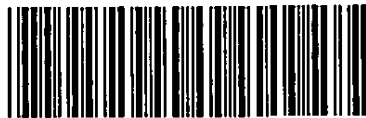


# Old Mutual Asset Managers (UK) Limited

## Financial Statements 2009

THURSDAY



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**OLD MUTUAL**  
**ASSET MANAGERS**

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

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## **FINANCIAL STATEMENTS - 31 DECEMBER 2009**

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### **BOARD OF DIRECTORS**

P Baxter  
L Gibson  
M Nagele  
P Nathan  
T Turpin  
S Wilson  
M Ammon (appointed 09/09/2009)  
  
A Bradbury (resigned 31/03/2009)

### **COMPANY SECRETARY**

M Telfer

### **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 2009 to 31 December 2009

#### **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 profit before tax of £0.5 million compared to a loss before tax of £3.2 million in 2008 (page 6 of the report and accounts). During the year the Directors paid no dividend (year to 31 December 2008: £4.5 million).

2009 has been a mixed year for the financial markets with unprecedented turbulence earlier in the year, and more optimistic conditions towards the year end. The FTSE All-Share index and MSCI World index both grew approximately 30%. The extreme conditions experienced in financial markets towards the end of 2008 continued at the start of 2009, with investor sentiment negatively impacted by ongoing fears of economic contraction, deflationary pressure and default risk. Against this background, government and central banks globally took unprecedented measures to increase liquidity, announcing fiscal and monetary policies which were greeted by investors with a mixture of healthy scepticism and cautious optimism.

Initially these stimulus measures and rescue programmes were overshadowed by continued weak economic data releases and corporate earnings disappointments, resulting in an environment of continued uncertainty and volatility. However, as time progressed, this gave way to a more positive tone amid mounting evidence that the measures were starting to have a positive impact on the health of the financial system and stemming the economic decline. By mid-March the cyclical rally was firmly underway, with the turnaround in markets among the most dramatic in living memory. Nonetheless, although investors welcomed the environment of renewed optimism and were glad to participate in the gains, many struggled to cope with the speed of the transition in market leadership from defensive stocks to deep value cyclical, which in many cases were rebounding from levels at which near-certain bankruptcy was priced in.

As time progressed, confidence in the 'green shoots' of recovery grew amid mounting evidence of the likelihood of a slow return to economic growth later in the year, with these small signs of progress providing investors with a welcome relief from the financial crisis and economic downturn of the previous 18 months. Although economic fundamentals continued to be weak for much of the remainder of the year, capital markets benefited from the growing optimism arising from positive trends in economic data releases, with better than expected corporate earnings in the equity market, improved liquidity in the financial sector and the narrowing of credit spreads in the bond market all pointing to signs of greater economic stability.

Total advisory funds under management have increased from £3.3 billion to £4.0 billion over the year. The Company directly manages 38% 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.

The performance of the Company's strategies have been mixed in 2009. The fixed income desk had a highly successful year, with all the established funds on the desk returning top quartile performance and two funds, Corporate Bond and Dynamic Bond closing the year in the top 2% of funds in their peer group. The Equity desk had a mixed year, the UK large cap funds closed the year in the first and second quartiles, with the Asian fund at third quartile and UK Select Smaller Companies fourth quartile. The more focused Dublin fund was top quartile of the offshore peer group. The index benchmarked funds were behind their relevant indices and the UK specialist hedge fund was up approximately 1%. The quant long only funds averaged third quartile performance with the new Global Equity Absolute Return fund achieving target performance since launch. The Global Statistical Arbitrage hedge fund returned nearly 4% across the year.

The company achieved five investment awards during 2009, including Ashton Bradbury winning the Investment Fund Manager of the year award for outstanding lifetime achievement.

The Company continued to develop new products during the year and launched the Ireland-domiciled UK Dynamic Equity, Global Equity Absolute Return and Global Bond Funds.

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, and the Board is confident that the Company is well positioned to achieve this goal.

## 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 and client 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 to withstand the materialisation of a series of risks even resulting in a winding up of the company, ensuring protection of client assets. 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 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 £19.8 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.



Company Secretary  
M Telfer  
22 February 2010

## **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 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 proper 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 its 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

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

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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 2009, 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 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 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 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### 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 2009 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  
8 Salisbury Square  
London  
EC4Y 8BB

22 February 2010.

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

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## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

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	Notes	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Turnover	2	19,647	29,786
Administrative expenses		<u>(19,707)</u>	<u>(34,645)</u>
OPERATING LOSS	3	(60)	(4,859)
Interest receivable and similar income		<u>518</u>	<u>1,615</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		458	(3,244)
Taxation (charge)/credit	6	<u>(252)</u>	<u>998</u>
Profit / (loss) after taxation		<u>206</u>	<u>(2,246)</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

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

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# OLD MUTUAL ASSET MANAGERS (UK) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	31 Dec 2009 £'000	31 Dec 2008 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	434	670
<b>CURRENT ASSETS</b>			
Investments	8	3,112	3,046
Debtors amounts falling due within one year	9	9,194	8,403
Deferred tax asset amounts falling due within one year	12	-	819
Cash at bank and in hand		<u>23,458</u>	<u>32,775</u>
		35,764	45,043
Creditors amounts falling due within one year	10	<u>(18,680)</u>	<u>(26,772)</u>
<b>NET CURRENT ASSETS</b>		17,084	18,271
Deferred tax asset falling due after more than one year	12	<u>4,195</u>	<u>3,977</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		21,713	22,918
Creditors amounts falling due after more than one year	11	<u>(1,925)</u>	<u>(4,353)</u>
		<u>19,788</u>	<u>18,565</u>
<b>CAPITAL AND RESERVES</b>			
<b>Shareholder's funds</b>			
Called up share capital	13	17,000	17,000
Profit and loss account	14	1,502	1,296
Other reserves	14	<u>1,286</u>	<u>269</u>
		<u>19,788</u>	<u>18,565</u>

Approved by the Board of Directors on 22 February 2010 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

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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 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

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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 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 £1,035,885 (31 December 2008: £1,242,129).

##### 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 in respect of investment services provided by the Company exclusive of VAT

Turnover	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Management fees	16,486	19,818
Performance fees	3,161	9,968
	<u>19,647</u>	<u>29,786</u>

Management fees of £8,819,996 (31 December 2008 £7,912,686) have been received from Old Mutual Fund Managers Ltd

### **3 OPERATING PROFIT**

Operating profit is stated after charging the following

	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Auditor's remuneration		
Statutory audit	57	58
Non audit services	<u>60</u>	<u>106</u>
	<u>117</u>	<u>164</u>
Exceptional restructuring costs	-	2,980
Depreciation of owned assets	452	422

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than auditors remuneration stated above, 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**

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

	Year ended 31 Dec 2009 £000	Year ended 31 Dec 2008 £000
Directors' emoluments for services to the Company	<u>717</u>	<u>2,277</u>

The aggregate value of contributions to the Company pension scheme in respect of Directors qualifying services totalled £49,605 (31 December 2008 £62,577)

The emoluments of the highest paid Director were £241,027 (31 December 2008 £1,176,620) The highest paid Director is a member of a defined contribution scheme, under which employer contributions made during the year totalled £21,120 (31 December 2008 £25,520)

Retirement benefits are accruing to 6 Directors (31 December 2008 5 Directors) under the defined contribution schemes During the year 5 Directors received shares under long term incentive schemes in respect of qualifying services The Highest Paid Director received £72,000 in shares under long term incentive schemes in respect of qualifying services

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

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

### **5 STAFF COSTS**

**a) Employment costs, including directors**

	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Wages and salaries	7,897	13,592
Social security costs	1,006	1,711
Other pension costs	<u>541</u>	<u>720</u>
	<u>9,444</u>	<u>16,023</u>

An expense recharge of £11,752,519, including wages and salaries, has been recharged to Old Mutual Fund Managers Ltd, a fellow group company. Certain prior year comparatives have been restated to ensure consistency with current year presentation.

**b) Average number of employees**

The average number of persons (including Directors) employed by the Company during the year was 135 (31 December 2008 156)

**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 2009 and was updated for FRS17 purposes to 31 December 2009, by a qualified independent actuary.

As at 31 December 2009, there was a deficit of £20,763,000 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 in 2010. All additional contributions are borne by Old Mutual Plc. At the date of the latest actuarial valuation the scheme's assets were 66% of the benefits that had accrued to members, allowing for future increases in salaries.

Pension costs for the year under the above schemes totalled £1,126,885, of which £586,980 was charged to another group company, (year to 31 December 2008 £1,242,129 of which £521,694 was charged to another group company).

### **6 TAXATION**

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

	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Current tax		
UK corporation tax on profit of the period	(63)	(1,526)
Adjustments in respect of previous periods	<u>(285)</u>	<u>(128)</u>
Total current tax (credit) / charge	(348)	(1,654)
Deferred tax	231	677
Adjustments in respect of previous periods	<u>369</u>	<u>(21)</u>
	600	656
Tax (credit) / charge on profit on ordinary activities	<u>252</u>	<u>(998)</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 2009 £'000	Year ended 31 Dec 2008 £'000
Profit / (Loss) on ordinary activities before taxation	458	(3,244)
Corporation tax charge / (credit) at 28% (2008, 28.5%)	128	(924)
Effects of		
Expenses not deductible for tax purposes	40	87
Depreciation in excess of capital allowances	126	82
Short term timing differences	(1,060)	(771)
Tax losses carried forward	702	
Adjustments in respect of previous periods	(285)	(128)
Current tax credit	(348)	(1,654)

#### **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.

### **7 TANGIBLE FIXED ASSETS**

	Computer Equipment £'000	Furniture & Fixtures £'000	Software & product development £'000	Total £'000
<b>COST</b>				
At 1 January 2009	613	63	1,166	1,842
Additions	105	1	110	216
At 31 December 2009	718	64	1,276	2,058
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2009	(487)	(22)	(663)	(1,172)
Charge for the year	(84)	(13)	(355)	(452)
At 31 December 2009	(571)	(35)	(1,018)	(1,624)
<b>NET BOOK VALUE</b>				
31 December 2009	147	29	258	434
31 December 2008	126	41	503	670

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

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

### **8 INVESTMENTS**

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>£'000</b>	<b>£'000</b>
Fair value through profit and loss		
Investments held in Employee Benefit Trust	3,112	3,046
	<u>3,112</u>	<u>3,046</u>

### **9 DEBTORS**

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	753	3,144
Amounts owed by group undertakings (see below)	4,057	1,615
Amounts receivable in respect of taxation	215	1,991
Other debtors	3,274	921
Prepayments	<u>895</u>	<u>732</u>
	<u>9,194</u>	<u>8,403</u>

Amounts owed by group undertakings is comprised of the following balances

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>£'000</b>	<b>£'000</b>
Old Mutual Fund Managers Limited	3,791	1,587
Old Mutual Asset Managers Holding UK Limited	131	-
Old Mutual International Guernsey	-	4
Old Mutual Asset Managers US	133	-
Old Mutual Asset Managers Bermuda	<u>2</u>	<u>24</u>
	<u>4,057</u>	<u>1,615</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**

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	343	162
Amounts owed to group undertakings (see below)	1,302	1,604
Amounts owed in respect of taxation	194	343
Bank overdraft	104	40
Other creditors	11,880	18,826
Employee benefit trust	3,112	3,046
Accruals and deferred income	1,745	2,751
	<u>18,680</u>	<u>26,772</u>
Amounts owed to group undertakings is comprised of the following balances		
Old Mutual Life Assurance South Africa	-	3
Bright Capital Bermuda	759	71
Old Mutual International ROC Nominees	15	-
Old Mutual Asset Managers Holdings Bermuda	-	200
Old Mutual Financial Services (UK) plc	6	-
Old Mutual Asset Managers Holdings (UK)	-	283
Skandia Life Business Services Ltd	522	195
Old Mutual (UK) Holdings	-	760
Old Mutual plc	-	92
	<u>1,302</u>	<u>1,604</u>

The amounts owing to Group companies are payable on demand

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

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	1,925	4,353

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

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

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

### **12 DEFERRED TAXATION**

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

	31 Dec 2009 £'000	31 Dec 2008 £'000
Accelerated tax depreciation	594	329
Short term timing differences	2,899	4,467
Losses	702	-
	<u>4,195</u>	<u>4,796</u>

The deferred tax asset receivable within one year is nil (31 December 2008 £818,863) and greater than one year is £4,195,511 (31 December 2008 £3,976,800)

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

### **13 SHARE CAPITAL**

	31 Dec 2009 £'000	31 Dec 2008 £'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	1,296	269
(Loss) / profit for the financial year	206	-
Share based payments reserve	-	117
Equity Share Scheme	<u>-</u>	<u>900</u>
Shareholder's funds at 31 December 2009	<u>1,502</u>	<u>1,286</u>



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

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

### **15 SHARE BASED PAYMENTS**

During the year ended 31 December 2009, 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	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
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 listed on the LSE. Employees are entitled to dividend payments throughout the vesting period	Three years	Three years' service	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 (LSE)	Number of options 2009	Weighted average exercise price 2009	Number of options 2008	Weighted average exercise price 2008
Outstanding at 1 January	622,906	£0 98	702,724	£1 18
Granted during the year	2,499,987	£0 35	676,934	£0 87
Forfeited during the year	(37,941)	£0 75	(589,196)	£1 17
Exercised during the year	(18,898)	£0 95	(148,945)	£0 62
Expired during the year	(501,637)	£0 93	(18,611)	£1 38
Outstanding at 31 December	2,564,417	£0 38	622,906	£0 98
Exercisable at 31 December	44,910	£1 29	82,234	£0 55

		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	2009	2,499,987	£0 16	£0 44	£0 35	57 0%	3 2 yrs	0 0%	2 0%
	2008	676,934	£0 23	£1 05	£0 87	24 2%	3 1 yrs	5 2%	3 6%

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 shares were granted at an initial valuation of £1 3572 per share. The fair value of the shares at 31 December 2009 was £1 8305 per share.

### **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.

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

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<b>18</b>	<b>PARENT UNDERTAKING</b>
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### **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