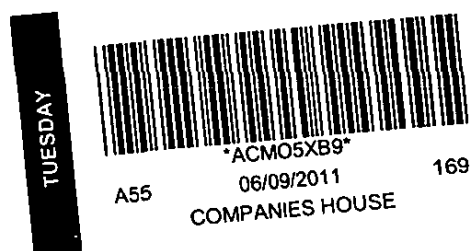


Old Mutual Asset Managers (UK) Limited

Financial Statements 2010



OLD MUTUAL ASSET MANAGERS (UK) LIMITED

FINANCIAL STATEMENTS - 31 DECEMBER 2010

BOARD OF DIRECTORS

P Baxter
L Gibson
M Nagele (resigned 06/07/10)
P Nathan
T Turpin (resigned 24/11/10)
S Wilson
M Ammon

COMPANY SECRETARY

M Telfer

REGISTERED OFFICE

Old Mutual Place
2 Lambeth Hill
London EC4P 4WR

REGISTERED NUMBER

England 2949554

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements for the year from 1 January 2010 to 31 December 2010

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 AND OUTLOOK

The Company's results for the year are set out in the income statement on page 6. During the year the Directors paid a dividend of £223,200 (year to 31 December 2009: £nil).

We are pleased to report a good year in 2010. In terms of investment performance, 17 of our UK retail mutual funds finished the year in the first or second quartile. Eleven funds were in the first quartile and four were in the top decile. It is particularly pleasing that our top performing funds were across a broad range of equity and bond investment strategies. The fixed income desk had a highly successful year where performance averaged top quartile across the product range. A key theme in both equities and fixed income was to maintain a positive stance in the face of especially high levels of volatility, summed up in the emergence of the phrase 'risk on, risk off'. In an unusual set of circumstances, over the year as a whole, bond yields fell while equity prices rose.

The outlook for 2011 we believe is strong, although we expect the environment to remain challenging. Our product range has been developed to cope with each phase of the full market cycle. We believe there will be plenty of opportunities for our fund managers to add value. In equities, investors should benefit from reasonable valuations and strong corporate finances. In fixed income, we have given our funds the flexibility to outperform in all market conditions. Whilst we have continued to strengthen our investment team through new appointments and promotions, the true recommendation for the strength of our products and talent of our people is the outstanding performance of our funds.

Towards the end of 2010, the Financial Services Compensation Scheme ("FSCS") announced an increased levy primarily to cover the cost of failed investment company Keydata, as well as stockbrokers Wills & Co. and some other intermediary firms. These firms' failure costs were levied on the FSCS' investment intermediation sub-class, but the size of the levy, £326m, triggered a cross subsidy with the fund management class. Investment managers across the UK have been levied £233m. The Company received an invoice in late January 2011 for a share of this levy, calculated to be £541,302, based on its portion of annual eligible income. The Investment Management Association is working with the FSCS to clarify outcomes should firms have overstated income or should underlying investments prove to have a greater value than originally expected. This levy has been provided for in the 2010 results and has been disclosed as an exceptional administration expense. It is possible that the Company's portion of the levy may ultimately change.

Total advisory funds under management have increased from £4.0 billion to £4.5 billion over the year. The Company directly manages 31% of these assets, and acts as investment advisor to the UK OEIC range of funds, which are managed by its sister company, Old Mutual Fund Managers Limited.

The Company continued to develop new products during the year and launched the Cayman-domiciled Managed Futures Fund on 8 October 2010.

The Company's aim continues to be delivering premier performance to our clients through a range of long-only and alternative investments. The Board is confident that the Company is well positioned to continue to deliver on this goal.

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

REPORT OF THE DIRECTORS (continued)

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 and client range, and through ensuring remuneration packages and culture remain competitive and attractive. A recent risk also captured is uncertainty with regards the FSCS levy, which is noted in the Business Review and Outlook above. Risks to the business are reviewed and monitored on an ongoing basis by the Risk & Governance Committee and are reviewed by the Board on a quarterly basis.

Pillar 3 disclosures as required by Basel II can be found on the Company's website at the following address
www.omam.co.uk/Portals/0/OMAM_Pillar3_disclosure.pdf

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 Telfer

Company Secretary
M Telfer
02 March 2011

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 418 (2).

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

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

We have audited the financial statements of Old Mutual Asset Managers (UK) Limited for the year ended 31 December 2010 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditor

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

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.



N Palmer (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL 2 March 2011

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Turnover	2	21,870	19,647
Administrative expenses	3	<u>(19,242)</u>	<u>(19,707)</u>
OPERATING PROFIT / (LOSS)		2,628	(60)
Interest receivable and similar income		<u>55</u>	<u>518</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,683	458
Taxation charge	6	<u>(806)</u>	<u>(252)</u>
Profit after taxation		<u>1,877</u>	<u>206</u>

The Company had no recognised gains or losses other than the profit 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 17 form part of these financial statements

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	31 Dec 2010 £'000	31 Dec 2009 £'000
FIXED ASSETS			
Tangible fixed assets	7	<u>227</u>	<u>434</u>
		227	434
CURRENT ASSETS			
Investments	8	3,646	3,112
Debtors amounts falling due within one year	9	4,688	9,194
Cash at bank and in hand		<u>27,640</u>	<u>23,458</u>
		35,974	35,764
Creditors amounts falling due within one year	10	<u>(16,181)</u>	<u>(18,680)</u>
NET CURRENT ASSETS		19,793	17,084
Deferred tax asset falling due after more than one year	12	<u>3,166</u>	<u>4,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,186	21,713
Creditors amounts falling due after more than one year	11	<u>(763)</u>	<u>(1,925)</u>
		<u>22,423</u>	<u>19,788</u>
CAPITAL AND RESERVES			
Shareholder's funds			
Called up share capital	13	17,000	17,000
Profit and loss account	14	3,156	1,502
Other reserves	14	<u>2,267</u>	<u>1,286</u>
		<u>22,423</u>	<u>19,788</u>

Approved by the Board of Directors on 02 March 2011 and signed on their behalf by



M Ammon
Director
Company registration number 2949554

The notes on pages 8 to 17 form part of these financial statements

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are prepared on the going concern basis, 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

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 CA 2006 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 £738,027 (31 December 2009: £1,035,885).

i) Share Based Payments reserve

FRS 20, Share based payments requires companies to estimate the fair value of share options or equity 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 fair value of services received in return for share options or equity granted are measured by reference to the fair value of share options or equity granted. The estimate of the fair value of share options granted is measured using a Black Scholes option pricing model. The fair value of equity granted is measured using a comparable company method which uses derived peer group multiples applied on trailing earnings and current assets under management.

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 or equity 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, net of any fees payable, in respect of investment services provided by the Company exclusive of VAT

Turnover	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Management fees	20,417	16,486
Performance fees	1,453	3,161
	<u>21,870</u>	<u>19,647</u>

Management fees of £10,630,250 (31 December 2009 £8,819,996) have been received from Old Mutual Fund Managers Ltd charged on an arm's length basis

3 ADMINISTRATIVE EXPENSES

	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Depreciation of owned assets	313	452
Other operating expenses	17,317	19,255
Exceptional restructuring costs	1,071	-
Exceptional levy from FSCS	541	-
	<u>19,242</u>	<u>19,707</u>

During the year the Company performed a one-off restructuring exercise closing the Gem Plus hedge fund and rationalising the front and back office. In total 22 staff were made redundant (17% of start of year headcount). The restructuring led to a reduction in the amount of office space required by the Company. This space has been sublet by another group company on an arm's length basis with a one year rent free period. The restructuring costs include a provision for the one year rent free period and on going costs in relation to continuing vacant space.

The exceptional levy from FSCS is explained in the Business Review and Outlook section of the Director's Report on page 2.

All exceptional items arise from continued operations.

Fees for the audit of the Company's financial statements are borne by Old Mutual Asset Managers (UK) Limited. The fee for 2010 is £50,000 (2009 £57,000). 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.

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 DIRECTORS' EMOLUMENTS

The emoluments noted below represent a portion of the total emoluments received by these Directors

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
Directors' emoluments for services to the Company	<u>1,192</u>	<u>717</u>

The aggregate value of contributions to the Company pension scheme in respect of Directors qualifying services totalled £52,411 (31 December 2009 £49,605)

The emoluments of the highest paid Director were £490,752 (31 December 2009 £241,027) The highest paid Director is a member of a defined contribution scheme, under which employer contributions made during the year totalled £ 25,960 (31 December 2009 £21,120)

Retirement benefits are accruing to 3 Directors (31 December 2009 6 Directors) under the defined contribution schemes During the year 4 Directors received shares under long term incentive schemes in respect of qualifying services The Highest Paid Director received £29,500 in shares under long term incentive schemes in respect of qualifying services

5 STAFF COSTS

a) Employment costs, including directors

	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Wages and salaries	8,795	7,897
Social security costs	1,077	1,006
Other pension costs	<u>477</u>	<u>541</u>
	<u>10,349</u>	<u>9,444</u>

An expense recharge of £12,661,472, including wages and salaries, has been recharged to Old Mutual Fund Managers Ltd, a fellow group company

b) Average number of employees

The average number of persons (including Directors) employed by the Company during the year was 120 (31 December 2009 135)

c) Pension arrangements

The Company contributes to a Group Personal Pension for the majority of its employees The core contribution is 8% of relevant pensionable earnings, but the Company matches up to a further 4% if the employee contributes Three employees are members of the Old Mutual Defined Benefit pension scheme, and contributions are currently set at 33% The latest full actuarial valuation was carried out at 1 January 2010 and was updated for FRS17 purposes to 31 December 2010, by a qualified independent actuary

As at 31 December 2010, there was a deficit of £15,100,000 in respect of the defined benefit section of the scheme All additional employer contributions are borne by Old Mutual Plc At the date of the latest actuarial valuation the scheme's assets were 76% of the benefits that had accrued to members, allowing for future increases in salaries

Pension costs for the year under the above schemes totalled £808,250, of which £331,383 was charged to another group company, (year to 31 December 2009 £1,126,885 of which £585,980 was charged to another group company)

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TAXATION

a) Analysis of charge in the period

	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Current tax		
UK corporation tax on profit of the period	(223)	(63)
Adjustments in respect of previous periods	<u> </u>	<u>(285)</u>
Total current tax (credit)	(223)	(348)
Deferred tax	1,150	231
Adjustments in respect of previous periods	<u>(121)</u>	<u>369</u>
	1,029	600
	<u> </u>	<u> </u>
Tax charge on profit on ordinary activities	<u>806</u>	<u>252</u>

b) Factors affecting tax charge for the period

	Year ended 31 Dec 2010 £'000	Year ended 31 Dec 2009 £'000
Profit / (Loss) on ordinary activities before taxation	<u>2,683</u>	<u>458</u>
Corporation tax charge / (credit) at 28% (2009, 28%)	751	128
Effects of		
Expenses not deductible for tax purposes	58	40
Depreciation in excess of capital allowances	88	126
Short term timing differences	(1,379)	(1,060)
Tax losses carried forward	259	702
Adjustments in respect of previous periods	<u>-</u>	<u>(285)</u>
Current tax credit	<u>(223)</u>	<u>(348)</u>

c) Factors that may affect future tax charges

The Company has recognised deferred tax assets as disclosed in Note 12. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TANGIBLE FIXED ASSETS

	Computer Equipment £'000	Furniture & Fixtures £'000	Software & product development £'000	Total £'000
COST				
At 1 January 2010	718	64	1,276	2,058
Additions	93	10	3	106
At 31 December 2010	<u>811</u>	<u>74</u>	<u>1,279</u>	<u>2,164</u>
ACCUMULATED DEPRECIATION				
At 1 January 2010	(571)	(35)	(1,018)	(1,624)
Charge for the year	(89)	(13)	(211)	(313)
At 31 December 2010	<u>(660)</u>	<u>(48)</u>	<u>(1,229)</u>	<u>(1,937)</u>
NET BOOK VALUE				
31 December 2010	<u>151</u>	<u>26</u>	<u>50</u>	<u>227</u>
31 December 2009	<u>147</u>	<u>29</u>	<u>258</u>	<u>434</u>

8 INVESTMENTS

	31 Dec 2010 £'000	31 Dec 2009 £'000
Fair value through profit and loss		
Investments held in Employee Benefit Trust	3,646	3,112
	<u>3,646</u>	<u>3,112</u>

9 DEBTORS

	31 Dec 2010 £'000	31 Dec 2009 £'000
Trade debtors	1,989	753
Amounts owed by group undertakings (see below)	1,006	4,057
Amounts receivable in respect of taxation	223	215
Other debtors	789	3,274
Prepayments	<u>681</u>	<u>895</u>
	<u>4,688</u>	<u>9,194</u>

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Amounts owed by group undertakings is comprised of the following balances

	31 Dec 2010 £'000	31 Dec 2009 £'000
Old Mutual Fund Managers Limited	928	3,791
Old Mutual Asset Managers Holding UK Limited	-	131
Old Mutual Asset Managers US	73	133
Old Mutual Asset Managers Bermuda	5	2
	<u>1,006</u>	<u>4,057</u>

The loan to Old Mutual Fund Managers Limited is due on demand

10 CREDITORS amounts falling due within one year

	31 Dec 2010 £'000	31 Dec 2009 £'000
Trade creditors	197	343
Amounts owed to group undertakings (see below)	1,065	1,302
Amounts owed in respect of taxation	125	194
Bank overdraft	133	104
Other creditors	9,455	11,880
Employee benefit trust	3,646	3,112
Accruals and deferred income	1,560	1,745
	<u>16,181</u>	<u>18,680</u>

Amounts owed to group undertakings is comprised of the following balances

Bright Capital Bermuda	-	759
Old Mutual International ROC Nominees	-	15
OMAM UK Group	220	-
Old Mutual Financial Services (UK) plc	23	6
Old Mutual Asset Managers Holdings (UK)	646	-
Skandia Life Business Services Ltd	176	522
	<u>1,065</u>	<u>1,302</u>

The amounts owing to Group companies are payable on demand

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 CREDITORS: amounts falling due after more than one year

	31 Dec 2010 £'000	31 Dec 2009 £'000
Other creditors	763	1,925

The amounts falling due after one year reflect deferred amounts payable in respect of staff incentive schemes, all payable within two years

12 DEFERRED TAXATION

a) Deferred tax assets recognised

	31 Dec 2010 £'000	31 Dec 2009 £'000
Accelerated tax depreciation	661	594
Short term timing differences	927	2,899
Losses	1,578	702
	<u>3,166</u>	<u>4,195</u>

The deferred tax asset receivable within one year is nil (31 December 2009 £nil) and greater than one year is £3,165,589 (31 December 2009 £4,195,511)

b) There were no unrecognised deferred tax assets

13 SHARE CAPITAL

	31 Dec 2010 £'000	31 Dec 2009 £'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 RESERVES

	Profit and Loss £'000	Other Reserves £'000
At beginning of year	1,502	1,286
Profit for the financial year	1,877	-
Share based payments reserve	-	131
Equity Share Scheme	-	850
Dividends paid	<u>(223)</u>	<u>-</u>
Shareholder's funds at 31 December 2010	<u>3,156</u>	<u>2,267</u>

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 SHARE BASED PAYMENTS

During the year ended 31 December 2010, the company had the following share-based payment arrangements in place

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 and payment of monthly contributions to a savings contract	Equity settled
UK Share Option and Deferred Delivery Plan	Options over Old Mutual plc shares listed on the LSE	Six years	Three years' service and achievement of a target growth in earnings per share	Equity settled
UK Restricted Share Plan	Old Mutual plc restricted shares/restricted stock units listed on the LSE. Employees are in some instances entitled to dividend payments throughout the vesting period	Three to five years	Service over a three to five period and in certain circumstances achievement of a target growth in earnings per share	Equity settled
UK Restricted Share Plan	OMAM UK Group Limited restricted unlisted shares. Employees are entitled to dividend payments throughout the vesting period	Three years	Three years' service	Equity settled

Options over shares in Old Mutual Plc (London Stock Exchange)	Number of options 2010	Weighted average exercise price 2010	Number of options 2009	Weighted average exercise price 2009
Outstanding at beginning of the year	2,564,417	£0.38	622,906	£0.98
Granted during the year	107,946	£0.94	2,499,987	£0.35
Forfeited during the year	(401,959)	£0.39	(37,941)	£0.75
Exercised during the year	(110,902)	£0.48	(18,898)	£0.95
Expired during the year	(25,450)	£1.26	(501,637)	£0.93
Other transfers during the year	(17,156)	£0.00	-	£0.00
Outstanding at end of the year	2,116,896	£0.38	2,564,417	£0.38
Exerciseable at 31 December	12,440	£1.27	44,910	£1.29

UK Sharesave Scheme	2010	Number of options granted	Fair value at measurement date	Share price	Exercise price	Expected volatility	Expected life	Expected dividends	Risk free interest rate
	2009	2,499,987	£0.16	£0.44	£0.35	57.0%	3.2 yrs	0.0%	2.0%

During the year there were no Old Mutual plc restricted shares granted

On 1 July 2009, the OMAM UK Group Limited restricted share plan was launched. On this date 663,130 restricted shares were granted at an initial valuation of £1.3572 per share. In March 2010, 464,354 further restricted shares were granted at a valuation of £1.8305. The fair value of the shares at 31 December 2010 was £1.23 per share.

16 SEGMENT INFORMATION

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

OLD MUTUAL ASSET MANAGERS (UK) LIMITED

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