

# **HENDERSON ADMINISTRATION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2007**

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# **HENDERSON ADMINISTRATION LIMITED**

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# **HENDERSON ADMINISTRATION LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

A J Boorman  
J N B Darkins  
A J Formica  
S J Garrood  
N T Hiscock  
D J Jacob  
R P Yates

### **SECRETARY**

Henderson Secretarial Services Limited

### **COMPANY NUMBER**

290577

### **REGISTERED OFFICE**

4 Broadgate  
London  
EC2M 2DA

### **AUDITORS**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **HENDERSON ADMINISTRATION LIMITED**

### **DIRECTORS' REPORT for the year ended 31 December 2007**

The Directors present their report and the financial statements of Henderson Administration Limited ('the Company') for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are to act as the employing company of the Henderson Group employees, to provide administrative and other services to other Henderson Group companies, and to act as principal and agent for clients in respect of swap, derivative, fixed interest and foreign exchange transactions as permitted by client agreements or relevant regulations. With effect from 1 January 2007, the Company ceased dealing in forward exchange transactions as a principal as defined by the FSA regulations and on 16 November 2007 the Company applied to the FSA for de-registration. The Company was de-registered with effect from 7 January 2008.

#### **BUSINESS REVIEW**

The Company's ultimate parent undertaking is Henderson Group plc ('the Group'). The review of the Company's activities and business operations is not performed at the individual entity level, but as part of the Group's operational review. Accordingly, the key financial and other performance indicators have been disclosed within the Annual Report and Accounts of Henderson Group plc for the year ended 31 December 2007 which can be obtained from the Group's registered office as provided for in note 20 to these financial statements.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,402,000 (2006 £3,236,000)

An interim dividend was not declared in 2007. The Directors declared an interim dividend of £3,000,000 on 20 December 2006. The Directors do not recommend the payment of a final dividend (2006 £nil).

#### **DIRECTORS**

The Directors who served during the year were

A J Boorman  
J N B Darkins  
A J Formica  
S J Garrod  
N T Hiscock  
D J Jacob  
R P Yates

#### **DIRECTORS' INDEMNITY**

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

**HENDERSON ADMINISTRATION LIMITED**

**DIRECTORS' REPORT  
for the year ended 31 December 2007**

**PROVISION OF INFORMATION TO AUDITORS**

So far as each of the Directors is aware at the time this report is approved

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**AUDITORS**

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 27 April 2004

This report was approved by the Board of Directors on 24 April 2008 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Matt Pennington', is written over a horizontal line.

**Henderson Secretarial Services Limited**  
Secretary

**HENDERSON ADMINISTRATION LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**for the year ended 31 December 2007**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## HENDERSON ADMINISTRATION LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF HENDERSON ADMINISTRATION LIMITED

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

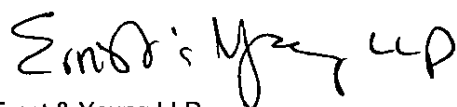
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
London

29 April 2008

**HENDERSON ADMINISTRATION LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2007**

	<b>Note</b>	<b>2007 £000</b>	<b>2006 £000</b>
<b>REVENUE</b>	1,2	<b>140,240</b>	151,303
Administrative expenses		<u>(134,043)</u>	<u>(137,546)</u>
<b>OPERATING PROFIT</b>	3	<b>6,197</b>	13,757
Profit on disposal of investments	8	26	62
Interest receivable		<u>4,290</u>	<u>6,095</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>10,513</b>	19,914
Tax on profit on ordinary activities	6	<u>(9,111)</u>	<u>(16,678)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<u><b>1,402</b></u>	<u>3,236</u>

All amounts relate to continuing operations

The notes on pages 9 to 21 form part of these financial statements



**HENDERSON ADMINISTRATION LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 2007**

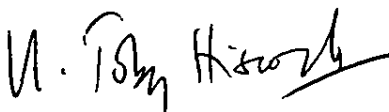
	<b>Note</b>	<b>2007 £000</b>	<b>2006 £000</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>1,402</b>	<b>3,236</b>
Actuarial gain in respect of pension schemes	17	<b>800</b>	<b>2,900</b>
Deferred tax attributable to actuarial gain		<b>(240)</b>	<b>(870)</b>
Change in tax rate in respect of the unapproved pension schemes		<b>39</b>	<b>-</b>
Change in tax rate in respect of the Henderson Group Pension Scheme		<b>(282)</b>	<b>-</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR</b>		<b><u>1,719</u></b>	<b><u>5,266</u></b>

# HENDERSON ADMINISTRATION LIMITED

## BALANCE SHEET as at 31 December 2007

	Note	£000	2007 £000	£000	2006 £000
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		4,477		5,748
Fixed asset investments	8		<u>29</u>		<u>112</u>
			4,506		5,860
<b>NON-CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	9		5,903		8,144
<b>CURRENT ASSETS</b>					
Debtors	9	230,134		212,583	
Cash at bank		<u>2,714</u>		<u>1,351</u>	
		232,848		213,934	
CREDITORS amounts falling due within one year	10	<u>(210,275)</u>		<u>(193,070)</u>	
<b>NET CURRENT ASSETS</b>			<u>22,573</u>		<u>20,864</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			32,982		34,868
<b>PROVISIONS FOR LIABILITIES</b>					
Provisions	12		<u>(10,446)</u>		<u>(13,978)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			22,536		20,890
Defined benefit pension scheme liability	17		<u>(3,707)</u>		<u>(3,780)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>18,829</u>		<u>17,110</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		22,501		22,501
Share premium account	14		311		311
Actuarial reserve	14		(8,763)		(9,080)
Profit and loss account	14		<u>4,780</u>		<u>3,378</u>
<b>SHAREHOLDERS' FUNDS</b>	15		<u>18,829</u>		<u>17,110</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2008 and were signed on its behalf by

  
N T Hiscock  
Director

## **HENDERSON ADMINISTRATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **1.2 MANAGEMENT FEES AND SERVICE CHARGES**

Management fees are accounted for on an accruals basis and the accounts include estimates of fees receivable where the actual amounts have not been determined

Administration services charges from Group undertakings are accounted for on an accruals basis

##### **1.3 INVESTMENTS**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provisions for impairment

##### **1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Leasehold improvements	-	Over the shorter of ten years or the period of the lease
Motor vehicles	-	5 years
Office furniture and equipment	-	3 - 10 years
Computer equipment and software	-	3 years

##### **1.5 OPERATING LEASES**

Rentals under operating leases are charged on a straight line basis over the lease term

##### **1.6 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

## HENDERSON ADMINISTRATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

#### 1 ACCOUNTING POLICIES (continued)

##### 1.7 FOREIGN CURRENCIES

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

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

Exchange gains and losses are recognised in the profit and loss account

##### 1.8 PENSIONS

The Company operates a number of unapproved pension schemes and the pension charge represents the amounts payable by the Company to the fund in respect of the year

In accordance with FRS17, the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by the employees, and the related finance costs and any other changes in the value of the assets and liabilities are recognised in the period in which they arise

##### 1.9 POST - RETIREMENT BENEFITS OTHER THAN PENSIONS

Certain retired employees are entitled to additional post retirement benefits. The Company provides in full the estimated cost of providing these benefits over the retired employees' lives. The estimated cost is calculated by an actuary on an annual basis

##### 1.10 TAXATION

Corporation tax payable is provided on taxable profits at the current rate

#### 2 REVENUE

An analysis of turnover by class of business is as follows

	2007 £000	2006 £000
Management fees and charges received from external parties	642	831
Administration service charges received from Group undertakings	133,633	144,580
Commissions receivable and other income	<u>5,965</u>	<u>5,892</u>
	<u>140,240</u>	<u>151,303</u>

All turnover arose within the United Kingdom

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 3 OPERATING PROFIT

The operating profit is stated after charging

	2007 £000	2006 £000
Depreciation of tangible fixed assets		
- owned by the Company	2,099	2,543
Auditors' remuneration	500	400
Operating lease rentals		
- other operating leases	9,398	14,086
Difference on foreign exchange	49	21
Amounts written off investments	-	22

Auditors' remuneration in respect of the audit of the Company's financial statements and its fellow subsidiaries is disclosed above. Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed on a consolidated basis in the Group's Annual Report and Accounts.

### 4. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2007 £000	2006 £000
Wages and salaries	110,472	109,833
Redundancy costs	835	4,984
Social security costs	13,218	10,300
Other pension costs	5,100	8,900
	<u>129,625</u>	<u>134,017</u>

The above staff costs relate to all employees whose contracts of employment are with the Company. An element of these costs is recharged to fellow Group subsidiaries for services rendered and it is not practicable to ascertain this element of the recharge separately.

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

	2007 No.	2006 No.
Sales	142	133
Administration	414	384
Investment management	250	251
	<u>806</u>	<u>768</u>

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 5 DIRECTORS' REMUNERATION

	2007 £000	2006 £000
Emoluments	<u>18,559</u>	<u>13,496</u>

During the year retirement benefits were accruing to 14 Directors (2006 14) in respect of money purchase pension schemes

During the year retirement benefits were accruing to 9 Directors (2006 12) in respect of defined benefit pension schemes

The remuneration of all Henderson Directors whose contract of employment is with Henderson Administration Limited is included in the aggregate emoluments above

The highest paid director received aggregate emoluments (including pension contributions) during the year of £3,959,000 and had accrued pension benefits at the end of the year of £182,000. During the year, the highest paid director also exercised share options and received shares under the Group's Long Term Incentive Plan

### 6 TAXATION

	2007 £000	2006 £000
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profits for the year	767	7,729
Adjustments in respect of prior periods	6,408	5,979
<b>TOTAL CURRENT TAX</b>	<u>7,175</u>	<u>13,708</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	3,027	3,025
Change in tax rate to 28%	281	-
Adjustments in respect of previous years	(1,372)	(55)
<b>TOTAL DEFERRED TAX</b> (see note 11)	<u>1,936</u>	<u>2,970</u>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>9,111</u>	<u>16,678</u>

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 6 TAXATION (continued)

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	<u>10,513</u>	<u>19,914</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	3,154	5,974
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	640	4,778
Movement on deferred tax	(3,027)	(3,023)
Adjustments to tax charge in respect of prior periods	6,408	5,979
	<u>7,175</u>	<u>13,708</u>
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>7,175</u>	<u>13,708</u>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From 1 April 2008, the UK corporate tax rate will be reduced from 30 per cent to 28 per cent. Accordingly, the corporation tax charge/credit on the Company's profit/loss from 1 April 2008 will be provided at 28 per cent.

### 7 TANGIBLE FIXED ASSETS

	Short term leasehold buildings £000	Office furniture and equipment £000	Computer equipment and software £000	Motor vehicles £000	Total £000
<b>COST</b>					
At 1 January 2007	10,808	9,704	10,853	391	31,756
Additions	-	-	796	32	828
Disposals	-	-	-	(27)	(27)
At 31 December 2007	<u>10,808</u>	<u>9,704</u>	<u>11,649</u>	<u>396</u>	<u>32,557</u>
<b>DEPRECIATION</b>					
At 1 January 2007	6,676	9,209	9,751	372	26,008
Charge for the year	1,031	215	844	9	2,099
On disposals	-	-	-	(27)	(27)
At 31 December 2007	<u>7,707</u>	<u>9,424</u>	<u>10,595</u>	<u>354</u>	<u>28,080</u>
<b>NET BOOK VALUE</b>					
At 31 December 2007	<u>3,101</u>	<u>280</u>	<u>1,054</u>	<u>42</u>	<u>4,477</u>
At 31 December 2006	<u>4,132</u>	<u>495</u>	<u>1,102</u>	<u>19</u>	<u>5,748</u>

**HENDERSON ADMINISTRATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**8 FIXED ASSET INVESTMENTS**

	Investment in subsidiary undertakings £000	Unlisted investments £000	Total £000
<b>COST</b>			
At 1 January 2007	50	84	134
Additions	-	3,900	3,900
Disposals	-	(3,983)	(3,983)
At 31 December 2007	<u>50</u>	<u>1</u>	<u>51</u>
<b>IMPAIRMENT</b>			
At 1 January 2007 and 31 December 2007	<u>22</u>	<u>-</u>	<u>22</u>
<b>NET BOOK VALUE</b>			
At 31 December 2007	<u>28</u>	<u>1</u>	<u>29</u>
At 31 December 2006	<u>28</u>	<u>84</u>	<u>112</u>

The additions in unlisted investments for the year represent a seed capital investment in the Henderson Diversified Income Limited which was disposed of prior to the year end realising a gain on disposal of £26,000. In addition, two minor investments with a cost of £83,000 brought forward from prior years were written-off during the year.

**PRINCIPAL SUBSIDIARIES**

Company name	Country	Percentage Shareholding	Principle activity
Henderson Secretarial Services Limited	United Kingdom	100	Corporate Secretary
Henderson Administration Services Limited	United Kingdom	100	Corporate Director
Henderson Investors Limited	United Kingdom	100	Non- trading
Henderson Asset Management Limited	United Kingdom	100	Non- trading
Henderson Global Investors Asset Management Limited	United Kingdom	100	Non- trading

The Company holds ordinary shares in these subsidiary undertakings. In the opinion of the Directors, the aggregate value of the shares in subsidiaries is not less than the amount at which they are stated in the balance sheet.



**HENDERSON ADMINISTRATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**9 DEBTORS**

	2007 £000	2006 £000
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred tax asset (see note 11)	<u>5,903</u>	<u>8,144</u>
<b>DUE WITHIN ONE YEAR</b>		
Amounts owed by Group undertakings	221,017	204,106
Other debtors	3,230	3,055
Prepayments and accrued income	5,887	5,422
	<u><u>230,134</u></u>	<u><u>212,583</u></u>

**10. CREDITORS**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £000	2006 £000
Bank loans and overdrafts	100,199	73,525
Subordinated loans	14,500	14,500
Amounts owed to Group undertakings	34,549	52,735
Corporation tax	15,579	11,873
Social security and other taxes	1,633	3,144
Other creditors	1,689	621
Accruals and deferred income	42,126	36,672
	<u><u>210,275</u></u>	<u><u>193,070</u></u>

**11 DEFERRED TAX ASSET**

	2007 £000	2006 £000
At 1 January 2007	8,144	(64)
Deferred tax charge in the profit and loss for the year	(1,936)	(2,970)
Deferred tax charge in STRGL	(483)	(870)
Deferred tax credit in respect of unapproved pension schemes	178	12,048
	<u><u>5,903</u></u>	<u><u>8,144</u></u>
At 31 December 2007		

The deferred tax asset is made up as follows

	2007 £000	2006 £000
Accelerated capital allowances	378	(144)
Other timing differences	1,020	1,529
Pension liability - Henderson Group Pension Scheme	4,505	6,759
	<u><u>5,903</u></u>	<u><u>8,144</u></u>

**HENDERSON ADMINISTRATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2007**

**12 PROVISIONS**

	<b>Leasehold provision £000</b>	<b>Restructure provision £000</b>	<b>Post retirement benefits provision £000</b>	<b>Other provisions £000</b>	<b>Total £000</b>
At 1 January 2007	5,557	4,988	654	2,779	13,978
Additions	-	-	200	3,076	3,276
Amounts utilised	(2,291)	(4,665)	-	-	(6,808)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	<u>3,266</u>	<u>323</u>	<u>854</u>	<u>5,855</u>	<u>10,446</u>

**LEASEHOLD PROVISION**

Henderson Group leases its current premises at 4 Broadgate. The lease is held by the Company, which pays rent in accordance with the terms of the agreements. The Group sub-lets the first two floors of 4 Broadgate and this provision reflects recovery at less than the full rate. Utilisation during the year represents restructure costs in respect of preparing the 1<sup>st</sup> and 2<sup>nd</sup> floor for new tenants and the ongoing rental expense.

**RESTRUCTURE PROVISION**

The restructure provision was set up at the end of 2006 for costs of restructuring management and staffing across the Group. This has been utilised during the course of the year with a remaining balance of £323,000 expected to be utilised in the first quarter of 2008.

**POST RETIREMENT BENEFITS PROVISION**

This provision represents post retirement medical benefits for certain senior executives of the Group. The increase in the year represents the updated valuation of the defined benefit by the Group's actuaries at the end of the year.

**OTHER PROVISIONS**

Other provisions which increased by £3,076,000 during the year primarily represent amounts held in respect of potential national insurance claims.

**13 SHARE CAPITAL**

	<b>2007 £000</b>	<b>2006 £000</b>
<b>AUTHORISED</b>		
25,000,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
22,500,760 Ordinary shares of £1 each	<u>22,501</u>	<u>22,501</u>

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 14 RESERVES

	Share premium account £000	Actuarial reserve £000	Profit and loss account £000
At 1 January 2007	311	(9,080)	3,378
Profit for the year	-	-	1,402
Pension reserve movement	-	317	-
	<u>311</u>	<u>8,763</u>	<u>4,780</u>
At 31 December 2007			

### 15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £000	2006 £000
Opening shareholders' funds	17,110	14,844
Profit for the year	1,402	3,236
Dividends (note 16)	-	(3,000)
Other recognised gains and losses during the year	<u>317</u>	<u>2,030</u>
Closing shareholders' funds	<u>18,829</u>	<u>17,110</u>

### 16 DIVIDENDS

	2007 £000	2006 £000
<b>Dividends paid on equity capital:</b>		
Interim dividend for 2006 of 13 30 pence per ordinary share	<u>-</u>	<u>3,000</u>

### 17 PENSION COMMITMENTS

#### Henderson Group Pension Scheme

On 14 December 2006 Henderson Group plc became the sponsoring company for the approved pension scheme. Accordingly, the pension cost for this scheme for the year ended 31 December 2007 is disclosed in the Groups' Annual Report and Accounts.

#### Henderson Group unapproved pension schemes

Henderson 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 Henderson Group Pension Scheme. However, pensionable earnings under the Henderson Group Pension Scheme are limited to 1/60th for each year of service and the earnings cap, and 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.

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 17. PENSION COMMITMENTS (continued)

*The Henderson Top Up Scheme* Members of this scheme are also members of the Henderson Group Pension Scheme. However, pensionable earnings under the Henderson Group Pension Scheme are limited to the earnings cap, and the Henderson Top Up Scheme enables benefits to be based on pensionable earnings without restriction to the earnings cap. These additional uncapped benefits are generally provided on an unfunded basis. However, some members of the Henderson Top Up Scheme also have benefits within a separately administered trust fund (the Henderson Pension Trust), which is a funded arrangement.

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

The Company's total pension cost included within operating profit was £549,000 (2006 £600,000). In 2006 an additional pension cost of £8,300,000 was charged in respect of the defined benefit pension scheme arrangements prior to its transfer to Henderson Group plc at the end of the year.

The amounts in the financial statements for the year ended 31 December 2007, relating to pensions, are based on a full actuarial valuation dated 31 December 2005.

#### THE MAIN FINANCIAL ASSUMPTIONS USED IN THE ACTUARIAL VALUATION WERE:

	2007 %	2006 %
Inflation	3.5	3.1
Rate of increase in salaries	5.0	4.6
Expected rate of return on scheme assets	8.4	8.2
Discount rate for liabilities	5.8	5.1
Pension increases		
- where guarantee is Limited Price Indexation (LPI)	3.5	3.1
- where guarantee is fixed	At fixed rate	At fixed rate

#### Demographic assumptions

The demographic assumptions used are those for the formal actuarial valuation of the schemes as at 31 December 2005. Post-retirement mortality was assumed to follow the standard tables PMA/PFA92 (C = 2020) with an allowance for future mortality improvements in line with medium cohort projections.

#### THE ASSETS IN THE SCHEME AND THE EXPECTED RATES OF RETURN WERE:

	Long-term rate of return expected at 2007 %	Value at 2007 £000	Long-term rate of return expected at 2006 %	Value at 2006 £000
Unapproved scheme assets	-	-	8.2	100
Total market value of assets		-		100
Present value of scheme liabilities		(5,149)		(5,500)
Deficit in the scheme		(5,149)		(5,400)
Deferred tax thereon		1,442		1,620
Net pension liability		(3,707)		(3,780)

**HENDERSON ADMINISTRATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**17 PENSION COMMITMENTS (continued)**

The following amounts have been recognised in the financial statements in the year to 31 December 2007 and 31 December 2006 under the requirements of FRS17

	2007 £000	2006 £000
<b>OPERATING PROFIT</b>		
Total pension expense	549	8,900
	<u>549</u>	<u>8,900</u>
<b>ANALYSIS OF AMOUNT RECOGNISED IN THE STRGL</b>		
Experience gains and losses arising on the scheme liabilities	800	2,900
	<u>800</u>	<u>2,900</u>
Actuarial gain recognised in STRGL	<u>800</u>	<u>2,900</u>

	2007 £000	2006 £000
<b>MOVEMENTS IN DEFICIT DURING THE YEAR.</b>		
Deficit in scheme at beginning of year	(5,400)	(45,562)
Current year service cost	(549)	(10,600)
Contributions	-	48,762
Past service cost	-	(300)
Other finance income	-	2,000
Actuarial gains	800	2,900
Transfer of net pension asset to holding company	-	(2,600)
	<u>(5,149)</u>	<u>(5,400)</u>
Deficit in scheme at end of year	<u>(5,149)</u>	<u>(5,400)</u>

**Retirement benefit obligations recognised in the balance sheet**

	2007 £000	2006 £000
Unapproved pension schemes	<u>(5,149)</u>	<u>(5,400)</u>

**Deferred tax on retirement benefits recognised in the balance sheet**

	2007 £000	2006 £000
Henderson Group unapproved pension scheme	<u>1,442</u>	<u>1,620</u>

# HENDERSON ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 17 PENSION COMMITMENTS (continued)

#### Retirement benefit obligations net of deferred tax

	2007 £000	2006 £000
Henderson Group unapproved pension scheme	<u>(3,707)</u>	<u>(3,780)</u>

#### Pension expense recognised in the profit and loss account

	2007 £000	2006 £000
<i>Henderson Group Pension Scheme</i>		
Current service cost	-	10,300
Interest cost	-	13,800
Expected return on scheme assets	-	(16,100)
Past service cost	-	300
<i>Henderson Group unapproved pension schemes</i>		
Current service cost	249	300
Interest cost	<u>300</u>	<u>300</u>
Total	<u>549</u>	<u>8,900</u>

#### Employer contributions

The Company does not expect to contribute to the unapproved pension scheme for the year to 31 December 2008

#### Gains recognised in the statement of total recognised gains and losses

	2007 £000	2006 £000
Henderson Group Pension Scheme	-	2,400
Henderson Group unapproved pension scheme	<u>800</u>	<u>500</u>
Total	<u>800</u>	<u>2,900</u>

### 18 OPERATING LEASE COMMITMENTS

At 31 December 2007 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007 £000	2006 £000
EXPIRY DATE.		
Within 1 year	-	-
Between 2 and 5 years	<u>8,391</u>	<u>9,797</u>

The restructure provision disclosed in note 12 relates to annual commitments under non-cancellable operating leases

## **HENDERSON ADMINISTRATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

#### **19 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures", relating to transactions between 90 per cent or more controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the Henderson Group plc, or investees of the group qualifying as related parties

#### **20 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent undertaking is Henderson Global Investors (Holdings) Plc and ultimate parent undertaking is Henderson Group plc. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2007 can be obtained from its registered office at 4 Broadgate, London, EC2M 2DA. Accordingly, in line with s228(1) of the Companies Act 1985, the Company is exempt from the requirement to prepare and deliver group financial statements

#### **21. CASH FLOW STATEMENT**

The Company has taken advantage of the exemption in FRS 1 'Cash Flow Statements' from the requirement to prepare a cash flow statement, on the basis that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group, which prepares publicly available financial statements

#### **22 POST BALANCE SHEET EVENTS**

The Board of Directors have not received, as at 24 April 2008, being the date the financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which have not been reflected in the financial statements as presented