

Registered number: 05644066

## **Acadian Asset Management (UK) Limited**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2014**

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## **Acadian Asset Management (UK) Limited**

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### **Company Information**

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<b>Directors</b>	John Chisholm Churchill Franklin Mark Minichiello Ross Dowd Kelly Young Patrick McCafferty
<b>Company secretary</b>	Paul Jones
<b>Registered number</b>	05644066
<b>Registered office</b>	110 Cannon Street London EC4 6EU
<b>Independent auditors</b>	KPMG LLP 15 Canada Square London E14 5GL

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## **Acadian Asset Management (UK) Limited**

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## Acadian Asset Management (UK) Limited

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### Strategic Report For the Year Ended 31 December 2014

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#### Results and business review

The company profit for the year after taxation amounted to £705,101 (2013 - £673,314). The company generated £1,430,290 (2013 - £2,007,583) in turnover from management fees during the year, this downturn was largely due to a decrease in AUM of 2.18% during 2014. The directors do not recommend a final dividend.

During the year the Company's main objective was expanding its presence in new markets and generating revenue sources for the business. As the business grows, the Company continues to focus on prospecting for clients and marketing the firm to the European investment community with the goal of expanding the foundations for distribution of the Company's products.

#### Future developments

The company expects to grow organically in the next financial year by attracting new clients as a result of sustained fund performance coupled with the possibility of employing additional staff.

#### Risk management

The risks and uncertainties face by the Company are those inherent within the financial services industry, but are primarily:

Market risk – subject to market fluctuations and general economic conditions;

Credit risk – exposed to counterparties not fulfilling their obligations;

Operational risk – incurring losses resulting from inadequate or failed internal and external processes, systems and human error from external events; and

Regulatory risk – subject to the effects of changes in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates.

#### Going concern

Having considered existing resources, forecasted results and made all reasonable enquiries, the Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company will continue to operate for the foreseeable future. As such, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### Director's indemnity and liability insurance

The directors of the company are covered under the group directors and officers liability insurance that is provided by Mitsui Sumitomo (Willis).

This report was approved by the board on 16 April 2015 and signed on its behalf.

Director  
KELLY YOUNG 16/4/2015

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## Acadian Asset Management (UK) Limited

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### Directors' Report For the Year Ended 31 December 2014

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The directors present their report and the financial statements for the year ended 31 December 2014.

#### Principal activities

The Company is a wholly-owned subsidiary of Acadian Asset Management LLC which is in turn a majority-owned subsidiary of Old Mutual Asset Managers (US) LLC. The Company was authorised by the Financial Conduct Authority on 8 March 2007 (FRN 460224) and primarily specialises in the management of global equities, and utilises a quantitative investment strategy.

#### Results

The profit for the year, after taxation, amounted to £705,101 (2013 - £673,314).

#### Directors

The directors who served during the year were:

John Chisholm  
Churchill Franklin  
Mark Minichiello  
Ross Dowd  
Kelly Young  
Patrick McCafferty

The Company falls within Proportionality Level 3 for the purposes of the FCA Remuneration Code. Under this Code the Company is required to make certain disclosures regarding its remuneration policies and practices for those categories of staff whose professional activities have a material impact on its risk profile. These disclosures are included within the document "2012 Pillar 3", included as a supplement to these annual financial statements. "2012 Pillar 3" is not within the scope of the annual audit and does not form part of the financial statements or notes thereto.

#### Disclosure of Information to auditors

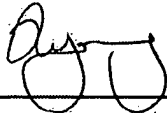
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 16 April 2015 and signed on its behalf.

KELLY YOUNG  
Director  16/4/15

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## Acadian Asset Management (UK) Limited

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### Directors' Responsibilities Statement For the Year Ended 31 December 2014

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Acadian Asset Management (UK) Limited**

We have audited the financial statements of Acadian Asset Management (UK) Limited for the year ended 31 December 2014 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 the company's members those matters we are required to state to them in an auditor's 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 members and auditor**

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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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.



Neil Palmer (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
16 April 2015

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**Acadian Asset Management (UK) Limited**

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**Profit and Loss Account**  
**For the Year Ended 31 December 2014**

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	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Turnover	2	7,048,089	5,176,178
Cost of sales		(929,104)	(1,306,084)
<b>Gross profit</b>		<b>6,118,985</b>	<b>3,870,094</b>
Administrative expenses		(5,201,665)	(2,908,408)
<b>Operating profit</b>	3	<b>917,320</b>	<b>961,686</b>
Other income / (expenses)		-	(63,581)
Interest receivable and similar income		1,226	5,815
<b>Profit on ordinary activities before taxation</b>		<b>918,546</b>	<b>903,920</b>
Tax on profit on ordinary activities	7	(213,445)	(230,606)
<b>Profit for the financial year</b>	13	<b>705,101</b>	<b>673,314</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 7 to 13 form part of these financial statements.

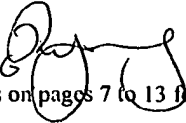


**Acadian Asset Management (UK) Limited**  
**Registered number: 05644066**

**Balance Sheet**  
**As at 31 December 2014**

	<i>Note</i>	<b>£</b>	<b>2014 £</b>	<b>£</b>	<b>2013 £</b>
<b>Fixed assets</b>					
Tangible assets	8		1,243,769		175,714
<b>Current assets</b>					
Debtors	9	5,846,513		4,736,329	
Cash at bank		364,352		1,205,577	
		<u>6,210,865</u>		<u>5,941,906</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,926,497)</u>		<u>(1,254,584)</u>	
<b>Net current assets</b>			<u>4,284,368</u>		<u>4,687,322</u>
<b>Total assets less current liabilities</b>			<u>5,528,137</u>		<u>4,863,036</u>
<b>Provisions for liabilities</b>	11		<u>-</u>		<u>(40,000)</u>
<b>Net assets</b>			<u>5,528,137</u>		<u>4,823,036</u>
<b>Capital and reserves</b>					
Called up share capital	12		950,000		950,000
Profit and loss account	13		<u>4,578,137</u>		<u>3,873,036</u>
<b>Shareholders' funds</b>	14		<u>5,528,137</u>		<u>4,823,036</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 April 2015.

KELLY Director  16/4/2015  
 The notes on pages 7 to 13 form part of these financial statements.

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 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.

##### 1.2 Income and expenses

Management fee income based on funds under management is recognised on a receivable basis over the period of management.

Expenses are recognised in the financial statements on an accrual basis.

##### 1.3 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

##### 1.4 Cash flow statement

The Company's ultimate parent company Old Mutual plc prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of the exemption in Financial Reporting Standard 1 - 'Cash Flow Statements', and has dispensed with the requirement to prepare a cash flow statement.

##### 1.5 Taxation

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	3 years (33% per annum)
Fixtures and fittings	-	3 years (33% per annum)
Computer equipment	-	3 years (33% per annum)

##### 1.7 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 2. Turnover

Turnover comprises marketing and support fees received from the Company's parent under a sub-advisory and services agreement (note 4) and management fees in respect of investment services provided by the Company.

	2014	2013
	£	£
Marketing and support fees	5,617,799	3,145,303
Investment management fees	1,430,290	2,007,583
Other income	-	23,292
	<u>7,048,089</u>	<u>5,176,178</u>

#### 3. Operating profit

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	125,816	71,494
Auditors' remuneration	10,500	12,000
Operating lease rentals:		
- land and buildings	215,301	86,096
Foreign exchange movements	79,260	30,299
Loss / (profit) on disposal of fixed assets	90,903	(903)

#### 4. Sub-advisory and services agreement

The Company entered into a sub-advisory and services agreement with its parent Acadian Asset Management LLC. Under the terms of the agreement, the Company provides marketing and support services to the parent and receives compensation equal to 108% of the total amount of costs and expenses incurred. In addition, the parent acts as investment sub-advisor for the Company's clients and receives a sub-advisory fee equal to 65% of the investment management fees paid by each respective investment account to the Company.

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	4,991,479	2,134,673

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

	2014 No.	2013 No.
Average number of employees during the year	8	8

#### 6. Directors' remuneration

	2014 £	2013 £
Remuneration	1,167,445	742,572

The highest paid director received remuneration of £620,540 (2013 - £550,394).

#### 7. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	212,535	220,732
Adjustments in respect of prior periods	7,018	4,293
<b>Total current tax</b>	<b>219,553</b>	<b>225,025</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,544	2,737
Adjustment in respect of prior periods	(10,652)	2,844
<b>Total deferred tax</b>	<b>(6,108)</b>	<b>5,581</b>
<b>Tax on profit on ordinary activities</b>	<b>213,445</b>	<b>230,606</b>

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 7. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is equal to (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	918,546	903,920
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	197,488	210,161
Effects of:		
Adjustments to tax charge in respect of prior periods	7,018	4,293
Short term timing difference leading to an increase (decrease) in taxation	(5,375)	-
Non-deductible expenses	7,660	2,995
Transfer pricing adjustments	3,596	3,958
Depreciation in excess of capital allowances	9,166	3,618
Current tax charge for the year (see note above)	219,553	225,025

##### Factors that may affect future tax charges

The company's future current tax charge will be affected by the difference between tax and accounts depreciation of fixed assets.

## Acadian Asset Management (UK) Limited

### Notes to the Financial Statements For the Year Ended 31 December 2014

#### 8. Tangible fixed assets

	<i>Long-term leasehold property</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
<b>Cost</b>				
At 1 January 2014	298,728	101,184	108,402	508,314
Additions	775,565	350,619	162,573	1,288,757
Disposals	(302,060)	(39,679)	(15,031)	(356,770)
At 31 December 2014	772,233	412,124	255,944	1,440,301
<b>Depreciation</b>				
At 1 January 2014	191,401	72,352	68,847	332,600
Charge for the year	72,934	29,462	23,420	125,816
On disposals	(234,328)	(21,868)	(5,688)	(261,884)
At 31 December 2014	30,007	79,946	86,579	196,532
<b>Net book value</b>				
At 31 December 2014	742,226	332,178	169,365	1,243,769
At 31 December 2013	107,327	28,832	39,555	175,714

#### 9. Debtors

	<i>2014</i> £	<i>2013</i> £
Trade debtors	-	229,962
Amounts owed by group undertakings	5,065,658	3,702,101
Other debtors	48,212	42,104
Prepayments and accrued income	546,971	748,597
Tax recoverable	185,672	13,565
	5,846,513	4,736,329

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 10. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	35,336	25,531
Other taxation and social security	119,966	110,923
Other creditors	122,658	76,206
Accruals and deferred income	1,648,537	1,041,924
	<u>1,926,497</u>	<u>1,254,584</u>

#### 11. Provisions for liabilities

	2014	2013
	£	£
Other provisions	-	40,000
	<u>-</u>	<u>40,000</u>

#### 12. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
950,000 Ordinary shares shares of £1 each	950,000	950,000
	<u>950,000</u>	<u>950,000</u>

#### 13. Reserves

	Profit and loss account
	£
At 1 January 2014	3,873,036
Profit for the financial year	705,101
	<u>4,578,137</u>
At 31 December 2014	<u>4,578,137</u>

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## Acadian Asset Management (UK) Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2014

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#### 14. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	4,823,036	4,149,722
Profit for the financial year	705,101	673,314
Closing shareholders' funds	<u>5,528,137</u>	<u>4,823,036</u>

#### 15. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	
	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	-	60,000
After more than 5 years	<u>152,688</u>	<u>-</u>

On 4 July 2014 the Company entered into a 10 year lease with annual rentals of £305,375 and a rent free period of 12 months.

#### 16. Related party transactions

The Company's ultimate parent undertaking prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of an exemption in Financial Reporting Standard 8 - "Related Party Disclosures" and does not disclose transactions with other entities in the Old Mutual group.

#### 17. Parent undertaking

##### IMMEDIATE PARENT UNDERTAKING

Acadian Asset Management LLC, organised in the United States is the immediate parent undertaking. Its financial statements are available from:

The Corporate Controller, Acadian Asset Management LLC, One Post Office Square, Boston, MA 02109

##### ULTIMATE PARENT UNDERTAKING

Old Mutual plc, registered in England, is the ultimate parent undertaking. Its financial statements are available from:

The Secretary, Old Mutual plc, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG.