

Registered number: 6047952

NEW STAR ASSET MANAGEMENT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



NEW STAR ASSET MANAGEMENT GROUP LIMITED

COMPANY INFORMATION

Director	I Bassford R W Chaudhuri
Company secretary	Henderson Secretarial Services Limited
Registered number	6047952
Registered office	201 Bishopsgate London EC2M 3AE
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

NEW STAR ASSET MANAGEMENT GROUP LIMITED

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NEW STAR ASSET MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present the annual report and the audited financial statements of New Star Asset Management Group Limited ("the Company"), for the year ended 31 December 2020.

The Directors have taken advantage of the small companies' exemption in accordance with Section 414B of the Companies Act 2006 in not preparing a Strategic Report.

PRINCIPAL ACTIVITIES AND FUTURE OUTLOOK

The principal activity of the Company is that of a holding company for certain Group companies. This will continue to be the principal activity of the Company for the foreseeable future.

BUSINESS REVIEW

The Company is a wholly owned subsidiary of Janus Henderson Group plc ("JHG 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 of the Group, which can be obtained from its registered office as set out in note 15. The Group provides investment management services to clients throughout EMEA, North America, Latin America and Asia Pacific. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including but not limited to equities, fixed income, multi-asset and alternatives.

DIRECTORS

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

I Bassford (appointed on 10 July 2020)
R W Chaudhuri

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 to early identify new and emerging risks. The Group's culture embeds the management of risk at all levels within the organisation. Please refer to the Group's Annual Report as detailed in note 15, for the major risks affecting the Group. Of those risks, the following risks relate specifically to the Company:

Brexit Update

On 31 January 2020, the UK left the European Union ("EU"), commonly referred to as "Brexit." Under the terms of the Brexit withdrawal agreement between the UK and the EU, the UK entered a transition period whereby it was no longer a member of the EU but remained a member of the single market and customs union until 31 December 2020. Arrangements for trade with the EU remained essentially unchanged until the end of the transition period. The UK and the EU agreed a Trade and Cooperation Agreement (TCA) on 24 December 2020 which was ratified on 30 December 2020 and came into full force in February 2021. While the TCA regulates a number of important areas, significant parts of the UK economy are not addressed in detail. A number of issues have been the subject of further bilateral negotiations since the beginning of 2021. One of the subjects of these negotiations has been a Memorandum of Understanding ("MoU") between the EU and UK covering financial services, which has now been agreed. While technical agreement on the MoU was reached on 26 March 2021, the text of the MoU has not been published pending further steps to be taken by both the EU and the UK to ratify the MoU.

As a result, the new relationship between the UK and the EU could in the short-term, and possibly for longer, cause disruptions to and create uncertainty in the UK and EU economies, impacting financial services businesses such as ours that are conducting business in the EU. The Group's management continue to assess the risks associated with Brexit as well as the necessary contingency preparations as these further negotiations progress. However, this is not expected to have a material impact on the Company.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Impact of COVID-19

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to be a pandemic. COVID-19 is having a significant impact on the global economy, including the UK economy, primarily through the preventative measures taken by businesses and governments to restrict its spread. We are addressing the challenges of COVID-19 by protecting the health and well-being of our employees while continuing to service our clients who rely on us to invest and manage their money.

COVID-19 is affecting business operations; however, the Group has a robust and detailed business continuity plan in place to ensure that operations can continue effectively during the COVID-19 pandemic, including processes to limit the spread of the virus between employees. For the health and well-being of the employees, the Group has modified business practices in accordance with social distancing guidelines to allow work-from-home arrangements and flexible work schedules, and to restrict business-related travel. The technology capabilities have the capacity to support remote working arrangements for all employees. The Group will manage employees' return to the office with caution, and their health and safety will be a priority. Throughout the pandemic the Group's ability to adequately maintain operations, internal controls and client relationships has not been adversely affected by the required modifications.

However, if the Group does not continue to respond appropriately to the COVID-19 pandemic, or if clients do not perceive the response to be adequate, the Group could suffer damage to its reputation and brand, which could adversely affect the Company's business in the future.

The extent of the further impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which continue to be highly uncertain. However, it is possible that COVID-19 may have a material impact on the valuation of the Company's investments in subsidiary undertakings, which could result in the Company having to recognise impairment charges on those investments.

The Company's management continues to assess the risks associated with COVID-19 and to mitigate them where possible.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2019: loss of £800,000).

Dividends paid in the year amount to £nil (2019: £nil).

GOING CONCERN

As at 31 December 2020, the Company has net assets of £57.9m (2019: £57.9m) and net current liabilities of £92.8m (2019: £92.8m).

The Company has a surplus of financial obligations over its current assets. The amounts due to fellow Group undertakings are only repayable upon demand, however if the Company finds itself unable to meet its obligations as they fall due, Janus Henderson Group plc, the Company's ultimate parent undertaking, has confirmed that it will exercise its influence as holding company of the Group to ensure that the necessary financial support will be provided to allow the Company to meet its obligations. Accordingly, the Directors have continued to adopt the going concern basis in the preparation of these financial statements.

DIRECTORS' INDEMNITY

During the financial year to the 31 December 2020 and up to the date of approval of this report, qualifying third party indemnity provisions were in place and at the date of this report are in place, to the extent permitted by Section 234 of the Companies Act 2006 for the benefit of all Directors of the company in relation to certain liabilities and losses they may incur in their capacity as directors of the company.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the 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.

EVENTS AFTER THE REPORTING PERIOD

On 3 March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

On 11 February 2021, the Directors approved the payment of an interim dividend of £50,000,000.

There have been no other 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 15 July 2021 and signed on its behalf by:



R W Chaudhuri
Director
15 July 2021

NEW STAR ASSET MANAGEMENT GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.



R W Chaudhuri
Director
15 July 2021

NEW STAR ASSET MANAGEMENT GROUP LIMITED

Independent auditors' report to the members of New Star Asset Management Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, New Star Asset Management Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: The Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present a more favourable financial position and management bias in the impairment analysis for investment in subsidiary undertakings. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non-compliance with laws and regulations;
- Understanding the overall control environment and those controls specifically aimed at preventing and detecting fraud and irregularities;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with accounting standards;
- Identifying and testing a sample of journals, based on a selection of risk criteria such as back-dated posting and those posted and approved by the same user, that have been posted to the ledger;

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- Challenging assumptions and judgements made by management in their impairment analysis for investments in subsidiary undertakings; and
 - Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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.



Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 July 2021

NEW STAR ASSET MANAGEMENT GROUP LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Finance expense	6	-	(800)
Profit/(loss) before tax		-	(800)
Taxation	7	-	-
Profit/(loss) for the financial year		-	(800)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Profit/(loss) for the financial year		-	(800)
Total comprehensive loss for the financial year		-	(800)

The notes on pages 11 to 17 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Non-current assets			
Investments	8	150,724	150,724
Current assets			
Trade and other receivables	9	65,351	65,351
Total assets		216,075	216,075
Current liabilities			
Trade and other payables	10	(158,186)	(158,186)
Total liabilities		(158,186)	(158,186)
Net current liabilities		(92,835)	(92,835)
Net assets		57,889	57,889
Capital and reserves			
Ordinary share capital	11	-	201,604
Share premium	12	-	150,103
Profit and loss account	12	57,889	(293,818)
Total equity		57,889	57,889

The financial statements on pages 8 to 17 were approved for issue by the Board and were signed on 15 July 2021 by:



R W Chaudhuri
Director

The notes on pages 11 to 17 form part of these financial statements.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Ordinary share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2020	201,604	150,103	(293,818)	57,889
Capital reduction during the year (note 11)	(201,604)	(150,103)	351,707	-
At 31 December 2020	-	-	57,889	57,889

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Ordinary share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2019	201,604	150,103	(293,018)	58,689
Comprehensive loss for the financial year				
Loss for the financial year	-	-	(800)	(800)
At 31 December 2019	201,604	150,103	(293,818)	57,889

The notes on pages 11 to 17 form part of these financial statements.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 Great British Pounds (GBP) and all values are rounded to the nearest thousand pounds, except when otherwise indicated. The Company is a private company limited by share capital, incorporated and domiciled in the UK with its registered office in London, England.

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 have 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 Asset Management Limited and of its ultimate parent, Janus Henderson Group plc. The Company's results form part of the consolidated financial statements of Janus Henderson Group plc which are publicly available, see note 15. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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 paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m) B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- 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, 386, 38C, 38D, 40A, 406, 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 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; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 ADOPTION OF NEW AND REVISED STANDARDS

There are no amendments to accounting standards that are effective for the year ended 31 December 2020 that are expected to impact on the amounts recognised in the current or future periods of the Company.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.4 GOING CONCERN

The Company has a surplus of financial obligations over its current assets. The amounts due to fellow Group undertakings are only repayable upon demand, however if the Company finds itself unable to meet its obligations as they fall due, Janus Henderson Group plc, The Company's ultimate parent undertaking, has confirmed that it will exercise its influence as holding company of the Group to ensure that the necessary financial support will be provided to allow the Company to meet its obligations. Accordingly, the Directors have continued to adopt the going concern basis in the preparation of these financial statements.

1.5 FINANCE EXPENSE

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

1.6 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.

1.7 INVESTMENTS

Investments consist of investments in subsidiary undertakings and are held at cost less any impairment in value where circumstances indicate that the carrying value may not be recoverable.

1.8 TRADE AND OTHER RECEIVABLES

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. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.9 TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

1.10 EQUITY SHARES

The Company's ordinary shares of £0.05 each are classified as equity instruments. Shares issued by the Company are recorded at the fair value of the proceeds received or the market price on the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium.

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 the following significant judgement involving estimations and assumptions:

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.

3. AUDITORS' REMUNERATION

Auditors' remuneration of £10,700 (2019: £7,500) in respect of the audit of the Company's financial statements is borne by a fellow Group undertaking.

Auditors' remuneration in respect of the Company's direct and indirect subsidiaries of £26,400 (2019: £7,500) was also borne by a fellow Group undertaking.

4. EMPLOYEES

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

5. DIRECTORS' REMUNERATION

The Directors' remuneration is paid by a fellow Group company which makes no recharge to the Company. The Directors of the Company were employed and remunerated as director and executive of the Group in respect of their services to the Group as a whole. The Directors believe their services to this Company are de minimis and their emoluments are deemed to be substantially attributable to other Group companies.

6. FINANCE EXPENSE

	2020	2019
	£000	£000
Interest payable on balances due to Group undertakings	-	(800)
	<hr/>	<hr/>
	-	(800)
	<hr/>	<hr/>

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. TAXATION

	2020	2019
	£000	£000
Charge for the year	-	-
TOTAL TAX CHARGED TO THE INCOME STATEMENT	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The UK corporation tax rate applicable for the year is 19% (2019: 19%). The tax assessed to the company for the year is equal to (2019: lower than) the tax that would be assessed based on the standard rate of corporation tax in the UK. The differences are explained below:

	2020	2019
	£000	£000
Result/(Loss) before tax	-	(800)
Tax credit at the UK corporation tax rate of 19% (2019: 19%)	-	(152)
Effects of:		
Group relief surrendered for nil consideration	-	152
TOTAL TAX CHARGED TO THE INCOME STATEMENT	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In 2020 the UK Government announced that the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19% and would not reduce to 17% from 1 April 2020 as previously enacted. On 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	213,466
At 31 December 2020	<u>213,466</u>
Impairment	
At 1 January 2020	62,742
At 31 December 2020	<u>62,742</u>
Net book value	
At 31 December 2020	<u>150,724</u>
At 31 December 2019	<u>150,724</u>

The Company's wholly owned subsidiary undertakings as at 31 December 2020 were Henderson Alternative Investment Advisor Limited (direct subsidiary) and Henderson Asset Management Limited (indirect subsidiary), which are both incorporated in the UK with a functional currency of GBP. The principal activity of both companies is that of a holding company and the registered office of both companies is 201 Bishopsgate, London, EC2M 3AE, UK.

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 Statement of Financial Position.

Where events or changes in circumstances indicate that the carrying amount of investments may not have been recoverable an impairment review is carried out by the Directors of the Company.

No events have been identified which indicate that the carrying value of the investments held are below the recoverable amounts.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Amounts owed by Group undertakings	65,351	65,351
	<u>65,351</u>	<u>65,351</u>

At 31 December 2020 amounts owed by Group undertakings are repayable on demand and are interest free. At 31 December 2019 amounts owed by Group undertakings were repayable on demand and accrued interest at the Bank of England base rate plus 1%, where the two parties were in different tax jurisdictions, otherwise no interest was charged.

10. TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Amounts owed to Group undertakings	158,186	158,186
	<u>158,186</u>	<u>158,186</u>

At 31 December 2020 amounts owed to Group undertakings are repayable on demand and are interest free. At 31 December 2019 amounts owed to Group undertakings were repayable on demand and accrued interest at the Bank of England base rate plus 1%, where the two parties were in different tax jurisdictions, otherwise no interest was charged.

11. ORDINARY SHARE CAPITAL

	2020 £000	2019 £000
Allotted, called up and fully paid		
2000 (2019: 4,032,077,039) Ordinary shares of £0.05 each	-	201,604
	<u>-</u>	<u>201,604</u>

On 16 March 2020, upon recommendation from the Board, the shareholder of the Company approved the reduction of the Company's share capital from £201,603,851.95 to £100 by cancelling and extinguishing 4,032,075,039 ordinary shares of £0.05 each. In addition, upon recommendation from the Board, the shareholder of the Company also approved the cancellation of the Company's entire share premium (together the "Reduction"). The amount by which the share capital and share premium were reduced was credited to the profit and loss reserve. The Reduction was registered with Companies House on 17 March 2020.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. RESERVES

Share premium account

Share premium records the difference between the nominal value of shares issued and the full value of the consideration received or the market price on the day of issue.

Profit and loss account

The profit and loss reserve comprises:

- results recognised through the Income Statement; and
- dividends paid to equity shareholders.

13. 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 2020 or 2019.

14. EVENTS AFTER THE END OF THE REPORTING YEAR

On 3 March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

On 11 February 2021, the Directors approved the payment of an interim dividend of £50,000,000.

The Board of Directors is not aware of, as at 15 July 2021, being the date the financial statements were approved, any other information concerning significant conditions in existence at the reporting date, which have not been reflected in the financial statements as presented.

15. CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Global Investors Asset Management Limited, a company incorporated in the United Kingdom and the ultimate parent undertaking and controlling party is Janus 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 2020 can be obtained from its registered office at 13 Castle Street, St Helier, Jersey, JE1 1ES or its website, www.janushenderson.com.