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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 £m	2006 £m
Continuing operations			
Income			
Gross fee income and commission receivable on sales	3	430.2	372.8
Finance income	3	25.7	25.2
Total income		455.9	398.0
Commissions and fees payable against income	3	(104.3)	(89.7)
Net fee and commission income		351.6	308.3
Expenses			
Operating costs	4.1	(234.4)	(223.3)
Other charges	4.2	(2.5)	(2.8)
Total expenses before finance costs and non-recurring items		(236.9)	(226.1)
Finance costs	6	(8.0)	–
Net profit before non-recurring items and tax from continuing operations		106.7	82.2
Non-recurring items ¹	7	40.5	(7.8)
Net profit after non-recurring items and before tax from continuing operations		147.2	74.4
Taxation	8	(15.0)	(11.1)
Net profit after non-recurring items and tax from continuing operations		132.2	63.3
Discontinued operations²			
Net loss before tax from discontinued operations	37.1	–	(11.5)
Net profit before tax on disposal of discontinued operations	36.2	–	9.5
Net loss before tax from discontinued operations		–	(2.0)
Taxation	38	–	(0.1)
Net loss after tax from discontinued operations		–	(2.1)
Total continuing and discontinued operations			
Net profit before tax from all operations		147.2	72.4
Total taxation		(15.0)	(11.2)
Net profit after tax from all operations		132.2	61.2
Attributable to:			
Equity holders of the parent	22.1	132.1	61.1
Minority interests	22.1	0.1	0.1
		132.2	61.2
Dividends			
Dividends declared and charged to equity in the year	12	264.8	26.2
Dividends proposed	12	32.2	20.5
Basic and diluted earnings per share (EPS)			
Earnings per share from continuing operations before non-recurring items ³	9.3.2	11.7p	6.4p
Earnings per share from all operations	9.1.2	16.4p	5.6p
Diluted earnings per share from all operations	9.1.2	15.6p	5.5p

Notes

1. Non-recurring items in 2007 comprise a £31.8m accounting gain on the Group's investment in BPI (subsequently BP) and an £8.7m past service credit in the Henderson Group Pension Scheme. Non-recurring items in 2006 relate to business restructure costs within Henderson Global Investors.
2. Discontinued operations comprise the Life Services business, Towry Law International and Towry UK Group.
3. EPS is calculated using the weighted average number of shares in the period, less the weighted average number of treasury shares, less the weighted average number of own shares held in trust in the period, in line with IAS 33.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	Notes	2007 £m	2006 £m
Exchange differences on translation of foreign operations	22.1	1.5	(0.6)
Exchange differences on translation of available-for-sale financial assets	22.1	0.7	(1.2)
Translation reserve transfer on sale of available-for-sale financial assets	22.1	0.8	0.4
Revaluation reserve transfer on sale of available-for-sale financial assets	22.1	(28.6)	–
(Losses)/gains on revaluation of available-for-sale financial assets	22.1	(17.6)	32.9
Actuarial gains/(losses) on defined benefit pension schemes	22.1	34.7	(4.7)
Tax (charge)/credit on items taken directly to equity	22.1	(11.5)	1.4
Net (expense)/income recognised directly in equity		(20.0)	28.2
Net profit after tax from all operations		132.2	61.2
Total recognised income and expense		112.2	89.4
Attributable to:			
Equity holders of the parent	23.1	112.1	89.3
Minority interests	22.1	0.1	0.1
		112.2	89.4

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 £m	2006 £m
Assets			
Intangible assets	14	224.3	224.3
Investments accounted for using the equity method	31.3	3.8	2.7
Plant and equipment	20	5.7	6.6
Deferred tax assets	24	–	13.2
Retirement benefit assets	30	62.3	–
Available-for-sale financial assets	15	101.7	112.2
Financial assets at fair value through profit or loss	15	0.6	0.2
Deferred acquisition and commission costs	33	31.8	20.7
Trade and other receivables	19	97.1	156.4
Cash and cash equivalents	29.2	248.0	309.1
Total assets		775.3	845.4
Liabilities			
Debt instrument in issue	17	178.0	–
Retirement benefit obligations	30	5.2	10.4
Provisions	26	32.1	42.3
Deferred tax liabilities	24	8.9	–
Deferred income		32.6	29.7
Current tax liabilities		41.1	35.0
Trade and other payables	25	203.3	232.1
Total liabilities		501.2	349.5
Net assets		274.1	495.9
Capital and reserves			
Share capital	21	90.6	90.2
Share premium	22.1	194.6	193.7
Treasury shares	22.1	(6.7)	(1.9)
Own shares held	22.1	(85.5)	(29.9)
Translation reserve	22.1	(1.8)	(4.8)
Revaluation reserve	22.1	(16.3)	29.9
Profit and loss account	22.1	99.0	218.6
Shareholders' equity		273.9	495.8
Minority interests	22.1	0.2	0.1
Total equity	23.1	274.1	495.9

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2008. These were signed on its behalf by:



Rupert Pennant-Rea
Chairman

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Notes	2007 £m	2006 £m
Cash flows from operating activities			
Net profit before tax from all operations		147.2	72.4
Adjustments to reconcile net profit before tax from all operations to net cash flows from operating activities:			
– depreciation and impairment of plant and equipment – continuing operations	20	2.5	2.8
– depreciation and impairment of plant and equipment – discontinued operations		–	0.3
– impairment of goodwill and other intangible assets – discontinued operations		–	0.7
– share-based payments	11.2	23.6	15.1
– net deferred acquisition costs and deferred income amortisation		(5.5)	2.1
– net profit arising from disposal of subsidiaries		–	(9.5)
– fair value gains on available-for-sale financial assets		(27.0)	(5.8)
– special contribution to the defined benefit pension scheme	30.1	(20.0)	(40.0)
– share of net profit of associates		(2.0)	(1.3)
– movement in minority interests		0.1	0.1
– debt instrument interest expense		8.0	–
Cash flows from operating activities before changes in operating assets and liabilities		126.9	36.9
Changes in operating assets and liabilities	29.1	(0.8)	(12.4)
Tax received/(paid)		1.6	(2.8)
Net cash flows from operating activities		127.7	21.7
Cash flows from investing activities			
Proceeds from sale or maturity of:			
– available-for-sale financial assets		37.5	55.3
– subsidiaries and associates		–	25.8
Dividends from associates		0.8	0.6
Purchases of:			
– plant and equipment		(1.6)	(1.1)
– debt or equity instruments and interests in joint ventures		(37.2)	(33.1)
Net cash flows from investing activities		(0.5)	47.5
Cash flows from financing activities			
Proceeds from issue of shares or other equity instruments		0.9	0.5
Proceeds from short and long-term borrowings		174.0	–
Return of capital to shareholders	23.1	–	(199.6)
Cash payments to owners to acquire or redeem treasury shares	22.1	(6.7)	(1.9)
Cash payments to owners to acquire or redeem own shares	22.1	(87.1)	(28.8)
Dividends paid to equity shareholders	12	(264.8)	(26.2)
Interest paid on long-term borrowings		(5.7)	–
Net cash flows from financing activities		(189.4)	(256.0)
Effects of exchange rate changes		1.1	(0.6)
Net decrease in cash and cash equivalents		(61.1)	(187.4)
Cash and cash equivalents at beginning of year		309.1	496.5
Cash and cash equivalents at end of year	29.2	248.0	309.1

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	Notes	2007 £m	2006 £m
Actuarial gains/(losses) on defined benefit pension schemes	22.2	33.9	(7.6)
Tax on (charge)/credit items taken directly to equity	22.2	(9.6)	2.3
Net income/(expense) recognised directly in equity		24.3	(5.3)
Net profit after tax from all operations		21.5	100.7
Total recognised income and expense	23.2	45.8	95.4

COMPANY BALANCE SHEET

As at 31 December 2007

	Notes	2007 £m	2006 £m
Assets			
Investment in subsidiaries	32	1,872.7	2,461.8
Retirement benefit assets	30	62.3	–
Deferred tax assets	24	–	2.3
Available-for-sale financial assets	15	6.0	–
Current tax assets		22.9	18.3
Trade and other receivables	19	233.4	223.6
Cash and cash equivalents	29.3	18.4	110.1
Total assets		2,215.7	2,816.1
Liabilities			
Debt instrument in issue	17	178.0	–
Borrowings	18	422.0	970.3
Retirement benefit obligations	30	–	5.0
Provisions	26.2	10.7	14.9
Deferred tax liabilities	24	16.7	–
Trade and other payables	25	1,209.8	1,159.2
Total liabilities		1,837.2	2,149.4
Net assets		378.5	666.7
Capital and reserves			
Share capital	21.2	90.6	90.2
Share premium	22.2	194.6	193.7
Treasury shares	22.2	(6.7)	(1.9)
Own shares held	22.2	(85.5)	(29.9)
Profit and loss account	22.2	185.5	414.6
Total equity	23.2	378.5	666.7

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2008. These were signed on its behalf by:



Rupert Pennant-Rea
Chairman

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2007

	Notes	2007 £m	2006 £m
Cash flows from operating activities			
Net profit before tax		11.5	93.6
Adjustments to reconcile net profit before tax from all operations to net cash flows from operating activities:			
– impairment of investment in subsidiary undertakings	32	–	197.5
– share-based payments	11.2	23.6	15.1
– fair value gain on available-for-sale financial assets		(46.4)	–
– special contribution to the defined pension benefit scheme	30.1	(20.0)	–
– dividends received from subsidiaries		–	(266.3)
– finance costs		62.0	54.6
Cash flows from operating activities before changes in operating assets and liabilities		30.7	94.5
Changes in operating assets and liabilities			
Decrease in other assets		81.8	56.6
Decrease in other liabilities		(10.9)	(43.9)
Tax received		7.1	–
Net cash flows from operating activities		108.7	107.2
Cash flows from investing activities			
Purchases of:			
– debt or equity instruments		(11.0)	–
Net cash flows from investing activities		(11.0)	–
Cash flows from financing activities			
Proceeds from issue of shares or other equity instruments		0.9	0.5
Return of capital to shareholders	23.2	–	(199.6)
Cash payments to owners to acquire or redeem treasury shares	22.2	(6.7)	(1.9)
Cash payments to owners to acquire or redeem own shares	22.2	(87.1)	(28.8)
Proceeds from long-term borrowings		174.0	–
Dividends paid to equity shareholders	12	(264.8)	(26.2)
Interest paid		(5.7)	–
Net cash flows from financing activities		(189.4)	(256.0)
Net decrease in cash and cash equivalents		(91.7)	(148.8)
Cash and cash equivalents at beginning of year		110.1	258.9
Cash and cash equivalents at end of year	29.3	18.4	110.1