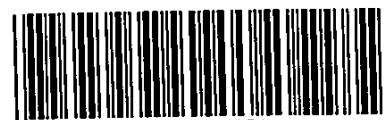


COMPANY REGISTRATION NUMBER: 2036243

**JUPITER ASSET MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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JUPITER ASSET MANAGEMENT LIMITED

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JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their annual report and audited financial statements of Jupiter Asset Management Limited (the "Company") for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The Company continues to act as an investment manager and is authorised and regulated by the Financial Services Authority. No significant change in the business of the Company is envisaged at present.

The Company operates across a range of asset management products. It acts as investment manager to investment trust companies, institutional funds and private clients and as investment advisor to unit trusts, hedge funds and other specialist funds.

The Company is a subsidiary of Jupiter Fund Management plc and is therefore part of a Group of investment management companies collectively known as the "the Group".

The Company has one overseas branch in Germany.

BUSINESS REVIEW

Operating results and key performance indicators

Against a strong market background of rising asset prices, which has a direct impact on the Company's fee income from assets under management ("AUM"), operating profit increased by 7.7% to £32,709,000 (2010: £30,379,000).

Over the year, total AUM for the Group decreased by 5% to £22.8 billion (2010: £24.1 billion). Dividends received from the Company's principal subsidiary in the year amounted to £77,500,000 (2010: £90,000,000). The profit for the financial year was £102,568,000 (2010: £119,367,000).

During the year dividends of £140,000,000 were paid (2010: £134,000,000). No final dividend is proposed (2010: £Nil).

At 31 December 2011, the Company had net assets of £50,559,000 (2010: £75,606,000). The Directors are confident of the Company's medium term prospects.

The Directors of Jupiter Fund Management plc manage the Group's operations on a single operating segment basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Jupiter Asset Management Limited. The development, performance and position of Jupiter Fund Management plc, which includes the Company, is discussed on page 9 of the Group's annual report which does not form part of this report.

Future developments

The Company's future is dependent on the strategic and organisational decisions of its parent and the wider Group. The Directors do not envisage any significant changes in the future.

JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company has developed a risk assessment/management process that ensures all functions within the organisation identify and prioritise risks and that all significant risks are recorded and managed. Each part of the business is responsible for developing and maintaining procedures and controls. Operational activities that are outsourced to third party providers are monitored on a regular basis.

The Company operates in a competitive environment and the business is reliant on continuing demand for its investment products, which is influenced by several factors including investment performance and retention of key personnel. The industry is sensitive to economic, political and market factors. A large proportion of assets under management are invested in equities and therefore the Company's profits are sensitive to fluctuations in equity markets.

Taxation, legal and regulatory factors also influence the markets in which the Company operates. The industry is highly regulated and change in laws and regulations governing the industry could have an adverse effect on the Company.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks and uncertainties of Jupiter Fund Management plc, which include those of the Company, are discussed on page 22 of the Group's annual report which does not form part of this report.

Financial risk management

In accordance with the rules of the Financial Services Authority, the Company has published information on its risk management objectives and policies and on its regulatory requirements and resources. This information is available on the Jupiter Group's website (www.jupiteronline.co.uk).

The Company's operations expose it to a variety of financial risks including, foreign exchange risk, interest rate cash flow risk and credit risk. The Company operates systems and controls to mitigate any adverse effects across the range of risks.

Foreign Exchange Risk

The Company earns fees in foreign currencies from several overseas clients. The Company's policy is to hold only a minimum of currency to cover operational needs and therefore to convert foreign currency on receipt. Direct exposure is therefore limited to the short-term outstanding currency fee debts at any time. The Company does not normally hedge this risk.

Interest Rate Cash Flow Risk

The Company has no debt. The Company is only exposed to interest rate cash flow risk in the level of return it earns on its cash deposits. A Committee monitors the Company's interest rate cash flow risks and returns.

Credit Risk

The Company has implemented policies that require appropriate credit checks on customers. The Company is also directly exposed to credit risk in the placement of its cash deposits. The Company's policy is to place deposits only with financial institutions, which satisfy minimum ratings and other criteria set by the Committee. The Committee monitors the Company's counterparty exposures.

SUPPLIER POLICY

It is the Company's payment policy to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. In general, the Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. The average number of trade creditor days for the Company was 28.2 (2010: 27.4).

JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

EMPLOYEES

Employee involvement

All staff are kept informed of business developments by periodic meetings and circulars and are encouraged to contribute through an employee suggestion scheme. Employees are able to participate in the Group's performance through share and bonus schemes.

Disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions. The Company provides training, career development and promotion to disabled employees wherever appropriate.

Employees

Employees in Jupiter Unit Trust Managers Limited and Jupiter Administration Services Limited were transferred to the Company during the year (note 7), centralising the accounting for employee related costs.

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were

A M Bezalel (resigned 31 December 2011)	I E Kukuljan (resigned 31 December 2011)
G C D de Blonay (resigned 31 December 2011)	K L Langridge (resigned 31 December 2011)
E H Bonham Carter	P T Lawery (resigned 31 December 2011)
K Booth (resigned 31 December 2011)	K Marsden
S J Boyd (resigned 31 December 2011)	P C Matthews (resigned 31 December 2011)
O I M Burns (resigned 31 December 2011)	I J McVeigh (resigned 31 December 2011)
V A Cazalet (resigned 31 December 2011)	M J E Millar (resigned 15 July 2011)
J H Chatfeild-Roberts	R A Mumby (resigned 31 December 2011)
C Chisholm (resigned 31 December 2011)	A G Nutt
R J C Corfield	R V Parker
C L Crawford	R N G Pavry (resigned 31 December 2011)
A J Creedy	O Pearson-Lund (resigned 31 December 2011)
W H Crewdson (resigned 5 August 2011)	S B Pearson (resigned 31 December 2011)
C D Crole (resigned 31 December 2011)	J C Phillips (resigned 31 December 2011)
R Curling (resigned 31 December 2011)	S E Radcliffe (resigned 31 December 2011)
A F C Darwall (resigned 31 December 2011)	C M E de Riols de Fonclare (resigned 31 December 2011)
P R Ehrmann (resigned 31 December 2011)	K R Scott (resigned 31 December 2011)
P A Forecast (resigned 31 December 2011)	E V Shaftan (resigned 31 December 2011)
M A S Geldard (resigned 31 December 2011)	E A J Smith-Maxwell (resigned 31 December 2011)
P M Gent (resigned 31 December 2011)	S C N Somerville (resigned 31 December 2011)
M Guenzl (resigned 31 December 2011)	B C P Surtees (resigned 31 December 2011)
J Hamilton (resigned 31 December 2011)	J F M Tevenan (resigned 31 December 2011)
P Harrington (resigned 31 December 2011)	C L W Thomas (resigned 31 December 2011)
T P A Hillgarth (resigned 31 December 2011)	A Vaziranı (resigned 31 December 2011)
R T Hogg	R G Walker (resigned 31 December 2011)
C G Horsford (resigned 31 December 2011)	B C Whitmore (resigned 31 December 2011)
E Howard Boyd (resigned 31 December 2011)	T B C H Woods (resigned 31 December 2011)
P M Johnson	M M Wotherspoon (resigned 31 December 2011)

JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

As permitted by the Articles of Association, the Directors have the benefit of indemnities in relation to the Company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the year the Company has maintained liability insurance for directors.

ENVIRONMENTAL POLICY

We believe that environmental responsibility and commercial success are compatible and we are committed, wherever practicable, to environmental good practice throughout our business activities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

GOING CONCERN

The Company has access to the financial resources required to run the business efficiently and a gross cash position. The Company's forecasts and projections show that the Company will be able to operate within its available resources. As a consequence, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors are not aware of any relevant audit information of which the Company's auditors are unaware. The Directors also confirm that they have taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

JUPITER ASSET MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Paul Kennedy', is written over the printed name.

Jupiter Asset Management Limited
Company secretary
1 Grosvenor Place
London SW1X 7JJ
24 April 2012

JUPITER ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER ASSET MANAGEMENT LIMITED FOR THE YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Jupiter Asset Management Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

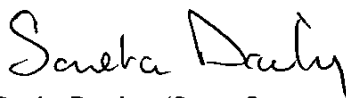
JUPITER ASSET MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER ASSET
MANAGEMENT LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Sandra Dowling (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2012

JUPITER ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	Restated 2010 £'000
Turnover	2, 3	138,728	117,296
Distribution and selling costs	3	(3,577)	(2,603)
Administrative expenses		(102,458)	(84,344)
Other operating income		<u>16</u>	<u>30</u>
Operating profit before exceptional costs		32,709	30,379
Exceptional costs	6	<u>-</u>	<u>(3,226)</u>
Operating profit		32,709	27,153
Income from shares in group undertaking		77,500	90,000
Interest receivable and similar income	9	<u>498</u>	<u>298</u>
Profit on ordinary activities before taxation	4	110,707	117,451
Tax on profit on ordinary activities	10	<u>(8,139)</u>	<u>1,916</u>
Profit for the financial year	18	<u>102,568</u>	<u>119,367</u>

All amounts relate to continuing operations

There is no difference between the results for current and prior year and the historical cost equivalent

There are no other recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been prepared

The notes on pages 12 to 27 form part of these financial statements

JUPITER ASSET MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible fixed assets	12	3,711	2,509
Investments	13	50	50
		<u>3,761</u>	<u>2,559</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	14	20,425	17,024
Debtors amounts falling due after more than one year	14	4,252	3,181
Cash at bank and in hand		75,955	93,105
		<u>100,632</u>	<u>113,310</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(53,834)	(40,263)
NET CURRENT ASSETS		<u>46,798</u>	<u>73,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,559</u>	<u>75,606</u>
NET ASSETS		<u>50,559</u>	<u>75,606</u>
CAPITAL AND RESERVES			
Called up share capital	16	19,000	19,000
Share premium account	17	317	317
Profit and loss account	18	30,812	55,859
Other reserves	19	430	430
TOTAL SHAREHOLDERS' FUNDS	20	<u>50,559</u>	<u>75,606</u>

The financial statements on pages 10 to 27 were approved by the board of directors on 24 April 2012 and were signed on its behalf by


P M Johnson
Director

The notes on pages 12 to 27 form part of these financial statements

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

a. Accounting convention

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

The Company is a wholly-owned subsidiary of Jupiter Fund Management plc and is included in the consolidated financial statements of Jupiter Fund Management plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

b. Turnover

Investment management fees are recognised in the period in which the service is performed. Management fees are calculated as a percentage of net fund assets managed in accordance with individual management agreements and are paid in accordance with the terms of the agreements. Performance fees are recognised when receivable. Turnover is shown net of any value added tax, rebate and discounts.

c. Distribution and selling costs

Distribution and selling costs made to third parties for ongoing services under distribution agreements are charged to the Profit and loss account over the period in which the service is expected to be provided. The services provided include the provision of access to a basket of fund products, information on financial products, promotional materials, ongoing services to customers and transaction processing.

d. Administrative expenses

Administrative expenses are accounted for on an accruals basis and include staff costs, operating costs such as legal and professional fees, advertising, audit fees, computer and printing fees, as well as fees to group companies for group management and fund accounting.

e. Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Tangible fixed assets are depreciated on a straight line basis calculated to write off the cost of such assets over their anticipated useful lives. The following depreciation periods are used:

Office and Computer equipment	Three years to five years
Motor Vehicles	Four years
Leasehold property improvements	Over the shorter of ten years and the remaining period to the first potential lease expiry date

f. Foreign currencies

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Revenue and expense items are translated at the average monthly exchange rate during the year. Gains and losses are reflected in the profit and loss account.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (CONTINUED)

g. Pension costs

The Company contributes to a defined contribution pension scheme on behalf of employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

h. Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

i. Taxation

The Company provides for current tax according to United Kingdom tax laws, using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits generated by the Company, or by another company in the Group whose taxable profits would be available for offset under Group relief rules, from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

j. Dividends

Dividend distributions to shareholders are recognised in the period in which they are paid or approved by the Company's shareholders. Dividends receivable are recognised in the period in which they are received.

k. Investments

Investments in subsidiaries are stated at cost, unless there has been impairment in value. The carrying amount of the Company's subsidiaries is reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the subsidiaries' recoverable amount is estimated. Losses are recognised in the profit and loss account and reflected in a provision against the carrying value of the subsidiary. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

l. Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Jupiter Fund Management plc and is included in the publicly available consolidated financial statements of Jupiter Fund Management plc. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 ("cash flow statement" - revised 1996). The Company is also exempt under the terms of FRS 8 ("related party statement") from disclosing related party transactions with entities that are part of the Group or investees of the Group.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (CONTINUED)

m. Share based payments

The Company engages in share-based payment transactions in respect of services receivable from certain employees. The right to acquire either shares or options over shares in Jupiter Fund Management plc, subject to certain vesting conditions, is granted by the ultimate parent company, Jupiter Fund Management plc. These have been accounted for as equity settled share-based payments.

The difference between the fair value of the employee services received in respect of the shares or share options granted and the price payable is recognised as an expense over the appropriate performance and vesting period. The corresponding credit is recognised in retained earnings within total equity. The fair value of services is calculated using the market value on the date of award, discounted for dividends foregone over the holding period of the award, and is adjusted for expected and actual levels of vesting. Where options lapse they are credited to the profit and loss account in the year in which they lapse.

2. TURNOVER

Turnover is stated exclusive of value added tax and represents fees receivable in respect of investment management and advisory fees, administration fees, investment performance fees and investment trust savings scheme fees, together with client commissions.

Turnover and profit before taxation relate to one class of business activity, namely investment management. The Company's revenue is derived from a number of markets.

	Turnover (by destination)	
	2011 £'000	2010 £'000
Geographical analysis		
Europe	117,430	101,880
Bermuda	20,243	15,124
Rest of the world	1,055	292
	<u>138,728</u>	<u>117,296</u>

Turnover includes management and advisory fees receivable from Group undertakings of £107,392,000 (2010 £94,609,000).

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

3. RESTATEMENT OF TURNOVER AND DISTRIBUTION AND SELLING COSTS

The financial statements include a prior year restatement in relation to the classification of turnover and distribution and selling costs. This restatement does not have a cash effect and does not impact profit for the financial year.

In preparing the current year financial statements, the Directors have reviewed the substance of contractual arrangements in relation to fee and commission expenses, which were all previously treated as rebates and netted off against turnover. As a result of this review, certain items in relation to the prior year have been reclassified from turnover and moved to distribution and selling costs to ensure consistency with the current year presentation. The impact of the prior year restatement is shown below.

	As reported £'000	Difference £'000	As restated £'000
Turnover	114,693	2,603	117,296
Distribution and selling costs	-	(2,603)	(2,603)
Total	<u>114,693</u>	<u>-</u>	<u>114,693</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	1,331	1,077
Operating lease rentals		
- Land and buildings	483	23
Services provided by the Company's auditors		
Fees payable for the audit of the statutory financial statements of the Company	80	57
Fees payable to the auditors of the Company for non-audit related services *		
- Other services pursuant to legislation	70	-
- Tax services	79	-
- Other services	<u>103</u>	<u>-</u>

*Fees payable to the auditors of the Company for non-audit related services are borne by the Company in 2011. The amounts relating to 2010 were borne by a fellow group undertaking.

5. SHARE-BASED PAYMENTS

The Company engages in share-based payment transactions in respect of services receivable from certain employees. The right to acquire shares or shares via options in Jupiter Fund Management plc ("JFM plc"), subject to certain vesting conditions, is granted by the ultimate parent company, JFM plc. These have been accounted for as equity settled share-based payments.

Prior to the Listing in June 2010, these transactions were in respect of JFM plc's B shares, which were then converted into ordinary shares at a ratio of one to fifty. Following the Listing the transactions were in respect of JFM plc's ordinary shares. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan. Certain shares and options are subject to performance conditions.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

A summary of the charge taken to the profit and loss account (excluding social security) for each share-based payment arrangement is shown below

	2011 £'000	2010 £'000
Options over pre-Listing shares	8,231	5,732
Deferred bonus plan	3,034	1,248
Long-term incentive plan	1,057	-
Save as you earn	276	63
Other	-	400
Total	12,598	7,443

The Company has rebutted the presumption that the fair value of services received can be estimated reliably and therefore the fair value of the services has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted under the DBP, LTIP and SAYE schemes were determined using a Black Scholes option-pricing method and the following assumptions

	DBP 2010	2011 LTIP 2011	SAYE 2011	2010 SAYE 2010
Weighted average share price (£)	2.91	2.58	2.06	2.56
Exercise price (£)	-	0.02	1.69	1.93
Weighted average expected volatility (%)	48.3	43.8	45.7	48.9
Weighted average option life (years)	3.3	4.7	3.9	3.8
Weighted average dividend yield (%)	2.3	2.8	3.5	3.5
Weighted average risk-free interest rate (%)	1.8	2.2	1.2	1.2

Expected volatility for options granted in 2011 has been calculated using the historical volatility of a comparator group of companies

Where relevant, assumptions have also been made for the proportion of options not vesting due to performance and service conditions not being met

(i) Options over pre-Listing shares

These options were granted to certain employees prior to Listing in June 2010 and allow them to acquire shares at nominal value subject to satisfying a continuing employment requirement and performance conditions. The terms of the options allow individuals to make a payment to the Company entitling them to take up rights to shares between one and five years after the grant date, depending on the individual award. The options over pre-Listing shares were granted at the nominal price of JFM plc's B shares which gives them the characteristics of nil cost options and therefore the fair value of these awards is based on the derived market price as at the date of the award.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

	Number	WAEP* £'000
Options outstanding		
At 1 January 2010	16,569	1 00
Granted prior to Listing	329,600	1 00
Forfeited prior to Listing	(1,325)	1 00
Total prior to listing	344,844	1.00
Conversion on Listing to ordinary shares	17,242,200	0 02
Exercised post Listing	(342,100)	0 02
Forfeited post Listing	(17,000)	0 02
At 31 December 2010	16,883,100	0.02
Exercised during the year	(1,410,822)	0 02
Forfeited during the year	(30,000)	0 02
At 31 December 2011	15,442,278	0.02
	2011	2010
Exercisable at 31 December	641,067	91,000

* Weighted average exercise price

The weighted average share price at the date of exercise of these options was £2 40 (2010 £1 92) per ordinary share

No options were granted under this plan in 2011. For the options granted in 2010, the weighted average fair value of options granted was £1 50

The weighted average remaining contractual life for the share options outstanding as at 31 December 2011 is 1 8 years (2010 2 5 years)

(ii) Deferred Bonus Plan ("DBP")

All employees of the Company, who are eligible for a bonus over a certain level, as determined by the Remuneration Committee of JFM plc, are required to participate in the DBP which provides for compulsory deferral of a proportion of bonus into either options over JFM plc's shares or units in the funds managed by JFM plc Group. The awards made in 2011 were granted in the form of nil cost options over JFM plc's shares, at a value calculated as the market price immediately prior to the date of the award. The awards in respect of this plan are granted after the year end to which they relate. The first year for this award was related to 2010 performance, with the first options granted in April 2011. Thus a charge is reflected in the profit and loss account in 2010, but the associated options were not granted until 2011. Awards will also be made in 2012 in relation to 2011 performance. A charge for these awards was taken to the profit and loss account in 2011. Awards will fully vest three years after the date of grant subject to a continuing employment requirement.

	Number	WAEP £'000
Options outstanding		
At 1 January 2011	-	-
Granted during the year	2,497,034	-
Forfeited during the year	(18,565)	-
At 31 December 2011	2,460,469	-
	2011	2010
Exercisable at 31 December	-	-

The weighted average fair value of options granted under this plan during the year was £2 70 (2010 £nil)

The remaining contractual life of the share options outstanding under this plan at 31 December 2011 was 2.3 years (2010 nil)

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

(iii) Long-term incentive plan ("LTIP")

All employees, including executive Directors of Jupiter, are eligible to participate in the LTIP. Awards are made at the discretion of the Remuneration Committee and may be granted in the form of options (either at market value or nil-cost), restricted shares or conditional share awards over ordinary shares.

Options were granted under the LTIP for the first time in 2011 and took the form of nominal cost options to acquire ordinary shares. The LTIP awards granted in 2011 vest (i.e. become exercisable) three to five years from the date of grant. Vesting is subject to continued employment and the satisfaction of performance conditions.

	Number	WAEP £'000
Options outstanding		
At 1 January 2011	-	-
Granted during the year	3,379,701	0.02
Forfeited during the year	(21,018)	0.02
At 31 December 2011	3,358,638	-
	2011	2010
Exercisable at 31 December	-	-

The weighted average fair value of options granted under this plan during the year was £2.22 (2010: £nil).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2011 was 3.2 years (2010: nil).

(iv) Sharesave Plan

All eligible UK employees may participate in JFM plc Group's Sharesave Plan, which was introduced in 2010. Under the terms of this plan, employees may enter into contracts to save up to £250 per month and, at the expiry of a fixed three or five year term, have the option to use these savings to acquire shares in JFM plc at a discounted price, calculated under the rules of the plan (currently a 20 per cent discount to the market price at the date of award). Participants in the plan have six months from the date of vesting to exercise their option. Vesting is subject to continued employment.

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options during the year.

	Number	WAEP £'000
Options outstanding		
At 1 January 2010	-	-
Granted post Listing	1,164,528	1.93
At 31 December 2011	1,164,528	1.93
Exercised during the year	(3,960)	1.93
Forfeited/converted to 2011 scheme	(742,447)	1.93
Granted in the year	972,532	1.69
At 31 December 2011	1,390,653	1.86
	2011	2010
Exercisable at 31 December	-	-

The weighted average fair value of the options granted under this scheme during the year was £0.68 (2010: £0.96).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2011 was 3.0 years (2010: 3.3 years).

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

(v) Share awards

During 2010, certain employees were awarded rights to shares in JFM plc. Subject to performance conditions, these vest over the three years following the date of grant.

The following table shows the movement in these share awards in the year

	Number
At 1 January 2010	3,593,594
Granted prior to Listing	25,000
Forfeited prior to Listing	(214,994)
Total prior to listing	3,403,600
Conversion on Listing to ordinary shares	170,180,000
Forfeited post Listing	(31,974,956)
At 31 December 2010	138,205,044
Released from restriction during the year	(50,607,595)
Forfeited during the year	(5,146,000)
At 31 December 2011	82,451,449

6. EXCEPTIONAL COSTS

	2011 £'000	2010 £'000
FSCS cost	-	3,226

There were no costs arising in 2011 which the Company considers to be exceptional.

During 2010 the Company recognised an exceptional cost, being a charge for the contribution of £5.2m made by the Group to the Financial Services Compensation Scheme (FSCS) second interim levy for 2010/11. This resulted in an exceptional cost to the Company of £3,226,000 in 2010. The FSCS continues to look into the final resolution of this levy, but no further charge or credit has yet been announced.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7. EMPLOYEE INFORMATION

	2011 £'000	Restated 2010 £'000
a. Employment costs, including directors		
Wages and salaries	56,469	42,315
Share based payment charge (note 5)	12,598	7,433
Social security costs	8,629	6,788
Other pension costs	3,478	2,550
	<u>81,174</u>	<u>59,086</u>

In the prior year £7,370,000 was wrongly classified as wages and salaries. This has been restated to correctly disclose it as share based payments.

b. The average monthly number of persons employed by the company during the year, including executive directors, by activity:	2011 Number	2010 Number
Fund management	70	72
Distribution and marketing	73	61
Infrastructure and operations	254	142
	<u>397</u>	<u>275</u>

Wages and salaries include employee incentive arrangements of £26,771,000 (2010: £26,806,000).

Employees in Jupiter Unit Trust Managers Limited and Jupiter Administration Services Limited were transferred to the Company during the year, centralising the accounting for employee related costs.

c. Pension arrangements

The Company contributes to a defined contribution pension scheme for the benefit of its employees. The contributions are made at the rate of 15% of gross salary into the Jupiter Pension Scheme. No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

8. DIRECTORS' EMOLUMENTS

Certain directors provide services as directors to a number of Jupiter group companies and their emoluments are charged accordingly. The figures below represent an apportionment of their emoluments in respect of this Company and its subsidiaries only.

a. Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments including bonuses	25,943	25,830
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	2,338	13,836
Pension contributions	1,758	1,097
	<u>30,039</u>	<u>40,763</u>

Pension contributions were made to defined contribution pension schemes during the year on behalf of 50 Directors (2010: 41).

Shares in Jupiter Fund Management plc were receivable by 54 Directors under long-term incentive schemes. During 2011, nine Directors exercised options over the shares of Jupiter Fund Management plc.

Certain directors of the Company are also directors of the ultimate parent company, Jupiter Fund Management plc. Further details in relation to the emoluments they receive as part of their employment by the Jupiter Group are available in the Jupiter Fund Management plc Annual Report.

b. Emoluments of the highest paid director

	2011 £'000	2010 £'000
Emoluments including amounts (excluding shares) receivable under long-term incentive arrangements	4,494	3,902
Pension contributions	38	38
	<u>4,532</u>	<u>3,940</u>

In 2011 and 2010 shares were receivable by the highest paid Director under long-term incentive schemes.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Deposit interest	<u>498</u>	<u>298</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
The tax charge is made up as follows:		
Current tax		
UK corporation tax	10,060	6
Double tax relief	(16)	(6)
	<u>10,044</u>	<u>-</u>
Adjustment in respect of prior years	181	(181)
Overseas tax	20	8
Total current tax	<u>10,245</u>	<u>(173)</u>
Deferred tax		
Origination and reversal of timing differences	(2,980)	(1,743)
Adjustments in respect of prior years	570	-
Effect of tax rate change on opening balance	304	-
	<u>8,139</u>	<u>(1,916)</u>
Tax on profit on ordinary activities	<u>8,139</u>	<u>(1,916)</u>

The effective tax for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Reconciliation of tax charge:		
Profit on ordinary activities before taxation	<u>110,707</u>	<u>117,451</u>
UK corporation tax on profit before tax at 26.5 per cent (2010 28 per cent)	29,337	32,886
Effect of:		
Dividends from shares in subsidiary undertakings	(20,538)	(25,200)
Disallowable expenses	491	207
Statutory deduction on exercise of share options	(690)	(247)
Group relief (received) without consideration	(1,520)	(9,664)
Overseas tax suffered in excess of UK rate	20	2
Double tax relief	(16)	(6)
Overseas tax	-	8
Other timing differences	2,980	2,022
Adjustments in respect of prior years	<u>181</u>	<u>(181)</u>
Current tax charge for the year	<u>10,245</u>	<u>(173)</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Factors that may affect future tax charge

As the year end is after substantive enactment date (20 July 2010) of the Finance Act 2010 and after the substantive enactment dates (29 March 2011 & 5 July 2011) of the March 2011 UK Budget Statement changes, these financial statements account for the change in tax rate from 28 per cent to 26 per cent with effect from 1 April 2011 and the change in tax rate from 26 per cent to 25 per cent with effect from 1 April 2012. As a result, the rate at which deferred tax is calculated has changed and deferred tax is measured at 25 per cent or a blended rate of 26 per cent /25 per cent depending on when the deferred tax is expected to unwind. Consequently within the analysis of the deferred tax charge, there is a separate line item disclosing the impact of the change in tax rate on the opening deferred tax balances.

Subsequent to the year end, the Budget announcement by the Chancellor of the Exchequer on 21 March 2012 made changes to the main rate of tax for UK companies. These changes included a reduction in the corporation tax rate from 26 per cent to 24 per cent with effect from 1 April 2012. This was substantively enacted on 26 March 2012 and the reduction replaces the decrease to 25 per cent previously enacted in Finance Act 2011. This is a non-adjusting post-balance sheet event and the impact on the deferred tax balance as at 31 December 2011 would be a reduction of £201k. In addition, the Budget proposes to reduce the main rate of corporation tax from 24 per cent to 23 per cent from 1 April 2013 and from 23 per cent to 22 per cent from 1 April 2014. The proposed further reductions to 23 per cent and 22 per cent have not been substantively enacted.

11. DIVIDENDS

	2011 £'000	2010 £'000
First interim ordinary dividend £4 2105 per share (2010 £1 5789)	80,000	30,000
Second interim ordinary dividend £3 1579 per share (2010 £0 5263)	60,000	10,000
Third interim ordinary dividend £nil per share (2010 £2 7368)	-	52,000
Fourth interim ordinary dividend £nil per share (2010 £1 1579)	-	22,000
Fifth interim ordinary dividend £nil per share (2010 £1 0526)	-	20,000
	<u>140,000</u>	<u>134,000</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

12. TANGIBLE FIXED ASSETS

	Leasehold	Motor Vehicles	Office and computer equipment	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 January 2011	-	-	12,891	12,891
Additions	-	23	1,945	1,968
Transfers	427	81	57	565
At 31 December 2011	427	104	14,893	15,424
Accumulated depreciation:				
At 1 January 2011	-	-	10,382	10,382
Charge for the year	21	4	1,306	1,331
At 31 December 2011	21	4	11,688	11,713
Net book value:				
At 31 December 2011	406	100	3,205	3,711
At 31 December 2010	-	-	2,509	2,509

Transfers during the year relate to assets transferred, at net book value, from Jupiter Unit Trust Managers Limited and Jupiter Administration Services Limited, two fellow subsidiaries of the Company

13. INVESTMENTS

The principal operating wholly owned subsidiary is Jupiter Unit Trust Managers Limited, which is incorporated in England and Wales and operates as a unit trust management company. The Company owns 100 per cent of the ordinary shares.

Additionally the Company owns 100 per cent of the ordinary shares of two dormant subsidiaries.

	£'000
Cost	
At 1 January and 31 December 2011	50
Provision for impairment	
At 1 January and 31 December 2011	-
Carrying value at 31 December 2011	50
Carrying value at 31 December 2010	50

The Directors believe that the carrying value of the investment is supported by its underlying net assets.

A full list of subsidiary undertakings will be annexed to the next annual return of Jupiter Asset Management Limited to be filed with the Registrar of Companies.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

14. DEBTORS

	2011 £'000	2010 £'000
Debtors: amounts falling due within one year		
Trade debtors	1,027	3,343
Amounts owed by subsidiary undertakings	5,852	761
Amounts owed by fellow subsidiary undertakings	1,342	5,194
Amounts owed by immediate parent undertaking	4,092	947
Amounts owed by intermediate parent undertaking	23	146
Corporate tax asset	-	173
Other debtors	509	1,370
Prepayments and accrued income	6,042	4,587
Deferred tax asset	1,538	503
	<u>20,425</u>	<u>17,024</u>

Amounts due from Group undertakings were unsecured, interest free and repayable on demand

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

	2011 £'000	2010 £'000
Debtors: amounts falling due after more than one year		
Deferred tax asset	<u>4,252</u>	<u>3,181</u>

Deferred tax assets relate to temporary timing differences

	2011 £'000	2010 £'000
Deferred tax asset comprises:		
Capital allowances	381	217
Share based payments	4,622	1,586
Other timing differences	787	1,881
	<u>5,790</u>	<u>3,684</u>

	2011 £'000	2010 £'000
Reconciliation of deferred tax asset:		
Deferred tax asset brought forward	3,684	1,941
Credit to the profit and loss account (note 10)	2,106	1,743
Deferred tax asset carried forward	<u>5,790</u>	<u>3,684</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts due to group undertakings	8,697	10,177
Corporation tax	10,065	-
Other taxation and social security	7,576	2,779
Other creditors	612	543
Accruals and deferred income	26,884	26,764
	<u>53,834</u>	<u>40,263</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand

The Directors consider that the carrying amount of trade payables approximates to their fair value

16. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised, allotted and fully paid:		
19,000,000 ordinary shares of £1 each	<u>19,000</u>	<u>19,000</u>

17. SHARE PREMIUM ACCOUNT

	2011 £'000	2010 £'000
At 31 December	<u>317</u>	<u>317</u>

18. PROFIT AND LOSS ACCOUNT AND OTHER RETAINED EARNING RESERVES

	2011 £'000	2010 £'000
At 1 January	<u>55,859</u>	<u>63,007</u>
Profit for the financial year	102,568	119,367
Dividends paid (note 11)	(140,000)	(134,000)
Adjustment for share based payments	<u>12,385</u>	<u>7,485</u>
At 31 December	<u>30,812</u>	<u>55,859</u>

19. OTHER RESERVES

	2011 £'000	2010 £'000
At 31 December	<u>430</u>	<u>430</u>

The reserve was formed when the Company acquired the assets and business of a fellow subsidiary in 1992

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Opening shareholders' funds	75,606	82,754
Profit for the financial year	102,568	119,367
Dividends paid (note 11)	(140,000)	(134,000)
Adjustment for share based payments	12,385	7,485
Closing shareholders' funds	50,559	75,606

21. FINANCIAL COMMITMENTS

The annual commitments in respect of operating leases are as follows

	Land and Buildings £'000	Other £'000
Expiring within one year	12	-
Expiring within two to five years	1,884	48
	1,896	48

22. RELATED PARTIES

The Company manages a number of investment trusts and funds. The Company receives a management fee from these entities for managing the assets, and in some instances a performance fee. The fee arrangements for the different entities are disclosed within the financial statements of each entity or within other information which is publicly available.

Total amounts received by way of management fees from third parties including rebates were £18,363,000 (2010 £13,636,000). The amounts received for the year relating to performance fees totalled £5,136,000 (2010 £4,649,000).

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Jupiter Investment Management Group Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Jupiter Fund Management plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the consolidated financial statements for Jupiter Fund Management plc can be obtained from the Company Secretary at 1 Grosvenor Place, London SW1X 7JJ.