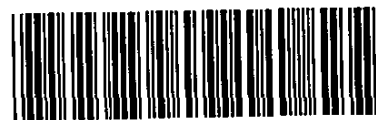


2123213

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| DIRECTORS | A J Formica S J Garrood D J Jacob |
| COMPANY SECRETARY | Henderson Secretarial Services Limited |
| COMPANY NUMBER | 2123213 |
| REGISTERED OFFICE | 201 Bishopsgate London EC2M 3AE |
| AUDITORS | Ernst & Young LLP 1 More London Place London SE1 2AF |
| BANKERS | The Royal Bank of Scotland plc 2 1/2 Devonshire Square London EC2M 4XJ |

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2011

The Directors present their report and the financial statements of New Star Institutional Managers Holdings Limited ("the Company"), for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity during the year is as an investment holding company

BUSINESS REVIEW

The Company's ultimate parent undertaking is Henderson Group plc. The review of the Company's activities and business operations is not performed at the individual entity level, as the operational review is conducted at the ultimate parent level, Henderson Group plc and its subsidiaries ("the Group"). There is a proactive approach to risk management and a framework has been designed to manage the risks of its business and to ensure that the Boards of Directors at both Henderson Group plc and subsidiary levels have in place appropriate risk management practices. Accordingly, the key financial and other performance indicators together with the risk management objectives and policies have been disclosed within the Annual Report and Accounts of Henderson Group plc for the year ended 31 December 2011, which can be obtained from the registered office as provided in note 18 to these financial statements.

RESULTS

The loss for the year, after taxation, amounted to £9,959,000 (2010 £1,231,000 profit)

The Directors paid an interim dividend of £10,000 during 2011 (2010 £nil)

The Directors do not recommend the payment of a final dividend (2010 £nil)

DIRECTORS

The Directors who served during the year were

A J Formica
S J Garrod
D J Jacob

DIRECTORS INDEMNITY

Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by United Kingdom 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.

PROVISION OF INFORMATION TO AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Having made enquiries of fellow Directors and the Auditors, each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Auditors are aware of that information.

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2011**

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, its financial risk management objectives and its exposure to cash flow risk are included in the Group's Business Review

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITORS

In accordance with section 487(2) of the Companies Act 2006, the Auditors are deemed to be reappointed

This report was approved by the Board of Directors on 31 May 2012 and signed on its behalf by



Henderson Secretarial Services Limited
Secretary

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

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 elected to prepare 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

We have audited the financial statements of New Star Institutional Managers Holdings Limited for the year ended 31st December 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 report and financial statements 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 31st December 2011 and of its loss 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.

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW STAR INSTITUTIONAL MANAGERS
HOLDINGS LIMITED**

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



K P Eglinton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors

London

~~01 May~~ 2012

7 June

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Note | 2011 £000 | 2010 £000 |
|---|-------------|----------------------|----------------------|
| Income from investments in Group undertakings | 1 | 1,234 | - |
| Loss on disposal of investments | 7 | (11,608) | - |
| Interest receivable and similar income | 5 | 415 | 1,231 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (9,959) | 1,231 |
| Tax on (loss)/profit on ordinary activities | 6 | - | - |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (9,959) | 1,231 |
| | | <hr/> | <hr/> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account, accordingly a Statement of Total Recognised Gains and Losses is not required

The notes on pages 9 to 13 form part of these financial statements

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED
REGISTERED NUMBER: 2123213

BALANCE SHEET
AS AT 31 DECEMBER 2011

| | Note | £000 | 2011 £000 | £000 | 2010 £000 |
|---|-------------|--------------|----------------------|--------------|----------------------|
| FIXED ASSETS | | | | | |
| Fixed asset investments | 7 | | 150 | | 13,843 |
| CURRENT ASSETS | | | | | |
| Debtors | 9 | 3,914 | | 2,254 | |
| Cash | 10 | 1,476 | | - | |
| | | <u>5,390</u> | | <u>2,254</u> | |
| CREDITORS: amounts falling due within one year | 11 | (158) | | (746) | |
| NET CURRENT ASSETS | | | <u>5,232</u> | | <u>1,508</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>5,382</u> | | <u>15,351</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | 50 | | 50 |
| Share premium account | 14 | | 110 | | 110 |
| Capital redemption reserve | 14 | | 10 | | 10 |
| Profit and loss account | 14 | | 5,212 | | 15,181 |
| SHAREHOLDER'S FUNDS | 15 | | <u>5,382</u> | | <u>15,351</u> |

The notes on pages 9 to 13 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2012 and were signed on its behalf by

S J Garrood

S J Garrood
Director

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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

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. The financial statements have been prepared on a going concern basis.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 INTEREST RECEIVABLE

Interest receivable is recognised on an accruals basis.

1.3 DIVIDEND INCOME

Dividends received from subsidiary undertakings are recognised when the Company's right to receive payment is established.

1.4 INVESTMENTS

Investments in subsidiaries are valued at cost less any provision for permanent diminution in value.

1.5 TAXATION

Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. OPERATING (LOSS)/PROFIT

Auditors' remuneration in respect of the audit of the Company's financial statements is borne by a fellow subsidiary.

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.

3. EMPLOYEES

The Company has no employees. Employees' contracts of employment are with Henderson Administration Limited, a fellow subsidiary, and staff costs are disclosed in that company's financial statements.

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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

4. DIRECTORS' REMUNERATION

The Directors of the Company were employed and remunerated as directors and executives of the Group in respect of their services to the Group as a whole. The Directors believe that it is not practicable to apportion part of their remuneration to the services as Directors of the Company

Mr A J Formica, Ms S J Garrood and Mr D J Jacob are also Directors of Henderson Group plc and particulars of their remuneration are set out in the Group's Annual Report and Accounts as described in note 18

5. INTEREST RECEIVABLE

| | 2011 £000 | 2010 £000 |
|---|--------------|--------------|
| Interest receivable from Group undertakings | 304 | 1,231 |
| Other interest receivable | 111 | - |
| | <u>415</u> | <u>1,231</u> |

6. TAXATION

| | 2011 £000 | 2010 £000 |
|-----------------------|--------------|--------------|
| Charge for the period | <u>-</u> | <u>-</u> |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The difference between the total current tax shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the (loss)/profit before tax is as follows

| | 2011 £000 | 2010 £000 |
|--|----------------|--------------|
| (Loss)/profit on ordinary activities before tax | <u>(9,959)</u> | <u>1,231</u> |
| Tax on (loss)/profit on ordinary activities at the standard United Kingdom corporation tax rate of 26.5% pro rata (2010 28%) | (2,639) | 345 |

EFFECTS OF:

| | | |
|---|-------|-------|
| Expenses not deductible for tax purposes | 3,076 | - |
| Group relief claimed for nil consideration and worldwide debt cap adjustments | (29) | - |
| Income not taxable for tax purposes | (408) | (345) |

TOTAL CURRENT TAX CHARGE FOR THE YEAR

| | | |
|--|----------|----------|
| | <u>-</u> | <u>-</u> |
|--|----------|----------|

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 21 March 2012, the Government announced its intention to reduce the main United Kingdom corporation tax rate to 24% from 1 April 2012 and then by 1% per annum to 22% by 1 April 2014. The reduction from 26% to 25% from 1 April 2012 has been substantively enacted by the balance sheet date and has been reflected above as appropriate. The remaining proposed rate reductions have not been substantively enacted at the balance sheet date and as such they have not been recognised in these financial statements. As and when the Government enact these changes, the Company's tax charge/(credit) for the year will reflect the reduction in the United Kingdom corporation tax rate.

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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

7. FIXED ASSET INVESTMENTS

| | Investments in subsidiary undertakings £000 |
|--------------------------|--|
| COST OR VALUATION | |
| At 1st January 2011 | 13,843 |
| Disposals | (13,693) |
| At 31st December 2011 | 150 |
| NET BOOK VALUE | |
| At 31st December 2011 | 150 |
| At 31st December 2010 | 13,843 |

The Company disposed of its investment in WorldInvest Management Limited for £2,075,000 realising a loss of £11,608,000

8. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

In accordance with the Companies Act 2006, the information below is provided solely in relation to principal subsidiary undertakings. The following was a principal subsidiary undertaking of the Company

| Company name | Country of incorporation | Percentage Shareholding 2011 | Principal activities |
|---|-----------------------------|------------------------------------|----------------------|
| New Star Institutional Managers Midco Ltd | England | 100% | Fund management |

9. DEBTORS

| | 2011 £000 | 2010 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by Group undertakings | 2,254 | 2,254 |
| Other debtors | 1,660 | - |
| | <u>3,914</u> | <u>2,254</u> |

10. CASH

| | 2011 £000 | 2010 £000 |
|----------------------------------|--------------|--------------|
| Cash held under agency agreement | <u>1,476</u> | <u>-</u> |

The Directors have waived the right to receive interest on the balance held under an agency agreement with a fellow Group subsidiary

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2011 £000 | 2010 £000 |
|------------------------------------|----------------------|----------------------|
| Amounts owed to Group undertakings | <u>158</u> | <u>746</u> |

12. DIVIDENDS

| | 2011 £000 | 2010 £000 |
|----------------------------------|----------------------|----------------------|
| Dividends paid on equity capital | <u>10</u> | <u>-</u> |

13. SHARE CAPITAL

| | 2011 £000 | 2010 £000 |
|---|----------------------|----------------------|
| AUTHORISED | | |
| 1,000,000 Ordinary shares of £0.10 each | <u>100</u> | <u>100</u> |
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 500,000 Ordinary shares of £0.10 each | <u>50</u> | <u>50</u> |

14. RESERVES

| | Share premium account £000 | Capital redemption reserve £000 | Profit and loss account £000 |
|-----------------------|---|--|---|
| At 1st January 2011 | 110 | 10 | 15,181 |
| Loss for the year | - | - | (9,959) |
| Dividends | - | - | (10) |
| At 31st December 2011 | <u>110</u> | <u>10</u> | <u>5,212</u> |

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

| | 2011 £000 | 2010 £000 |
|-----------------------------|----------------------|----------------------|
| Opening shareholder's funds | 15,351 | 14,120 |
| (Loss)/profit for the year | (9,959) | 1,231 |
| Dividends (note 12) | (10) | - |
| Closing shareholder's funds | <u>5,382</u> | <u>15,351</u> |

NEW STAR INSTITUTIONAL MANAGERS HOLDINGS LIMITED

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

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures", relating to transactions between 100% controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the Group, or investees of the Group qualifying as related parties

17. 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

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is New Star Asset Management Holdings Limited, a company incorporated in England and the ultimate parent undertaking is Henderson Group plc, a company incorporated in Jersey. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2011 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD

19. POST BALANCE SHEET EVENTS

The Board of Directors has not received as at 31 May 2012 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