

Annual Results

2009

2009 Annual results

Financial highlights

Amounts £m unless otherwise stated	12 months to 31 December 2009 Audited	12 months to 31 December 2008 Audited
Recurring profit before intangible amortisation, void property finance charge and tax	73.7	80.4
Intangible amortisation and void property finance charge	(10.7)	(0.1)
Recurring profit before tax	63.0	80.3
Non-recurring items	(47.5)	(97.3)
Profit/(loss) before tax	15.5	(17.0)
Taxation on recurring operations	(13.3)	(8.6)
Taxation on non-recurring items	12.3	4.8
Total taxation	(1.0)	(3.8)
Profit/(loss) after tax	14.5	(20.8)
Operating margin ¹	27.6%	28.6%
Assets under management (AUM) as at 31 December (£bn)	58.1	49.5
Earnings per share ²		
Basic ³	7.5p	10.8p
Diluted ⁴	7.0p	10.0p
Ordinary dividend per share	6.1p	6.1p

Notes

- Total fee income less operating costs divided by total fee income.
- Recurring profit after tax before intangible amortisation and void property finance charge.
- Weighted average number of shares in issue less weighted average number of own shares held during the period.
- Weighted average number of shares in issue less weighted average number of own shares held during the period relating to conditional awards and the dilutive potential of share options.

Commenting on the 2009 annual results Chief Executive, Andrew Formica said:

'2009 stands out as one of the most difficult trading years for asset managers, despite an improving environment in many financial markets. Throughout this period our business proved resilient. The improving market and client demand, together with our competitive long-term investment performance helped the Group generate a recurring profit of £73.7 million. This was an encouraging result, particularly considering that world equity prices were, on average, 18% lower than in 2008. We also took advantage of opportunities presented by the disruption in markets, notably, our acquisition of New Star. This business perfectly matched our strategic ambitions and comfortably exceeded our financial criteria.

We remain committed to providing clients with more valuable investment products. Generating profitable organic growth continues to be our primary focus. We also remain alert to opportunities to accelerate our strategic plan subject to our strict financial discipline. Overall, we are optimistic about the outlook for markets although we expect that volatility will remain high throughout the year. Henderson is well placed to grow its existing product ranges in all of our channels and the geographies we operate in.'

Key highlights

- Group recurring profit before intangible amortisation, void property finance charge and tax in FY09 was £73.7m, a decrease of 8% on FY08 (£80.4m).
- Total AUM at 31 December 2009 were £58.1bn, £8.6bn or 17% above AUM at 31 December 2008, whilst average AUM in FY09 was 1% below that in FY08 (excluding New Star this would have been 13% lower).
- Henderson's one year investment performance has improved significantly in most areas in FY09, with 94% of Fixed Income and 70% of Equity funds achieving or beating their benchmarks.
- The compensation ratio has fallen in FY09 reflecting the reduction in variable staff costs due to tougher market conditions.
- Operating margin fell slightly in FY09 to 27.6% (FY08: 28.6%) due to the impact of lower market levels on fee income offset by the take-on of New Star.
- EPS on recurring profit reduced in the year due to lower earnings, a higher effective tax rate and the issue of shares to partially fund the New Star acquisition.
- The Board is recommending a final dividend for 2009 of 4.25 pence per share, which will bring the total dividend for 2009 to 6.1 pence per share, the same as the total dividend paid for 2008.

More details on the financial results and business performance for the full-year 2009 are included in this document from page 1 onwards. We have also made available on the website a historical financial summary for the financial years 2005 to 2009. Please go to www.henderson.com/historicalfinancials to access this summary.

Market briefing

These 2009 annual results will be presented to the market in a briefing by management on Wednesday, 24 February 2010 at 9.00am (London time)/8.00pm (Sydney time).

Teleconference details

We recommend participants start dialling in 5-10 minutes prior to the start of the presentation. To telephone link-up to the briefing, dial one of the following numbers from 8.50am (London time)/7.50pm (Sydney time).

From:

United Kingdom

0500 1016 30 (free call)

Australia

1800 9889 41 (free call)

All other countries

+44 (0)20 7162 0025 (This is not a free call number)

Conference title

Henderson Group, Annual Results Briefing

Chairperson

Andrew Formica

Replay number

From:

United Kingdom

+44 (0) 20 7031 4064 Access code: 853050

Australia

+61 (0) 2 8223 9748 Access code: 853050

(available from 24 February to 3 March 2010)

Audiocast details

You can logon to an audiocast of the results briefing which will start at 9.00am (London time)/8.00pm (Sydney time). Go to www.hendersongroupplc.com and click on the relevant link on the homepage. An archive of the audiocast will be available shortly after the event.

Further information

www.henderson.com

or

Investor enquiries

Mav Wynn, Head of Investor Relations

+44 (0) 20 7818 5135 or +44 (0) 20 7818 5310

mav.wynn@henderson.com or investor.relations@henderson.com

Media enquiries

Richard Acworth, Head of Corporate Communications

+44 (0) 20 7818 3010

richard.acworth@henderson.com

Australia: Cannings

Luis Garcia

+61 (0) 2 8284 9990

United Kingdom: Maitland

Brian Cattell/Rebecca Mitchell

+44 (0)20 7379 5151

Preliminary final report for the year ended 31 December 2009

Incorporating the requirements of ASX Appendix 4E

The information contained in this document should be read in conjunction with the Henderson Group plc (the Company) Annual Report for the year ended 31 December 2009 and any public announcements made by the Group in accordance with the continuous disclosure obligations arising under the Corporations Act 2001, the Companies (Jersey) Law 1991 and the Australian Securities Exchange (ASX) Listing Rules. This report includes the full year information required to be given to the ASX under Listing Rule 4.3A.

CONTENTS

Results for Announcement to the Market	1
Five Year Financial Summary	2
Business Review	3
Financial statements	
▪ Consolidated Income Statement	13
▪ Consolidated Statement of Comprehensive Income	14
▪ Consolidated Statement of Financial Position	15
▪ Consolidated Statement of Changes in Equity	16
▪ Consolidated Statement of Cash Flows	17
▪ Company Income Statement	18
▪ Company Statement of Comprehensive Income	18
▪ Company Statement of Financial Position	18
▪ Company Statement of Changes in Equity	19
▪ Company Statement of Cash Flows	19
▪ Notes to the Financial Statements – Group and Company	
1. Authorisation of financial statements and statement of compliance with IFRS	20
2. Accounting policies	20
3. Income	26
4. Expenses	26
5. Employee compensation and benefits	27
6. Finance costs	27
7. Non-recurring items	27
8. Taxation	29
9. Earnings per share	30
10. Share-based payments	31
11. Dividends paid and proposed	34
12. Segmental information	35
13. Intangible assets	36
14. Investments in subsidiaries, associates and joint ventures	37
15. Plant and equipment	38
16. Fair value of financial instruments	39
17. Deferred acquisition and commission costs	40
18. Trade and other receivables	41
19. Cash and cash equivalents	41
20. Debt instrument in issue	41
21. Retirement benefits	42
22. Provisions	47
23. Deferred taxation	48
24. Trade and other payables	48
25. Share capital	49
26. Reserves	50
27. Minority interests	51
28. Financial risk management	51
29. Leases	55
30. Capital commitments	56
31. Related party transactions	56
32. Contingent liabilities	57
33. Acquisitions and disposals of subsidiaries	57
34. Events after the reporting date	58
35. Restatement	58
Glossary	59

2009 Annual results

continued

Results for announcement to the market

Note: The disclosures provided in this "Results for announcement to the market" section meet the requirements of the ASX.

	Year ended 31 December		% movement
	2009 £m	2008 £m	
Revenue from recurring activities	362.0	325.4	11.2
Recurring profit after tax attributable to equity holders of the parent ¹	49.0	71.6	(31.6)
Group profit/(loss) after tax attributable to equity holders of the parent	13.8	(20.9)	166.0

Note

1. Profit after tax before non-recurring items excluding minority interests of £0.7m (2008: £0.1m)

Dividends

On 23 February 2010, the Directors recommended the payment of a final dividend in respect of the year ended 31 December 2009 of 4.25p per share (2008: 4.25p). The company does not offer a dividend reinvestment plan.

	Amount per security (pence)	Franked amount per security (pence)
2009 interim dividend	1.85	–
2009 proposed final dividend	4.25	–
Proposed record date	7 May 2010	
Planned payment date	28 May 2010	

Net tangible assets per ordinary share

	31 December 2009 (pence)	31 December 2008 (pence)
Net tangible assets per ordinary share	(10)	9

"Net tangible assets" are defined by the ASX as being the total assets, less intangible assets, less total liabilities ranking ahead of, or equally with, claims of ordinary shares. The negative net tangible assets per share of 10 pence reflect the acquisition of New Star on 9 April 2009, which involved the purchase of intangibles (goodwill and investment management contracts) for cash and shares.

The results and the financial information included within this Preliminary Final Report have been subject to an independent audit by Ernst & Young LLP.

Five Year Financial Summary

Consolidated financial results year ended 31 December

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Income					
Management fees (net of commissions)	226.8	221.9	258.0	221.2	196.3
Transaction fees	24.9	16.5	17.8	24.6	24.4
Performance fees	31.6	32.0	86.9	65.1	44.0
Total fee income	283.3	270.4	362.7	310.9	264.7
Finance income	4.3	15.3	25.7	25.2	26.8
Total income	287.6	285.7	388.4	336.1	291.5
Operating costs	(205.0)	(193.0)	(273.7)	(253.9)	(224.5)
Finance costs	(8.9)	(12.3)	(8.0)	–	(3.6)
Total expenses	(213.9)	(205.3)	(281.7)	(253.9)	(228.1)
Recurring profit before intangible amortisation, void property finance charge and tax	73.7	80.4	106.7	82.2	63.4
Intangible amortisation and void property finance charge	(10.7)	(0.1)	–	–	–
Recurring profit before tax	63.0	80.3	106.7	82.2	63.4
Non-recurring items before tax	(47.5)	(97.3)	40.5	(7.8)	–
Discontinued items before tax	–	–	–	(2.0)	0.6
Profit/(loss) before tax	15.5	(17.0)	147.2	72.4	64.0
Taxation on recurring items	(13.3)	(8.6)	(12.4)	(11.1)	(11.5)
Taxation on non-recurring items	12.3	4.8	(2.6)	–	–
Taxation on discontinued items	–	–	–	(0.1)	(4.8)
Total taxation	(1.0)	(3.8)	(15.0)	(11.2)	(16.3)
Profit/(loss) after tax	14.5	(20.8)	132.2	61.2	47.7
Operating margin ¹	27.6%	28.6%	24.5%	18.3%	15.2%
Compensation ratio ²	43.9%	44.3%	49.8%	51.4%	48.5%
Assets Under Management (AUM) as at 31 December (£bn)	58.1	49.5	59.2	61.9	67.7
Total fee margin (bps)	53.5	50.4	59.4	47.7	39.6
Management fee margin (bps)	42.8	41.3	42.2	33.9	29.3
Net margin ³ (bps)	13.9	15.0	17.5	12.6	9.5
Basic and diluted earnings per share					
Basic on recurring profit ⁴	7.5p	10.8p	11.7p	6.4p	3.2p
Basic	1.8p	(3.2)p	16.4p	5.6p	3.1p
Diluted on recurring profit ⁴	7.0p	10.0p	11.1p	6.3p	3.2p
Diluted	1.7p	(3.2)p	15.6p	5.5p	3.1p
Dividends per share	6.1p	6.1p	6.1p	3.15p	1.39p
Investment performance⁵					
Funds at or exceeding benchmark over 1 year	70%	41%	48%	60%	60%
Funds at or exceeding benchmark over 3 years	64%	49%	54%	45%	56%

Notes

- Total fee income less operating costs divided by total fee income.
- Employee compensation and benefits divided by total income.
- Net margin calculated on recurring profit before intangible amortisation, void property finance charge and tax.
- Before intangible amortisation and void property finance charge.
- Asset weighted of funds measured over one and three years to 31 December, excluding New Star.

We altered the presentation of the Group's historical financial results as follows:

- recognition of performance fee bonuses in employee compensation and benefits, by including the gross performance fees in income;
- elimination of the 'Corporate Office', by:
 - amalgamating Corporate Office operating costs with Henderson Global Investors;
 - including the Corporate gross interest expense in total expenses; and
 - including the Corporate gross interest income in finance income.

In our announcement on 21 January 2010, Corporate net interest expense was included in total expenses. Further to this announcement, the interest expense and interest income have been grossed up to reflect the two components of net interest expense in finance costs and finance income respectively. The only impact of this change is a slight reduction in historic compensation ratios.

The Group profit/(loss) before and after tax and the earnings per share for each period remain as disclosed in previous years.

Business Review

The Board and Senior Management Team use a number of key indicators to monitor the performance of the Group. A five year history of these key performance indicators is shown below.

<p>Investment performance</p>	<p>Fixed income and equity funds performed extremely well during the year, with 94% and 70% of assets achieving or beating their benchmarks, respectively. Property performance was disappointing with 22% of assets achieving or beating their benchmarks. Overall, three year performance has improved with 64% of assets achieving or beating their benchmarks.</p>	<p>Investment performance over 1 and 3 years</p> <table border="1"> <caption>Investment performance over 1 and 3 years</caption> <thead> <tr> <th>Fiscal Year</th> <th>% of assets at/exceeding benchmark over 1 year</th> <th>% of assets at/exceeding benchmark over 3 year</th> </tr> </thead> <tbody> <tr> <td>FY05</td> <td>~60%</td> <td>~55%</td> </tr> <tr> <td>FY06</td> <td>~55%</td> <td>~50%</td> </tr> <tr> <td>FY07</td> <td>~55%</td> <td>~50%</td> </tr> <tr> <td>FY08</td> <td>~50%</td> <td>~45%</td> </tr> <tr> <td>FY09</td> <td>~75%</td> <td>~65%</td> </tr> </tbody> </table>	Fiscal Year	% of assets at/exceeding benchmark over 1 year	% of assets at/exceeding benchmark over 3 year	FY05	~60%	~55%	FY06	~55%	~50%	FY07	~55%	~50%	FY08	~50%	~45%	FY09	~75%	~65%						
Fiscal Year	% of assets at/exceeding benchmark over 1 year	% of assets at/exceeding benchmark over 3 year																								
FY05	~60%	~55%																								
FY06	~55%	~50%																								
FY07	~55%	~50%																								
FY08	~50%	~45%																								
FY09	~75%	~65%																								
<p>Fee margins</p>	<p>Total and management fee margins improved in 2009 due to higher transaction and management fees largely as a result of the New Star acquisition.</p> <p>Good investment performance and diversity of revenue streams have supported business performance.</p>	<p>Fee margin (bps)</p> <table border="1"> <caption>Fee margin (bps)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Total fee margin (bps)</th> <th>Management fee margin (bps)</th> <th>Net fee margin (bps)</th> </tr> </thead> <tbody> <tr> <td>FY05</td> <td>~40</td> <td>~30</td> <td>~10</td> </tr> <tr> <td>FY06</td> <td>~50</td> <td>~35</td> <td>~15</td> </tr> <tr> <td>FY07</td> <td>~60</td> <td>~40</td> <td>~20</td> </tr> <tr> <td>FY08</td> <td>~50</td> <td>~40</td> <td>~10</td> </tr> <tr> <td>FY09</td> <td>~55</td> <td>~45</td> <td>~10</td> </tr> </tbody> </table>	Fiscal Year	Total fee margin (bps)	Management fee margin (bps)	Net fee margin (bps)	FY05	~40	~30	~10	FY06	~50	~35	~15	FY07	~60	~40	~20	FY08	~50	~40	~10	FY09	~55	~45	~10
Fiscal Year	Total fee margin (bps)	Management fee margin (bps)	Net fee margin (bps)																							
FY05	~40	~30	~10																							
FY06	~50	~35	~15																							
FY07	~60	~40	~20																							
FY08	~50	~40	~10																							
FY09	~55	~45	~10																							
<p>Fund flows excluding Pearl</p>	<p>Our Horizon, US and UK Wholesale funds recorded net inflows for the year of £1.0bn.</p> <p>We had strong demand in Institutional fixed income products offsetting net outflows from NSIM and cash funds.</p> <p>Property flows picked up towards the end of the year.</p>	<p>Net flows (excluding Pearl)</p> <table border="1"> <caption>Net flows (excluding Pearl)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Higher margin net flows (£bn)</th> <th>Lower margin net flows (£bn)</th> </tr> </thead> <tbody> <tr> <td>FY05</td> <td>~2</td> <td>~-8</td> </tr> <tr> <td>FY06</td> <td>~4</td> <td>~-6</td> </tr> <tr> <td>FY07</td> <td>~1</td> <td>~-1</td> </tr> <tr> <td>FY08</td> <td>~4</td> <td>~-1</td> </tr> <tr> <td>FY09</td> <td>~1</td> <td>~-1</td> </tr> </tbody> </table>	Fiscal Year	Higher margin net flows (£bn)	Lower margin net flows (£bn)	FY05	~2	~-8	FY06	~4	~-6	FY07	~1	~-1	FY08	~4	~-1	FY09	~1	~-1						
Fiscal Year	Higher margin net flows (£bn)	Lower margin net flows (£bn)																								
FY05	~2	~-8																								
FY06	~4	~-6																								
FY07	~1	~-1																								
FY08	~4	~-1																								
FY09	~1	~-1																								
<p>Operating margin and compensation ratio</p>	<p>Operating margin fell slightly in the year to 27.6% due to the impact of lower market levels on fee income (offset by the take-on of New Star) and the impact of higher operating costs due to New Star, partly offset by cost reduction measures.</p> <p>The compensation ratio fell slightly during the year reflecting the reduction in variable staff costs due to tougher market conditions.</p>	<p>Operating margin and compensation ratio</p> <table border="1"> <caption>Operating margin and compensation ratio</caption> <thead> <tr> <th>Fiscal Year</th> <th>Compensation ratio</th> <th>Operating margin</th> </tr> </thead> <tbody> <tr> <td>FY05</td> <td>~55%</td> <td>~15%</td> </tr> <tr> <td>FY06</td> <td>~55%</td> <td>~20%</td> </tr> <tr> <td>FY07</td> <td>~50%</td> <td>~25%</td> </tr> <tr> <td>FY08</td> <td>~45%</td> <td>~30%</td> </tr> <tr> <td>FY09</td> <td>~45%</td> <td>~30%</td> </tr> </tbody> </table>	Fiscal Year	Compensation ratio	Operating margin	FY05	~55%	~15%	FY06	~55%	~20%	FY07	~50%	~25%	FY08	~45%	~30%	FY09	~45%	~30%						
Fiscal Year	Compensation ratio	Operating margin																								
FY05	~55%	~15%																								
FY06	~55%	~20%																								
FY07	~50%	~25%																								
FY08	~45%	~30%																								
FY09	~45%	~30%																								
<p>Earnings per share¹</p>	<p>EPS on recurring profit reduced in the year due to lower earnings, a higher effective tax rate and the issue of shares to partially fund the New Star acquisition.</p> <p>¹Before intangible amortisation and void property finance charge</p>	<p>Basic and diluted earnings per share¹</p> <table border="1"> <caption>Basic and diluted earnings per share¹</caption> <thead> <tr> <th>Fiscal Year</th> <th>Basic EPS</th> <th>Diluted EPS</th> </tr> </thead> <tbody> <tr> <td>FY05</td> <td>~3.5</td> <td>~3.5</td> </tr> <tr> <td>FY06</td> <td>~7.5</td> <td>~7.5</td> </tr> <tr> <td>FY07</td> <td>~11.5</td> <td>~11.5</td> </tr> <tr> <td>FY08</td> <td>~10.5</td> <td>~10.5</td> </tr> <tr> <td>FY09</td> <td>~8.5</td> <td>~8.5</td> </tr> </tbody> </table>	Fiscal Year	Basic EPS	Diluted EPS	FY05	~3.5	~3.5	FY06	~7.5	~7.5	FY07	~11.5	~11.5	FY08	~10.5	~10.5	FY09	~8.5	~8.5						
Fiscal Year	Basic EPS	Diluted EPS																								
FY05	~3.5	~3.5																								
FY06	~7.5	~7.5																								
FY07	~11.5	~11.5																								
FY08	~10.5	~10.5																								
FY09	~8.5	~8.5																								
<p>Treating customers fairly</p>	<p>We are committed to the highest standards of customer care.</p> <p>We believe the Treating Customers Fairly (TCF) initiative promoted by the FSA is embedded within the culture and procedures of the Group. TCF, among other priorities, is intended to promote fair treatment of customers by regulated firms throughout the product life cycle, from design to post-sales support. We always aim to:</p> <ul style="list-style-type: none"> ▪ treat our customers fairly; ▪ ensure that any information provided in respect of a product is clear, fair and not misleading; and ▪ align our interests with those of our customers. 																									

The results of the Group for the year ended 31 December 2009 are summarised below, with comparatives:

	FY09 £m	FY08' £m
Management fees (net of commissions)	226.8	221.9
Transaction fees	24.9	16.5
Performance fees	31.6	32.0
Total fee income	283.3	270.4
Finance income	4.3	15.3
Total income	287.6	285.7
Operating costs	(205.0)	(193.0)
Finance costs	(8.9)	(12.3)
Total expenses	(213.9)	(205.3)
Recurring profit before intangible amortisation, void property finance charge and tax	73.7	80.4
Intangible amortisation	(8.7)	(0.1)
Void property finance charge	(2.0)	–
Recurring profit before tax	63.0	80.3
Non-recurring items	(47.5)	(97.3)
Profit/(loss) before tax	15.5	(17.0)
Taxation on recurring operations	(13.3)	(8.6)
Taxation on non-recurring items	12.3	4.8
Total taxation	(1.0)	(3.8)
Profit/(loss) after tax	14.5	(20.8)
Attributable to:		
Equity holders of the parent	13.8	(20.9)
Minority interests	0.7	0.1
	14.5	(20.8)
Operating margin ²	27.6%	28.6%
Assets under management (AUM) as at 31 December (£bn)	58.1	49.5
Margins on average AUM		
Average AUM (£bn)	53.0	53.7
Total fee margin (bps)	53.5	50.4
Management fee margin (bps)	42.8	41.3
Net margin (bps) ³	13.9	15.0
Basic and diluted earnings per share		
Basic on recurring profit ⁴	7.5p	10.8p
Basic	1.8p	(3.2p)
Diluted on recurring profit ⁴	7.0p	10.0p
Diluted	1.7p	(3.2p)

Notes

1. Certain comparatives have been restated to conform with the current year's presentation. This relates to the recognition of performance fee bonuses as an operating cost, which were previously netted off against performance fees, and the elimination of Corporate Office and its resultant impact on finance income and total expenses.
2. Total fee income less operating costs divided by total fee income.
3. Net margin calculated on recurring profit before intangible amortisation, void property finance charge and tax.
4. Before intangible amortisation and void property finance charge.

The Group result

Group recurring profit before intangible amortisation, void property finance charge and tax in FY09 was £73.7m, a decrease of 8% on FY08 (£80.4m). Group profit before tax was £15.5m, compared to a loss of £17.0m in FY08.

Revenues and fee margins

Total fee income in FY09 of £283.3m was 5% above FY08 (£270.4m). Driving this increase, management fee income increased by 2% to £226.8m in FY09, with the take-on of New Star assets more than outweighing the impact of lower market levels. The FTSE 100 Index averaged 15% lower in FY09 than FY08. Transaction fees increased 51% to £24.9m in FY09 (FY08: £16.5m), primarily due to registry fees earned on New Star wholesale funds and advisory fees earned by our Structured Products business. Performance fees decreased marginally in FY09 to £31.6m (FY08: £32.0m), with institutional and hedge funds being the main contributors in FY09.

Total fee margin increased from 50.4bps in FY08 to 53.5bps in FY09, largely due to higher transaction fees and improving management fee margins following the New Star acquisition. Average management fee and net margins in FY09 were 42.8bps (FY08: 41.3bps) and 13.9bps (FY08: 15.0bps) respectively.

Finance income

Finance income in FY09 decreased by £11.0m to £4.3m due to: FY08 dividend income from equity investments in Banco Popolare Gruppo Bancario (BP) and Aquilae of £4.4m (FY09: nil); net gains on seed capital investment disposals of £6.2m in FY08 (FY09: net losses £0.1m); and lower interest income generated from lower cash balances and lower interest rates.

Operating costs

Operating costs increased by 6% to £205.0m in FY09. The main components compared to FY08 are shown in the table opposite:

The increase in operating costs is primarily as a result of the acquisition of New Star in April 2009, partly offset by the cost reduction programme commenced in FY08.

Employee compensation and benefits were £0.2m lower at £126.3m in FY09 compared to FY08. Within this, fixed staff costs increased by £2.5m (impact of New Star net of cost reduction programme) and variable staff costs fell by £2.7m. The number of Group full-time employees at 31 December 2009 was 939, including 85 staff who transferred from New Star, compared to 863 at 31 December 2008.

Investment administration costs increased by £6.2m to £22.6m in FY09, due to the take-on of New Star funds, partly offset by the tariff benefits of combining the two books of business. Information Technology costs increased by £1.9m to £11.5m in the same period, mostly due to additional support following the acquisition of New Star combined with the adverse impact of GBP weakening against the US dollar, as a number of investment management systems and data provision services are billed in US dollars.

Office costs increased by £3.0m to £16.2m in FY09, primarily due to the release, in FY08, of a void space provision of £2.4m and a lease incentive of £1.2m, following the lease surrender of the Group's previously occupied London offices, in November 2008. In addition, inflation and adverse currency movements on overseas accommodation contributed to the increase in FY09.

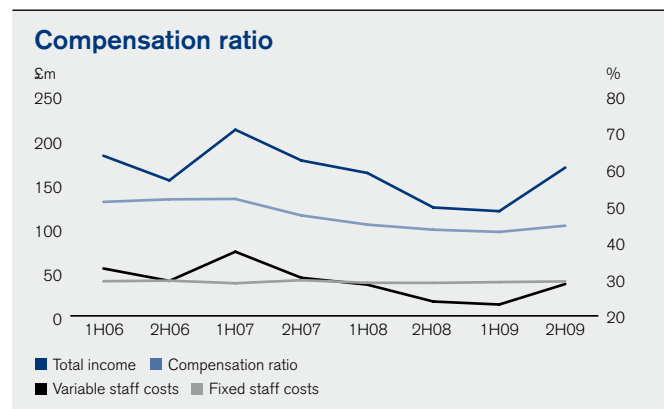
Depreciation increased by £0.9m to £3.2m in FY09, mainly due to depreciation of capital expenditure incurred in relocating the Group's London offices in 2008.

	FY09 £m	FY08' £m
Operating costs		
Employee compensation and benefits	(126.3)	(126.5)
Investment administration	(22.6)	(16.4)
Information Technology	(11.5)	(9.6)
Office	(16.2)	(13.2)
Depreciation	(3.2)	(2.3)
Other expenses	(25.2)	(25.0)
Operating costs	(205.0)	(193.0)
Operating margin	27.6%	28.6%

Note

- Certain comparatives have been restated to conform with the current year's presentation. This relates to the recognition of performance fee bonuses as employee compensation and benefits, which were previously netted off against performance fees, and the elimination of Corporate Office and its resultant impact on total expenses.

Operating margin fell slightly in FY09 to 27.6% (FY08: 28.6%) due to the impact of lower market levels on fee income (offset by the take-on of New Star) and the impact of higher operating costs due to New Star, partly offset by cost reduction measures. As expected, the New Star acquisition has had a net beneficial impact on operating margins. The compensation ratio has fallen slightly in FY09 reflecting the reduction in variable staff costs due to tougher market conditions.



Finance costs

Finance costs in FY09 were £8.9m, £3.4m less than FY08. The reduction was primarily a result of the amortisation of the profit arising from the unwind of an interest rate swap on debt in December 2008. The remaining profit on the interest rate swap (as at 31 December 2009: £7.2m) will be amortised over the residual term of the debt, which matures on 2 May 2012.

Non-recurring items

The following non-recurring items of £47.5m were recognised in FY09:

- a credit of £14.3m for insurance recoveries;
- a charge of £33.8m in respect of New Star integration;
- a charge of £20.7m for infrastructure fund management fees; and
- a charge of £7.3m for impairment of seed capital investments in three property funds.

The non-recurring items in FY08 amounted to a net charge of £97.3m.

Group taxation

The tax charge on recurring operations in FY09 was £13.3m (FY08: £8.6m), giving an effective tax rate of 21.2% (FY08: 10.7%). The effective tax rate on recurring operations is less than the current UK statutory rate primarily as a result of Group profits being subject to lower tax rates in overseas subsidiaries. The increase in the effective tax rate in FY09 compared to that for FY08 is as a result of the recognition of previously unrecognised deferred tax assets and the release of prior year provisions in FY08, not repeated in FY09 and, to a lesser extent, the impact of New Star where most of the profits are earned in the UK.

Assets under management

Total AUM at 31 December 2009 were £58.1bn, £8.6bn or 17% above AUM at 31 December 2008, whilst average AUM in FY09 was 1%

below that in FY08 (excluding New Star this would have been 13% lower). The acquisition of New Star added £8.1bn to AUM on 9 April 2009. Net fund outflows were £4.6bn, with higher margin net inflows of £0.7bn, institutional net inflows of £0.6bn, Cash funds net outflows of £0.6bn, New Star Institutional Managers (NSIM) net outflows of £1.1bn and Pearl net outflows of £4.2bn. In addition, there were favourable market and foreign exchange rate movements of £5.1bn during FY09. Wholesale funds net inflows for FY09 of £1.0bn, were 8% of opening AUM (adjusted for the New Star take-on assets). Overall higher margin assets are up £8.7bn during the year, with New Star take-on representing 62% of this increase. Whilst Pearl continues to withdraw assets, the investment management and other agreements entered into with Pearl in June 2006 ensure that these withdrawals will not have any material unexpected impact on future revenues.

Summary of movements in AUM

	Opening AUM 1 Jan 09 £bn	New Star take-on FY09 £bn	Net flows FY09 £bn	Market/FX FY09 £bn	Closing AUM 31 Dec 09 £bn	Manage- ment' fees FY09 £m	Manage- ment' fees FY08 £m
Higher margin							
Investment Trusts	2.7	0.1	–	0.7	3.5	12.9	13.5
Horizon Wholesale	2.3	–	0.5	0.6	3.4	24.2	25.3
UK Wholesale	3.1	4.7	0.1	2.4	10.3	59.8	30.3
US Wholesale	2.3	–	0.4	0.5	3.2	21.3	25.3
Hedge funds	0.8	0.1	(0.1)	0.1	0.9	10.4	16.2
Property (non-US) ²	7.6	0.5	–	(0.5)	7.6	32.1	41.1
Property (US)	1.7	–	–	(0.4)	1.3	5.5	4.8
Private Equity ³	1.2	–	–	(0.6)	0.6	9.5	12.3
Structured Products	2.2	–	(0.2)	(0.2)	1.8	4.4	8.8
Higher margin total	23.9	5.4	0.7	2.6	32.6	180.1	177.6
Lower margin and Pearl⁴							
Institutional	11.2	0.2	0.6	1.2	13.2	–	–
Cash funds	2.9	–	(0.6)	–	2.3	–	–
New Star Institutional Managers (NSIM)	–	2.5	(1.1)	0.6	2.0	–	–
Lower margin total	14.1	2.7	(1.1)	1.8	17.5	–	–
Pearl	11.5	–	(4.2)	0.7	8.0	–	–
Lower margin and Pearl total	25.6	2.7	(5.3)	2.5	25.5	46.7	44.3
Total	49.5	8.1	(4.6)	5.1	58.1	226.8	221.9

Notes

1. Net of commission expense.
2. Property AUM (at 31 December 2009) excludes £1.0bn of UK wholesale funds and £0.4bn of Pearl Property managed funds.
3. Private Equity AUM (at 31 December 2009) excludes £0.2bn of Pearl Private Equity managed funds.
4. The composition of lower margin and Pearl management fees by category is not shown due to client confidentiality.

AUM by asset class

The table below shows AUM by asset class and includes cash holdings within products in Fixed Income AUM, and fund of funds holdings in

Equities AUM. Property asset AUM excludes £0.3bn of cash holdings and £0.6bn of fund of fund holdings held in Property related products.

	31 Dec 2009 £bn	31 Dec 2008 £bn
Equities	26.9	18.0
Fixed Income	21.0	21.4
Property	9.4	8.8
Private Equity	0.8	1.3
Total AUM	58.1	49.5

Investment performance

Henderson's one year investment performance has improved significantly in most areas in FY09, with 94% of Fixed Income and 70% of Equity funds achieving or beating their benchmarks. The US Wholesale fund range has maintained its excellent track record with 88% and 97% of assets outperforming over one and three years respectively. UK Wholesale performance has improved significantly in 2009, with more than 75% of assets outperforming over one year. In the Institutional business, all fund classes performed well over one and three years, with 100% of enhanced index funds out performing over both time periods and fixed income funds over one year.

In Property, the performance track record is pending publication of the IPD Annual Benchmarks next month. The 2009 one and three year scores for relative benchmarked assets were 49% and 21% respectively, but reducing to 22% and 10% respectively when including funds with absolute return benchmarks. The scores, including funds with absolute return benchmarks, are disproportionately impacted by falling markets making it difficult to outperform absolute return benchmarks.

The second half of 2009 has seen an improvement in Property performance, as demonstrated by 89% of non-US assets, with relative benchmarks, outperforming.

There has been an improvement in investment performance, in respect of New Star UK Wholesale funds, since acquisition. At 31 December 2009, 62% of funds achieved or beat their benchmarks over one year.

The number of rated products increased by 75 to 123, including 45 New Star funds. Henderson won a total of 32 investment performance awards during FY09 (FY08: 21), including:

- Investment Week Investment Trust of the Year Awards – Best Management Group;
- Pensions and Investment Provider Award – Best UK Fixed Income Manager of the Year;
- Lipper Equity Sector Information Technology category Award (UK) – Global Technology Fund as Best Fund over 10 Years;
- Moneywise Pensions Award Top Cautious Managed Fund category 2009 – Multi-Manager Income and Growth Fund Winner; and
- Asia Hedge Awards – Management Firm of the Year.

Summary of investment performance

	One year		Three years	
	2009 %	2008 %	2009 %	2008 %
Funds at or above benchmark to 31 December ¹				
Equities	70	41	70	48
Fixed Income	94	55	80	62
Property²	22	30	10	50
Total²	70	41	64	49
Higher margin				
Investment Trusts	45	34	24	54
Horizon Wholesale	52	72	78	82
UK Wholesale	76	46	65	72
US Wholesale	88	88	97	87
Hedge funds	100	17	87	38
Property ²	22	30	10	50
Total higher margin	52	43	49	63
Lower margin				
Enhanced index	100	19	100	6
Fixed Income	100	43	70	40
Balanced/active equity	73	28	68	40
Total lower margin	93	31	80	29
New Star UK Wholesale	62	–	4	–
New Star Institutional Managers (NSIM)	12	–	56	–

Notes

1. Asset weighted of funds measured over one and three years to 31 December 2009 excluding the performance of New Star funds, in order to be consistent with 2008. One year Equity and Fixed Income performance to 31 December 2009 including New Star funds is 67% and 95% respectively.
2. Estimated, pending Property benchmark data.

Business management

The Group is a single segment investment management business governed by the Board, with sole discretion for setting the strategic direction of the business. Whilst the Group's Executive Directors and key management are responsible for and have discretion over, the day to day management of the business and support functions, all strategic, financial management and key operational decisions are taken centrally by the Board. The Board receives reports across product lines, distribution channels and geographic regions, however financial performance and allocation of capital are determined and reported centrally.

Global Distribution

Henderson distributes its products across geographies and business teams. Whilst each team focuses on their core products, they are structured to capitalise on opportunities for cross selling. This reduces the Group's exposure to individual product lines and enables the business to deliver attractive product offerings in different market conditions in all geographies.

For example the Pan-European equity team manages Institutional, Hedge Funds, Investment Trusts and Wholesale assets for clients in the UK, Europe, North America and Asia.

In North America, we see opportunities to increase our distribution of both institutional and hedge funds and have recently increased resources in this region. In Asia, we continue to improve our distribution capabilities in China, Japan and Australia by developing regional distribution agreements and building core products for these markets.

The acquisition of New Star is expected to accelerate the realisation of Henderson's strategy, to build a scalable, profitable, active investment management business offering higher margin products in core equity, fixed income and alternative investment capabilities. The Board continues to regard Henderson's home markets as the UK and Europe, with growing businesses in North America and Asia. The New Star acquisition has added significantly to Henderson's market share in the UK and more importantly, has provided a scalable platform for growth in the UK wholesale market.

Global Listed Assets

This team comprises 375 people, approximately one third of whom are investment professionals primarily located in London, with some investment staff in Edinburgh, Singapore and Amsterdam. Distribution professionals are centred in London (and regionally within the UK), across Continental Europe, North America and Asia.

The product range consists of Wholesale funds (Luxembourg SICAVs, US mutual funds, UK OEICs and unit trusts), Hedge funds (Offshore

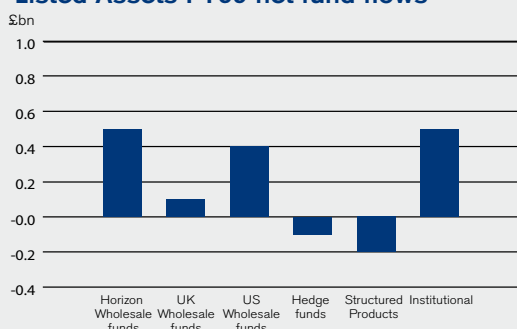
funds and managed accounts), Investment Trusts, Institutional segregated and pooled funds (including Pearl assets), Cash funds and Structured Products. With the exception of Investment Trusts, which are distributed exclusively in the UK and New Zealand, all other product ranges contain funds that are distributed in all geographies. Investment performance was strong across the Listed Assets business in FY09, resulting in a large number of products with saleable performance across geographies and channels.

Following the acquisition of New Star, their senior Pan European Retail distribution team successfully transitioned to Henderson. The UK Retail distribution team has now been restructured, and there has been a major UK advertising campaign throughout 2009 promoting the Henderson New Star product range. Advertising campaigns have been focused on Multi Manager and Strategic Bond funds resulting in strong fund flows. We intend to continue the commitment to advertising spend in 2010 and we are rationalising our UK Wholesale range which we expect to result in further fund mergers and closures, as well as the launch of selected new funds. As we focus on our clients and distribution partners' needs, we will continue to actively communicate these changes at the earliest opportunity.

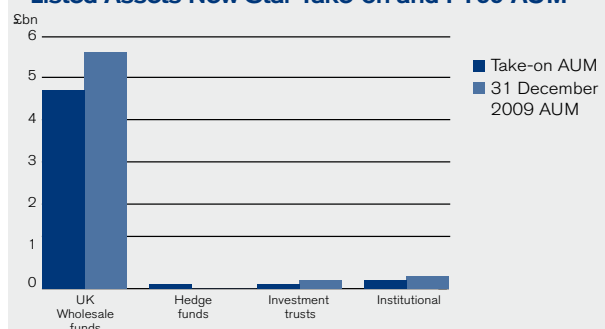
In 1H09 market conditions meant that significant outflows continued in our Hedge fund range following the market dislocation in 2008. The performance of our Hedge fund range has been excellent in FY09 and this has been reflected in 2H09 through good inflows which have substantially offset outflows from 1H09, resulting in only £0.1bn of net outflows in FY09. Within the Hedge fund range, a number of funds have capacity to take on new assets and we aim to continue our growth in 2010 and beyond as investor confidence returns. As at 31 December 2009, seven Hedge funds were above highwater marks, representing 60% of total Hedge fund AUM. This includes a new strategy, the specialist currency team we hired from Fortis Investment Bank in January 2009, for whom we launched a Global Currency hedge fund in May 2009, which has delivered over 13.5% since inception. They have also achieved their first consultant buy rating, which is developing a significant pipeline.

Strong performance has also been delivered in our UCITS III absolute return fund range, with the Pan-European Alpha Fund and Credit Alpha Fund in particular gaining traction with Hedge Fund of Funds, institutional and retail clients across Europe. We were early developers of UCITS III absolute return funds, making the requisite operational and risk infrastructure developments in 2006, with some funds now having almost three years worth of track record. We intend to continue building the onshore absolute return fund range, alongside our offshore range, as evidence grows that an increasing proportion of investors prefer the greater transparency, liquidity and regulation.

Listed Assets FY09 net fund flows



Listed Assets New Star Take-on and FY09 AUM



FY09 was a successful year in both equities and fixed income. In equities strong performance in both core and specialist products has resulted in growing business flows and pipeline in a number of areas. Good examples are our EAFE Equity products distributed to US institutional and wholesale clients. Fixed Income had an extremely successful year, in particular, due to our significant expertise in successfully navigating credit markets for our clients over the past three years. We are extending our credit product range to capitalise on the strong risk-adjusted performance and new business success in UK institutional and UK Wholesale, in order to increase distribution across geographies (primarily Europe and Japan) and channels (particularly Hedge funds and Wholesale). We continue to have a healthy new business institutional pipeline of unfunded wins.

Whilst FY09 performance fees of £31.6m were broadly in line with the prior year (FY08: £32.0m) the mix was quite different, reflecting the benefits of a diversified business. For example, institutional funds were the largest contributor in FY09, whereas hedge funds were the largest in FY08. Market levels notwithstanding, we expect performance fees to continue to be an integral part of fee structures.

Global Property

This team comprises circa 190 people, including staff in North America, of which approximately 40% are investment professionals located in London, Madrid, Paris, Frankfurt, Vienna, Milan, Singapore, Hong Kong and North America. Distribution professionals are centred in London, Frankfurt, Singapore and North America. These offices also distribute to other markets e.g. Scandinavia and Australia.

Global Property AUM, comprising institutional client assets and the New Star UK Wholesale funds, rose from £10.0bn at 31 December 2008 to £10.3bn at 31 December 2009. The addition of the New Star UK Wholesale funds, being £1.0bn at 31 December 2009, was largely offset by a fall in asset values in FY09. The charts below include investments by Pearl in closed-ended Property funds, £0.4bn at 31 December 2009 (31 December 2008: £0.7bn). The product range consists of closed ended funds, segregated accounts, open-ended funds and UK wholesale funds.

Typically, closed-ended funds have seven to ten year life spans and exit is only possible on a matched bargain basis. The acquisition of New Star has provided greater diversity across the Property product range, with the Global Property team now managing £1.0bn of UK Wholesale assets. Distribution of UK Wholesale assets is carried out by Global Listed Assets distribution.

At 31 December 2009, the pipeline of client committed, but uninvested, capital was £1.4bn (31 December 2008: £1.4bn). During the year £0.7bn of capital has been invested, including £0.3bn of assets

raised in the year, with £0.7bn being added to the pipeline. Whilst property valuations have been adversely impacted by recent economic conditions, the committed capital remains in place and is expected to fund investment opportunities in 2010 and into 2011.

Management has conducted an impairment review of all its available-for-sale financial assets at 31 December 2009, by comparing the most recent market valuation to the book cost and determining whether a diminution is prolonged or significant. The global decline in property markets has impacted the valuation of the Group's property funds and as a result, the Group's seed capital holdings in three property funds was impaired at the reporting date. The impairment of £7.3m has been recognised as a non-recurring charge in the FY09 results.

Global Private Equity

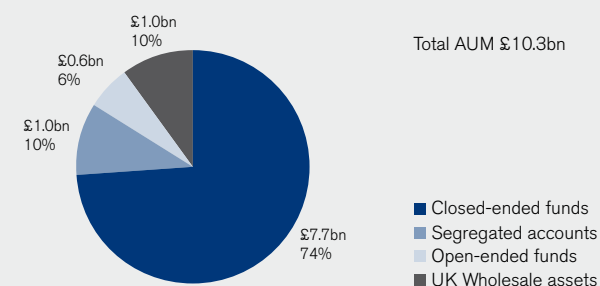
This team comprises 25 people, 15 of whom are investment professionals located in London, Singapore, Hong Kong, Beijing and New Delhi. Distribution is carried out by the Private Equity team, Global Listed Assets distribution and, in some cases, by external placement agents. The product range consists of Infrastructure, Asia Private Equity and Private Equity Fund of Funds. Total AUM fell £0.5bn to £0.8bn in FY09 primarily due to the turmoil in financial markets affecting the Private Equity business' ability to execute its original strategy for one of its infrastructure funds. This fund suffered a significant fall in valuation. As a consequence, the Group has recognised a non-recurring charge of £20.7m in FY09, in respect of management fees, with a view to ensuring that the Group's interests remain closely aligned with those of our clients. A series of initiatives were implemented during 2009 that will contribute to a recovery of the fund's value and performance. Further measures to restore value in the fund will be implemented during 2010.

Other parts of our Private Equity business are performing well. The Asia Private Equity team's first fund made nine investments. It has exited six of these completely, and sold a third of its stake in another. The remaining three companies, each based in India, are all now listed. During 2009, the value of these companies increased by almost 150%. The team's second fund has made three investments to date across India and China, and these are progressing strongly. Private Equity Fund of Funds performed well during the year. The unlisted Global Fund of Funds continued its good long-term performance, whilst the business grew through its absorption on 1 May 2009 of New Star's listed fund of funds vehicle, now renamed the Henderson Private Equity Investment Trust plc (HPEQ).

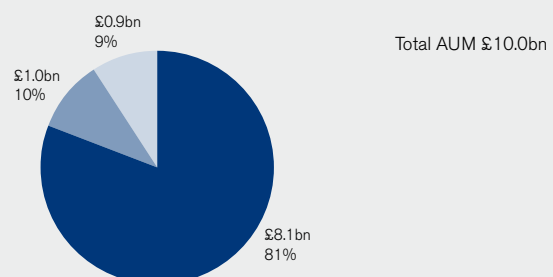
Pension schemes

The Group has three types of pension schemes. A defined benefit scheme and a defined contribution scheme, together forming the

Global Property AUM as at 31 December 2009



Global Property AUM as at 31 December 2008



Henderson Group Pension Scheme (the Pension Scheme), and a number of smaller unapproved pension top-up schemes for previous executives.

There was a net surplus in the Pension Scheme of £90.0m, at 31 December 2009 (FY08: £152.5m). The decrease since last year is partly due to a lower discount rate used to value the Pension Scheme's liabilities for accounting purposes, set by reference to AA-rated corporate bonds with approximately 21 years' duration, down to 5.6% p.a. from 6.4% p.a. A higher assumption for future price inflation, based on the Bank of England's published price inflation curve, set at 3.7% p.a. (FY08: 3.0% p.a.) also contributed to an increase in the present value of the Pension Scheme liabilities.

During 2H09, in keeping with industry best practice the Group adopted a post-retirement mortality assumption based on 100% of SAPS 'S1 Light' tables and improvements from 2002 in line with the medium cohort with an annual 1% underpin. The change in this demographic assumption has also given rise to higher Pension Scheme liabilities.

The increases in the Pension Scheme liabilities noted above were partially offset by the performance of the Pension Scheme asset portfolio. The future expected return on assets assumption is 5.7% p.a., representing a 0.9% p.a. improvement on FY08 (4.8% p.a.). The main reasons for the increase to the expected return are higher gilt yields and a higher proportion of the assets being invested in 'return-seeking' assets.

The Group has reached agreement with the Pension Scheme trustee regarding the results of the 2008 triennial valuation, whilst the statement of funding principles and schedule of contributions are currently being finalised. The valuation has resulted in no deficit funding contributions being made or to be made by the Group.

The liability in respect of the Group's unapproved pension schemes amounted to £6.1m at 31 December 2009 (FY08: £4.7m).

Regulatory requirements

The Group is subject to regulatory oversight and inspection by the UK Financial Services Authority and other international regulatory bodies. Consequently, the Group's internal controls, governance, procedures and capital are reviewed on a continuous basis. Both Management and the Board of Directors ensure that the Group is compliant with its regulatory obligations at all times. The Group has a waiver from consolidated supervision in place, valid until April 2014. The regulatory capital surplus of the Group under the Parent Financial Holding Company test amounted to £323m at 31 December 2009 (FY08: £299m).

Dividends

The Board is recommending a final dividend for 2009 of 4.25 pence per share, which will bring the total dividend for 2009 to 6.1 pence per share, the same as the total dividend paid for 2008. The proposed final dividend will be paid to shareholders on 28 May 2010 to shareholders on the register on 7 May 2010. Although this dividend payment, if approved by shareholders, will result in a higher pay-out ratio compared to historical dividend payments, the Board is confident about the outlook for the business. Additionally, the Board has decided to implement a dividend payment formula where the interim dividend will be the equivalent of 30% of the total dividend for the previous year, assuming the Group has the resources to fund the dividend payment.

New Star acquisition

The New Star business perfectly matched our strategic ambitions and comfortably exceeded our financial criteria. New Star was integrated

with speed and minimal disruption to our clients and other parts of our business so that, within a matter of months, we had significantly strengthened our UK retail franchise. We are already seeing the benefits in our UK retail sales and expect a significant boost to earnings from 2010 onwards as a result of the New Star acquisition.

The Group acquired New Star Asset Management Group PLC on 9 April 2009 for a purchase consideration of £94.2m. The net liabilities of £3.4m acquired from New Star were adjusted to their fair value, as required under IFRS, giving rise to net liabilities of £29.8m. These were incorporated into the Group's balance sheet in 2Q09.

The acquisition resulted in the recognition of an intangible asset representing, in the main, the investment management contracts of the New Star funds. These were valued at £86.9m based upon a discounted cash flow model. The amortisation of the intangible asset is charged to the consolidated income statement on a straight line basis over the expected life of the contracts, being approximately eight years. The amortisation charge for FY09 was £8.4m. In addition, a deferred tax credit of £2.4m in respect of the intangible management contracts is included within taxation on recurring operations.

After taking into account the investment management contracts and deferred tax thereon, as required under IFRS, purchased goodwill of £61.4m was recognised. The total goodwill balance of the combined Group now stands at £285.7m.

The total costs incurred by the Group, included as a non-recurring item, integrating the New Star business amounted to £33.8m, lower than previously guided at £40m. These included costs in respect of fund mergers, rebranding, office relocation and reorganisation, transition of outsourced retail and investment operations and staff related expenses.

The Group recognised a provision in respect of the New Star leased offices equal to the net present value of excess lease and other payments less amounts expected to be recovered from subletting these properties. The unwinding of the discounted cash flows over the remaining life of the leases is charged to the consolidated income statement as a void property finance charge. The charge for FY09 was £2.0m.

Insurance recoveries

During 2H09 the Group reached agreement with insurers regarding a number of insurance claims made by Towry Law International and Henderson Global Investors in 2003 and 2004 under an AMP Limited run off insurance policy, resulting in a net receivable of £14.3m, which has been shown as a non-recurring credit in the FY09 results.

Outlook

We remain committed to providing clients with more valuable investment products. Generating profitable organic growth continues to be our primary focus. We also remain alert to opportunities to accelerate our strategic plan subject to our strict financial discipline. Overall, we are optimistic about the outlook for markets although we expect that volatility will remain high throughout the year. Henderson is well placed to grow its existing product ranges in all of our channels and the geographies we operate in.

Risk management

The Group regards the effective management of its risks as being central to the successful achievement of business objectives. It therefore has in place a framework which is designed to embed the management of risk at all levels within the organisation. The framework also ensures that business objectives are met without exceeding the Group's risk appetite; and is subject to continuous review to ensure it recognises both new and emerging risks in the business. During 2009, for example, the acquisition of New Star, introduced consideration of acquisition risk into the framework.

The Group's risk management and capital disclosures in accordance with chapter 11 of the FSA's Prudential Sourcebook for Banks, Building Societies and Investment Firms (Pillar 3 disclosures) are available on Henderson's website at www.henderson.com.

Key risks and their mitigation

The principal risks within the Group fall into a number of distinct categories and the means adopted to mitigate them are both varied and relevant to the nature of the risk concerned. The principal risks and the means used to mitigate them are set out below:

Key Risks	Description	Mitigation
Acquisition	The Group's long-term strategy involves its willingness to consider the acquisition of businesses. This introduces the risk of organisational stress through the potential demands made on staff and resources through the need to integrate acquired businesses.	The Group only considers acquisitions if they provide a fit with its strategic goals and are at a price at which the Group can realise value for its shareholders. There is thorough due diligence performed before any acquisition is made and this includes assessing the ability of the Group to successfully integrate the acquired business.
Business disruption	Business disruption risk is the risk of the occurrence of unforeseeable events which could have a material impact on the operations of the business.	The Group has in place business continuity plans designed to ensure that, should such an event occur, it could maintain its operations without irreparable damage being done to the business. These plans are subject to regular testing. The Group also ensures that its TPAs have in place similarly comprehensive plans for their operations. Additionally, the Group has insurance arrangements should losses of revenue occur through business interruption.
Credit	Credit risk is the risk of a counterparty to the Group either defaulting on Group funds deposited with it or the non-receipt of a trade debt.	The Group has an established credit policy to ensure its counterparties meet strict minimum rating requirements consistent with the Group's risk appetite; and the Credit Risk Committee meets regularly to approve, review and set limits for all new and existing counterparties. In addition, the Group has many clients that have fees deducted directly from their assets or alternatively are billed regularly with strict payment terms.
Employee retention	The loss of either a member of the Senior Management Team or one of the Group's principal investment or distribution professionals could have a material adverse effect on both the growth of the business and the retention of existing business. If the loss were of a principal investment manager, there is also a risk that clients may either redeem their funds or move their mandates elsewhere. The loss of a key member of the distribution team could severely impact the ability of the Group to grow the business in line with its strategy.	The Group operates appropriate incentive packages designed to be competitive and to recognise and reward out performance. It also has a succession planning policy aimed at ensuring there is appropriate cover for key roles should they become vacant. In addition, staff surveys are carried out to identify any areas which could adversely impact staff retention; and comprehensive training is undertaken to ensure skills and knowledge reside in more than one individual.
Foreign currency	Foreign currency risk is the risk that the Group will sustain losses through adverse movements in exchange rates, as a result of its exposure to non-GBP income and expenses and assets and liabilities of its overseas subsidiaries; as well as certain other assets and liabilities denominated in a currency other than GBP.	The Group mitigates this risk through the effect of natural hedges i.e. holding financial assets and liabilities of equal value in the same currency; by limiting the net exposure to an individual currency; and by entering into hedging instruments such as foreign exchange contracts, which are primarily used to hedge available-for-sale financial assets. A Hedge Committee oversees this risk and reports to the Board quarterly.

Risk	Description	Mitigation
Investment performance	Investment performance risk is the risk that funds fail to deliver the expected level of performance. The effect of this might be that clients redeem investments, which in turn would result in a reduction in fees earned by the Group. Poor fund performance will also impact the level of performance related fees earned.	The Group mitigates this risk: by operating a robust investment process which includes detailed research; by having a clearly articulated investment philosophy; and by analysing fund performance and comparing it against appropriate benchmarks.
Liquidity	Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due.	<p>The Group manages its liquidity on a daily basis within the Finance function, which ensures that the Group has sufficient cash and/or highly liquid assets available to meet its liabilities. The Group ensures that it has access to funds to cover all forecast commitments for at least the following twelve months.</p> <p>Henderson does not bear any liquidity risk associated with its clients' funds and has no obligation to provide short term liquidity to its clients.</p>
Market	Market risk is the risk that market conditions lead to a decline in the value of Group available-for-sale financial assets and/or a reduction in the value of clients' AUM, which could result in a potentially significant reduction in the level of the fees that are based on the value of clients' AUM.	The Group mitigates the market risk on the Group's available-for-sale assets by investing in a diversified range of assets; and mitigates a fall in the value of clients' AUM by having a broad range of clients by distribution channel, product, asset class and region. In addition, the Group actively seeks fee bases which are not solely related to market value of AUM. It also makes a significant amount of its expense base variable and therefore capable of reduction, without having a significant impact on the Group's operating capability.
Operational	Operational risk is the risk that the Group will sustain losses through inadequate or failed internal processes, people, systems and external events. In addition, it could also suffer indirect losses through damage to its reputation arising from operational failures.	The Group operates a system of controls which is designed to ensure operational risks are mitigated to the required level. The operation and effectiveness of the controls is regularly assessed and confirmed through the work of the Group's assurance functions: Risk Management, Compliance and Internal Audit.
Outsourcing	Outsourcing risk is the risk of failure in respect of the provision of services by third party administrators (TPAs). Any significant interruption in services or deterioration in performance could damage the Group's operations. Furthermore, if the contracts with any of the TPAs are terminated, the Group may not be able to find alternative TPAs on a timely basis or on equivalent terms.	<p>The Group oversees the operation of its TPAs to ensure agreed key performance standards are being met and meets regularly with its TPAs to discuss any service concerns or problems and work in partnership with TPAs to deliver solutions.</p> <p>The Group's assurance functions also review controls operated by our major TPAs.</p> <p>The financial strength of a TPA is given careful consideration when contracts are awarded and also if a material deterioration should occur in a TPA's financial strength.</p>
Reputational	The Group regards the risk of damage to its reputation as more likely to result from one of the risks described above materialising rather than as a standalone risk.	The Group believes that avoidance of reputational risk is achieved through ensuring that the mitigation of the other risks is effective. In addition it maintains an effective means of communication with shareholders and analysts to address rumours and misrepresentations of its position to further mitigate the risk of damage to its reputation.

Consolidated Income Statement

For the year ended 31 December 2009

	Notes	2009 £m	2008 £m
Income			
Gross fee income and commissions	3	362.0	325.4
Finance income	3	4.3	15.3
Gross income		366.3	340.7
Commissions and fees payable	3	(78.7)	(55.0)
Net income		287.6	285.7
Expenses			
Operating costs	4.1	(201.8)	(190.7)
Depreciation	15	(3.2)	(2.3)
Total expenses before finance costs		(205.0)	(193.0)
Finance costs	6	(8.9)	(12.3)
Total expenses		(213.9)	(205.3)
Recurring profit before intangible amortisation, void property finance charge and tax			
		73.7	80.4
Intangible amortisation	13	(8.7)	(0.1)
Void property finance charge	22	(2.0)	–
Recurring profit before tax			
Non-recurring items	7	(47.5)	(97.3)
Profit/(loss) before tax			
Taxation	8	(1.0)	(3.8)
Profit/(loss) after tax			
		14.5	(20.8)
Attributable to:			
Equity holders of the parent		13.8	(20.9)
Minority interests		0.7	0.1
		14.5	(20.8)
Dividends			
Dividends declared and charged to equity during the year	11	48.3	42.9
Dividends proposed	11	35.1	33.9
Basic and diluted earnings per share			
Basic before intangible amortisation, void property finance charge and non-recurring items	9.1.2	7.5p	10.8p
Basic	9.2.2	1.8p	(3.2)p
Diluted before intangible amortisation, void property finance charge and non-recurring items	9.1.2	7.0p	10.0p
Diluted	9.2.2	1.7p	(3.2)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 £m	2008 £m
Profit/(loss) after tax		14.5	(20.8)
Other comprehensive income			
Exchange differences on translation of foreign operations		(1.2)	8.5
<i>Available-for-sale financial assets:</i>			
Exchange differences on translation		(3.2)	4.5
Translation reserve transfer on sale		(1.1)	–
Translation reserve transfer on impairment		0.5	–
Net losses on revaluation		(8.2)	(62.2)
Revaluation reserve transfer on sale		5.6	9.1
Revaluation reserve transfer on impairment		6.8	67.2
Taxation effect of available-for-sale financial assets movements	8	(0.6)	2.3
<i>Actuarial (losses)/gains:</i>			
Actuarial (losses)/gains on defined benefit pension schemes	21	(69.7)	65.0
Actuarial gains on post-retirement medical benefits		0.1	–
Taxation effect of actuarial losses/(gains)	8	19.4	(18.2)
Other comprehensive income after tax		(51.6)	76.2
Total comprehensive income		(37.1)	55.4
Attributable to:			
Equity holders of the parent		(37.8)	55.3
Minority interests		0.7	0.1
		(37.1)	55.4

Consolidated Statement of Financial Position

As at 31 December 2009

	Notes	2009 £m	2008 £m
Non-current assets			
Intangible assets	13	366.2	226.1
Investments accounted for using the equity method	14.2	6.4	6.6
Plant and equipment	15	23.0	22.6
Retirement benefit assets	21	90.0	152.5
Deferred tax assets	23	15.4	5.4
Deferred acquisition and commission costs	17	43.6	17.0
		544.6	430.2
Current assets			
Available-for-sale financial assets	16	41.7	75.9
Financial assets at fair value through profit or loss	16	0.9	0.4
Trade and other receivables	18	146.8	112.8
Deferred acquisition and commission costs	17	33.4	17.9
Cash and cash equivalents	19.1	119.0	152.1
		341.8	359.1
Total assets		886.4	789.3
Non-current liabilities			
Debt instrument in issue	20	181.9	184.5
Retirement benefit obligations	21	6.1	4.7
Provisions	22	35.0	20.1
Deferred tax liabilities	23	51.6	44.7
Deferred income		42.0	15.7
		316.6	269.7
Current liabilities			
Trade and other payables	24	211.5	177.5
Provisions	22	19.5	7.7
Deferred income		34.1	17.0
Current tax liabilities		22.5	24.3
		287.6	226.5
Total liabilities		604.2	496.2
Net assets		282.2	293.1
Capital and reserves			
Share capital	25.2	103.1	90.7
Share premium		250.7	195.1
Own shares held		(51.6)	(74.2)
Translation reserve		6.2	11.2
Revaluation reserve		2.0	(2.2)
Profit and loss reserve		(29.2)	72.2
Shareholders' equity		281.2	292.8
Minority interests	27	1.0	0.3
Total equity		282.2	293.1

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2010. They were signed on its behalf by:

Rupert Pennant-Rea
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital £m	Share premium £m	Treasury shares £m	Own shares held £m	Translation reserve £m	Revaluation reserve £m	Profit and loss reserve £m	Minority interests £m	Total equity £m
At 1 January 2008	90.6	194.6	(6.7)	(85.5)	(1.8)	(16.3)	99.0	0.2	274.1
Total comprehensive income net of tax	–	–	–	–	13.0	14.1	28.2	0.1	55.4
Dividends paid to equity shareholders	–	–	–	–	–	–	(42.9)	–	(42.9)
Purchase of own shares	–	–	–	(16.2)	–	–	–	–	(16.2)
Transfer of treasury shares	–	–	6.7	(6.7)	–	–	–	–	–
Vesting of share schemes	–	–	–	34.2	–	–	(34.2)	–	–
Issue of shares for SAYE	–	0.2	–	–	–	–	–	–	0.2
Issue of shares for BAYE	0.1	0.3	–	–	–	–	(0.4)	–	–
Movement in equity-settled share scheme expenses	–	–	–	–	–	–	22.5	–	22.5
At 31 December 2008	90.7	195.1	–	(74.2)	11.2	(2.2)	72.2	0.3	293.1
Total comprehensive income net of tax	–	–	–	–	(5.0)	4.2	(37.0)	0.7	(37.1)
Dividends paid to equity shareholders	–	–	–	–	–	–	(48.3)	–	(48.3)
Purchase of own shares	–	–	–	(9.0)	–	–	–	–	(9.0)
Vesting of share schemes	–	–	–	31.6	–	–	(31.6)	–	–
Share placing	9.1	38.0	–	–	–	–	–	–	47.1
Share issue costs	–	(1.3)	–	–	–	–	–	–	(1.3)
Shares issued on acquisition of New Star	3.2	18.0	–	–	–	–	–	–	21.2
Issue of shares for SAYE	0.1	0.5	–	–	–	–	–	–	0.6
Issue of shares for BAYE	–	0.4	–	–	–	–	(0.4)	–	–
Movement in equity-settled share scheme expenses	–	–	–	–	–	–	15.9	–	15.9
At 31 December 2009	103.1	250.7	–	(51.6)	6.2	2.0	(29.2)	1.0	282.2

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 £m	2008 £m
Cash flows from operating activities			
Profit/(loss) before tax		15.5	(17.0)
Adjustments to reconcile profit/(loss) before tax to net cash flows from operating activities:			
– depreciation of plant and equipment	15	3.2	2.3
– amortisation of intangibles	13	8.7	0.1
– net loss on disposal of plant and equipment		–	2.3
– share-based payment charges		15.9	22.5
– net deferred acquisition and commission costs and deferred income amortisation		(1.7)	(0.1)
– impairment of available-for-sale financial assets		7.5	67.2
– loss on disposal of available-for-sale financial assets		2.0	4.9
– contributions to the Henderson Group Pension Scheme in excess of costs recognised		(5.6)	(25.7)
– share of profit of associates and joint ventures	14.2	(1.4)	(2.6)
– profit on unwinding of an interest rate swap on debt		–	(1.5)
– void property finance charge	22	2.0	–
– debt instrument interest expense	6	8.8	12.3
Cash flows from operating activities before changes in operating assets and liabilities			
Changes in operating assets and liabilities	19.2	54.9	64.7
Net tax paid		(27.7)	(77.1)
		(1.0)	(8.0)
Net cash flows from operating activities			
		26.2	(20.4)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(54.5)	–
Proceeds from sale of available-for-sale financial assets		35.1	30.1
Dividends from associates and distributions from joint ventures		1.3	1.4
Purchases of:			
– available-for-sale financial assets		(12.5)	(31.4)
– plant and equipment		(3.6)	(20.4)
– intangible assets	13	(0.5)	(1.9)
Investments in associates and joint ventures		(0.4)	(1.7)
Net cash flows from investing activities			
		(35.1)	(23.9)
Cash flows from financing activities			
Proceeds from issue of shares		46.4	0.2
Acquisition of own shares		(9.0)	(16.2)
Dividends paid to equity shareholders	11	(48.3)	(42.9)
Proceeds from unwinding of an interest rate swap on debt		–	11.4
Interest paid on debt instrument in issue		(11.4)	(12.2)
Net cash flows from financing activities			
		(22.3)	(59.7)
Effects of exchange rate changes		(1.9)	8.1
Net decrease in cash and cash equivalents			
		(33.1)	(95.9)
Cash and cash equivalents at beginning of year		152.1	248.0
Cash and cash equivalents at end of year			
	19.1	119.0	152.1

Company Income Statement

For the year ended 31 December 2009

	Note	2009 £m	5 August 2008 to 31 December 2008 £m
Administration costs		(0.7)	(0.1)
Other income		–	94.2
(Loss)/profit before tax		(0.7)	94.1
Taxation	8	–	–
(Loss)/profit after tax		(0.7)	94.1

Company Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 £m	5 August 2008 to 31 December 2008 £m
(Loss)/profit after tax	(0.7)	94.1
Total comprehensive income	(0.7)	94.1

Company Statement of Financial Position

As at 31 December 2009

	Notes	2009 £m	Restated 2008 £m
Non-current assets			
Investment in subsidiaries	14.1	444.9	384.0
		444.9	384.0
Current assets			
Trade and other receivables	18	11.7	–
Cash and cash equivalents	19	0.8	–
		12.5	–
Total assets		457.4	384.0
Current liabilities			
Trade and other payables	24	1.9	2.0
Total liabilities		1.9	2.0
Net assets		455.5	382.0
Capital and reserves			
Share capital	25.2	103.1	90.7
Share premium		250.7	195.1
Own shares held		(51.6)	(74.2)
Profit and loss reserve		153.3	170.4
Total equity		455.5	382.0

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2010. They were signed on its behalf by:

Rupert Pennant-Rea
Chairman

Company Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital £m	Share premium £m	Own shares held £m	Profit and loss reserve £m	Total £m
On incorporation on 5 August 2008	–	–	–	–	–
Total comprehensive income net of tax	–	–	–	94.1	94.1
Issue of shares	90.6	195.1	–	–	285.7
Recognition of own shares held by employee benefit trusts on implementation of the scheme of arrangement	–	–	(75.4)	75.4	–
Purchase of own shares	–	–	(1.4)	–	(1.4)
Vesting of share schemes	–	–	2.6	(2.6)	–
Issue of shares for BAYE	0.1	–	–	–	0.1
Movement in equity-settled share scheme expenses	–	–	–	3.5	3.5
At 31 December 2008 (Restated)	90.7	195.1	(74.2)	170.4	382.0
Total comprehensive income net of tax	–	–	–	(0.7)	(0.7)
Dividends paid to equity shareholders	–	–	–	(0.3)	(0.3)
Purchase of own shares	–	–	(9.0)	–	(9.0)
Vesting of share schemes	–	–	31.6	(31.6)	–
Share placing	9.1	38.0	–	–	47.1
Share issue costs	–	(1.3)	–	–	(1.3)
Shares issued on acquisition of New Star	3.2	18.0	–	–	21.2
Issue of shares for SAYE	0.1	0.5	–	–	0.6
Issue of shares for BAYE	–	0.4	–	(0.4)	–
Movement in equity-settled share scheme expenses	–	–	–	15.9	15.9
At 31 December 2009	103.1	250.7	(51.6)	153.3	455.5

Company Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 £m	5 August 2008 to 31 December 2008 £m
Cash flows from operating activities			
(Loss)/profit before tax		(0.7)	94.1
Adjustments to reconcile (loss)/profit before tax to net cash flows from operating activities:			
– profit on disposal of subsidiary		–	(94.2)
Cash flows from operating activities before changes in operating assets and liabilities		(0.7)	(0.1)
Changes in operating assets and liabilities	19.2	(11.8)	0.1
Net cash flows from operating activities		(12.5)	–
Cash flows from investing activities			
Acquisition of subsidiaries		(73.4)	–
Net cash flows from investing activities		(73.4)	–
Cash flows from financing activities			
Proceeds from issue of shares		46.3	–
Proceeds of loans from subsidiary companies		47.0	–
Acquisition of own shares		(6.3)	–
Dividends paid to equity shareholders		(0.3)	–
Net cash flows from financing activities		86.7	–
Net increase in cash and cash equivalents		0.8	–
Cash and cash equivalents at beginning of year or period		–	–
Cash and cash equivalents at end of year or period	19.1	0.8	–

Notes to the Financial Statements – Group and Company

1. Authorisation of financial statements and statement of compliance with IFRS

The Group and Company financial statements for the year ended 31 December 2009 were authorised for issue by the Board of Directors on 23 February 2010 and the respective statements of financial position were signed on the Board's behalf by Rupert Pennant-Rea. Henderson Group plc is a public limited company incorporated in Jersey and tax resident in the Republic of Ireland. The Company's ordinary shares are traded on the London Stock Exchange and CDIs are traded on the Australian Securities Exchange.

The Group and Company financial statements have been prepared in accordance with IFRS and the provisions of the Companies (Jersey) Law 1991.

The principal accounting policies adopted by the Group and by the Company are set out in note 2.

2. Accounting policies

2.1 Significant accounting policies

Basis of preparation

The Group and Company financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The Group and Company financial statements are presented in pounds sterling and all values are rounded to the nearest one hundred thousand pounds (£0.1m), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of Henderson Group plc and its subsidiaries as at 31 December each year.

The financial statements of all the Group's significant subsidiaries are prepared to the same year end date as that of the Company. The subsidiary accounts are not all prepared under IFRS. However, the accounts of all the material entities are prepared under either IFRS or UK GAAP. Where prepared under UK GAAP, balances reported by subsidiaries are adjusted to meet IFRS requirements for the purposes of the consolidated financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the period of the reporting year during which the Group had control. Minority interests represent the equity interests in subsidiaries not fully held by the Group.

Interests in property closed-ended funds, private equity infrastructure funds, Open-Ended Investment Companies (OEICs) and unit trusts are accounted for as subsidiaries, associates, joint ventures or other financial investments depending on the holdings of the Group and on the level of influence and control that the Group exercises. Strategic shareholder investments in associates, where the Group has the ability to exercise significant influence, as well as joint ventures where there is joint control, are accounted for using the equity method.

Income recognition

Fee income and commission receivable

Fee income includes annual management charges, transaction fees and performance fees (including earned carried interest). Annual management charges and transaction fees are recognised in the accounting period in which the associated investment management or transaction services are provided. Performance fees are recognised when the prescribed performance hurdles have been achieved and it is probable that the fee will crystallise as a result. The Group's policy is to accrue 95% of the expected fee on satisfaction that the recognition criteria have established a performance fee is due, with the balance recognised on cash settlement. Initial fees and commission receivable are deferred and amortised over the anticipated period in which services will be provided, determined by reference to the average term of investors in each product on which commissions are earned. Other income is recognised in the accounting period in which services are rendered.

Carried interest

The Group is entitled to receive a share of profits (carried interest) from certain private equity funds it manages, once the funds meet certain performance conditions. Where the funds' investments constitute large volumes in relatively illiquid markets, the Group does not deem it appropriate to recognise unearned carried interest based on current fair values. Carried interest is recognised when investments are disposed of and performance conditions are met.

Finance income

Interest income is recognised as it accrues using the effective interest rate method. Dividend income from investments is recognised on the date that the right to receive payment has been established.

Realised and unrealised gains and losses on financial assets

See policy set out under financial instruments on page 22.

Operating leases

All leases are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Post-employment benefits

The Group provides employees with retirement benefits through both defined benefit and defined contribution schemes. The assets of these schemes are held separately from the Group's general assets in trustee administered funds.

Defined benefit obligations and the cost of providing benefits are determined annually by independent qualified actuaries using the projected unit credit method. The obligation is measured as the present value of the estimated future cash outflows using a discount rate based on AA rated corporate bonds of appropriate duration. The resulting surplus or deficit of defined benefit assets less liabilities is recognised in the statement of financial position. The Group's expense related to these schemes is accrued over the employees' service lives, based upon the actuarial cost for the accounting period, having considered interest costs and the expected return on assets. Actuarial gains and losses are recognised in the statement of comprehensive income in the accounting period in which they occur. Normal contributions to the defined contribution scheme are charged to the income statement as they become payable in accordance with the rules of the scheme.

2. Accounting policies continued

Other post-employment benefits, such as medical care and life insurance, are also provided for certain employees. The costs of such benefits are accrued over the employee's service life, based upon the actuarial cost for the accounting period using a methodology similar to that for defined benefit pension schemes.

Share-based payment transactions

The Group issues equity-settled and cash-settled share-based payments to certain employees. The valuation methodology, assumptions and schemes are disclosed in note 10.5.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The awards are expensed, with a corresponding increase in reserves, on either a straight-line basis or a graded basis (depending on vesting conditions) over the vesting period, based on the Group's estimate of shares that will eventually vest. The expected life of the awards used in the determination of fair value is adjusted for, based on management's best estimate, the effects of non-transferability, exercise restrictions, market performance, and behavioural considerations.

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair value is expensed over the period until vesting, with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date, with changes in fair value recognised in the income statement.

Income and sales taxes

The Group provides for current tax expense according to the tax laws of each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided, using the liability method, 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. 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 liabilities are not recognised for taxable differences arising on investments in subsidiaries, branches, associates and joint ventures where the Group controls the timing of the reversal of the temporary differences and where the reversal of the temporary differences is not anticipated in the foreseeable future.

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 at the reporting date.

Income tax relating to items recognised in the statement of comprehensive income is also recognised in that statement and not in the income statement.

Expenses and assets are recognised net of the amount of sales tax, except where the sales tax is not recoverable, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expenses. Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority, is included separately in receivables or payables in the statement of financial position.

Business combinations

Under the requirements of *IFRS 3 Business Combinations*, all business combinations are accounted for using the purchase method (acquisition accounting). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, equity instruments issued by the acquirer and any costs directly attributable to the business combination. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. The cost of a business combination in excess of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill.

Goodwill

Goodwill arising on acquisitions, being the excess of the cost of a business combination over the fair value of the identifiable assets (including intangible assets identified), liabilities and contingent liabilities acquired, is capitalised in the consolidated statement of financial position. Goodwill on acquisitions prior to 1 January 2004 is carried at its value on 1 January 2004 less any subsequent impairments.

Goodwill arising on investments in associates and joint ventures is included within the carrying value of the equity accounted investments.

Impairment of goodwill

Goodwill is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. For this purpose, management prepares a cash generating unit valuation based on value in use. This valuation is based on the approved forecasts for future years, extrapolated for expected future growth rates, and discounted at the Group's weighted average cost of capital. Where the value in use is less than the carrying amount, an impairment is recognised. Where goodwill forms part of an entity or sub-group and the entity or sub-group or part thereof is disposed of, the goodwill associated with the entity or sub-group disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Any impairment is recognised immediately through the consolidated income statement and cannot be subsequently reversed.

Investment management contracts

Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries. Intangible assets are recognised at the present value of the expected future cash flows of the investment management contracts acquired. The intangible asset is amortised on a straight-line basis over the expected life of the investment management contracts currently estimated at approximately eight years.

Computer software

The costs of purchasing and developing computer software, together with associated relevant expenditure, are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Computer software is included in the statement of financial position as an intangible asset and is recorded initially at cost and then amortised over its expected useful life of between three and five years on a straight-line basis.

Plant and equipment

Plant and equipment is valued at cost and depreciated on a straight-line basis over its useful economic life of between two and 20 years.

An item of plant and equipment is removed upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the income statement in the year the item is sold or retired.

Investments in subsidiaries

Investments by the Company in subsidiary undertakings are held at cost less any impairment where circumstances indicate that the carrying value may not be recoverable.

Equity accounted investments

Equity accounted investments comprise investments in associates and joint ventures held by the Group. Investments are recognised initially at cost. The investments are subsequently carried at cost adjusted for the Group's share of profits or losses and other changes in comprehensive income of the associate or joint venture, less any dividends or distributions received by the Group. The income statement includes the Group's share of profits or losses for the year.

Deferred acquisition and commission costs

For investment management contracts, incremental acquisition costs are deferred to the extent that they are recoverable out of future income. This includes initial commission expenses paid by the Group in respect of certain investment products. These costs are then amortised over the period in which they are expected to be recovered out of margins from matching revenues from related contracts. At the end of each accounting period, deferred acquisition and commission costs are reviewed for recoverability against future margins from the related contracts in force at the reporting date.

Placement fees are deferred and amortised over the expected investment period of the fund. Where the actual investment period is significantly shorter than expected, the amortisation rate is accelerated accordingly.

Impairment of assets (excluding goodwill and financial assets)

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount, being the higher of an asset's fair value less cost to sell, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their net present value using a post-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and it is written down to its recoverable amount. An impairment loss is recognised in the income statement.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position, when the Group becomes party to the contractual provisions of an instrument, at fair value adjusted for transaction costs, except for financial assets classified at fair value through profit or loss, where transaction costs are immediately recognised in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities cease to be recognised when the obligation under the liability has been discharged, cancelled or expired.

Financial assets

Purchases and sales of financial assets are recognised at trade date, being the date when the purchase or sale becomes contractually due for settlement. Delivery and settlement terms are usually determined by established practices in the market concerned.

Debt securities, equity securities and holdings in authorised collective investment schemes are designated as either at fair value through profit or loss, or available-for-sale, and are measured at subsequent reporting dates at fair value. The Group determines the classification of its financial assets on initial recognition. Financial assets classified at fair value through profit or loss comprise the Group's manager box positions in OEICs and unit trusts, which are recorded on a fair value basis. Where securities are designated at fair value through profit or loss, gains and losses arising from changes in fair value are included in the income statement.

For available-for-sale financial assets, gains and losses arising from changes in fair value which are not part of a designated hedge relationship are recognised in the statement of comprehensive income. When an asset is disposed of the cumulative changes in fair value, previously recognised in the statement of comprehensive income, is taken to the income statement.

Where a fall in the value of an investment is significant or prolonged, this is considered an indication of impairment. In such an event, the investment is written down to fair value and the amounts previously recognised in the statement of comprehensive income in respect of cumulative changes in fair value, are taken to the income statement as an impairment charge.

2. Accounting policies continued

Trade receivables, which generally have 30 - 90 day payment terms, are initially recognised at fair value, normally equivalent to the invoice amount and subsequently measured at amortised cost. When the time value of money is material, the fair value is discounted. Provision for specific doubtful debts is made when there is evidence that the Group will not be able to recover balances in full. Balances are written off when the receivable amount is deemed irrecoverable.

Cash amounts represent cash in hand and on-demand deposits. Cash equivalents are short-term highly liquid investments with same day or next day maturity.

Financial liabilities

Financial liabilities including trade payables are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. A financial liability ceases to be recognised when the obligation under the liability has been discharged, cancelled or expired.

Realised and unrealised gains and losses on financial assets

Gains and losses (both realised and unrealised) on financial assets measured at fair value through profit or loss are recognised in the income statement as finance income.

Unrealised gains and losses on financial assets designated as available-for-sale are initially recognised through the statement of comprehensive income. The treatment of the cumulative changes in fair value on realisation is described under financial assets on the previous page.

Realised gains and losses on financial assets are calculated as the difference between the net sales proceeds and cost or amortised cost. Unrealised gains and losses on financial assets represent the difference between the fair value of financial assets at the reporting date and cost or, if these have been previously revalued, the fair value at the last reporting date. The movement in unrealised gains and losses recognised in the accounting period also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of financial asset disposals in the current accounting period.

Derivative financial instruments and hedging

The Group may, from time to time, use derivative financial instruments to hedge against price, interest rate, foreign currency and credit risk. Derivative financial instruments are classified as financial assets when the fair value is positive or as financial liabilities when the fair value is negative.

At the inception of a hedge, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they have been effective throughout the reporting periods for which they were designated and are expected to remain effective over the remaining hedge period.

Currency hedges

Forward currency contracts are used to hedge the currency nominal value of certain Euro and US dollar denominated available-for-sale financial assets and are classified as fair value hedges. The change in the fair value of a hedging instrument is recognised in the income statement. The change in the fair value of the hedged item, attributable to the risk being hedged, is also recognised in the income statement, offsetting the fair value changes arising on the designated hedge instrument.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the reporting date. The quoted market price used for financial instruments is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques commonly used by market participants including the use of comparable recent arm's length transactions, discounted cash flow analysis and option pricing models.

Provisions

Provisions which are liabilities of uncertain timing or amount, are recognised when: the Group has a present obligation, legal or constructive, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. In the event that the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects a current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting, the increase in the provision due to the passage of time is recognised as a finance charge.

Foreign currencies

The functional currency of the Company and its UK subsidiaries is GBP. Transactions in foreign currencies are recorded at the appropriate exchange rate prevailing at the date of the transaction. Foreign currency monetary balances at the reporting date are converted at the prevailing exchange rate. Foreign currency non-monetary balances carried at fair value or cost are translated at the rates prevailing at the date when the fair value or cost is determined. Gains and losses arising on retranslation are taken to the income statement, except for available-for-sale financial assets where the unhedged changes in fair value are recognised in the statement of comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations whose functional currency is not GBP are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at average exchange rates for the accounting period. Exchange differences arising, if any, are taken through the consolidated statement of comprehensive income to the translation reserve. Such translation differences are recognised in the consolidated income statement in the accounting period in which the operation is disposed of.

Equity shares

The Company's ordinary equity shares of 12.5 pence each are classified as equity instruments. Equity shares issued by the Company are recorded at the proceeds or fair value received, with the excess of the amount received over the nominal value being recognised in share premium. Direct issue costs, net of tax, are deducted from equity through share premium. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity.

Treasury shares and own shares held

Treasury shares are equity shares of the Company acquired by the Company. Own shares held are equity shares of the Company acquired by Employee Benefit Trusts. Both treasury shares and own shares held are recorded at cost and are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity shares.

Dividend recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid and, in the case of final dividends, when these are approved by the Company's shareholders at the AGM. Dividend distributions are recognised in equity.

2.2 Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made significant judgements involving estimations and assumptions which are summarised below:

Impairment of goodwill

As explained on page 21 goodwill is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired.

The judgement exercised by management in arriving at this valuation includes the selection of market growth rates, fund flow assumptions, expected margins and costs. Further details are given in note 13.

Share-based payment transactions

The Group measures the cost of equity-settled share schemes at fair value at the date of grant and expenses them over the vesting period based on the Group's estimate of shares that will eventually vest.

The liability for cash-settled share schemes represents the estimated transaction cost up to the settlement date, taking into account historical experience of good and bad leavers.

Impairment of available-for-sale financial assets

Available-for-sale financial assets are reviewed for impairment on a semi-annual basis or more frequently as required under the impairment tests of prolonged or significant. In specific cases, where a quoted market price or fair value is not available, significant judgement is exercised by management in determining the extent of impairment, taking into account other available market data. Management also exercises judgement in determining whether a decrease in the value of an asset meets the prolonged or significant tests.

Pension and other post-employment benefits

The costs of and period end obligations under defined benefit pension schemes are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these schemes, such estimates are subject to significant uncertainty. Further details are given in note 21.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provisions

By their nature, provisions often reflect significant levels of judgement by management. The nature and amount of the provisions included in the statement of financial position are detailed in note 22 and contingencies not provided for are disclosed in note 32.

Accrued income

Accrued income is based on latest available information and involves a degree of estimation. The most significant estimation relates to the accrual of performance fees as described on page 20.

Consolidation of seed investments

From time to time, the Group provides seed capital on the launch of its products, such as UCITs, SICAVs, hedge funds and other investment vehicles. The seed capital investments vary in duration depending on the nature of the investment, with a typical range of less than one year for Listed Asset products and between three and five years for Private Equity and Property funds, and represent less than 50% of the underlying fund's size. Given the limited size and nature of these investments, the Group does not consider itself to have significant influence or control over the underlying funds to merit accounting for them using the equity method or consolidating them in the Group's results.

2.3 Changes in accounting policies

The accounting policies adopted in this Annual Report and Accounts are consistent with those of the previous financial year, except in relation to the following new and amended standards set by the International Accounting Standards Board (IASB) and interpretations made by the International Financial Reporting Interpretations Committee (IFRIC):

IAS 1 Revised Presentation of Financial Statements

This revised standard introduces the statement of comprehensive income, which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two linked statements in the form of an income statement and a statement of comprehensive income. The adoption of IAS 1 has also resulted in a change to the name of the 'balance sheet' and the 'cash flow statement', which are now referred to as the 'statement of financial position' and the 'statement of cash flows' respectively. IAS 1 also requires the inclusion of a new primary statement, the 'statement of changes in equity'. The adoption of the amendments has no effect on the financial performance or position of the Group.

2. Accounting policies continued

IFRS 2 Share-based Payments – Vesting Conditions and Cancellations

This standard has been amended to clarify the definition of vesting conditions. The amended standard also requires a cancellation of a share-based award, whether by the entity or other parties, to be accounted for as an acceleration or modification of the vesting period. The adoption of this amendment has no material impact on the financial performance or position of the Group.

IFRS 7 Financial Instruments: Disclosures

The Group applies IFRS 7 to the disclosure of financial instruments and has therefore adopted the amendments made to this standard, which require enhanced disclosure about fair value and liquidity risk, effective from 1 January 2009. The Group has taken advantage of the transitional rules in the amended standard and comparatives have not been restated. The adoption of the amendments has no effect on the financial performance or position of the Group.

IFRS 8 Operating Segments

The Group has applied IFRS 8 Operating Segments, which replaced IAS 14 Segment Reporting for periods beginning on or after 1 January 2009. The new standard requires disclosures to reflect the information which the chief operating decision maker of an entity uses internally for evaluating the performance of its operating segments and allocating resources to those segments. As the Group is managed as a single segment, the only additional disclosure relates to entity-wide disclosures in note 12. The adoption of the amendments has no effect on the financial performance or position of the Group.

In addition, the Group has adopted the following new and amended IFRS and IFRIC interpretations which do not have an impact on the financial performance or position, or the financial statements of the Group or Company:

IAS 23 Borrowing Costs (Revised) effective 1 January 2009.

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation effective 1 January 2009.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009 (early adopted).

IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement effective for periods ending on or after 30 June 2009.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008.

Improvements to IFRSs (May 2008) effective 1 January 2009.

2.4 Future changes in accounting policies

During the course of the year, the IASB and IFRIC issued a number of new accounting standards, amendments to existing standards and interpretations. The following new or amended standards are not applicable to these financial statements but are expected to have an impact when they become effective in future accounting periods. The Group plans to apply these standards in the reporting period in which they become effective.

IFRS 3 Business Combinations (revised), which the Group will adopt in 2010, introduces a number of changes to accounting for business combinations that will impact the amount of goodwill recognised on acquisition. The amendments will also affect the reported results in the period that an acquisition occurs as well as future results.

IAS 27 Consolidated and Separate Financial Statements (revised), which the Group will adopt in 2010, requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction and such transactions will no longer give rise to goodwill. Furthermore, the amended standard introduces changes to accounting for losses incurred by a subsidiary as well as the loss of control of a subsidiary.

IFRS 9 Financial Instruments proposes revised measurement and classification criteria for financial assets. This standard has a mandatory effective date in 2013. The Group is still assessing the impact on the Group's future financial statements.

2.5 Change in presentation

Certain comparatives in the consolidated income statement have been restated. The change relates to performance fee bonuses which have been disclosed in employee compensation and benefits. The performance fee bonuses had previously been deducted in arriving at net income.

3. Income

	2009 £m	2008 £m
Gross fee income and commissions		
Gross fee income	334.6	301.8
Amortisation of deferred income	27.4	23.6
	362.0	325.4
Finance income		
Interest on cash and cash equivalents	4.4	9.0
Net income from and gains and losses on available-for-sale financial assets	(0.1)	6.2
Net losses arising on derivatives in a designated fair value hedge accounting relationship	(0.4)	(8.7)
Net gains arising on adjustment for hedged items in a designated fair value hedge accounting relationship	0.4	8.8
	4.3	15.3
Gross income	366.3	340.7
Commission and fees payable		
Amortisation of deferred acquisition and commission costs	(25.7)	(23.5)
Other commissions and fees payable ¹	(53.0)	(31.5)
	(78.7)	(55.0)
Net income	287.6	285.7

Note

1. Other commissions and fees payable against income included performance fee bonuses in previous years. These are now included as part of employee compensation and benefits in note 5.2.

4. Expenses

4.1 Operating costs

	Note	2009 £m	2008 £m
Employee compensation and benefits	5.2	126.3	126.5
Operating leases		8.9	3.7 ¹
Investment administration		22.6	16.4
Information technology		11.5	9.6
Office expenses		7.3	9.5
Foreign exchange losses/(gains)		0.3	(0.6)
Other expenses (including marketing, travel and subsistence, and legal and professional)		24.9	25.6
Total operating costs		201.8	190.7

Note

1. The operating lease expense for 2008 is shown net of the release of a void property provision (£2.4m) and a lease incentive (£1.2m) following the surrender of the 4 Broadgate, London lease on 28 November 2008.

4.2 Auditors' remuneration

	2009 £m	2008 £m
Fees payable to the Group's auditors for the audit of the Group's annual consolidated financial statements	0.3	0.2
Fees payable to the Group's auditors and their associates for other services:		
– statutory audit of the Group's subsidiaries	0.7	0.6
– other services pursuant to legislation	0.3	0.4
– other services	0.1	0.1
Total fees	1.4	1.3

The above analysis reflects the amounts billed by Ernst & Young LLP in the respective periods. Included in the fees payable to the Group's auditors for the audit of the Group's 2009 consolidated financial statements are fees of £30,000 (2008: £30,000) for the audit of the Company's 2009 financial statements. During the year, £0.2m of fees, included above, were capitalised in respect of the purchase of New Star (refer to note 33).

5. Employee compensation and benefits

5.1 Average number of employees

The average number of full-time employees of the Group was as follows:

	2009 no.	2008 no.
Average number of employees	933	920

The total number of full-time employees at 31 December 2009 was 939 (2008: 863), the increase in 2009 mainly relates to the acquisition of New Star, net of the impact of the cost reduction programme commenced in 2008.

5.2 Analysis of employee compensation and benefits expense

Employee compensation and benefits expense comprises:

	Notes	2009 £m	2008 £m
Salaries, wages and bonuses		100.6	103.8
Share-based payments	10.2	13.9	12.0
Social security costs		7.4	6.4
Pension service cost	21	4.4	4.3
Total employee benefits		126.3	126.5

Employees' contracts of employment are with subsidiary companies, primarily Henderson Administration Limited. Accordingly, there are no employee benefits disclosed by the Company.

6. Finance costs

	2009 £m	2008 £m
Debt instrument interest expense	8.8	12.3
Revolving credit facility fees	0.1	–
Total finance costs	8.9	12.3

An interest rate swap was entered into at the time of the debt issue in May 2007, to swap the fixed coupon of 6.5% per annum into six month sterling LIBOR plus 85.75bps per annum. The swap was unwound on 9 December 2008 and the cumulative fair value adjustment to the debt carrying value, attributable to the hedged interest rate risk up to the date of unwinding, £10.5m, is being amortised over the remaining term of the debt to maturity on 2 May 2012. The impact of the amortisation of the profit on unwinding the swap is a reduction in finance costs of £3.1m (2008: £0.2m).

7. Non-recurring items

The non-recurring items recorded in the consolidated income statement comprise the following:

	2009 £m	2008 £m
Insurance recoveries	14.3	–
New Star integration costs	(33.8)	–
Infrastructure fund charge	(20.7)	–
Impairment of available-for-sale financial assets - property seed capital	(7.3)	–
Impairment of available-for-sale financial assets - corporate investments	–	(67.2)
Profit on unwinding of an interest rate swap on debt	–	1.5
Loss on part disposal of available-for-sale financial asset	–	(8.8)
Restructuring costs	–	(15.7)
Scheme of arrangement costs	–	(4.5)
Third party administration review costs	–	(2.6)
	(47.5)	(97.3)

2009

Insurance recoveries

During the second half of 2009, the Group reached agreement with insurers regarding a number of insurance claims made by Towry Law International and Henderson Global Investors in 2003 and 2004 under an AMP Limited run-off insurance policy, resulting in a net receivable of £14.3m.

New Star integration costs

On 9 April 2009, the Group's acquisition of New Star was completed. An expense of £33.8m was incurred in relation to the integration of New Star during the period. These integration costs included costs in respect of fund mergers, rebranding, office relocation and reorganisation, transition of outsourced retail and investment operations and staff related expenses.

Infrastructure fund charge

During the year, the Group recognised an exceptional charge of £20.7m in respect of management fees on one of its infrastructure funds.

Impairment of available-for-sale financial assets – property seed capital

In accordance with the impairment tests under IAS 39, three available-for-sale financial assets invested in property funds were impaired during 2009. These were written down to their fair values at 31 December 2009, resulting in a charge to the consolidated income statement of £7.3m. Of this charge, £5.6m had previously been recognised in the consolidated statement of comprehensive income as at 30 June 2009.

2008

Impairment of available-for-sale financial assets – corporate investments

During 2008, two available-for-sale financial assets were impaired. The investment in BP, net of the disposal referred to below, was written down to its fair value at 31 December 2008, resulting in a one off charge to the consolidated income statement of £60.0m. In addition, an investment in a Henderson structured product was impaired to £nil at the end of 2008, resulting in an impairment charge in the consolidated income statement of £7.2m.

Profit on unwinding of an interest rate swap on debt

An interest rate swap was entered into at the time of the debt issue in May 2007, to swap the fixed coupon of 6.5% per annum into six month sterling LIBOR plus 85.75bps per annum. The swap was unwound on 9 December 2008, realising a profit of £1.5m, which was recognised in the consolidated income statement as a non-recurring item.

Loss on part disposal of available-for-sale financial asset

During 2008, the Group disposed of approximately 20% of its investment in BP and realised a loss of £8.8m.

Restructuring costs

A restructure charge of £15.7m was recognised in the consolidated income statement in 2008, as a result of headcount and related cost reductions carried out in response to prevailing market conditions.

Scheme of arrangement costs

In 2008, the Group undertook a scheme of arrangement which involved reorganising the Group into a more tax and financially efficient structure. Costs of £4.5m were incurred on this project.

Third party administration review costs

An expense of £2.6m was incurred in connection with a review of most of the Group's third party investment administration arrangements during 2008.

8. Taxation

Tax recognised in the income statement

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Current tax:				
– (credit)/charge for the year	(1.0)	2.1	–	–
– prior periods adjustments	2.6	(12.8)	–	–
Deferred tax:				
– charge for the year	6.0	14.5	–	–
– prior periods adjustments	(6.6)	–	–	–
Total tax charged to the income statement	1.0	3.8	–	–

Tax recognised in the statement of comprehensive income

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Tax in relation to available-for-sale financial assets movements	0.6	(2.3)	–	–
Tax in relation to actuarial (losses)/gains	(19.4)	18.2	–	–
Total tax (credited)/charged to the statement of comprehensive income	(18.8)	15.9	–	–

Reconciliation of profit or (loss) before tax to tax expense

The tax charge for the year is reconciled to the profit or (loss) before tax in the income statement as follows:

Group

	2009 £m	2008 £m
Profit or (loss) before tax	15.5	(17.0)
Tax charge/(credit) at the UK corporation tax rate of 28.0% (2008: 28.5% (pro-rata))	4.3	(4.8)
<i>Factors affecting the tax charge/(credit):</i>		
Other disallowable expenditure and non-taxable income	5.6	4.7
Prior periods adjustments	(4.1)	(12.8)
Differences in effective tax rates on overseas earnings	(4.3)	0.4
Utilisation of previously unrecognised tax losses	(0.5)	(0.2)
Non-allowable losses in respect of the investment in BP	–	19.6
Recognition of previously unrecognised temporary differences	–	(2.4)
Changes in applicable statutory tax rates	–	(0.3)
Other items	–	(0.4)
Total tax charged in the consolidated income statement	1.0	3.8

Company

	2009 £m	2008 £m
(Loss) or profit before tax	(0.7)	94.1
Tax (credit)/charge at the Republic of Ireland corporation tax rate 12.5% (2008: 12.5%)	(0.1)	11.8
<i>Factors affecting the tax (credit)/charge:</i>		
Other disallowable expenditure and non-taxable income	0.1	–
Non-taxable gain in intra-group restructure	–	(11.8)
Total tax charged in the company income statement	–	–

9. Earnings per share

The weighted average number of shares for the purpose of calculating earnings per share is as follows:

	2009 no. (millions)	2008 no. (millions)
Issued share capital	810.0	725.0
Less: treasury shares	–	(3.7)
Less: own shares (unconditional awards)	(45.8)	(53.6)
Less: own shares (conditional awards)	(4.9)	(7.1)
Weighted average number of ordinary shares for the purpose of basic earnings per share	759.3	660.6
Add back: own shares (unconditional awards)	45.8	53.6
Add: dilutive potential of share options	4.3	0.8
Weighted average number of ordinary shares for the purpose of diluted earnings per share	809.4	715.0

Basic and diluted earnings per share have been calculated on the profit or loss attributable to equity shareholders. The difference between the weighted average number of shares used in the basic earnings per share and the diluted earnings per share calculations reflects the dilutive impact of options under the Group's SAYE and CSOP schemes, and unconditional awards primarily relating to matching shares or awards granted under the DEP, the ESOP and RSP (refer to note 10).

As the earnings after non-recurring items in 2008 were negative, the own shares (unconditional awards) and share options gave rise to an anti-dilutive effect. These were therefore excluded from the number of shares used in the diluted earnings per share calculation in note 9.2.2 for 2008.

9.1 Before intangible amortisation, void property finance charge and non-recurring items

9.1.1 Earnings

	2009 £m	2008 £m
Profit or (loss) after tax attributable to equity holders of the parent	13.8	(20.9)
Add back: intangible amortisation and void property finance charge adjusted for taxation effect	7.7	0.1
Add back: non-recurring items adjusted for taxation effect	35.2	92.5
Earnings before intangible amortisation, void property finance charge and non-recurring items after tax for the purpose of basic and diluted earnings per share	56.7	71.7

9.1.2 Earnings per share

	2009 pence	2008 pence
Basic	7.5	10.8
Diluted	7.0	10.0

9.2 After intangible amortisation, void property finance charge and non-recurring items

9.2.1 Earnings

	2009 £m	2008 £m
Earnings for the purpose of basic and diluted earnings per share	13.8	(20.9)

9.2.2 Earnings per share

	2009 pence	2008 pence
Basic	1.8	(3.2)
Diluted	1.7	(3.2)

10. Share-based payments

10.1 Group share-based compensation plans

The following share-based compensation plans were in operation during 2009:

Restricted Share Plan (RSP)

The RSP is a scheme that allows employees to receive shares in the Company for £nil consideration at a future point, usually after three years. The awards are made typically for staff recruitment and retention purposes. They may or may not contain a performance hurdle. The Remuneration Committee must approve all awards and the vesting of awards. On vesting, in order to obtain the shares, the employee must satisfy any tax and national insurance obligations.

Employee Share Ownership Plan (ESOP)

The ESOP, managed by the Deferred Equity Plan trustee, enables all staff, but not the Executive Directors, to defer part of their annual bonus into the ESOP up to a specified limit. The ESOP provides one free matching share for every share purchased. To receive the matching shares, employees must remain in the plan for three years. The ESOP was offered in 2006, 2007 and 2008. Forfeiture conditions apply in the case of approved and unapproved leavers. No plan was offered in 2009. Matching shares for the 2007 and 2008 plans will vest in June 2010 and June 2011 respectively.

Long-Term Incentive Plan (LTIP)

The LTIP is a scheme that allows selected employees to be granted performance shares. These awards of free shares are granted on condition that the selected employees remain with the Group for three years after the grant date and that for:

- the 2007 plan, the Total Shareholder Return (TSR) of the Group (Henderson Group TSR) compared favourably to the median of companies that made up the FTSE 250 Index as at 1 January 2007. If the Henderson Group TSR (average over three months to 31 December 2009) was at the 50th percentile of the FTSE 250 companies, 35% of the shares would vest, with the full amount of shares granted vesting if the Henderson Group TSR is at or above the 75th percentile of the FTSE 250 companies. No vesting would occur if the Henderson Group TSR is below the 50th percentile of the FTSE 250 companies; and
- the 2008 and 2009 plans, the Henderson Group TSR compares favourably to the median of companies that made up the FTSE 350 General Financial Services Index as at 1 January 2008 and 1 January 2009 respectively. If the Henderson Group TSR (average over three months to 31 December 2010 and 2011 respectively) is at the 50th percentile of the FTSE 350 General Financial Services Index, 25% of the shares will vest, with the full amount of shares granted vesting if the Henderson Group TSR is at or above the 75th percentile of the FTSE 350 General Financial Services Index. No vesting will occur if the Henderson Group TSR is below the 50th percentile of the FTSE 350 General Financial Services Index.

For a Henderson Group TSR between the 50th and 75th percentiles, the amount vesting will increase on a linear basis.

The employees are not entitled to vote or receive dividends in respect of these awards until the vesting conditions are met, nor are they allowed to pledge, hedge or assign the expected awards in any way.

In accordance with the scheme terms, the 2007 LTIP met its vesting conditions on 31 December 2009 and the awards will be capable of exercise in March 2010. The TSR performance condition resulted in 100% of the shares of the award being capable of exercise.

For non-UK resident participants, awards can be settled in cash or shares.

Deferred Equity Plan (DEP)

Under the Henderson remuneration policy, there is a requirement for employees who receive short-term incentive awards over a preset threshold to defer an element of their award. The majority of deferrals are deferred into the Company's shares with some deferrals into Group managed funds when it is deemed appropriate. The deferred monies are paid to the trustee, who purchases shares or funds and holds them in trust. In 2007, the Company's shares attracted one free matching share for every four shares awarded by the trustee. Since 2008, there has been no matching share element.

Hedge fund deferrals are deferred into the hedge fund that provided the performance fee award and are held in trust for two years on a fully restricted basis and have no matching element.

Forfeiture conditions apply in the case of approved and unapproved leavers. Deferrals into the Company's shares are held in trust for a minimum of one year. However, for the 2007 scheme the shares must be held in trust for three years in order to receive the free matching shares.

Deferrals relating to 2009 performance awards are deferred into the Company's shares for up to three years and vest in three equal tranches starting in 2011 and ending in 2013.

Buy As You Earn Share Plan (BAYE)

Eligible employees who wish to purchase shares in the Company invest a monthly amount up to a maximum of £125, which is deducted from their gross salary. Each participating employee receives, for no additional payment, two free matching shares for each share purchased (partnership shares). Matching shares will be forfeited if purchased shares are withdrawn from the trust within one year.

Company Share Option Plan (CSOP)

The CSOP is a global plan that provides employees with an opportunity to buy shares after a three year vesting period at an option price fixed at the start of the scheme. The CSOP is an HMRC approved share option plan; this means that the maximum value of unvested options at any time is limited to £30,000 for UK employees. No such restrictions apply for overseas employees. The share options are held in trust. There are no company performance conditions attached to the awarding of the options. At vesting, the employee must choose whether or not to exercise the options within two years of the vesting date. Executive Directors are not eligible to participate in the CSOP.

Sharesave scheme (SAYE)

A 2009 SAYE was introduced during the year. UK employees may participate in more than one scheme but only up to a maximum of £250 per month across all plans. The SAYE vesting period is three years for UK employees.

Eligible employees who participate in SAYE contribute a monthly amount from their net salary to a savings account up to a maximum of £250 after tax per month. At the end of a 36 month period, the employees in the 2009 SAYE can choose to exercise their share options using the funds in their account, together with a bonus, equivalent to 0.6 (2007 SAYE: 1.8 and 2008 SAYE: 2.4) times the monthly saving amount, to subscribe for shares at a preset price, this being £0.58 (2007 SAYE: £1.21 and 2008 SAYE: £0.76) per share, a 20% discount to the share price on 4 March 2009 (2007 SAYE: 5 April 2007 and 2008 SAYE: 3 March 2008). Employees have up to six months after the 36 month period to exercise their options and subscribe for shares. Forfeiture provisions apply in the case of approved and unapproved leavers. The 2006 SAYE vested in 2009.

In 2008 the Group launched the USA Employee Share Purchase Plan (ESPP). A 2009 ESPP was also introduced during the year. The ESPP works broadly on the same principles as the UK SAYE but has a 24 month savings period, a lower discount level at 15% and no bonus element. The preset option price was US\$0.88 (2008 ESPP: US\$1.61). Employees may participate in more than one plan but only up to a plan maximum of US\$312.50 after tax per month across all plans.

10.2 Share-based payments through the consolidated income statement

	2009 £m	2008 £m
RSP	4.5	3.4
ESOP	4.0	2.9
LTIP	2.2	1.9
DEP	1.1	1.9
BAYE	1.0	1.9
CSOP	0.6	–
SAYE	0.5	–
Total expense	13.9	12.0

The total expense can be analysed between:

	2009 £m	2008 £m
Share-based payments	13.9	12.0
Equity-settled performance fee bonuses recognised within salaries, wages and bonuses	2.3	8.8
Amounts to be settled in cash	(0.3)	1.7
Amounts to be settled with equity	15.9	22.5

10.3 Share options outstanding – SAYE

Share options outstanding under the Group's SAYE are as follows:

	2009		2008	
	Options no.	Weighted average exercise price £	Options no.	Weighted average exercise price £
At 1 January	4,374,413	0.785	2,973,249	0.980
Granted	4,341,540	0.586	3,538,192	0.771
Exercised (refer to note 25.2)	(839,308)	0.697	(316,273)	0.741
Forfeited	(2,495,857)	0.789	(1,820,755)	1.093
At 31 December	5,380,788	0.636	4,374,413	0.781

The weighted average share price on the date options were exercised during 2009 was £0.95 (2008: £1.30). There were 10,284 options exercisable at 31 December 2009 (2008: nil). The weighted average fair value of options granted during 2009 was £0.22 (2008: £0.30). At 31 December 2009, the weighted average remaining expected and contractual life of outstanding awards was two years (2008: one year, 10 months).

10.4 Share options outstanding – CSOP

Share options outstanding under the Group's CSOP are as follows:

	2009		2008	
	Options no.	Weighted average exercise price £	Options no.	Weighted average exercise price £
At 1 January	355,000	0.960	–	–
Granted	10,889,000	0.726	355,000	0.960
Exercised	(9,248)	0.726	–	–
Forfeited	(926,530)	0.816	–	–
At 31 December	10,308,222	0.726	355,000	0.960

There were no options exercisable at 31 December 2009 (2008: nil). The weighted average fair value of options granted during 2009 was £0.19 (2008: £0.24). At 31 December 2009, the weighted average remaining expected and contractual life of outstanding awards was two years (2008: two years).

10.5 Fair values of share-based compensation plans

The fair value amounts for the options granted under the SAYE and CSOP were determined using the Black Scholes option-pricing method, using the following assumptions:

	2007 SAYE	2008 SAYE	2008 CSOP	2009 SAYE	2009 CSOP
Dividend yield	3.5%	6.0%	6.0%	6.0%	6.0%
Expected volatility	45.0%	45.0%	45.0%	45.0%	45.0%
Risk-free interest rate	5.25%	5.0%	5.0%	4.0%	4.0%
Expected life	3 years	3 years	3 years	3 years	3 years
Weighted average share price	£1.520	£0.960	£0.960	£0.726	£0.726
Exercise price	£1.216	£0.768	£0.960	£0.582	£0.726

Expected volatility has been calculated based on the historic volatility for the Company over three years.

Other share schemes involve the grant of shares for £nil consideration. The fair value of these schemes is calculated using the share price at grant date, which is set out in the following table. No adjustments have been made for dividends.

Scheme	Shares granted during 2009 no.	Average share price £
BAYE	1,979,751	0.884
LTIP	16,330,000	0.748
RSP	3,337,350	1.249
DEP	3,215,610	0.775

The fair value calculation for the LTIP includes a statistical assessment of the likelihood of the Company achieving performance targets set out in the plan. These performance targets are in respect of the Henderson Group TSR over three years and are as follows:

Criteria	Amount vesting 2007 plan
Henderson Group TSR less than the 50th percentile of the FTSE 250 companies	–
Henderson Group TSR at the 50th percentile of the FTSE 250 companies	35%
Henderson Group TSR at or above the 75th percentile of the FTSE 250 companies	100%
	2008 and 2009 plans
Henderson Group TSR less than the 50th percentile of the FTSE 350 General Financial Services Index companies	–
Henderson Group TSR at the 50th percentile of the FTSE 350 General Financial Services Index companies	25%
Henderson Group TSR at or above the 75th percentile of the FTSE 350 General Financial Services Index companies	100%

For a Henderson Group TSR between the 50th and 75th percentiles, the amount vesting will increase on a linear basis.

11. Dividends paid and proposed

	2009 £m	2009 pence per share	2008 £m	2008 pence per share
Dividends on ordinary shares declared and paid in the period				
Final dividend in respect of 2H08 (2H07)	33.6	4.25	30.2	4.44
Interim dividend in respect of 1H09 (1H08)	14.7	1.85	12.7	1.85
Total dividends paid and charged to equity	48.3	6.10	42.9	6.29

	2009 £m	2009 pence per share	2008 £m	2008 pence per share
Dividends proposed on ordinary shares for approval by the shareholders at the AGM				
Final dividend for 2H09 (2H08)	35.1	4.25	33.9	4.25

The Board is recommending a final dividend for 2H09 of 4.25 pence per share which, when added to the interim 1H09 dividend of 1.85 pence per share, results in a total dividend for 2009 of 6.1 pence per share.

The dividend proposed in respect of 2H09 of £35.1m is based on the total number of ordinary shares in issue at 31 December 2009.

The difference between the proposed dividends (2H08 final: £33.9m, 1H09 interim: £15.3m), as reported in the 2008 Annual Report and Accounts and the Interim Results for the six months to 30 June 2009, and the dividends paid out during the year (2H08 final: £33.6m, 1H09 interim: £14.7m), represents a decrease of £2.0m due to the dividends waived by employee benefit trust trustees on shares held in trust on behalf of Group employees, offset by an increase of £1.1m due to the higher number of shares in issue at the record date as a result of the shares issued in consideration for the acquisition of New Star. The amount waived in respect of the final dividend declared for 2009 will be established by the employee benefit trust trustees on 7 May 2010, being the dividend record date.

Pursuant to the Income Access Share arrangements, shareholders in the Company are able to elect to receive their dividends from a UK source. Shareholders will be deemed to have elected to receive their dividends under the Income Access Share arrangements unless they have elected to receive them directly from the Company. All elections remain in force indefinitely unless revoked. Shareholders who have opted out of the Income Access Share arrangements will receive dividends from an Irish source and will be taxed accordingly.

12. Segmental information

Group operating income and net assets

Henderson is an investment manager, operating throughout Europe and with operations in North America and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income, property and private equity. Management operates across product lines, distribution channels, and geographic regions. All investment product types are sold in most, if not all, of these regions, and are managed in various locations.

Information is reported to the chief operating decision maker, the Board, on an aggregated basis. Strategic and financial management decisions are determined centrally by the Board and, on this basis, the Group is a single segment investment management business.

Entity-wide disclosures

Revenues by product

	2009 £m	2008 £m
UK wholesale	121.5	64.9
Property	52.6	57.1
Institutional and Cash funds	41.7	21.4
Horizon wholesale	39.7	50.9
US wholesale	25.3	33.4
Hedge funds	19.4	34.0
Other	61.8	63.7
	362.0	325.4

Geographic information

Revenues from clients

	2009 £m	2008 £m
UK	281.5	235.2
US	26.0	31.4
Luxembourg	22.6	31.5
Singapore	7.0	8.4
Ireland	3.0	1.1
Other	21.9	17.8
	362.0	325.4

The geographical revenue information is split according to the country in which the revenue is generated, not necessarily where the client is based.

The Group does not have a single client which accounts for more than 10% of revenues.

Non-current assets

	2009 £m	2008 £m
UK	428.6	262.2
Ireland	–	–
Other	10.6	10.1
	439.2	272.3

Non-current assets for this purpose consist of intangible assets, investments in associates and joint ventures, plant and equipment and deferred acquisition and commission costs.

13. Intangible assets

Intangible assets are made up as follows:

2009

	Goodwill £m	Investment management contracts £m	Computer software £m	Total £m
Cost				
At 1 January	226.4	–	1.9	228.3
Additions	–	–	0.5	0.5
Assets arising on business combinations	61.4	86.9	–	148.3
At 31 December	287.8	86.9	2.4	377.1
Amortisation and impairment losses				
At 1 January	(2.1)	–	(0.1)	(2.2)
Amortisation charge during the year	–	(8.4)	(0.3)	(8.7)
At 31 December	(2.1)	(8.4)	(0.4)	(10.9)
Carrying value at 31 December	285.7	78.5	2.0	366.2

2008

	Goodwill £m	Investment management contracts £m	Computer software £m	Total £m
Cost				
At 1 January	226.4	–	–	226.4
Additions	–	–	1.9	1.9
At 31 December	226.4	–	1.9	228.3
Amortisation and impairment losses				
At 1 January	(2.1)	–	–	(2.1)
Amortisation charge during the year	–	–	(0.1)	(0.1)
At 31 December	(2.1)	–	(0.1)	(2.2)
Carrying value at 31 December	224.3	–	1.8	226.1

The Group considers itself to have two cash generating units to which goodwill is allocated, NSIM as one and the rest of the Group as the other. NSIM has been identified as a separate cash generating unit since it is the subject of an earn out deal which became effective on 1 July 2009 and £8.7m of goodwill has been allocated to it.

The recoverable amount of goodwill for both cash generating units at 31 December 2009 has been determined from a value in use calculation, using the budgets and forecasts approved by the Board and a terminal value for the period thereafter. The key growth assumptions used in the budgets and forecasts include assumptions on market movements, business growth, margins, business investment and inflation. The terminal value has been calculated assuming a long-term growth rate of 2% per annum in perpetuity, based on the Group's view of long-term nominal growth. A discount rate of 10.9% per annum has been applied, being the Group's weighted average cost of capital, calculated using the Capital Asset Pricing Model.

The resultant value in use calculation has been compared with the carrying amount of goodwill to determine if any goodwill impairment arises. The calculation shows significant headroom in the recoverable amount of goodwill.

The value in use calculation has been flexed for a 50% reduction in annual fund flows, a 5% rise in the compensation ratio, a fall in markets in 2011 with a recovery thereafter and a 50% reduction in performance fees. This calculation also shows headroom in the recoverable amount of goodwill. The ability of the Group to manage its cost base during periods of market weakness has not been factored into this scenario, but would further increase headroom in the recoverable amount of goodwill.

Recent transaction experience and the Group's current market capitalisation provide additional evidence that the recoverable amount of goodwill is in excess of the carrying amount.

14. Investments in subsidiaries, associates and joint ventures

14.1 Principal subsidiaries

Company

Investment in subsidiaries

	2009 £m	Restated 2008 £m
At 31 December	444.9	384.0

The directly held subsidiaries of the Company are as follows:

	Country of incorporation and principal place of operation	Functional currency	Percentage owned 2009	Percentage owned 2008
Henderson Global Group Limited	Republic of Ireland	Pounds sterling	100%	100%

Group

The principal subsidiaries of the Group, excluding the directly held subsidiaries of the Company shown above, are as follows:

	Country of incorporation and principal place of operation	Functional currency	Percentage owned 2009	Percentage owned 2008
Henderson Administration Limited	UK	GBP	100%	100%
Henderson Alternative Investment Advisor Limited	UK	GBP	100%	100%
Henderson Equity Partners Limited	UK	GBP	100%	100%
Henderson Fund Management Plc	UK	GBP	100%	100%
Henderson Global Investors (Jersey) 2 Limited	Jersey	GBP	100%	100%
Henderson Global Investors Limited	UK	GBP	100%	100%
Henderson Global Investors (Holdings) Limited	UK	GBP	100%	100%
Henderson Global Investors (International Holdings) BV	Netherlands and UK	EUR	100%	100%
Henderson Global Investors (North America) Inc.	USA	USD	100%	100%
Henderson Global Investors (Singapore) Limited	Singapore	SGD	100%	100%
Henderson Holdings Limited	UK	GBP	100%	100%
Henderson Holdings Group Limited	UK	GBP	100%	100%
Henderson Holdings Group BV	Netherlands	GBP	100%	100%
Henderson International Holdings Limited	Jersey and UK	GBP	100%	100%
Henderson International Inc.	USA	USD	100%	100%
Henderson Investment Funds Limited	UK	GBP	100%	100%
Henderson Investment Management Limited	UK	GBP	100%	100%
Henderson Management SA	Luxembourg	USD	100%	100%
HGI Group Limited	UK	GBP	100%	100%
New Star Asset Management Group PLC	UK	GBP	100%	–
New Star Asset Management Holdings Limited	UK	GBP	100%	–
New Star Asset Management Limited	UK	GBP	100%	–
New Star Institutional Managers Limited	UK	GBP	100%	–
New Star Investment Funds Limited	UK	GBP	100%	–

The information disclosed in the table above is only in respect of those subsidiaries which principally affect the figures shown in the Group's consolidated financial statements. There are a number of other subsidiaries which do not materially affect the Group's results or net assets. Particulars of these subsidiaries have been omitted for simplification purposes.

With effect from 1 July 2009, the Group entered into an earn out deal with the management of NSIM. The arrangement involved the Group transferring ownership of NSIM to WorldInvest Management Limited (WML) in which the Group holds a 25% stake in the ordinary share capital and £13.7m of 9% redeemable cumulative preference shares. The Group retains control of NSIM as it retains the right to appoint the majority of directors to the board of directors of both companies. The consolidated financial statements of the Group, therefore continue to include the results of both NSIM and WML. A 75% minority interest is recognised in equity in respect of the two companies representing the interests held outside the Group. At 31 December 2009, the minority interest amounted to £0.6m. (Refer to note 27)

14.2 Associates and joint ventures

The Group holds interests in the following associates and joint ventures:

	Country of incorporation and principal place of operation	Functional currency	Percentage owned 2009	Percentage owned 2008
Asia Real Estate Fund Management Limited	Singapore	SGD	50%	50%
Asia Real Estate Fund Management BVI	British Virgin Islands	USD	50%	–
Attunga Capital Pty Limited	Australia	AUD	30%	30%
Henderson-mfi Shopping Centre Verwaltungs GmbH	Germany	EUR	50%	50%
HGI Immobilien GmbH	Germany	EUR	50%	50%
New Star Canada Inc	Canada	CAD	50%	–
Warburg-Henderson Kapitalanlagegesellschaft für Immobilien mbH	Germany	EUR	50%	50%
			2009 £m	2008 £m
Share of aggregate net assets			6.4	6.6
Share of profit for the year			1.4	2.6

The Group's investments in associates and joint ventures are accounted for under the equity method. The investments are carried at cost adjusted for post-acquisition share of profits and losses and other changes in equity. Distributions received from associates and joint ventures during the year are deducted from the carrying value of the investment.

15. Plant and equipment

	2009 £m	2008 £m
Cost		
At 1 January	31.1	41.0
Additions	2.7	21.7
Acquisitions through business combinations	1.0	–
Disposals	(0.4)	(31.6)
At 31 December	34.4	31.1
Depreciation		
At 1 January	(8.5)	(35.3)
Charge during the year	(3.2)	(2.3)
Disposals	0.3	29.1
At 31 December	(11.4)	(8.5)
Net book value at 31 December	23.0	22.6

Included in cost as at 31 December 2009 were fully depreciated assets amounting to £1.3m (2008: £0.1m).

16. Fair value of financial instruments

Total financial assets and liabilities

	Notes	Carrying value		Fair value	
		2009 £m	2008 £m	2009 £m	2008 £m
Financial assets					
<i>Current assets:</i>					
Financial assets at fair value through profit or loss					
Shares/units in OEICs/unit trusts		0.9	0.4	0.9	0.4
Other financial assets					
Available-for-sale financial assets		41.7	75.9	41.7	75.9
OEIC, unit trust and other debtors	18	86.7	62.4	86.7	62.4
Derivative financial instruments	18	0.2	–	0.2	–
Cash and cash equivalents	19.1	119.0	152.1	119.0	152.1
Total financial assets		248.5	290.8	248.5	290.8
Financial liabilities					
<i>Non-current liabilities:</i>					
Debt instrument in issue	20	181.9	184.5	173.5	126.0
<i>Current liabilities:</i>					
OEIC, unit trust and other creditors	24	72.5	64.5	72.5	64.5
Derivative financial instruments	24	1.0	4.2	1.0	4.2
Total financial liabilities		255.4	253.2	247.0	194.7

The Group enters into forward foreign exchange contracts to hedge various financial assets and liabilities denominated in foreign currency and therefore applies fair value hedge accounting. In 2008, an interest rate swap held on the debt was unwound and the cumulative fair value adjustment to the carrying value of the debt up to the date of unwinding, is being amortised to the consolidated income statement over the remaining term of the debt, which matures on 2 May 2012. (Refer to note 20).

Debtor and creditor balances, included in the tables above, are mainly balances settling in a short time frame, and accordingly, the fair value of these assets and liabilities is considered to be materially equal to their carrying value after taking into account any likely impairment.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes	2009 £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets				
<i>Current assets:</i>				
Financial assets at fair value through profit or loss				
Shares/units in OEICs/unit trusts	0.9	0.9	–	–
Other financial assets				
Available-for-sale financial assets	41.7	1.0	1.5	39.2
Derivative financial instruments	18 0.2	0.2	–	–
Total financial assets	42.8	2.1	1.5	39.2
Financial liabilities				
<i>Current liabilities:</i>				
Derivative financial instruments	24 1.0	1.0	–	–
Total financial liabilities	1.0	1.0	–	–

During the year ended 31 December 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The following is a reconciliation of the movements in the Group's financial instruments classified as Level 3 during the year:

	2009 £m
Fair value at 1 January	45.8
Additions	6.3
Fair value movements recognised in the statement of comprehensive income	(5.4)
Impairment recognised in the consolidated income statement	(7.5)
Fair value at 31 December	39.2

As the fair value measurement of the financial instruments included in Level 3, is based on both observable and non-observable inputs, a change in one or more underlying assumptions would not result in a significant change in fair value.

17. Deferred acquisition and commission costs

	2009 £m	2008 £m
At 1 January	34.9	31.8
Foreign exchange movement	(0.4)	2.3
Costs and commissions capitalised	68.2	24.3
Amortisation charge during the year	(25.7)	(23.5)
At 31 December	77.0	34.9
Non-current	43.6	17.0
Current	33.4	17.9
At 31 December	77.0	34.9

18. Trade and other receivables

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
OEIC and unit trust debtors	47.0	52.6	–	–
Derivative financial instruments	0.2	–	–	–
Accrued income	56.1	46.5	–	–
Other debtors	39.7	9.8	–	–
Prepayments	3.8	3.9	–	–
Amounts owed by subsidiaries	–	–	11.7	–
	146.8	112.8	11.7	–

19. Cash and cash equivalents

19.1 Cash and cash equivalents

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Cash at bank and in hand	47.7	62.1	0.8	–
Cash equivalents	71.3	90.0	–	–
Cash and cash equivalents	119.0	152.1	0.8	–

Cash and cash equivalents consist of cash in hand, cash at bank and short-term investments with financial institutions with same day or next day maturity.

Included within cash and cash equivalents as at 31 December 2009 was £5.3m (2008: £5.3m) held in escrow, representing amounts held for the Pension Scheme £4.7m (2008: £4.7m) and funds held in New Star employee benefit trusts £0.6m. The £0.6m held in escrow at 31 December 2008 in respect of outstanding obligations of Towry Law International has been released following an agreement with the Hong Kong Securities and Futures Commission.

19.2 Group changes in operating assets and liabilities

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Change in OEICs and unit trusts debtors and creditors	6.2	(19.2)	–	–
Increase in deferred acquisition and commission costs	(68.2)	(24.3)	–	–
Decrease/(increase) in other assets	36.8	10.4	(11.7)	–
Increase in deferred income	70.8	23.7	–	–
Decrease in provisions and other liabilities	(73.3)	(67.7)	(0.1)	0.1
Changes in operating assets and liabilities	(27.7)	(77.1)	(11.8)	0.1

20. Debt instrument in issue

	2009	2009	2008	2008
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Debt instrument in issue	181.9	173.5	184.5	126.0

The debt instrument in issue represents £175m senior, unrated, fixed rate notes listed on the London Stock Exchange (LSE). The debt instrument is unsecured and repayable in full on 2 May 2012 and bears interest at a fixed rate of 6.5% per annum payable every six months. The debt instrument was issued by HGI Group Limited (HGIGL), a subsidiary of the Company. The 2008 comparatives in the 2009 financial statements of HGIGL will be restated as set out in note 35

The Group swapped the fixed interest coupon into a floating rate on issue of the debt. The swap was unwound on 9 December 2008 and realised a profit of £1.5m before tax, recognised as a non-recurring item in the consolidated income statement. The fair value adjustment to the debt carrying value, attributable to the hedged interest rate risk up to the date of unwinding the swap, £10.5m, is being amortised over the remaining term of the debt.

On 30 January 2009, the Group entered into a revolving facility agreement with a syndicate of banks. The facility limit is £25m and terminates on 31 March 2012. The Group has not drawn on the facility since entering into the agreement.

21. Retirement benefits

Retirement benefit assets recognised in the consolidated statement of financial position

	Note	2009 £m	2008 £m
Henderson Group Pension Scheme	21.1	90.0	152.5

Retirement benefit obligations recognised in the consolidated statement of financial position

	Note	2009 £m	2008 £m
Henderson Group unapproved pension schemes	21.2	6.1	4.7

Pension service cost/(credit) recognised in the consolidated income statement

	Notes	2009 £m	2008 £m
Henderson Group Pension Scheme	21.1	(0.7)	(0.8)
Money Purchase Scheme		4.7	4.5
Henderson Group unapproved pension schemes	21.2	0.4	0.6
		4.4	4.3

Amounts recognised in the consolidated statement of comprehensive income

	Notes	2009 £m	2008 £m
Henderson Group Pension Scheme	21.1	(68.5)	63.9
Henderson Group unapproved pension schemes	21.2	(1.2)	1.1
Actuarial (losses)/gains recognised in the consolidated statement of comprehensive income		(69.7)	65.0

Employer contributions

The Group expects to contribute approximately £8.5m to the Pension Scheme in the year ending 31 December 2010.

21.1 Henderson Group Pension Scheme – Final Salary Scheme

The Final Salary Scheme represents the defined benefit section of the Pension Scheme, which closed to new members on 15 November 1999. The sponsor and principal employer of the Pension Scheme is HGI Group Limited and the participating company is Henderson Administration Limited. The appointed investment manager for the final salary scheme is Henderson Global Investors Limited. The Final Salary Scheme is funded by contributions to a separately administered fund. The actuarial advisers to the Pension Scheme are Towers Watson.

The 2009 Pension Scheme accounting valuation under IAS 19 Employee Benefits, is based on full membership data as at 31 December 2008 and adjusted for movements in membership data during 2009. The financial assumptions as disclosed below are set in accordance with IAS 19 and, with the exception of the mortality assumption, the demographic assumptions are the same as those used for the Pension Scheme's IAS 19 valuation as at 31 December 2008. The post-retirement mortality assumption as at 31 December 2009 is based on 100% of the SAPS 'S1 Light' tables and improvements from 2002 in line with the medium cohort projections with a 1% per annum underpin. The Pension Scheme assets are stated at their fair value at 31 December 2009 and 31 December 2008. The Group has reached agreement with the Pension Scheme trustee regarding the results of the 2008 triennial valuation, whilst the statement of funding principles and schedule of contributions are currently being finalised. The agreed results show that there was a small surplus in the Scheme as at 31 December 2008. As a result no deficit funding contributions are required to be made or have been made by the Group.

Reconciliation of present value of defined benefit obligations

	2009 £m	2008 £m
At 1 January	251.9	282.4
Current service cost	2.7	3.6
Interest cost	16.0	16.3
Past service cost	–	0.1
Actuarial losses/(gains)	50.0	(43.3)
Actual benefit payments	(7.8)	(7.2)
At 31 December	312.8	251.9

21. Retirement benefits continued

Reconciliation of the fair value of defined benefit scheme assets

	2009 £m	2008 £m
At 1 January	404.4	344.7
Expected return on scheme assets	19.4	20.8
Actuarial (losses)/gains	(18.5)	20.6
Contributions	5.3	25.5
Benefit payments	(7.8)	(7.2)
At 31 December	402.8	404.4

Reconciliation of defined benefit asset recognised in the consolidated statement of financial position

	2009 £m	2008 £m
Present value of defined benefit obligations	(312.8)	(251.9)
Fair value of defined benefit scheme assets	402.8	404.4
Net retirement benefit asset at 31 December	90.0	152.5

Pension service credit recognised in the consolidated income statement

	2009 £m	2008 £m
Current service cost	2.7	3.6
Interest cost	16.0	16.3
Expected return on scheme assets	(19.4)	(20.8)
Past service cost	–	0.1
Pension service credit	(0.7)	(0.8)

Amounts recognised in the consolidated statement of comprehensive income

	2009 £m	2008 £m
At 1 January	76.1	12.2
Actuarial (losses)/gains recognised in the consolidated statement of comprehensive income	(68.5)	63.9
At 31 December	7.6	76.1

Movements in net asset recognised in the consolidated statement of financial position

	2009 £m	2008 £m
At 1 January	152.5	62.3
Pension service credit recognised in the consolidated income statement	0.7	0.8
Contributions	5.3	25.5
Actuarial (losses)/gains recognised in the consolidated statement of comprehensive income	(68.5)	63.9
Net asset at 31 December	90.0	152.5

Pension Scheme assets

The major categories of assets in the final salary section of the Pension Scheme, were as follows:

Fair value of the defined benefit scheme assets

	Market value		% as a total of assets		Expected rate of return	
	2009 £m	2008 £m	2009 %	2008 %	2009 %	2008 %
Final salary section						
Equities	133.3	98.6	33	25	7.9	7.3
Corporate bonds	33.4	40.5	8	10	5.3	5.0
Other return seeking assets	14.4	8.5	4	2	6.8	6.0
Government bonds	183.9	194.5	46	48	4.4	3.8
Swaps	13.8	30.2	3	7	4.4	3.8
Cash	24.0	32.1	6	8	4.4	3.8
Total	402.8	404.4	100	100	5.7	4.8

The Pension Scheme does not hold any investments in employer-related companies.

The expected return on assets assumption is the weighted average of the expected returns from each of the main asset classes as shown above. The expected rate of return on assets is based on long-term expectations as at 31 December 2009. The expected rate of return on bonds has been set by reference to current market redemption yields. The rates of return for the equities, property and cash asset classes have been based on the Group's realistic expectations of investment returns over the longer term.

Actual return on defined benefit scheme assets

	2009 £m	2008 £m
Actual return on scheme assets	0.9	41.4

Principal actuarial assumptions

(a) Financial assumptions

	2009 % per annum	2008 % per annum
Discount rate	5.6	6.4
Expected rate of return on scheme assets	5.7	4.8
Salary increases	2.5	2.5
Pension increases:		
– where guarantee is the Retail Price Index capped at 5% per annum	3.6	3.0
– where guarantee is the Retail Price Index capped at 2.5% per annum	2.4	2.2
– where guarantee is fixed	At fixed rate	At fixed rate
Inflation	3.7	3.0

(b) Demographic assumptions

The post-retirement mortality assumptions as at 31 December 2009 follows 100% of the SAPS 'S1 Light' tables and improvements from 2002 in line with the 'medium cohort' projections with an underpin of 1% per annum. The table below illustrates the changes in implied life expectancies as at 31 December 2009 using this mortality assumption. All other demographic assumptions were consistent with those used for the accounting disclosures at 31 December 2008:

	Male no. of years	Female no. of years
Life expectancy for a member who is currently 60	27.8	29.3
Life expectancy at 60 for a member who is currently 45	29.2	30.8

Notes to the Financial Statements – Group and Company

21. Retirement benefits continued

(c) Historical amounts

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Defined benefit obligations	(312.8)	(251.9)	(282.4)	(311.8)	(296.2)
Defined benefit scheme assets	402.8	404.4	344.7	306.8	256.1
Surplus/(deficit) in the Pension Scheme	90.0	152.5	62.3	(5.0)	(40.1)
Experience gains/(losses) on scheme liabilities	12.1	(1.2)	(0.5)	8.5	(31.6)
Experience (losses)/gains on scheme assets	(18.5)	20.6	1.2	(3.7)	18.9

21.2 Henderson Group unapproved pension schemes

The Group operates a number of unapproved pension schemes, the details of which are provided below:

The Pearl Executive Scheme. Members of this scheme are also members of the Pension Scheme. However, pensionable earnings under the Pension Scheme are limited to 1/60th for each year of service and the earnings cap. The Pearl Executive Scheme provides benefits at 1/30th for each year of service with a maximum of two thirds of salary after 20 years' service based on pensionable earnings above the earnings cap, on an unfunded basis.

The Henderson Top Up Scheme. Members of this scheme are also members of the Pension Scheme. However, pensionable earnings under the Pension Scheme are limited to the earnings cap, and the Henderson Top Up Scheme enables benefits to be based on pensionable earnings without restriction of the earnings cap. These additional uncapped benefits are generally provided for on an unfunded basis.

There is also an unfunded liability in respect of one member, to whom the Group has made a contractual promise to pay a fixed pension from age 60.

Reconciliation of present value of defined benefit obligations

	2009 £m	2008 £m
At 1 January	4.7	5.2
Current service cost	0.1	0.3
Interest cost	0.3	0.3
Actuarial losses/(gains)	1.2	(1.1)
Benefit payments	(0.2)	–
At 31 December	6.1	4.7

The defined benefit obligations at 31 December are split as follows:

	2009 £m	2008 £m
Pearl Executive Scheme	5.0	3.7
Henderson Top Up Scheme	0.9	0.8
Individual contractual promise	0.2	0.2
Total	6.1	4.7

Reconciliation of defined benefit liability recognised in the consolidated statement of financial position

	2009 £m	2008 £m
Present value of defined benefit obligations	6.1	4.7
Fair value of defined benefit scheme assets	–	–
Net liability at 31 December	6.1	4.7

Pension service cost recognised in the consolidated income statement

	2009 £m	2008 £m
Current service cost	0.1	0.3
Interest cost	0.3	0.3
	0.4	0.6

Amounts recognised in the consolidated statement of comprehensive income

	2009 £m	2008 £m
At 1 January	3.0	1.9
Actuarial (losses)/gains recognised in the consolidated statement of comprehensive income	(1.2)	1.1
At 31 December	1.8	3.0

Movements in net liability recognised in the consolidated statement of financial position

	2009 £m	2008 £m
At 1 January	4.7	5.2
Expense recognised in the consolidated income statement	0.4	0.6
Actuarial losses/(gains) recognised in the consolidated statement of comprehensive income	1.2	(1.1)
Benefit payments from outside scheme assets	(0.2)	–
At 31 December	6.1	4.7

Principal actuarial assumptions

(a) Financial assumptions

	2009 % per annum	2008 % per annum
Discount rate	5.6	6.4
Expected rate of return on scheme assets	–	–
Salary increases	n/a	4.5
Pension increases:		
– where guarantee is the Retail Price Index	3.6	3.0
– where guarantee is fixed	At fixed rate	At fixed rate
Inflation	3.7	3.0

(b) Demographic assumptions

The post-retirement mortality assumption as at 31 December 2009 follows 100% of the SAPS 'S1 Light' tables and improvements from 2002 in line with the 'medium cohort' projections with an underpin of 1% per annum. The table below illustrates the changes in implied life expectancies as at 31 December 2009 using this mortality assumption. All other demographic assumptions were consistent with those used for the accounting disclosures at 31 December 2008:

	Male no. of years	Female no. of years
Life expectancy for a member who is currently 60	27.8	29.3
Life expectancy at 60 for a member who is currently 45	29.2	30.8

Notes to the Financial Statements – Group and Company

21. Retirement benefits continued

(c) Historical amounts

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Defined benefit obligations	6.1	4.7	5.2	5.5	5.7
Defined benefit scheme assets	–	–	–	(0.1)	(0.2)
Deficit in the pension schemes	6.1	4.7	5.2	5.4	5.5
Experience (losses)/gains on scheme liabilities	–	(0.1)	0.2	0.5	1.5

Employer contributions

The Group does not expect to contribute to the unapproved pension arrangements in the year ending 31 December 2010.

22. Provisions

	Void properties £m	Staff related £m	Other £m	Total £m
At 1 January 2009	–	3.7	24.1	27.8
Additions	3.2	0.2	9.7	13.1
Finance charge	2.0	–	–	2.0
Acquisition through business combinations	21.0	10.2	–	31.2
Provisions utilised	(7.1)	(9.6)	(0.5)	(17.2)
Provision released	–	–	(2.0)	(2.0)
Foreign exchange movements	–	(0.4)	–	(0.4)
At 31 December 2009	19.1	4.1	31.3	54.5
Non-current	14.1	–	20.9	35.0
Current	5.0	4.1	10.4	19.5
At 31 December 2009	19.1	4.1	31.3	54.5

Void properties

The void properties provision reflects the net present value of the excess of lease rentals and other payments on New Star properties onerous contracts that were acquired on acquisition of New Star, over the amounts expected to be recovered from subletting these properties. The discounting of expected cash flows will be unwound during the term of the underlying leases (maximum of 12 years) as a void property finance charge to the consolidated income statement.

Staff related

Staff-related provisions have been recognised in respect of a business restructure and New Star staff legacy issues.

Other

Other provisions relate to issues which have arisen as a result of litigation and obligations during the course of the Group's business activities.

The provisions reflect the current estimates of amounts and timings.

23. Deferred taxation

Deferred tax assets and liabilities recognised by the Group and movements therein are as follows:

Group

Deferred tax assets/(liabilities)	Accelerated capital allowances £m	Share based payments £m	Retirement benefits £m	Other temporary differences £m	Total £m
At 1 January 2008	0.8	2.8	(10.7)	(1.8)	(8.9)
Current year charge to the consolidated income statement	(0.7)	(2.1)	(9.8)	(1.9)	(14.5)
Current year (charge)/credit to the consolidated statement of comprehensive income	–	–	(18.2)	2.3	(15.9)
At 31 December 2008	0.1	0.7	(38.7)	(1.4)	(39.3)
Acquisitions through business combinations	–	–	–	8.0	8.0
Deferred tax on intangible assets	–	–	–	(24.3)	(24.3)
Current year credit/(charge) to the consolidated income statement	1.7	(4.9)	(4.1)	7.9	0.6
Current year credit/(charge) to the consolidated statement of comprehensive income	–	–	19.4	(0.6)	18.8
At 31 December 2009	1.8	(4.2)	(23.4)	(10.4)	(36.2)

Certain deferred tax assets and liabilities in the above summary have been offset as follows:

	Assets £m	Liabilities £m	Total £m
At 31 December 2008	5.4	(44.7)	(39.3)
At 31 December 2009	15.4	(51.6)	(36.2)

At the period end date, the Group had unused tax losses in respect of which no deferred tax has been recognised as utilisation of the losses is dependent on future profits. The unrecognised deferred tax asset in respect of trading losses carried forward is £26.7m (2008: £9.4m). The unrecognised deferred tax asset in respect of capital losses carried forward is £16.1m (2008: £2.7m). The losses have no expiry date.

Consistent with prior years, deferred tax is not recognised in respect of taxable temporary differences associated with the Group's investments in overseas subsidiaries, branches, associates and joint ventures where the Group controls the timing of the reversal of the temporary differences and where the reversal of the temporary differences is not anticipated in the foreseeable future.

24. Trade and other payables

	Group		Company	
	2009 £m	2008 £m	2009 £m	Restated 2008 £m
OEIC and unit trust creditors	53.8	53.2	–	–
Derivative financial instruments	1.0	4.2	–	–
Other creditors	18.7	11.3	–	–
Accruals	138.0	108.8	–	0.7
Amounts owed to subsidiaries	–	–	1.9	1.3
	211.5	177.5	1.9	2.0

Notes to the Financial Statements – Group and Company

25. Share capital

25.1 Authorised share capital

	Group and Company	
	2009 £m	2008 £m
1,949,910,776 ordinary shares of 12.5 pence each	243.7	243.7

25.2 Allotted share capital

Allotted, called up and fully paid equity shares:

	Group and Company	
	no.	£m
Shares in issue at 1 January 2008	724,504,573	90.6
Issue of shares for SAYE	316,273	–
Issue of shares for BAYE	428,408	0.1
Shares in issue at 31 December 2008	725,249,254	90.7
Share placing	72,324,352	9.1
Shares issued on acquisition of New Star	25,774,190	3.2
Issue of shares for SAYE	839,308	0.1
Issue of shares for BAYE	533,500	–
Shares in issue at 31 December 2009	824,720,604	103.1

All of the ordinary shares in issue carry the same right to receive dividends and other distributions declared, made or paid by the Company.

The Company conducted a fully underwritten placing on 30 January 2009 and, as a result, an additional 72,324,352 shares were allotted on 5 February 2009.

On 9 April 2009, the Company issued 25,774,190 shares on completion of the acquisition of New Star.

The Directors consider shareholders' equity to represent Group capital. The Directors manage the Group's capital structure on an ongoing basis. Changes to the Group's capital structure can be affected by adjusting the dividend policy, returning capital to shareholders or issuing new shares and other forms of capital.

26. Reserves

Group and Company

Nature and purpose of reserves

The consolidated statement of changes in equity and Company statement of changes in equity on pages 16 and 19, respectively, provide details of movements in equity for the Group and Company.

Share premium

Share premium records the difference between the nominal value of shares issued and the full value of the consideration received.

Treasury shares

Treasury shares represent shares purchased to satisfy future vesting requirements of various employee share-based payment schemes. During 2007, 5,000,000 shares were purchased for a consideration of £6.7m. On 30 September 2008, the Company's holding of treasury shares was transferred to Ogier Nominee (Jersey) Limited to satisfy future awards under the Group's employee share schemes.

Own shares held

The own shares are held by the following employee benefit trusts and nominee companies. The combined shareholdings had a cost of £51.6m (2008: £74.2m) and a market value of £57.9m (2008: £36.5m) as at 31 December 2009 and constituted 5.6% (2008: 8.6%) of the Company's issued share capital as at that date.

	2009 no. of shares	2008 no. of shares
Henderson Employee Trust 2000	31,978,029	49,899,066
HHG plc Employee Trust 2004 (2004 LTIP)	2,339,998	7,377,978
Henderson Employee Trust 2009	3,914,352	–
Henderson Group plc Employee Trust 2009 (2009 LTIP)	3,727,868	–
Ogier Nominee (Jersey) Limited	4,531,307	4,971,611
Excellerate HRO	90,752	100,000
	46,582,306	62,348,655

The Henderson Employee Trust 2000, HHG plc Employee Trust 2004 (2004 LTIP), Henderson Employee Trust 2009, Henderson Group plc Employee Trust 2009 (2009 LTIP), BAYE and CSOP are used by the Group and the Company to operate the RSP, ESOP, LTIP, DEP, BAYE and CSOP share-based payment schemes. Shares are distributed to employees as and when they vest, in line with the terms of each scheme, under the administration of the trustees. Ogier Trustees Limited (Jersey) administers the Henderson Employee Trust 2000 and Ogier EBT Trustee Limited administers the Henderson Group plc Employee Trust 2004 (2004 LTIP), Henderson Employee Trust 2009 and the Henderson Group plc Employee Trust 2009 (2009 LTIP). The BAYE and CSOP are both administered by Excellerate HRO.

On the vesting of shares under the share-based compensation plans, a transfer is made between the own shares held and the profit and loss reserve. This treatment is consistent in both the Group and Company financial statements.

Translation reserve

The translation reserve comprises differences on exchange arising from the translation of opening statements of financial position of subsidiaries, whose reporting currency is not GBP, and differences between the results of these subsidiaries translated at average rates for the reporting period and period end rates.

The translation reserve also includes unrealised foreign exchange gains and losses on available-for-sale financial assets which are not part of a designated hedge relationship. Upon disposal or impairment of these assets, amounts previously recognised in the translation reserve are reversed out and the cumulative amount of the gain or loss or impairment is recognised in the consolidated income statement.

Revaluation reserve

The revaluation reserve comprises the amount of any unrealised gain or loss recognised in the consolidated statement of comprehensive income in relation to available-for-sale financial assets.

Upon disposal or impairment of these assets, amounts previously recognised in the revaluation reserve are reversed out and the cumulative amount of the gain or loss or impairment is recognised in the consolidated income statement.

27. Minority interests

The Group has consolidated the following companies which have minority interests:

	2009 % minority interest	2008 % minority interest	2009 £m	2008 £m
HGI Immobilien Austria GmbH	35%	35%	0.4	0.3
New Star Institutional Managers Limited	75%	–	0.6	–
WorldInvest Management Limited	75%	–	–	–
At 31 December			1.0	0.3

Information relating to the New Star Institutional Managers Limited and WorldInvest Management Limited minority interest which arose during the year is included in note 14.1.

28. Financial risk management

Financial risk management objectives and policies

Financial assets principally comprise investments in equity securities, short-term investments, trade and other receivables, and cash and cash equivalents. Financial liabilities comprise borrowings for financing purposes, certain provisions and trade and other payables. The main risks arising from financial instruments are price risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. Each of these risks is discussed in detail below. The Group monitors financial risks on a consolidated basis and intra-Group balances are settled when it is deemed appropriate for both parties to the transaction. The Company is not exposed to material financial risk and separate disclosures for the Company have not been included.

The Group has designed a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate for a listed company. The management of risk within the Group is governed by the Board and overseen by the Audit Committee.

28.1 Price risk

Price risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group.

The Group is exposed to price risk in respect of seed capital investments in Henderson funds (available-for-sale financial assets). Seed capital investments vary in duration, depending on the nature of the investment, with a typical range of less than one year for Listed Asset products and between three and five years for Private Equity and Property funds. The total market value of seed capital investments at 31 December 2009 was £41.7m (2008: £57.2m). In 2008, the Group also had a corporate investment in BP of £18.7m which has been disposed of in full during 2009.

Management monitors exposures to price risk on an ongoing basis. Significant movements in investment values are monitored on a daily basis. Where appropriate, management will hedge price risk, but there were no such hedges in place at 31 December 2009.

A fall in the value of an investment which is significant or prolonged is considered to be objective evidence of impairment under IAS 39. In such an event, an investment is written down to its fair value and cumulative amounts previously recognised in equity, in respect of market value and unhedged foreign exchange movements on the investment, are recognised in the consolidated income statement as an impairment charge.

Price risk sensitivity analysis on available-for-sale financial assets

	2009		2008	
	Consolidated income statement £m	Other comprehensive income £m	Consolidated income statement £m	Other comprehensive income £m
Price risk sensitivities				
Market value movement +/- 10%	–	4.2	–	7.6

28.2 Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets and liabilities. The Group is exposed to interest rates on banking deposits held in the ordinary course of business. Available-for-sale financial assets are not currently exposed to interest rate risk. This exposure is monitored by management on a continuing basis.

Financial assets and liabilities exposed to interest rate risk

At 31 December 2009

	Floating rate £m	Not directly exposed to interest rate risk		Total £m
		Fixed rate £m	Other £m	
Financial assets				
Shares/units in OEICs/unit trusts	–	–	0.9	0.9
Available-for-sale financial assets	–	–	41.7	41.7
OEIC, unit trust and other debtors	–	–	86.7	86.7
Cash and cash equivalents	119.0	–	0.2	119.2
Total financial assets	119.0	–	129.5	248.5
Financial liabilities				
Debt instrument in issue	–	181.9	–	181.9
OEIC, unit trust and other creditors	–	–	72.5	72.5
Derivative financial instruments	–	–	1.0	1.0
Total financial liabilities	–	181.9	73.5	255.4

At 31 December 2008

	Floating rate £m	Not directly exposed to interest rate risk		Total £m
		Fixed rate £m	Other £m	
Financial assets				
Shares/units in OEICs/unit trusts	–	–	0.4	0.4
Available-for-sale financial assets	–	–	75.9	75.9
OEIC, unit trust and other debtors	–	–	62.4	62.4
Cash and cash equivalents	152.1	–	–	152.1
Total financial assets	152.1	–	138.7	290.8
Financial liabilities				
Debt instrument in issue	–	184.5	–	184.5
OEIC, unit trust and other creditors	–	–	64.5	64.5
Derivative financial instruments	–	–	4.2	4.2
Total financial liabilities	–	184.5	68.7	253.2

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Interest rate risk sensitivity analysis

Interest rate risk sensitivity analysis on the consolidated income statement has been performed on the basis of a 50bps per annum fall in interest rates at the beginning of the year. The impact of such a decrease would reduce finance income by approximately £0.6m per annum in the consolidated income statement.

28.3 Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due.

Group liquidity is managed on a daily basis by Group finance, to ensure that the Group always has sufficient cash or highly liquid assets available to meet its liabilities. Group finance also controls and monitors the use of the Group's non-operating capital resources. It is the Group's policy to ensure that it has access to funds to cover all forecast commitments for at least the next 12 months.

28. Financial risk management continued

The maturity dates of the Group's financial liabilities and obligations are as follows:

At 31 December 2009

	Within 1 year or repayable on demand £m	Within 2-5 years £m	Total £m	Carrying value in the statement of financial position £m
Debt instrument in issue (including interest)	11.4	192.0	203.4	181.9
OEIC, unit trust and other creditors	72.5	–	72.5	72.5
Derivative financial instruments	1.0	–	1.0	1.0
	84.9	192.0	276.9	255.4

At 31 December 2008

	Within 1 year or repayable on demand £m	Within 2-5 years £m	Total £m	Carrying value in the statement of financial position £m
Debt instrument in issue (including interest)	11.4	203.4	214.8	184.5
OEIC, unit trust and other creditors	64.5	–	64.5	64.5
Derivative financial instruments	4.2	–	4.2	4.2
	80.1	203.4	283.5	253.2

28.4 Foreign currency risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group is impacted through its exposure to non-GBP income and expenses, and assets and liabilities of its overseas subsidiaries as well as assets and liabilities denominated in currency other than GBP. The currency exposure is managed by closely monitoring foreign currency positions. The Group also uses foreign currency contracts to eliminate the currency exposure on certain individual transactions. The Group also seeks to use natural hedges to limit exposure. Where there is a mismatch on material currency flows, which are reasonably certain, they are actively hedged. Where there is insufficient certainty the currency is translated back into GBP on receipt. In addition, the Group carries a small foreign exchange position as principal to facilitate the smooth conduct of its client business.

Foreign currency risk management is overseen by the Hedge Committee and hedge effectiveness is reported to the Board quarterly.

A rolling programme of forward currency contracts has been implemented to hedge the currency exposures arising from certain available-for-sale financial assets, with a year end notional value of US\$49.2m and €12.5m (2008: US\$43.0m and €30.0m) (refer to note 28.6).

Foreign currency risk sensitivity analysis

Available-for-sale financial assets are either denominated in GBP or hedged back to GBP using foreign currency forward contracts based on the Group's hedging policy. However, there remain some available-for-sale financial assets which are not fully hedged as they fall below the policy level for implementing hedging arrangements. In addition, there are unhedged foreign currency cash balances in overseas subsidiaries of the Group.

The table below illustrates the impact of adjusting year end exchange rates on all unhedged financial assets and cash balances denominated in a currency other than GBP:

Foreign currency sensitivity analysis

	2009		2008	
	Consolidated income statement £m	Equity £m	Consolidated income statement £m	Equity £m
Euro exchange rate +/- 10%	0.7	–	0.1	1.5
US dollar exchange +/- 10%	0.3	0.1	0.2	0.1
Singaporean dollar exchange +/- 10%	0.1	–	–	–
Australian dollar exchange +/- 10%	–	–	–	0.1

28.5 Credit risk

Credit risk is the risk of a counterparty of the Group defaulting on funds deposited with it or the non-receipt of a trade debt.

The Group has an established credit policy, to ensure that it only transacts with counterparties that are able to meet satisfactory rating requirements. Counterparty limits are reviewed and set centrally by the Credit Risk Committee. Management is responsible for ensuring that it remains within these limits and the risk management function monitors and reports any exceptions to policy. The Group has not suffered any losses as a result of trade debtor defaults during the year.

The risk management function is also responsible for reporting credit exposures to the Audit Committee on a quarterly basis and for ensuring that any credit concerns are raised and actions taken to mitigate risks.

The table below contains an analysis of current and overdue financial assets:

At 31 December 2009

	Not past due £m	0-3 months past due £m	3-6 months past due £m	6-12 months past due £m	Greater than 12 months past due £m	Total £m
Financial assets						
Shares/units in OEICs/ unit trusts	0.9	–	–	–	–	0.9
Available-for-sale financial assets	41.7	–	–	–	–	41.7
OEIC, unit trust and other debtors	83.1	2.9	0.3	0.1	0.3	86.7
Derivative financial instruments	0.2	–	–	–	–	0.2
Cash and cash equivalents	119.0	–	–	–	–	119.0
Total financial assets	244.9	2.9	0.3	0.1	0.3	248.5

At 31 December 2008

	Not past due £m	0-3 months past due £m	3-6 months past due £m	6-12 months past due £m	Greater than 12 months past due £m	Total £m
Financial assets						
Shares/units in OEICs/ unit trusts	0.4	–	–	–	–	0.4
Available-for-sale financial assets	75.9	–	–	–	–	75.9
OEIC, unit trust and other debtors	60.3	1.1	0.6	0.3	0.1	62.4
Cash and cash equivalents	152.1	–	–	–	–	152.1
Total financial assets	288.7	1.1	0.6	0.3	0.1	290.8

28. Financial risk management continued

The table below contains an analysis of financial assets as rated by Moody's Investors Service:

At 31 December 2009

	AAA £m	AA £m	A £m	Not rated £m	Total £m
Financial assets					
Shares/units in OEICs/unit trusts	–	–	–	0.9	0.9
Available-for-sale financial assets	–	–	–	41.7	41.7
OEIC, unit trust and other debtors	–	–	–	86.7	86.7
Derivative financial instruments	–	0.2	–	–	0.2
Cash and cash equivalents	70.8	19.6	28.6	–	119.0
Total financial assets	70.8	19.8	28.6	129.3	248.5

At 31 December 2008

	AAA £m	AA £m	A £m	Not rated £m	Total £m
Financial assets					
Shares/units in OEICs/unit trusts	–	–	–	0.4	0.4
Available-for-sale financial assets	–	–	18.7	57.2	75.9
OEIC, unit trust and other debtors	–	–	–	62.4	62.4
Cash and cash equivalents	113.3	33.9	4.9	–	152.1
Total financial assets	113.3	33.9	23.6	120.0	290.8

28.6 Hedging activities

At 31 December 2009, the Group held three forward exchange contracts to hedge the foreign currency risk arising from available-for-sale financial assets and payables denominated in Euro, US dollars and Australian dollars (refer to note 28.4).

These forward exchange contracts have been assessed as effective fair value hedges. The net realised and unrealised loss arising on these and other instruments entered into throughout the year amounted to £0.4m (2008: loss £8.7m) and has been offset in the consolidated income statement by £0.4m (2008: £8.8m), being the net realised and unrealised foreign exchange gain on available-for-sale financial assets and payables in designated hedging relationships during the year (refer to note 28.4).

	2009			2008		
	Notional amount £m	Assets £m	Liabilities £m	Notional amount £m	Assets £m	Liabilities £m
Fair value hedges						
Forward exchange contracts at fair value	39.9	(0.2)	1.0	54.7	–	4.2

29. Leases

Operating leases

The Group is party to three property leases. A 20.5 year operating lease was entered into during 2008 on 201 Bishopsgate, London which provides for reviews to open market rent on every fifth anniversary of the lease and an initial rent-free period of 30 months. The rental expense on this lease is being recognised on a straight-line basis over the lease period.

On acquisition of New Star, the Group became party to two additional operating leases. These are in relation to 1 Knightsbridge Green, London and 8 Lancelot Place, London. The leases run for a period of six and 12 years respectively. A void property provision has been recognised for both leases at the net present value of the net expected future cash flows. (Refer to note 22)

The future minimum lease payments under these non-cancellable operating leases fall due as follows:

	2009 £m	2008 £m
Within one year	10.7	0.7
In the two to five years inclusive	50.4	28.2
After five years	110.8	99.5
Total	171.9	128.4

The total future minimum sublease payments expected to be received under non-cancellable subleases within one year at the reporting date were £1.7m (2008: £nil).

30. Capital commitments

The amounts of capital expenditure contracted for but not provided for in the financial statements at 31 December 2009 amounted to £nil (2008: £1.1m).

31. Related party transactions

Company

Details of transactions between the Company and its controlled entities, which are related parties, together with amounts due from and to these related parties at the reporting date, are disclosed below:

	2009 £m	Restated 2008 £m
Transactions with related parties		
Investment in subsidiary companies	94.2	665.8
Disposal of investment to subsidiary company on group restructure	(141.2)	(285.8)
Capital contributions to indirect subsidiary company	13.7	4.0
Funding from subsidiaries	(11.1)	1.3
Amounts owed by/(to) related parties		
Amounts owed by subsidiary companies	11.7	–
Amounts owed to subsidiary companies	(1.9)	(1.3)

Group

Disclosures relating to the Henderson Group Pension Scheme are covered under note 21. Transactions between the Company and its controlled entities, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel (including Directors)

	2009 £m	2008 £m
Short-term employee benefits	5.2	4.2
Post-employment benefits	0.2	0.2
Share-based payments	4.1	9.0
	9.5	13.4

32. Contingent liabilities

The following contingent liabilities existed or may exist at 31 December 2009:

- In the normal course of business, the Group is exposed to certain legal issues, which can involve litigation and arbitration, and may result in contingent liabilities;
- In the normal course of business, the Group enters into foreign exchange contracts for Group hedging purposes and for facilitating foreign currency transactions of its clients. Such contracts can give rise to contingent liabilities;
- On 2 May 2006, the Hong Kong Securities and Futures Commission announced that it had reached a settlement with UKFP (Asia) HK Limited (formerly part of Towry Law International) regarding certain legacy products sold by Towry Law International. Significant payments have subsequently been made to investors in line with accounting provisions made for that purpose. The Directors are of the opinion that the provisions remaining at the reporting date to cover any future payments;
- Under the sale agreement with Pearl Group Limited, normal tax-related warranties and indemnities given by the Group expire up to six years from the disposal date of 13 April 2005; and
- Under the Towry Law UK sale agreement, normal tax-related warranties and indemnities given by the Group expire up to six years from the disposal date of 3 May 2006.

As at the date of approval of the 2009 financial statements, the Group and Company neither foresee nor have they been notified of any claims under outstanding warranties and indemnities from the abovementioned sale agreements.

33. Acquisitions and disposals of subsidiaries

33.1 Acquisitions

On 9 April 2009, Henderson Group plc completed its acquisition of 100% of the issued share capital of New Star. The consideration for New Star included cash consideration of £68.8m and equity consideration of £21.2m, being 25,774,190 new ordinary shares at their market price on the LSE on the date of issue.

The assets and liabilities of New Star at the date of acquisition and subsequent fair value adjustments thereto by the Group were as follows:

	At date of acquisition £m	Fair value adjustments £m	Fair value £m
Intangible assets	4.1	82.8	86.9
Plant and equipment	4.0	(3.0)	1.0
Deferred tax asset	8.0	–	8.0
Financial assets at fair value through profit or loss	0.3	–	0.3
Trade and other receivables	76.8	0.3	77.1
Current tax asset	0.7	–	0.7
Cash and cash equivalents – unrestricted	29.6	–	29.6
Cash and cash equivalents – restricted	8.7	–	8.7
Debt instrument in issue	(20.0)	–	(20.0)
Provisions	(24.0)	(7.2)	(31.2)
Trade and other payables	(91.6)	(12.4)	(104.0)
Deferred tax on intangible assets	–	(24.3)	(24.3)
Net (liabilities)/assets acquired	(3.4)	36.2	32.8
Goodwill			61.4
Fair value of purchase consideration			94.2
Represented by:			
Cash consideration			68.8
Equity consideration			21.2
Deal costs			4.2
			94.2

The business acquired was immediately integrated into the Group's existing business. The New Star operations were remodelled to reflect the Group's processes and organisation with resources shared across business activities and operations. Therefore, a separate identification of revenue and results after the acquisition date is impracticable. The disclosure of revenue and profit or loss for the combined entity as if the business combination had taken place at the beginning of the year would be impracticable.

The goodwill recognised above is attributable to the expected synergies and other benefits from combining the activities of New Star and those of the Group. The intangible assets represent the fair value of investment management contracts acquired which are being amortised over a period of approximately eight years.

As a result of the acquisition of New Star and the subsequent NSIM earn out deal, the Group gained control of the following entities during 2009:

Name of entity
New Star Administration Services Limited
New Star Asset Management (Bermuda) Limited
New Star Asset Management (Guernsey) Limited
New Star Asset Management Group Holdings Limited
New Star Asset Management Group PLC
New Star Asset Management Holdings (Bermuda) Limited
New Star Asset Management Holdings Limited
New Star Asset Management Limited
New Star Asset Management Services Limited
New Star 2008 Employee Share Trust (No. 1)
New Star 2008 Employee Share Trust (No. 2)
New Star GP (Bermuda) Limited
New Star Institutional Managers Holdings Limited
New Star Institutional Managers Limited
New Star Institutional Managers Midco Limited (name since changed to WorldInvest Management Limited)
New Star International Investment Products (Asia) Limited
New Star International Investment Products Limited
New Star Investment Funds (Ireland) Limited
New Star Investment Funds Limited
New Star Nominees (1) Limited
New Star Nominees (2) Limited
New Star Nominees (3) Limited
New Star Nominees (4) Limited
New Star Nominees (Multi-Currency Services) Limited
New Star Offshore Trust
New Star Property Asset Management Limited
New Star UK Leveraged Property General Partner Limited
New Star UK Leveraged Property Nominee 1 Limited
New Star UK Leveraged Property Nominee 2 Limited
NS Limited (name since changed to HGI Employees Limited)
NS Two Limited (name since changed to HGI Employees Offshore Limited)
WorldInvest Management Limited (name since changed to New Star Institutional Managers Midco Limited)

33.2 Disposals

The Group did not dispose of or lose control of any subsidiaries during the current or previous year.

34. Events after the reporting date

The Board has not, as at 23 February 2010, being the date the financial statements were approved, received any information concerning significant conditions in existence at the reporting date, which have not been reflected in the financial statements as presented.

35. Restatement

The Company statement of financial position as at 31 December 2008 and the Company statement of changes in equity for the year ended 31 December 2008, have been restated to reflect an accounting adjustment to the recognition of own shares held by the employee benefit trusts on implementation of the scheme of arrangement on 31 October 2008. The cumulative impact of the restatement as at 31 December 2008 is to reduce investment in subsidiaries by £49.0m and trade and other payables by £133.9m and to increase the profit and loss reserve by £84.9m. The increase in the profit and loss reserve is not distributable. There is no impact on the Group financial statements or the net assets of the Group.

HGI Group Limited (HGIGL), the issuer of the debt per note 20, is the other Group entity affected by the adjustment noted above and will therefore also restate its 2008 comparatives in its own group and company 2009 financial statements. The restatement in HGIGL's financial statements will impact its own group and company statement of financial position and statement of changes in equity. The cumulative impact of the restatement as at 31 December 2008 is to increase the investment in subsidiaries by £49.0m (own company only), reduce trade and other receivables by £131.5m (own group and company), increase trade and other payables by £2.4m (own group and company), decrease the minority interest by £53.0m (own group only) and reduce the own group and company profit and loss reserve by £80.9m and £84.9m respectively.

Glossary

ABI

Association of British Insurers

ASX

Australian Securities Exchange

AUM

Assets under management

BAYE

Buy As You Earn Share Plan

Board

The board of directors of Henderson Group plc

BP

Banco Popolare Gruppo Bancario

bps

Basis points

CDIs

CHESS Depository Interests

Company

Henderson Group plc

Corporate or Corporate Office

Henderson Group excluding Henderson Global Investors

CSOP

Company Share Option Plan

DEP

Deferred Equity Plan

Directors

The directors of Henderson Group plc

EBT

Employee Benefit Trust

ESOP

Employee Share Ownership Plan

EUR

Euros

FSA

The UK Financial Services Authority

FX

Foreign exchange

GAAP

Generally Accepted Accounting Principles

GBP

Pounds sterling

hedge funds

Hedge funds including Absolute Return Funds

Henderson Global Investors

Controlled entities of Henderson Group plc carrying out core investment management activities

Henderson Group or Group

Henderson Group plc and its controlled entities

IAS

International Accounting Standard

IFRIC

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards as adopted by the European Union

LIBOR

London Inter-bank Offered Rate

LSE

London Stock Exchange

LTIP

Long-Term Incentive Plan

New Star

New Star Asset Management Group PLC and its controlled entities

NSIM

New Star Institutional Managers Limited

OEIC

Open-Ended Investment Company

Pearl

Pearl Group Limited and its subsidiaries

Pension Scheme

The Henderson Group Pension Scheme

RSP

Restricted Share Plan

SAYE

Save as You Earn scheme

SICAV

Société d'investissement á capital variable (collective investment scheme)

SGD

Singaporean dollars

SRI

Sustainable and Responsible Investment

TCF

Treating Customers Fairly

Towry Law International

The international division (now closed) of Towry Law plc

Towry Law UK

Towry Law plc and its controlled entities, which were sold to JS&P Holdings Limited

UCITs

Undertaking for Collective Investment in Transferable Securities

UK or United Kingdom

The United Kingdom of Great Britain and Northern Ireland

UK Companies Act

Companies Act 2006

US

United States of America

WML

WorldInvest Management Limited