

Nissay Schroders Asset Management Europe Limited

Annual Report and Accounts

Year ended 31 December 2013

Registered Number: 03709605



A34J4XQ8

A05

27/03/2014

#353

COMPANIES HOUSE

Contents

Page

Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditors' report to the members of Nissay Schroders Asset Management Europe Limited	5
Profit and loss account	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

Officers and professional advisers

Directors

Hiroyuki Nishi (appointed 25 March 2013)
Hiroyasu Hirata
Toshihiro Nakashima (appointed 25 March 2013)
Shin Matsui (appointed 26 March 2013)
James W Stewart
Carlo A Trabattori

Company Secretaries

Helen M Horton
Melanie Stoner

Registered office

31 Gresham Street
London
EC2V 7QA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report

The Directors present their strategic report on Nissay Schroders Asset Management Europe Limited (the Company) and the audited financial statements of the Company for the year ended 31 December 2013

Results and review of the business

The profit for the year, after tax, was £1,420,000 (2012 £1,037,000 profit after tax)

The principal activity of the Company during the year was to provide investment management services. There have not been any significant changes in the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any material change to the Company's activities in the next year. The Company is regulated by the Financial Conduct Authority.

As shown in the Company's profit and loss account on page 7, the Company's turnover has increased eighteen per cent on the prior year.

The balance sheet on page 8 of the financial statements shows that the Company had net assets of £3,591,000, eleven per cent higher than the previous year.

The Directors consider the results and the Company's financial position at 31 December 2013 to be satisfactory.

The economic environment is expected to remain unchanged in 2014, although this is not certain, and the Company is well placed to take advantage of any opportunities this may present.

Principal risks and uncertainties

Competitive pressure in the investment management market is a continuing risk for the Company, which could result in it losing key clients. The Company manages this risk by providing added value services to its customers, having fast response times in handling all customer queries, and by maintaining strong relationships with customers.

The main business risk is suffering poor long term performance of the funds operated by the Company. The Board regularly reviews the performance of these funds to ensure that any deterioration in performance is highlighted and any necessary action taken.

Key performance indicators

The Directors of the Company consider a number of key performance indicators (KPIs) for the Company. The KPIs include assets under management, turnover and operating expenses as well as regulatory capital requirements.

Approved by the Board of Directors and signed on its behalf by


Shin Matsui
Director
19 March 2014



Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2013

General information

The Company is a company limited by shares incorporated in England and Wales. The Company has two shareholders, Nippon Life Insurance Company and Schroder International Holdings Limited who own 67 per cent and 33 per cent of the called up share capital respectively. Although Nippon Life Insurance Company holds the majority of the issued capital and has the right to appoint four out of six Board Directors, control of the Company is effectively split between the two shareholders.

Dividends

During the year the Directors declared an interim dividend of £1,050,000 (2012 £1,225,000) in respect of the year ended 31 December 2013 which was paid to the members of the Company on 29 July 2013.

Financial risk management

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full the amounts when due. The counterparties for the Company are predominantly related parties and cash at bank. The balances are monitored regularly and historically, defaults have been nil. The cash at bank is held with institutions that are A rated by S&P and BBB rated by Moody's.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Company holds sufficient liquid funds to cover the normal course of business.

Going concern

Taking all the above factors into consideration, including the nature of the Company and its activities, the Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who were in office during the year and up to the date of signing the financial statements, except where noted below, are listed on page one. From 1 January 2013 up to the date of signing of the financial statements the following changes have taken place:

Name	Appointed	Resigned
Shin Matsui (Chairman)	26 March 2013	
Takeshi Furuichi		25 March 2013
Yutaka Ideguchi		25 March 2013
Hiroyuki Nishi	25 March 2013	
Hiroyuki Shoji		25 March 2013
Nakashima Toshihiro	25 March 2013	

Directors' liability insurance

Directors' and Officers' liability insurance is taken out by the Company for the benefit of its Directors.

Directors' report (continued)

Auditors and disclosure of information to auditors

In accordance with Section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed for the next financial year

To the best of the Directors' knowledge there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of such information

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, strategic report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Approved by the Board of Directors and signed on its behalf by


Shiro Matsui
Director
19 March 2014



Registered Office
31 Gresham Street
London EC2V 7QA

Registered in England and Wales No 03709605

Independent auditors' report to the members of Nissay Schroders Asset Management Europe Limited

Report on the financial statements

Our opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say below

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by Nissay Schroders Asset Management Europe Limited, comprise

- the profit and loss account, the reconciliation of shareholders' funds, the balance sheet, the cash flow statement, and
- related notes

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Nissay Schroders Asset Management Europe Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been, 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

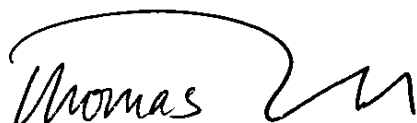
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2014

Profit and loss account

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover		4,073	3,450
Administrative expenses		(2,236)	(2,088)
Operating profit		1,837	1,362
Interest receivable and similar income		14	13
Profit on ordinary activities before taxation	2	1,851	1,375
Tax on profit on ordinary activities	4	(431)	(338)
Profit for the financial year	10	1,420	1,037

There is no material difference between the profit for the year and the retained profit for the year stated above and their historical cost equivalents

In the current and preceding years there are no recognised gains or losses other than the profit on ordinary activities disclosed above. Accordingly, no statement of total recognised gains or losses is presented

All results are derived from continuing operations

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		1,420	1,037
Dividends	6	(1,050)	(1,225)
Net change in shareholders' funds		370	(188)
Opening shareholders' funds		3,221	3,409
Closing shareholders' funds		3,591	3,221

Balance sheet

as at 31 December 2013

	Note	2013 £'000	2012 £'000
Current assets			
Debtors	7	1,705	515
Cash at bank and in hand	12	2,633	3,555
		4,338	4,070
Creditors - amounts falling due within one year	8	(747)	(849)
		(747)	(849)
Total assets less current liabilities		3,591	3,221
Net assets		3,591	3,221
Capital and reserves			
Called up share capital	9	1,750	1,750
Profit and loss account	10	1,841	1,471
Total shareholders' funds		3,591	3,221

The financial statements on pages 7 to 16 were approved by the Board of Directors on 19 March 2014 and were signed on its behalf by



Shin Matsu
Director

Cash flow statement

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash flow from operating activities	11	511	1,551
Returns on investment and servicing of finance			
Interest received		14	13
Taxation		(397)	(146)
Equity dividends paid to shareholders		(1,050)	(1,225)
(Decrease) / increase in net cash	12	(922)	193

Cash has fallen by £922,000 in the year as £1,209,000 of sub-management fees should have been received from Schroder Investment Management Limited during December 2013 but were only received on 2 January 2014

Notes to the financial statements

for the year ended 31 December 2013

1. Accounting policies

Unless otherwise stated, the accounting policies have been consistently applied. The policies have been set out within the relevant note.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The financial statements are prepared on the going concern basis as described in the Directors' report.

2. Profit on ordinary activities before taxation

Turnover represents management fees, commissions and other income receivable, exclusive of Value Added Tax.

Management fee income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Management fee income is accrued over the period for which the service is provided.

Foreign currency financial assets and liabilities are translated at the rates of exchange ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account within 'Administrative expenses'.

Profit on ordinary activities before taxation is stated after charging

	2013 £'000	2012 £'000
Salaries and other remuneration	427	428

The average monthly number of employees during the year were made up as follows

	2013	2012
Investment managers and support staff	6	6

3. Auditors' remuneration

	2013 £'000	2012 £'000
Fees payable for the audit of the company	15	15
Fees payable for audit-related assurance services	3	3
	18	18

Notes to the financial statements

for the year ended 31 December 2013

4. Tax on profit on ordinary activities

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(a) Analysis of charge in year

	2013 £'000	2012 £'000
Current tax:		
Corporation tax charge	431	338
Adjustments in respect of previous years	(1)	-
Total current tax	430	338
Origination and reversal of timing differences	1	-
Total deferred tax	1	-
Tax on profit on ordinary activities	431	338

(b) Factors affecting current and future tax charges

The United Kingdom standard rate of corporation tax reduced from 24 per cent to 23 per cent on 1 April 2013 resulting in a United Kingdom effective tax rate for the year of 23.25 per cent (2012: 24.5 per cent). The current tax for the year is higher (2012: higher) than that computed using the effective rate of corporation tax in the United Kingdom of 23.25 per cent (2012: 24.5 per cent). The differences are explained below.

	2013 £'000	2012 £'000
Profit before tax	1,851	1,375
Profit before tax multiplied by corporation tax at the United Kingdom effective rate of 23.25 per cent (2012: 24.5 per cent)	431	337
Adjustments in respect of previous periods	(1)	-
Total current tax charge for the year	430	338

Notes to the financial statements

for the year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

(c) Deferred tax asset

	Capital allowances	
	2013	2012
	£'000	£'000
At 1 January	1	1
Current year movement	(1)	-
At 31 December	-	1

5 Directors' emoluments

The emoluments set out below are in respect of 2 (2012: 1) Directors whose emoluments were charged in full to the Company during the year. The Directors received no remuneration in respect of their services as Directors, but received the following remuneration in connection with the management of the affairs of the Company. The other 7 (2012: 7) Directors received no emoluments for their services to the Company.

	2013	2012
	£'000	£'000
Aggregate emoluments	137	134

6. Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Dividends have been paid in proportion to the percentage of called up share capital of the Company.

	2013		2012	
	£'000	Pence per share	£'000	Pence per share
Interim dividend	1,050	60.0	1,225	70.0

7. Debtors

	2013	2012
	£'000	£'000
Trade debtors	1,572	293
Other debtors	132	221
Prepayments	1	1
	1,705	515

Trade debtors includes £1,209,000 of sub-management fees due from Schroder Investment Management Limited that were received on 2 January 2014.

Notes to the financial statements

for the year ended 31 December 2013

8. Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Corporation tax	217	185
Other creditors	530	664
	747	849

9. Called up share capital

	2013	2012
Allotted and fully paid:		
'A' Shares of £1 each	1,172,500	1,172,500
'B' Shares of £1 each	577,500	577,500
	1,750,000	1,750,000

Nippon Life Insurance Company holds 1,172,500 'A' shares representing 67 per cent of the called up share capital of the Company

Schroder International Holdings Limited holds 577,500 'B' shares representing 33 per cent of the called up share capital of the Company

All of the 'A' and 'B' shares held have full and equal voting and dividend rights

10. Combined statement of movements in shareholders' funds and statement of movements on reserve

	Called up share capital £'000	Profit and loss account £'000	Total 2013 £'000	Total 2012 £'000
At the beginning of the year	1,750	1,471	3,221	3,409
Profit for the financial year	-	1,420	1,420	1,037
Dividends	-	(1,050)	(1,050)	(1,225)
At the end of the year	1,750	1,841	3,591	3,221

Notes to the financial statements

for the year ended 31 December 2013

11. Net cash flow from operating activities

Reconciliation of operating profit to net cashflows from operating activities

	2013 £'000	2012 £'000
Operating profit	1,837	1,362
(Increase) / decrease in debtors	(1,191)	26
(Decrease) / increase in creditors	(135)	163
Net cash inflow from operating activities	511	1,551

Trade debtors have risen by £1,191,000 in the year with £1,209,000 of sub-management fees due from Schroder Investment Management Limited outstanding at year-end that were received on 2 January 2014

12. Movements in cash

	2013 £'000	2012 £'000
Balance at 1 January	3,555	3,362
Net cash (outflow) / inflow	(922)	193
At 31 December	2,633	3,555
Analysis of balances		
Cash at bank	2,633	3,555

Cash has fallen by £922,000 in the year as £1,209,000 of sub-management fees should have been received from Schroder Investment Management Limited during December 2013 but were only received on 2 January 2014

13. Related party transactions

(a) Transactions between related parties

As disclosed in note 9, ownership of the Company is split between Nippon Life Insurance Company and Schroder International Holdings Limited

Schroder Investment Management Limited (SIM), a related party of Schroder International Holdings Limited, provided accounting, secretarial and administrative services to the Company during the year. SIM also paid the Company sub-management fees in the year.

The balance due from SIM as at 31 December 2013 (see note 7 trade debtors) includes £1,209,000 of sub-management fees that were received on 2 January 2014.

	2013 £'000	2012 £'000
Fees payable to SIM	1,426	1,266
Fees receivable from SIM	3,987	3,347
Balance due to SIM at 31 December	281	315
Balance due from SIM at 31 December	1,572	405

Notes to the financial statements

for the year ended 31 December 2013

13. Related party transactions

(a) Transactions between related parties

Nippon Life Insurance Company (NLI) seconded staff to the Company and was reimbursed under the secondment agreement

	2013 £'000	2012 £'000
Fees payable to NLI	412	347
Balance due to NLI at 31 December	-	-

NLI International Plc (NIP), a subsidiary of Nippon Life Insurance Company, provides administrative services

	2013 £'000	2012 £'000
Fees payable to NIP	28	182
Balance due to NIP at 31 December	7	8

Nissay Asset Management Corporation (NAMCO), a subsidiary of Nippon Life Insurance Company, seconded staff to the Company, reimbursed an administration fee and paid the Company an investment advisory fee

	2013 £'000	2012 £'000
Fees payable to NAMCO	44	222
Fees receivable from NAMCO	86	103
Balance due to NAMCO at 31 December	-	23
Balance due from NAMCO at 31 December	22	67

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense for bad or doubtful debts has been recognised in the year in respect of the amounts owed by related parties.

Notes to the financial statements

for the year ended 31 December 2013

13. Related party transactions

(b) Key management personnel compensation

The Company has determined that the Board of Directors of the Company are the key management personnel of the Company

The remuneration of key management personnel during the year was as follows

	2013 £'000	2012 £'000
Short-term individual benefits	137	134

14. Ultimate parent undertaking

As stated in the Directors' report, ownership of the Company is split 67/33 between Nippon Life Insurance Company, a company incorporated in Japan and Schroder International Holdings Limited, a company incorporated in England and Wales. The ultimate parent company of Schroder International Holdings Limited is Schroders plc, a company incorporated in England and Wales.

Although Nippon Life Insurance Company holds the majority of issued capital and has the right to appoint four out of six Board Directors, control of the Company is effectively split between the two shareholders.