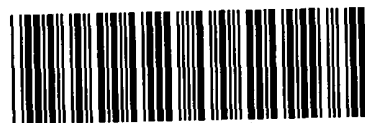


AMENDED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

31 December 2014

TUESDAY



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COMPANIES HOUSE

Old Mutual Global Investors (UK) Limited
(formerly Old Mutual Asset Managers (UK) Limited)

Registered in England No. 02949554

Old Mutual Global Investors (UK) Limited

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Old Mutual Global Investors (UK) Limited

COMPANY INFORMATION

Directors	J Charles (alternate to P Feeney) M Dean P Feeney J Ide P Nathan
Secretary	D Clarke
Bankers	Citibank N. A. London Branch Citigroup Centre 25 Canada Square London EC14 5LB
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Registered office	Millennium Bridge House 2 Lambeth Hill London EC4V 4AJ Telephone: 020 7332 7500 Website: www.oldmutual.co.uk Website: www.omglobalinvestors.com Registered in England No. 02949554

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

Old Mutual Global Investors (UK) Limited (the company) is part of Old Mutual Plc, a FTSE 100 company, and is authorised and regulated by the Financial Conduct Authority (FCA). The company forms part of the Old Mutual Wealth division of Old Mutual Plc, for which Old Mutual Wealth Management Limited acts as the holding company and delivers strategic and governance oversight. Within the Old Mutual Wealth division the company is part of the Old Mutual Global Investors business. Old Mutual Global Investors (OMGI) is an asset manager, working with banks, wealth managers and other intermediary partners as well underpinning the objective of the wider Old Mutual Wealth division to be a leading investment business. The key strategic aims of the Old Mutual Global Investors business are to deliver strong investment performance and customer-focused investment solutions that result in positive outcomes for its clients. In pursuit of this aim, the Old Mutual Global Investors business seeks to offer customers and their advisers a wide range of choice, including both fully-packaged solutions and investment building blocks.

The principal activity of the company is the provision of actively managed, alpha-generating single-manager funds. Funds are registered both onshore and offshore and managed by both in-house and third party managers. The funds are organised around both geographic regions and economic sectors and include both long-only and long/short funds.

Development and performance during 2014

The company achieved strong growth in fee income during 2014, increasing to £95.3m (2013: £69.2m). This growth was primarily due to positive NCCF into managed funds and mandates of £666m during 2014 (2013: -£1,569m) and fund performance fee income earned during the year.

At the same time the company experienced an increase in revenue related costs and development spend, with pre-tax profit falling to £10.7m (2013: £11.1m).

Key performance indicators (KPIs)

The funds performed in line with their objectives through 2014. Funds under management (FUM) increased over the year from £4.4 billion at 31 December 2013 to £4.8 billion at 31 December 2014 due to a combination of positive NCCF for the year and strong fund performance.

	2014 £'000	2013 £'000
Net client cash flow (NCCF)	666	(1,569)
Market value of funds under management	4,825	4,365

Business update and future developments

During 2014 Old Mutual Wealth launched its Wealth Select fund platform range, which aims to offer high quality investment funds from leading asset management brands, offered alongside a Managed Portfolio Service (MPS). The company has been offering clients the ability to invest in its investment fund range via this platform since February 2014.

The company also insourced portfolio management of its Asian equity fund range during Q4 2014. These funds are now managed by fellow group subsidiary Old Mutual Global Investors Asia Pacific Limited.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The company has in place an 'Enterprise Risk Management Framework Policy' including an 'Escalation Policy', which has been cascaded from Old Mutual plc, the ultimate parent company. These policies provide frameworks for risk monitoring, management and governance. More details on risk and capital can be found in the accounts of Old Mutual plc and on the Old Mutual plc website.

Some of the key risks relevant to the business are considered to include investment performance, adverse market conditions (including stock market volatility, interest rates and foreign exchange rates), regulatory risk and operational risks, more specifically staff retention. These risks are managed through robust, embedded governance structures, diversity of the product and client range, and through ensuring remuneration packages and culture remain competitive and attractive.

Regulatory and Operational risk is managed through forward planning, project management and Risk & Governance Committee oversight. Risks to the business are reviewed and monitored on an on-going 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 http://www.omglobalinvestors.com/Global/Policies/OMAM_Pillar3_disclosure.pdf.

Further details of the risk management objectives and policies of the company are disclosed in note 4.

By order of the board



M Dean
Director
24 April 2015

Old Mutual Global Investors (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2014.

The review of the business and principal risks and uncertainties are disclosed within the strategic report.

DIRECTORS

The directors of the company during the year were as follows:

J Charles
M Dean
P Feeney
J Ide
P Nathan

The directors do not hold material shareholdings.

DIVIDENDS

The company declared a dividend of £7,377,367 during the year (2013: £nil).

FCA REMUNERATION CODE DISCLOSURE

The company falls within Proportionality Tier 3 (previously Tier 4) for the purposes of the FCA Remuneration Code. Under this Code, the company is required to make certain disclosures regarding its remuneration policies and practices for those categories of staff whose professional activities have a material impact on its risk profile. These disclosures may be found on the company's website as part of the Pillar 3 disclosure.

EMPLOYEES

The average number of persons (including Directors) employed by the company during the year was 183 (2013: 168).

POLITICAL CONTRIBUTIONS

No political contributions were made during the year (2013: £nil).

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the company are disclosed in note 4.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are each 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 ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

KPMG Plc has instigated an orderly wind down of business. A resolution to appoint KPMG LLP as auditors was approved by the board on 12th November 2014.

By order of the board



M Dean
Director
24 April 2015

Old Mutual Global Investors (UK) Limited

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

The directors are responsible for preparing the strategic report, 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 IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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.

Old Mutual Global Investors (UK) Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OLD MUTUAL GLOBAL INVESTORS (UK) LIMITED**

We have audited the accompanying financial statements of Old Mutual Global Investors (UK) Limited for the year ended 31 December 2014 set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 Financial Reporting Council's web-site at www.frc.org.uk/audit/scopeukprivate.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 strategic report and 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.



Neil Palmer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 April 2015

Old Mutual Global Investors (UK) Limited

INCOME STATEMENT
for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
REVENUE			
Fee income	5	95,284	69,237
Expenses recharged to group companies	6	30,939	33,797
Investment return		4	-
Other income	7	100	86
TOTAL REVENUE		<u>126,327</u>	<u>103,120</u>
EXPENSES			
Commission expenses	8	(723)	(1,878)
Rebates paid to introducers	12	(19,584)	(18,316)
Change in deferred acquisition costs	16	111	1,426
Administrative expenses	9	(95,443)	(73,251)
TOTAL EXPENSES		<u>(115,639)</u>	<u>(92,019)</u>
PROFIT BEFORE TAX		10,688	11,101
Taxation	13	(2,565)	(2,797)
PROFIT FOR THE YEAR		<u>8,123</u>	<u>8,304</u>
Attributable to equity holders		<u>8,123</u>	<u>8,304</u>

All the above amounts in the current and prior year derive from continuing activities.

The notes on pages 12 to 33 are an integral part of these financial statements.

Old Mutual Global Investors (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	2014 £'000	2013 £'000
PROFIT FOR THE YEAR	<u>8,123</u>	<u>8,304</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR All attributable to equity holders	<u>8,123</u>	<u>8,304</u>

The notes on pages 12 to 33 are an integral part of these financial statements.

Old Mutual Global Investors (UK) Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity holders' funds £'000
Balance at 1 January 2013	13,000	723	(928)	12,795
Profit for the year	-	-	8,304	8,304
Share-based payments	-	745	-	745
Total share ownership plan	-	209	-	209
Share issue	8,000	-	-	8,000
Balance at 1 January 2014	21,000	1,677	7,376	30,053
Profit for the year	-	-	8,123	8,123
Share-based payments	-	400	-	400
Dividends paid	-	-	(7,376)	(7,376)
Balance at 31 December 2014	21,000	2,077	8,123	31,200

The notes on pages 12 to 33 are an integral part of these financial statements.

Old Mutual Global Investors (UK) Limited

STATEMENT OF FINANCIAL POSITION
at 31 December 2014

	Notes	2014 £'000	2013 £'000
ASSETS			
Property, plant and equipment	14	28	70
Intangible assets	15	-	25
Deferred acquisition costs	16	1,536	1,425
Deferred tax assets	17	2,810	1,011
Investments in collective investment schemes	18	775	525
Other receivables	19	37,187	18,233
Other prepayments and accrued income	20	249	2,104
Cash and cash equivalents	21	49,612	51,853
Total assets		92,197	75,246
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	22	21,000	21,000
Share-based payment reserve		2,077	1,468
Other Reserves		-	209
Retained earnings		8,123	7,376
Total equity attributable to equity holders		31,200	30,053
LIABILITIES			
Provisions	23	-	2,428
Current tax liabilities		5,428	1,063
Other payables	24	55,569	41,702
Total liabilities		60,997	45,193
Total equity and liabilities		92,197	75,246

The notes on pages 12 to 33 are an integral part of these financial statements.

Approved at a meeting of the board of directors on and signed on its behalf by:



M Dean
Director
24 April 2015

Company registered number: 02949554

Old Mutual Global Investors (UK) Limited

STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014 £'000	2013 £'000
OPERATING ACTIVITIES		
Fee income received from clients	100,043	95,123
Rebates paid to introducers	(18,218)	(15,483)
Investment adviser fees paid	(6,365)	(6,048)
Commissions paid	(724)	(193)
Employee expenses & cash paid to service providers	(69,668)	(45,522)
Tax and group relief paid	-	(59)
Net cash from operating activities	5,068	27,818
INVESTING ACTIVITIES		
Interest received	87	69
Investment income on managed funds	(20)	8
Net cash from investing activities	67	77
FINANCING ACTIVITIES		
Issued share capital	-	8,000
Dividends paid	(7,377)	-
Net cash (used in)/from financing activities	(7,377)	8,000
Net increase in cash and cash equivalents	(2,242)	35,895
Cash and cash equivalents at beginning of the year	51,854	15,959
Cash and cash equivalents at end of the year	49,612	51,854

The notes on pages 12 to 33 are an integral part of these financial statements.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1 GENERAL INFORMATION

Old Mutual Global Investors (UK) Limited is a limited company incorporated in England & Wales. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the company are disclosed in the strategic report.

2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Up to and including 31 December 2013 the company prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP). The company elected to prepare its financial statements under IFRS adopted for use in the EU with 1 January 2014 being the date of the transition. The disclosures required by IFRS 1 'First-Time Adoption of International Financial Reporting Standards', concerning the transition from UK GAAP to IFRS, are given below.

A company is required to determine its accounting policies in accordance with IFRS and apply these retrospectively to determine the opening balance sheet under IFRS, however there are a number of exemptions permitted by IFRS 1. The company has taken advantage of the following exemption:

Under IAS 39 'Financial Instruments: Recognition and Measurement', certain assets have been designated as fair value through profit or loss at the date of transition rather than on initial recognition.

IFRS 1 prohibits retrospective application of some aspects of other IFRSs. Accounting estimates recognised under IFRS that were made under previous GAAP are not adjusted except for changes in accounting principles or if there is objective evidence of error.

Transition to IFRS

There is no difference to the company's opening position as a result of transition to IFRS.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial statements have been prepared on a going concern basis, the historical cost basis except for the revaluation of certain financial instruments, have been prepared in sterling and are rounded into thousands.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

Standards, amendments to standards, and interpretations adopted in these annual financial statements

The following standards, amendments to standards and interpretations have been adopted in these financial statements:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- IFRIC 21 'Leases'

The adoption of these standards did not have any impact on the financial statements.

Future standards, amendments to standards, and interpretations not early-adopted in the 2014 annual financial statements

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, have been issued by the International Accounting Standards Board.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 'Financial Instruments'

The IASB has issued components of IFRS 9 Financial Instruments, which is the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety. The project has three main phases:

- Phase I: Classification and measurement of financial instruments;
- Phase II: Amortised cost and impairment of financial assets; and
- Phase III: Hedge accounting.

IFRS 9, as currently issued, includes requirements for the classification and measurement of financial assets and liabilities, liabilities derecognition requirements and additional disclosure requirements. The main changes from IAS 39 include the following:

- Financial assets are to be classified and measured based on the business model for managing the financial asset and the cash flow characteristics of the financial asset, either at fair value or amortised cost.
- A financial asset or liability that would otherwise be at amortised cost may only be designated as at fair value through profit or loss if such a designation reduces an accounting mismatch.
- For financial liabilities designated as at fair value through profit or loss a further requirement is that all changes in the fair value of financial liabilities attributable to credit risk be transferred to 'Other Comprehensive Income' with no recycling through profit or loss on disposal.

This standard is effective for accounting periods beginning on or after 1 January 2018; it is yet to be endorsed by the EU.

IFRS 15 Revenue from Contracts with Customers

The standard provides a comprehensive new model for revenue recognition. The company would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period. The impact of the new standard will be further assessed in more detail.

This standard is effective for accounting periods beginning on or after 1 January 2017; it is yet to be endorsed by the EU.

Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the company's business that typically requires such estimates is the determination of the deferred acquisition costs. This is discussed in more detail in the relevant accounting policies and notes to the financial statements.

Property, plant and equipment

Items of equipment are reported at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

	Years
Computer equipment	3
Furniture	5

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This gain or loss is recognised in the income statement.

Intangible assets

Purchased software and internally developed software are reported at cost less accumulated amortisation and impairment losses.

Internally developed software is amortised over its estimated useful life. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the group and its cost can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs incurred in the research phase are expensed whereas costs incurred in the development phase are capitalised subject to meeting specific criteria set out in the relevant accounting guidance, the main criteria being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years.

Impairment of assets

The carrying amounts of the company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Deferred acquisition costs

Incremental costs directly attributable to securing an investment contract are deferred. These costs consist mainly of commission paid to independent financial advisers and internal sales personnel. The costs are capitalised as deferred acquisition costs and are amortised as an expense over the directors' best estimate of the life of the contract as the services are provided.

At the end of each reporting period, deferred acquisition costs are reviewed for recoverability, by category, against future margins from the related business at the reporting date. An impairment loss is recognised in the income statement if the carrying amount of the deferred acquisition costs is greater than the future margins from the related business.

Investments in collective investment schemes

Investments in collective investment schemes are designated at fair value through income statement at initial recognition and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Holdings in unit trusts are valued at quoted bid price for long positions and quoted offer price for short positions. Open Ended Investment Company (OEIC) assets are single priced funds and are valued at the quoted net asset value per share. Any holdings in dual priced unit trusts are priced at the mid price of the creation and cancellation prices. Purchases and sales of securities and currencies are recognised on the trade date.

Employee benefit trust

The Group has an active employee benefit trust in accordance with IAS 19, the assets and liabilities are included in the statement of financial position of the company.

Other receivables

Other receivables are not interest-bearing and are stated at their cost, less appropriate allowances for estimated irrecoverable amounts. The carrying value of the assets approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks. The carrying amount of these assets approximates to their fair value.

Other payables

Other payables are not interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for client transactions

Bank and debtor balances reflect transfers made between company and client bank accounts on the day following the reporting date. This reflects the daily update of client accounts which is required to be made within one business day under the UK Financial Conduct Authority ("FCA") rules, and gives a clearer presentation of company bank balances and debtors represented by client balances as a result of transactions made on the last business day.

Pensions and other post-retirement benefits

The company has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the income statement in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered.

For the defined benefit schemes actuarial valuations are undertaken on a regular basis. Note 11 provides further information in relation to the defined benefit arrangements.

Revenue recognition

Revenue comprises the fair value for services, net of value-added tax. Revenue is recognised as follows:

Fee income

Fees charged for managing investment contracts are recognised as revenue in line with the provision of the investment management services. These services are deemed to be provided equally over the lifetime of a contract.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

Other costs

All expenses are recognised in the income statement when incurred.

Taxation

The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable.

Deferred taxes are calculated according to the statement of financial position method, based on temporary timing differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The services rendered in an equity-settled transaction with employees are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date.

If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognised in full on the grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the employee has completed a specified period of service, it is assumed that the services rendered by the employee, as consideration for those equity instruments, will be received in the future, during the vesting period. These services are accounted for in the income statement as they are rendered during the vesting period, with a corresponding increase in equity.

The equity instruments granted by the company are measured at fair value at measurement date using standard option pricing valuation models. The valuation technique is consistent with generally acceptable valuation methodologies for pricing financial instruments and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT

The Enterprise Risk Management (ERM) framework is defined for the Old Mutual Wealth (OMW) business unit of Old Mutual plc. The company has adopted the OMW ERM framework. The ERM framework is articulated by reference to the following key areas:

- The strategic aims of the business
- Risk governance and culture
- Risk preferences and trade-offs
- Risk appetite statements and key risk indicators

The strategic aims of the business are defined as follows:

- Sustainability: the business is designed to be sustainable in the long-term, supported by appropriate capital and liquidity
- Proposition: the business aims to enable positive futures for our customers through delivering real solutions for real customer needs. Key components of the proposition relate to our conduct of delivering on our promises, our capability to continue to evolve the business to ensure that it remains at the forefront of the industry and ensuring we have an appropriate governance framework and culture
- Financial performance: the business aims to achieve compelling financial returns over the long term

The risk governance framework employs the 3 lines of defence principle (the first line manage risk, the second line provide oversight and challenge to the first line and the third line provides independent assurance). The risk governance model is supported by active risk identification, measurement, monitoring, assessment, testing, reporting and control.

Risk culture is defined by the following statements:

- We accept that taking on risk is essential to us achieving our vision and aims
- We seek to balance the risk faced by all our stakeholders and explicitly consider risk in our business decisions
- We proactively seek to identify risks
- We will explicitly recognise when we trade one risk for another
- We will always seek to understand our risk exposures
- We promote an open culture of constructive challenge and timely escalation of issues

Our risk preferences provide a broad context to our approach to managing risk and represent the high-level principles of our attitude to different types of risk. They set context for our risk appetite and inform our strategy. Our risk trade-offs provide high level principles of key areas where we seek to balance risk in pursuit of our strategic aims.

Our risk preferences are articulated as follows:

- We will ensure risks taken are commensurate with our strategic aims and at an acceptable level of return. We accept business risks (persistence, expense and new business) as a consequence, but we ensure these are appropriately managed and mitigated.
- We have a strong preference for capital light products with limited appetite for taking on balance sheet risk and in particular, products with financial guarantees. Where balance sheet risk is necessary in order to fulfil our strategic aims, we will seek to mitigate this risk through appropriate hedging and/or reinsurance arrangements.
- We have a preference for secondary market risk through asset-based fees as this is central to our proposition and the markets in which we operate and we accept the potential impact on financial performance.
- We have a preference for life liability risk to the extent that it fits within our strategic aims.
- We avoid market risk on our shareholder free assets.
- We seek to minimise operational risk through effective processes, systems and controls.

Risk appetite statements and key risk indicators have been defined with a particular focus on conduct risks in order to monitor the risks that could lead to poor customer outcomes. Key risk indicators are monitored and reported on a regular basis to identify emerging threats and identify actions to manage risks within appetite. The risk appetite is reviewed at least annually, taking account of environmental changes and strategic opportunities. In addition the OMW suite of policies set out the standards that are required by the business in managing risks.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT (continued)

The risks faced by the company are described below.

Economic Capital at Risk: The value of assets required to ensure that the business can meet its obligation to policyholders at a 99.93% confidence level over the next year. The confidence level represents the probability placed on an A rated bond not defaulting in the next year.

Earnings at Risk: The reduction in pre-tax IFRS adjusted operating profit over one year resulting from a 1 in 10 year adverse event.

Risk strategy and appetite

Cashflow at Risk: The reduction in potential cash remittable to Old Mutual group over one year resulting from a 1 in 10 year adverse event.

Operational Risk: Potential total operational losses which could arise on a 1 in 10 year basis.

Financial Groups Directive (FGD) surplus capital at risk: The reduction in FGD surplus at the reporting date. This is tested on the basis of both 1 in 10 and once in 200 year loss events.

The material risks faced by the company are described below.

Credit risk

Credit risk is the risk that the company is exposed to a loss if another party fails to meet its financial obligations to the company, including failing to meet them in a timely manner.

The Old Mutual Wealth Management sub-group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the company is exposed. The company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the accounts.

The company's principal financial assets that are exposed to credit risk are bank and cash balances, amounts due from group companies and other receivables.

Loans and receivable balances are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. A significant amount of the company's sales are to fellow subsidiary undertakings, so this risk is somewhat diminished.

Market risk

Market risk is defined as the risk that a change in the value of income from any asset is not matched by an equal change in the value of any related liability. Market risk arises from fluctuations in equity prices, interest rates and foreign exchange rates, where assets and liabilities are not precisely matched.

The Old Mutual Wealth Management sub-group has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements.

Market risk arises from movements in the following variables:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk arises primarily from bank balances held which are exposed to fluctuations in interest rates. The effective interest rate applicable to interest bearing financial instruments is as follows:

	2014 Variable	2013 Variable
Assets		
Deposits with credit institutions	0.29%	0.32%

Price risk

In accordance with the Market Risk Policy, the company does not invest shareholder assets in equity, or related collective investments, except for small positions in the managers box which are short-term and subject to internal limits.

Sensitivity of profit to changes in equity and property prices is given in the sensitivity analysis later in this section.

Foreign exchange rate risk

The company is not exposed to significant currency risk. The company holds foreign currency balances, these amounted to a credit balance of £0.0m (2013: £0.2m) in Swiss francs, a debit balance of £1.6m (2013: £8.4m) in US dollars, a debit balance of £0.0m (2013: £0.2m) in Swedish Krona, a debit balance of £0.3m (2013 credit: £0.6m) in Euros and a credit balance of £0.0m (2013 debit: £0.1m) in other currencies at the reporting date.

Liquidity risk

Liquidity risk is the risk that a company although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Old Mutual Wealth Management sub-group has established a liquidity risk policy that sets out the practices that each business unit must perform to manage exposure to liquidity risk.

Financial liabilities of the company consist of trade payables of £57.2m (2013: £41.7m) which are all expected to mature within three months.

Risk and capital management

The capital management policy sets out the key considerations and restrictions with regard to the amounts of capital that is retained.

Capital is managed by ensuring that the company has sufficient capital resources to meet its liabilities to its investors for the remaining lifetime of the in-force business, except in the event of extreme adverse circumstances with an acceptably small likelihood of occurrence. The company also retains sufficient capital resources to meet regulatory statutory capital requirements and to maintain working capital to provide for fluctuations in experience, in particular, in respect of new business volumes. The company regards the regulatory statutory capital resources of £29.8m (2013: £28.7m) as capital.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT (continued)

Risk and capital management (continued)

Operational risk

Operational risk is the risk that failure of people, processes, systems or external events results in financial loss, damage to the brand/reputation or adverse regulatory intervention or government or regulatory fine. Operational risk includes all risks resulting from operational activities, excluding risks already described above and excluding strategic risks and risks resulting from being part of a wider group of companies.

Operational risk includes the effects of failure of the administration processes, IT maintenance and development processes, investment processes (including settlements with fund managers, fund pricing and matching & dealing), product development and management processes, dependence on key individuals, legal risks (e.g. risk of inadequate legal contracts with third parties), risks relating to the relationship with third party suppliers and the consequences of financial crime and business interruption events.

In accordance with Old Mutual Wealth Management sub-group policies, the management has primary responsibility for the identification, management and monitoring of risks and escalation and reporting on issues to business unit executive management and to Group.

The company executive management have responsibility for implementing the Old Mutual Wealth Management sub-group risk management methodologies and framework and for development and implementation of action plans to manage risk levels within acceptable tolerances and resolve issues.

Investment contract risk

Investment contract risk arises through exposure to unfavourable operating experience in respect of factors such as persistency levels and management expenses relative to the company's expectations when pricing contracts that may prevent the firm from achieving its profit objectives.

Persistency

Persistency risk is the risk that the rate at which funds are withdrawn exceeds expectation. This can result in a reduction in profits in future years.

In order to limit this risk to an acceptable level, charging and commission structures are designed to limit the direct financial loss on surrender to an acceptable level.

Persistency statistics are monitored monthly to identify emerging trends and take action as appropriate.

In the short term, profit is not materially impacted by reasonably foreseeable changes in persistency experience.

Sensitivity tests

Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at 31 December 2014 and 31 December 2013. The same methods and assumptions have applied to both 2014 and 2013 comparatives.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT (continued)

Investment contract risk (continued)

Interest rate risk

The impact of an increase and decrease in market interest rate of 1% is tested (e.g. if the current interest rate is 5%, the test allows for the effects of an instantaneous change to 6% and 4% from the start of the year). The test allows consistently for similar changes in investment returns and movements in the market value of assets backing fixed interest securities.

A rise in interest rate by 1% would have increased profit and shareholders equity by £0.4m after tax (2013: £0.2m). An equal change in the opposite direction would have decreased profit by £0.4m after tax (2013: £0.2m).

Equity/property

A movement in equity and property prices would impact the annual management fee income that is based on the market value of the investments. The impact would be partially offset by a reduction in the rebates paid from the fee income. The sensitivity is applied as an instantaneous shock to equity and property prices at the start of the year.

An increase in equity and property prices by 10% would have increased profit by £6.8m after tax (2013: £4.8m). An equal change in the opposite direction would have decreased profit by £6.8m after tax (2013: £4.8m).

Expenses

The increase in expenses is assumed to apply to the costs associated with the maintenance and acquisition of contracts. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase.

An increase in expenses of 10% would have decreased profit by £7.2m after tax (2013: £5.1m).

5 FEE INCOME

	2014 £'000	2013 £'000
Investment contracts		
Annual management fee income	44,228	39,850
Intercompany revenue	26,393	16,387
Performance fee income	19,381	7,930
Distribution fee income	5,279	5,059
Fund based fees	3	10
	<u>95,284</u>	<u>69,236</u>

6 EXPENSES RECHARGED TO GROUP COMPANIES

	2014 £'000	2013 £'000
Expenses recharged to group companies	<u>30,939</u>	<u>33,797</u>

The company incurs operating costs of Old Mutual Global Investors group. As compensation for this service, the company receives a management fee charged at a mark up on cost from fellow group undertakings.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

7 OTHER INCOME

	2014 £'000	2013 £'000
Other income	<u>100</u>	<u>86</u>

The other income relates to company bank account receivable.

8 COMMISSION EXPENSES

	2014 £'000	2013 £'000
Initial commission	<u>723</u>	<u>1,878</u>

9 ADMINISTRATIVE EXPENSES

	2014 £'000	2013 £'000
Administrative expenses	<u>95,443</u>	<u>73,251</u>

Administrative expenses include:

Investment adviser fees	9,664	10,631
Management fees paid to fellow group undertakings (see note 29)	2,898	3,846
Restructuring costs	-	1,050
Amortisation provided during the year	67	85
Auditor's remuneration: audit services paid to KPMG LLP	59	57
Auditor's remuneration: non-audit services paid to KPMG LLP	72	55

Auditor's remuneration for audit services consists of fees in respect of statutory audits and group reporting.

The services of employees in the UK are provided by a fellow group undertaking and are included in management fees.

The restructuring costs in 2013 were primarily redundancy costs associated with the divestment of the Skandia Nordic business.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

10 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only directors are considered to meet this definition.

Directors' emoluments shown below are included in management fees payable to fellow subsidiary undertakings shown in note 9.

	2014 £'000	2013 £'000
Aggregate directors' emoluments		
Aggregate emoluments excluding pension contributions	768	579
Company pension contribution to money purchase schemes	8	20

3 directors had money paid to money purchase schemes during the year (2013: 3).

4 directors, including the highest paid director, received or were due to receive shares or share options in Old Mutual plc under a long term incentive scheme (2013: 5).

3 directors (2013: 1) exercised options during the year.

	2014 £'000	2013 £'000
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	496	384

The highest paid director did exercise share options during the year (2013: directors did not exercise).

The above disclosure includes the remuneration of the directors in relation to their services to this company. The remuneration for each director is apportioned on the basis of time spent across the companies of which they are a director.

During the year there was no compensation for loss of office. In 2012 the compensation for loss of office included the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the SAYE scheme, payout of contractual long term incentive, pension contribution, bonus and statutory redundancy.

11 EMPLOYEE BENEFITS

	2014 £'000	2013 £'000
Wages and salaries	51,912	38,876
Share-based payments	609	-
Social security costs	7,832	2,146
Other pension costs	1,536	1,393
	<u>61,889</u>	<u>42,415</u>
The average number of employees was as follows:	<u>183</u>	<u>168</u>

The increase in staff costs relates to the increased number of employees due to business growth and an increase in bonus payments.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

11 EMPLOYEE BENEFITS (continued)

The company contributes to a Group Personal Pension for the majority of its employees. The core contribution is 9% of relevant pensionable earnings.

The Old Mutual Defined Benefit pension scheme was closed on 31 October 2013.

Pension costs for the year under the above scheme totaled £1,392,656 of which £699,948 was charged to other group companies, (2012: £1,071,000 of which £475,000 was charged to a fellow subsidiary undertaking).

12 REBATES PAID TO INTRODUCERS

	2014 £'000	2013 £'000
Amounts paid to group undertakings (see note 29)	5,157	5,097
Amounts paid to external introducers	14,427	13,219
	<u>19,584</u>	<u>18,316</u>

13 TAXATION

	2014 £'000	2013 £'000
UK corporation tax	3,552	1,121
Deferred tax	<u>(1,800)</u>	<u>1,676</u>
Prior year adjustment	813	-
Tax on profit for the year	<u>2,565</u>	<u>2,797</u>

The total tax charge for the year can be reconciled to the accounting profit as follows:

Pre-tax profit	10,688	11,101
Tax on profit at the applicable tax rate, 21.50% (2013: 23.25%)	2,298	2,581
Effect of:		
Non-deductible costs	196	182
Statutory share based payment deduction	-	(30)
Effect on deferred tax of changes in tax rates	77	34
Deferred tax - prior year adjustment	(819)	30
Adjustment for prior years	813	-
	<u>2,565</u>	<u>2,797</u>

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

13 TAXATION (continued)

Factors that may affect future charges

The company has recognised deferred tax assets as disclosed in Note 17. The company consider that the future year's profits will be sufficient to utilise the tax asset carried forward.

From 1 April 2013 the main rate of UK corporation tax reduced to 23%. Further reductions to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015 have also been enacted during 2013.

14 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Furniture £'000	Total £'000
Cost or valuation			
At 1 January 2013	953	101	1,054
At 31 December 2013	953	101	1,054
At 31 December 2014	953	101	1,054
Accumulated depreciation and impairment			
At 1 January 2013	833	80	913
Charge for the year	65	6	71
At 31 December 2013	898	86	984
Charge for the year	34	8	42
At 31 December 2014	932	94	1,026
Carrying amount			
At 31 December 2013	55	15	70
At 31 December 2014	21	7	28

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

15 INTANGIBLE ASSETS

	Internally developed software £'000
Cost	
At 1 January 2013	1,368
At 31 December 2013	1,368
At 31 December 2014	1,368
Accumulated amortisation and impairment	
At 1 January 2013	1,328
Amortisation charge for the year	15
At 31 December 2013	1,343
Amortisation charge for the year	25
At 31 December 2014	1,368
Carrying amount	
At 31 December 2013	25
At 31 December 2014	-

16 DEFERRED ACQUISITION COSTS

	2014 £'000	2013 £'000
Opening balance	1,425	-
Capitalisation of deferred acquisition costs	723	1,774
Amortisation of deferred acquisition costs	(613)	(348)
Change in deferred acquisition costs	111	1,426
Closing balance	1,536	1,426

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

17 DEFERRED TAX

The following are the deferred tax balances recognised by the company and the movements thereon, during the current and prior reporting period.

	Accelerated tax depreciation £'000	Short term timing differences £'000	Tax losses £'000	Total £'000
Shareholder deferred tax				
Asset at 1 January 2013	(526)	(795)	(1,366)	(2,687)
Movement in the year	128	182	1,366	1,676
Asset at 31 December 2013	(398)	(613)	-	(1,011)
Movement in the year	(5)	(1,794)	-	(1,799)
Asset at 31 December 2014	(403)	(2,407)	-	(2,810)
Total deferred tax asset				

Deferred tax assets in respect of investment losses have been recognised to the extent that it is considered probable that those losses will be utilised in the foreseeable future.

The deferred tax asset receivable within one year is £nil (2013: £nil) and greater than one year is £2,811,100 (2013: £1,011,488).

There were no unrecognised deferred tax assets.

18 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

	2014 £'000	2013 £'000
At fair value through the income statement		
Investments held in Employee Benefit Trust	609	377
Investments in funds	166	148
	<u>775</u>	<u>525</u>

19 OTHER RECEIVABLES

	2014 £'000	2013 £'000
At amortised cost		
Due from group undertakings (see note 29)	12,224	9,540
Trade debtors	19,311	6,735
Prepayments and accrued income	-	2,102
Annual management charges receivable	5,204	1,924
Distribution fees receivable	448	133
	<u>37,187</u>	<u>20,434</u>

All amounts due from group companies are unsecured and are settled quarterly. All amounts are current, short term and interest free with the carrying amount approximating to fair value.

There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

20 OTHER PREPAYMENTS AND ACCRUED INCOME

	2014 £'000	2013 £'000
At amortised cost		
Prepayments and accrued income	<u>249</u>	<u>2,104</u>

All amounts are current, short term and interest free.

21 CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000
Bank balances	<u>49,612</u>	<u>51,853</u>

The cash at bank comprises balances held in multiple current bank accounts. The carrying amount of these assets approximates to their fair value.

22 SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
21,000,000 (2013: 21,000,000) ordinary shares of £1 each	<u>21,000</u>	<u>21,000</u>

No new share capital was issued during the year.

The company has elected under the Companies Act 2006 to remove authorised share capital limits.

23 PROVISIONS

	2014 £'000	2013 £'000
Other provisions	<u>-</u>	<u>2,428</u>

Other provisions relates to the provision for staff incentive scheme which is payable within three years.

24 OTHER PAYABLES

	2014 £'000	2013 £'000
At amortised cost		
Due to group undertakings (see note 29)	8,229	9,942
Accruals	43,297	27,148
Other	<u>4,043</u>	<u>4,612</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

24 OTHER PAYABLES (continued)

	2014 £'000	2013 £'000
At amortised cost	55,569	41,702

Accruals principally comprise amounts due to clients and amounts due to staff relating to bonuses. The directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term, current and interest free. Amounts due to group undertakings are unsecured, interest-free and current.

25 FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses financial instruments into a hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in collective investment schemes	609	-	-	609
	<u>609</u>	<u>-</u>	<u>-</u>	<u>609</u>

2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in collective investment schemes	525	-	-	525
	<u>525</u>	<u>-</u>	<u>-</u>	<u>525</u>

Level 1 to 2 transfers

There have been no changes in valuation techniques during the year under review. There have been no transfers between level 1 and level 2 during the year under review.

Master netting or similar agreements

The company may from time to time offset financial assets and liabilities in the statement of financial position when it has a legal enforceable right to do so and intends to settle on a net basis or at a simultaneous time. The company did not during the 2014 or 2013 financial year offset any financial assets or liabilities under any master netting or similar agreement.

Structured entities

The table below summarises the types of structured entities in which the company held an interest:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

25 FINANCIAL INSTRUMENTS (continued)

Type of structured entity	Nature	Purpose	Interest held by the company
Investment in collective investment schemes	Manage company funds through the investment in assets	Generate fees from managing company assets	Investments in units issued by the fund

Company extent of involvement in unconsolidated structured entities

The company holds interest in unconsolidated structured entities as at 31 December 2014 as set out in the table below. The maximum exposure to loss is equal to the sum of the carrying amount of assets held.

	Investment securities £'000
As at 31 December 2014:	
Investment funds	609
As at 31 December 2013:	
Investment funds	525

Unconsolidated Variable Interest Entities

The Company is the delegated investment manager for several investment funds. This note provides additional information on the Company's exposure to these funds. The investment funds are open-ended investment companies and professional investment funds, and are financed/ funded by investors. The Company holds interests in these funds through the receipt of management and other fees and through equity interests in certain cases. The following information summarises the size of these funds and the carrying value of the Company's interests at the balance sheet date.

	31 December 2014 £'000
Nature and extent of interest in unconsolidated structured entities	
Net asset value of investment funds in which the Company has an interest	2,741,497
Nature of and changes in risks associated with interests in unconsolidated structured entities	
Investment in funds (included in current asset investments)	609
Accrued income – fees paid in arrears (included in trade and other receivables)	5,204

Prior year comparison is not required in the first period of adoption. The maximum exposure to loss in these funds of the Company is limited to the total accrued income paid in arrears and the carrying value of investment in the funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

26 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments as at 31 December 2014 (2013: £nil).

27 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2014 (2013: £nil).

28 SHARE BASED PAYMENTS

During the year ended 31 December 2013, a share-based payment plan was implemented for certain key employees of Old Mutual Wealth Management Limited, including Old Mutual Global Investors, with the stated objective of achieving certain strategic objectives and metrics. Upon investing, employees have the option of converting awarded shares into Old Mutual Plc listed shares. The awards are accounted for as an equity settled share-based payment scheme.

Type of arrangement	Description of award	Contractual life	Vesting options
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
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
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 year period and in certain circumstances achievement of a target growth in earnings per share
UK Restricted share plan	OMGI UK Group Limited restricted unlisted	Three years	Three years' service

Options over shares in Old Mutual plc

	Number of options 2014	Weighted average exercise price 2014	Number of options 2013	Weighted average exercise price 2013
Outstanding at 1 January	508,627	£1.16	523,762	£0.92
Granted during the year	502,852	£1.63	120,648	£1.63
Forfeited during the year	(36,593)	£1.45	(13,101)	£1.29
Exercised during the year	(150,281)	£0.63	(135,234)	£0.66
Other transfers during the year	-	-	12,552	n/a
Outstanding at 31 December	824,605	£1.53	508,627	£1.16

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

28 SHARE BASED PAYMENTS (continued)

The following describes the option pricing inputs used for options granted by the company during the year 2014.

	Year	Number of options granted	Fair value at measurement date	Share price	Exercise price
UK Sharesave scheme:	2014	502,852	£0.45	£2.00	£1.63
	2013	120,648	£0.50	£1.99	£1.63
	Year	Expected volatility	Expected life	Expected dividends	Risk free interest rate
UK Sharesave scheme:	2014	30.7%	3.4 yrs	4.2%	1.3%
	2013	35.7%	3.5 yrs	4.0%	0.4%

The following describes the fair value of the restricted shares granted by the Group during the year:

	Year	Number granted	Weighted average fair value
UK Share Reward Plan - Restricted Shares	2014	nil	£-
	2013	610,597	£2.02

29 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period:

	2014 £'000	2013 £'000
Fellow subsidiaries - sales of units in managed funds	<u>544,037</u>	<u>401,956</u>
Fellow subsidiaries - repurchases of units in managed funds	<u>391,487</u>	<u>881,210</u>

The company is a manager of mutual funds and in its capacity as Authorised Corporate Director acts as principle on all transactions of shares with the funds. The funds are available to retail investors and for sale and repurchase to other fellow subsidiary companies. No initial charge is imposed on transactions with other group companies.

Fellow subsidiaries - annual management fees rebated (see note 12)	<u>5,157</u>	<u>5,097</u>
Annual management charges receivable (see note 19)	<u>5,204</u>	<u>1,924</u>

An annual management fee is charged daily and billed monthly on funds under management and a rebate is made to the fellow subsidiary company which acted as introducer. This is settled in cash on a monthly basis.

Old Mutual Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

29 RELATED PARTY TRANSACTIONS (continued)

The amounts due to and from group undertakings are recognised as a net balance on an individual group company basis. These consist of management fees payable, outstanding trades, management fee rebates and group relief. All balances, with the exception of group relief, are expected to settle within one month.

Management fees paid to fellow subsidiary undertakings (see note 9)	<u>2,898</u>	<u>3,846</u>
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Management services and fixed assets in the current and prior period in the UK are provided by Old Mutual Wealth Business Services (OMWBS) (formerly Skandia Life Business Services Limited (SLBS)) and Old Mutual Global Investors (UK) Ltd, both fellow group undertakings. Both entities charge a management fee for costs incurred and services provided. This management fee is charged at a mark up on cost.

Amounts due from or to group undertakings at the reporting date are included in notes 19 and 24 respectively. Balances are settled in cash on a quarterly or monthly basis.

Management fees payable	<u>12,224</u>	<u>9,540</u>
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Details of transactions with directors and key management are provided in note 10.

The company's ISA and unit trust portfolio account products are available to the directors and staff of the Old Mutual Wealth Management Limited group on preferential staff terms.

30 ULTIMATE PARENT COMPANY

The company's immediate parent is Old Mutual Global Investors Holdings Limited (company number 060450145), a company registered in England & Wales.

The company's financial statements are consolidated within the financial statements of Old Mutual plc, the ultimate parent company and controlling party, registered in England & Wales. The financial statements are available from:

The Company Secretary
Old Mutual plc
5th Floor
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4GG