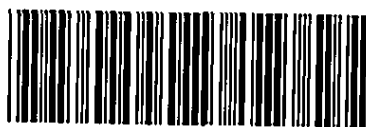


# Old Mutual Asset Managers (UK) Limited Financial Statements 2008



**OLD MUTUAL  
ASSET MANAGERS**

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# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## FINANCIAL STATEMENTS - 31 DECEMBER 2008

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### **BOARD OF DIRECTORS**

P Baxter  
P Nathan  
T Turpin  
A Bradbury (appointed 01/07/2008)  
M Nagele (appointed 01/07/2008)  
S Wilson (appointed 01/07/2008)  
L Gibson (appointed 05/11/2008)

A Hough (resigned 30/09/2008)  
E Murray (resigned 31/05/2008)  
S Powers (resigned 07/04/2008)

### **COMPANY SECRETARY**

P Nathan (resigned 08/04/08)  
M Telfer (appointed 08/04/08)

### **REGISTERED OFFICE**

Old Mutual Place  
2 Lambeth Hill  
London EC4V 4AD

### **REGISTERED NUMBER**

England: 2949554

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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## REPORT OF THE DIRECTORS

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The Directors present their report and audited financial statements for the year from 1 January 2008 to 31 December 2008.

### **PRINCIPAL ACTIVITIES**

The Company is a specialist investment manager, focused on high performance and absolute return products. The fund range is organised around four areas of investment expertise: quantitative strategies, discretionary equities, statistical arbitrage and fixed interest and macro. The Company is part of Old Mutual Plc, a FTSE 100 company, and is authorised and regulated by the Financial Services Authority (FSA).

### **BUSINESS REVIEW**

The Company made a loss before tax of £3.2 million compared to a profit before tax of £6.8 million in 2007 (page 6 of the report and accounts). During the year the Directors paid a dividend of £4.5 million (year to 31 December 2007: nil).

2008 has been a year of extreme turbulence and uncertainty in the financial markets with the FTSE 100 index falling 31% and the MSCI World index falling over 40%. Total advisory funds under management have declined from £5.8 billion to £3.25 billion over the year, mostly due to the fall in the markets but also due to the change in investor confidence resulting in most investment areas experiencing net redemptions. The Company directly manages 40% of these assets, and acts as investment advisor to the OEIC range of funds, which are managed by its sister company, Old Mutual Fund Managers.

The performance of the Company's hedge fund strategies was largely strong. Three of the four strategies returned positive performance during the year: the Old Mutual Global Statistical Arbitrage Fund returned over 18.3% (USD share class), Old Mutual UK Specialist Equity Fund returned 1.3% (sterling share class) and the Old Mutual Currency Fund returned over 11% (USD share class). The former two funds were nominated for EuroHedge awards for 2008 performance. Old Mutual UK Specialist Equity Fund has been nominated in these awards every year since its launch in 2003.

The Company continued to develop new products during the year and launched the Old Mutual Currency Fund, a 130-30 product for a major bank distributor and the re-launched Old Mutual UK Select Equity Fund under the newly recruited fund manager, Simon Murphy.

In response to the falling markets and the general fall in investor confidence and in order to try and best focus the business for the short term challenges and longer term growth opportunities, the Company undertook two significant restructuring exercises, in January and June 2008, rationalising its fund base and reducing the annualised cost base by £13 million, at a one off cost of £3 million. The reorganisation has meant that the Company will focus on its core strategies, strengthening its investment capability and product range, rebuilding assets under management and expanding its client base.

This year there has been a large focus on the FSA initiative of Treating Customers Fairly (TCF). Whilst the Company believes it has always treated its customers fairly and this has always been one of its key principles, the Company has worked especially hard during 2008 to build the right leadership, communication, education and processes to meet the FSA's deadline of embedding TCF by 31 December 2008.

The Company's aim continues to be delivering premier performance to our retail and institutional clients through a range of long only and alternative investments. The Board is confident that the Company is focused to deal with the problems of these difficult times and is well positioned to take advantage of existing opportunities and the recovery in markets which will come in due course.

## OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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### REPORT OF THE DIRECTORS (continued)

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#### **REGULATORY CAPITAL AND RISK MANAGEMENT**

The key risks to the business are considered to be investment performance, adverse market conditions and loss of key staff. These risks are managed through diversity of the product range, and through ensuring that the Company's remuneration packages and culture remain competitive and attractive. Risks to the business are reviewed and monitored on an ongoing basis by the head of risk and are reviewed by the Board on a quarterly basis.

The Company has an Internal Capital Adequacy Assessment Process (ICAAP) as required by the FSA for establishing the amount of regulatory capital to be held by the company. The ICAAP draws from the Company's enterprise risk management framework and gives consideration to the current and forecast projected financial and capital positions. The ICAAP is updated through the the year to take into account any significant changes to business plans, or risk measures. The ICAAP is reviewed by the Board at least annually. Capital adequacy is monitored daily by management. The Company uses the simplified approach for Operational Risk to calculate Pillar 1 requirements. The Company has observed the FSA's regulatory requirements throughout the financial year. The Company has a strong capital base at the year end of £18 million with net assets largely in the form of cash and liquid assets. Based on the Company's ICAAP, the Company has a strong solvency ratio which is expected to be maintained for the foreseeable future in accordance with its three year business plan forecasts.

#### **AUDITOR**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office.

*Miranda Teller*

By order of the Board  
M Telfer  
24 February 2009

## **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

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### **DIRECTORS' AND AUDITOR'S RESPONSIBILITIES**

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#### **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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 judgements 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the Directors are also responsible for preparing a Directors Report that complies with that law.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This statement is made subject to all the provisions of section 234ZA.

#### **AUDITOR'S RESPONSIBILITIES**

The respective responsibility of the auditor is shown in the auditor's report to the members of Old Mutual Asset Managers (UK) Limited and is included on page 5.

## OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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We have audited the financial statements of Old Mutual Asset Managers (UK) Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 examinations, 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 judgements 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.

#### In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss 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.

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
LONDON  
EC4Y 8BB

24<sup>th</sup> February 2009

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Turnover	2	29,786	58,910
Administrative expenses		<u>(34,645)</u>	<u>(54,370)</u>
OPERATING (LOSS) / PROFIT	3	(4,859)	4,540
Interest receivable and similar income		<u>1,615</u>	<u>2,271</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,244)	6,811
Taxation credit / (charge)	6	<u>998</u>	<u>(2,360)</u>
(Loss) / Profit after taxation		<u>(2,246)</u>	<u>4,451</u>

The Company had no recognised gains or losses other than the loss for the year, and accordingly a separate statement of recognised gains and losses is not presented.

All of the amounts above are in respect of continuing operations.

The notes on pages 8 to 16 form part of these financial statements

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	31 Dec 2008 £'000	31 Dec 2007 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	670	1,193
<b>CURRENT ASSETS</b>			
Investments	8	3,046	3,349
Debtors: amounts falling due within one year	9	8,403	15,645
Deferred tax asset: amounts falling due within one year	12	819	447
Cash at bank and in hand		<u>32,775</u>	<u>51,391</u>
		45,043	70,832
Creditors: amounts falling due within one year	10	<u>(26,772)</u>	<u>(40,517)</u>
<b>NET CURRENT ASSETS</b>		18,271	30,315
Deferred tax asset: falling due after more than one year	12	<u>3,977</u>	<u>5,005</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,918	36,513
Creditors: amounts falling due after more than one year	11	<u>(4,353)</u>	<u>(11,359)</u>
		<u>18,565</u>	<u>25,154</u>
<b>CAPITAL AND RESERVES</b>			
Shareholder's funds:			
Called up share capital	13	17,000	17,000
Profit and loss account	14	1,296	7,994
Other reserves	14	<u>269</u>	<u>160</u>
		<u>18,565</u>	<u>25,154</u>

Approved by the Board of Directors on 24 February 2009 and signed on their behalf by:



P Nathan  
Director

The notes on pages 8 to 16 form part of these financial statements



## OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 1 ACCOUNTING POLICIES

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##### a) Basis of Preparation

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

The Company has adopted Financial Reporting Standard 26 which sets out the requirements for measurement, recognition and derecognition of financial instruments. The adoption of this standard had no impact on the Company's profit or net assets.

The Company has taken advantage of the exemption in Financial Reporting Standard 29 to not present its own disclosures in respect of financial instruments as disclosures are included in the consolidated financial statements of Old Mutual Plc. International Financial Reporting Standard 7 is consistent with Financial Reporting Standard 29.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### b) Income and Expenses

Management fee income based on funds under management is recognised on an accruals basis over the period of management. Performance fees are recognised when the fee crystallises and becomes due.

Expenses are recognised in the financial statements on an accruals basis.

##### c) Foreign Exchange

Foreign exchange transactions are translated into sterling using the rate of exchange ruling at the transaction date. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising on retranslation are taken to the profit and loss account.

##### d) Deferred Taxation

Deferred tax is recognised in full on 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, or a right to pay less, tax in the future have occurred at 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.

##### e) Financial instruments

Holdings in units are designated at fair value through the profit or loss, and are measured at fair value. Where units are designated at fair value through the profit or loss, gains and losses arising from changes in fair value are recognised and included in profit or loss for the accounting period. Fair value of investments in own funds is based on available bid prices.

##### f) Depreciation

Depreciation is charged in the financial statements so as to write off the cost of fixed assets over their useful lives using the following rates:

Computer Equipment	33% per annum
Software development	Over the estimated life of future economic benefits
Furniture	20% per annum

External costs incurred in developing software or products for internal use are capitalised and are amortised over the expected useful life of the software, 3 years.

## OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

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#### 1 ACCOUNTING POLICIES (continued)

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##### g) Cash Flow Statement

The Company's ultimate parent company Old Mutual Plc prepares consolidated financial statements which are publicly available. Accordingly the Company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group accounts, and has also taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) - 'Cash Flow Statements', and has dispensed with the requirement to prepare a cash flow statement.

##### h) Pension costs

The payroll costs include pension costs in respect of contributions made to the Old Mutual Staff Pension Fund (the "scheme") to which the Company is a participating employer. This scheme has a defined benefit section providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement Benefits', the scheme is accounted for as if the scheme was a defined contribution scheme and as a result the amount charged to the Profit and Loss account represents contributions in the period. Additional details relating to the scheme assets and liabilities are included in the financial statements of the ultimate parent company, Old Mutual Plc.

The pension costs relating to group schemes are assessed in accordance with the advice of an independent actuary to recognise the costs of pensions on a systematic basis over employees' service lives. Details of the actuarial assumptions are included in the financial statements of the ultimate parent company, Old Mutual plc.

The pension costs relating to the defined benefit section of the Old Mutual Staff Pension Fund scheme are accounted for under FRS 17 with the cost of funding the deficit in the scheme being amortised over the employees' service life. Note 5 to the accounts contains details as to the additional FRS17 transitional disclosures.

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £1,242,129 (31 December 2007: £942,317).

##### i) Share Based Payments reserve

FRS 20, Share based payments, has been adopted from 1 January 2006, with effect from 1 January 2005. This requires companies to estimate the fair value of share options granted, and recognise that value as an expense over the period until the options can be exercised. The standard also requires entities to recognise an increase in equity if the share based payment is equity-settled, and a liability if the payment is a cash-settled payment transaction. All the Company's arrangements are equity-settled.

The recognition and measurement principles in FRS 20 have only been applied to equity settled share arrangements granted post November 2002 in accordance with the transitional provisions in FRS 20. Any options forfeited, exercised or lapsed prior to the FRS 20 implementation date of 1 January 2005 have not been included in the FRS 20 valuation.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of share options granted is measured using a Black Scholes option pricing model.

Share options are granted under a service and non-market based performance condition. Such conditions are not taken into account in the grant date fair value measurement of the share options granted. There are no market conditions associated with the share option grants.

The grant date for the UK Share Option and Deferred Delivery plan annual awards is deemed to be 1 January in the year prior to the date of issue. As such the Company is required to estimate, at the reporting date, the number and fair value of the options that will be granted in the following year.

##### j) Employee Benefit Trust

The Group has an active employee benefit trust in accordance with UITF 32, the assets and liabilities are included in the balance sheet of the Company.

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **2 TURNOVER**

Turnover comprises management and performance related fees in respect of investment services provided by the Company exclusive of VAT.

Turnover :	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Management fees	19,818	31,471
Performance fees	9,968	27,439
	<u>29,786</u>	<u>58,910</u>

Management fees of £7,912,686 (31 December 2007: £9,188,340) have been received from Old Mutual Fund Managers Ltd.

### **3 OPERATING PROFIT**

Operating profit is stated after charging the following:

	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Auditor's remuneration:		
Statutory audit	58	56
Non audit services	<u>106</u>	<u>365</u>
	<u>164</u>	<u>421</u>
Restructuring costs	2,980	-
Depreciation of owned assets	422	383

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent.

### **4 DIRECTORS' EMOLUMENTS**

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Directors' emoluments for services to the Company	<u>2,277</u>	<u>2,702</u>

The aggregate value of contributions to the Company pension scheme in respect of Directors qualifying services totalled £62,577 (31 December 2007: £43,134).

The emoluments of the highest paid Director were £1,176,620 (31 December 2007: £1,350,879). The highest paid Director is a member of a defined contribution scheme, under which employer contributions made during the year totalled £25,520 (31 December 2007: £10,391).

Retirement benefits are accruing to 5 Directors (31 December 2007: 6 Directors) under the defined contribution schemes.

# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 STAFF COSTS

The average number of persons (including Directors) employed by the Company during the year was 156 (31 December 2007: 194).

Share based payments of £109,000 were recognised in the Profit and Loss account (31 December 2007: £55,000). See note 15 for further disclosure.

	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Wages and salaries	27,183	41,621
Social security costs	1,305	1,669
Other pension costs	<u>1,242</u>	<u>942</u>
	<u>29,730</u>	<u>44,232</u>

A proportion of Company expenses including wages and salaries have been recharged to Old Mutual Fund Managers Ltd, a fellow group company.

The latest full actuarial valuation was carried out at 1 January 2009 (pending finalisation), and was updated for FRS17 purposes to 31 December 2008, by a qualified independent actuary.

As at 31 December 2008, there was a deficit of £19,556,000 in respect of the defined benefit section of the scheme. The Company and other participating employers have agreed to maintain the contribution rate of 20% of salaries. All additional contributions are now borne by Old Mutual Plc. At the date of the latest actuarial valuation the scheme's assets were 64% of the benefits that had accrued to members, allowing for future increases in salaries.

The scheme also has a defined contribution section and, for staff who are members of it, contributions amounted to 8%, 12% or 16% of relevant pensionable earnings.

The above payroll costs also include pension costs in respect of contributions made to the Capel Cure Sharp Pension Scheme. This is a defined contribution scheme and for staff who are members of it, contributions amounted to 7%, 12% or 16% of relevant pensionable earnings.

Pension costs for the year under the above schemes totalled £1,242,129, of which £116,365 was charged to another group company, (year to 31 December 2007: £942,317 of which £101,108 was charged to another group company).

### 6 TAXATION

#### a) Analysis of charge in the period:

	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Current tax:		
UK corporation tax on profit of the period	(1,526)	3,766
Adjustments in respect of previous periods	<u>(128)</u>	<u>(310)</u>
Total current tax (credit) / charge	(1,654)	3,456
Deferred tax	677	(1,354)
Adjustments in respect of previous periods	<u>(21)</u>	<u>258</u>
	656	(1,096)
Tax (credit) / charge on profit on ordinary activities	<u>(998)</u>	<u>2,360</u>

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6 TAXATION (continued)**

**b) Factors affecting tax charge for the period:**

	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
(Loss) / Profit on ordinary activities before taxation	<u>(3,244)</u>	<u>6,811</u>
Corporation tax (credit) / charge at 28.5% (2007, 30%)	(924)	2,043
Effects of:		
Expenses not deductible for tax purposes	87	(21)
Depreciation in excess of capital allowances	82	64
Short term timing differences	(771)	1,680
Adjustments in respect of previous periods	<u>(128)</u>	<u>(310)</u>
Current tax (credit) / charge	<u>(1,654)</u>	<u>3,456</u>

**c) Factors that may affect future tax charges:**

The Company has recognised deferred tax assets as disclosed in Note 12.

### **7 TANGIBLE FIXED ASSETS**

	Computer Equipment £'000	Furniture & Fixtures £'000	Software & product development £'000	Total £'000
<b>COST</b>				
At 1 January 2008	529	269	1,145	1,943
Additions	84	39	123	246
Obsolete assets written off	<u>-</u>	<u>(245)</u>	<u>(102)</u>	<u>(347)</u>
At 31 December 2008	<u>613</u>	<u>63</u>	<u>1,166</u>	<u>1,842</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2008	(379)	(95)	(276)	(750)
Charge for the year	(108)	(49)	(429)	(586)
Obsolete assets written off	<u>-</u>	<u>122</u>	<u>42</u>	<u>164</u>
At 31 December 2008	<u>(487)</u>	<u>(22)</u>	<u>(663)</u>	<u>(1,172)</u>
<b>NET BOOK VALUE</b>				
31 December 2008	<u>126</u>	<u>41</u>	<u>503</u>	<u>670</u>
31 December 2007	<u>150</u>	<u>174</u>	<u>869</u>	<u>1,193</u>

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **8 INVESTMENTS**

	31 Dec 2008 £'000	31 Dec 2007 £'000
Fair value through profit and loss:		
Prosper 80	-	432
Investments held in Employee Benefit Trust	3,046	2,917
	<u>3,046</u>	<u>3,349</u>

The stock of units was held at fair value through the profit and loss account. The market value of the stock of units, as at 31 December 2008 was nil (31 December 2007: £431,758).

During the year the Company closed the Prosper 80 fund as a result of the decision to withdraw from managing multi-manager absolute return investments.

### **9 DEBTORS**

	31 Dec 2008 £'000	31 Dec 2007 £'000
Trade debtors	3,144	11,090
Amounts owed by group undertakings (see below)	1,615	2,113
Amounts receivable in respect of taxation	1,991	-
Other debtors	921	1,573
Prepayments	<u>732</u>	<u>869</u>
	<u>8,403</u>	<u>15,645</u>

Amounts owed by group undertakings is comprised of the following balances:

	31 Dec 2008 £'000	31 Dec 2007 £'000
Old Mutual Fund Managers Limited	1,587	2,079
Old Mutual International Guernsey	4	2
Old Mutual Asset Managers Bermuda	<u>24</u>	<u>32</u>
	<u>1,615</u>	<u>2,113</u>

The loan to Old Mutual Fund Managers Ltd is due on demand.

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **10 CREDITORS: amounts falling due within one year**

	31 Dec 2008 £'000	31 Dec 2007 £'000
Trade creditors	162	2,713
Amounts owed to group undertakings (see below)	1,604	9,436
Amounts owed in respect of taxation	343	2,193
Bank overdraft	40	216
Other creditors	18,826	20,112
Employee benefit trust	3,046	2,917
Accruals and deferred income	2,751	2,930
	<u>26,772</u>	<u>40,517</u>
Amounts owed to group undertakings is comprised of the following balances:		
Old Mutual Life Assurance South Africa	3	26
Bright Capital Bermuda	-	74
Global Dynamic Fund	71	157
Old Mutual Asset Managers Bermuda	-	520
Old Mutual Asset Managers Holdings Bermuda	-	177
Old Mutual US	200	2
Ridgefield Unit Trust Administration Ltd	-	445
Old Mutual Asset Managers Holdings (UK)	283	7,409
Skandia	195	626
Old Mutual (UK) Holdings	760	
Old Mutual plc	<u>92</u>	<u>-</u>
	<u>1,604</u>	<u>9,436</u>

The amounts owing to Group companies are payable on demand.

### **11 CREDITORS: amounts falling due after more than one year**

	31 Dec 2008 £'000	31 Dec 2007 £'000
Other creditors	4,353	11,359

The amounts falling due after one year reflect deferred amounts payable in respect of staff incentive schemes.

# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **12 DEFERRED TAXATION**

#### **a) Deferred tax assets recognised**

	31 Dec 2008 £'000	31 Dec 2007 £'000
Accelerated tax depreciation	329	227
Short term timing differences	<u>4,467</u>	<u>5,225</u>
	<u>4,796</u>	<u>5,452</u>

The deferred tax asset receivable within one year is £818,863 (31 December 2007: £446,988) and greater than one year is £3,976,800 (31 December 2007: £5,004,842).

#### **b) There were no unrecognised deferred tax assets.**

### **13 SHARE CAPITAL**

	31 Dec 2008 £'000	31 Dec 2007 £'000
AUTHORISED:		
18,000,000 ordinary shares of £1 each	<u>18,000</u>	<u>18,000</u>
ISSUED, CALLED UP AND FULLY PAID :		
17,000,000 ordinary shares of £1 each	<u>17,000</u>	<u>17,000</u>

### **14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	Profit and Loss £'000	Other Reserves £'000
At beginning of year	7,994	160
(Loss) / profit for the financial year	(2,246)	-
Dividends paid	(4,452)	-
Share based payments reserve	<u>-</u>	<u>109</u>
Shareholder's funds at 31 December 2008	<u>1,296</u>	<u>269</u>



# **OLD MUTUAL ASSET MANAGERS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **15 SHARE BASED PAYMENTS**

During the year ended 31 December 2008, the company had the following share-based payment arrangements:

Type of arrangement	Description of award	Contractual life	Vesting conditions	Settlement treatment
UK Sharesave Scheme (SAYE)	Options over Old Mutual plc shares listed on the London Stock Exchange (LSE)	Exercise period ends within six months of vesting	Service over either a three or five year period	Equity settled

Options over shares in Old Mutual plc (LSE)	Number of options 2008	Weighted average exercise price 2008	Number of options 2007	Weighted average exercise price 2007
Outstanding at 1 January	702,724	£1.18	621,720	£1.13
Granted during the year	676,934	£0.87	322,872	£1.31
Forfeited during the year	(589,196)	£1.17	(169,174)	£1.35
Exercised during the year	(148,945)	£0.62	(60,472)	£0.82
Expired during the year	(18,611)	£1.38	(12,222)	£1.53
Outstanding at 31 December	622,906	£0.98	702,724	£1.18
Exercisable at 31 December	82,234	£0.55	31,780	£0.95

		Number of options granted	Fair value at measurement date	Share price	Exercise price	Expected volatility	Expected life	Expected dividends	Risk free interest rate
UK Sharesave Scheme	2008	676,934	£0.23	£1.05	£0.87	24.2%	3.1 yrs	5.2%	3.6%
	2007	322,872	£0.44	£1.66	£1.31	26.0%	3.7 yrs	4.2%	5.2%

### **16 SEGMENT INFORMATION**

The Directors consider there is only one business segment - the provision of investment services in the United Kingdom.

### **17 RELATED PARTY TRANSACTIONS**

The Company's ultimate parent undertaking prepares consolidated financial statements which are publicly available. Accordingly the Company has taken advantage of an exemption in Financial Reporting Standard 8 - "Related Party Disclosures" and does not disclose transactions with other entities in the Old Mutual group.

### **18 PARENT UNDERTAKING**

#### **ULTIMATE PARENT UNDERTAKING**

Old Mutual Plc, registered in England, is the ultimate parent undertaking. Its financial statements are available from:

The Secretary, Old Mutual Plc, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG.

#### **IMMEDIATE PARENT UNDERTAKING**

Old Mutual UK Holdings Limited, incorporated in England is the immediate parent undertaking. Its financial statements are available from:

The Secretary, Old Mutual UK Holdings Limited, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG.