 April 2009.

#### **13 POST BALANCE SHEET EVENTS**

The Board of Directors have not received, as at 17 May 2010, 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.

#### **14 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.

#### **15 RELATED PARTY DISCLOSURES**

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 Henderson Group plc, or investees of the group qualifying as related parties.

#### **16 ULTIMATE HOLDING AND CONTROLLING COMPANY**

The Company's immediate holding company is New Star Asset Management Holdings Limited. New Star Asset Management Group PLC was the ultimate parent undertaking at 31 December 2008. In April 2009 Henderson Group plc became the ultimate parent undertaking. Group financial statements are available from Companies House or the Company Secretary at 47 Esplanade, St Helier, Jersey JE1 0BD.

Accordingly in line with S400(1) of the Companies Act 2006, the Company is exempt from the requirement to prepare and deliver group financial statements.