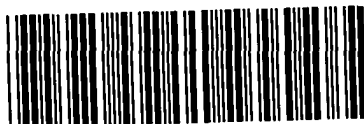


NEW STAR ASSET MANAGEMENT GROUP LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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NEW STAR ASSET MANAGEMENT GROUP LIMITED

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NEW STAR ASSET MANAGEMENT GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	A J Formica R P McNamara
COMPANY SECRETARY	Henderson Secretarial Services Limited
REGISTERED NUMBER	6047952
REGISTERED OFFICE	201 Bishopsgate London EC2M 3AE
AUDITORS	Ernst & Young LLP 1 More London Place London SE1 2AF
BANKERS	The Royal Bank of Scotland Plc 5-10 Great Tower Street London EC3R 5ER

NEW STAR ASSET MANAGEMENT GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present the report and the financial statements of New Star Asset Management Group Limited ("the Company"), for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company for certain Henderson Group companies which provide investment management and marketing services.

BUSINESS REVIEW

The Company is a wholly-owned subsidiary of Henderson Group plc ("HG plc" or "the Group"). The Group is run on an integrated basis through business units. Therefore the Company's strategy and business model is governed by that of the Group which is set out in considerable detail in the Annual Report and Accounts of the Group which can be obtained from its registered office as set out in note 16. The Group provides investment management services throughout Europe, the Americas and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income, property and private equity.

PRINCIPAL RISKS AND UNCERTAINTIES

Henderson's risk management framework helps the Group meet its business objectives within acceptable risk parameters and it is reviewed regularly so that new and emerging risks are identified early on. The Group's culture embeds the management of risk at all levels within the organisation. The framework under which it operates also ensures that it meets its business objectives without exceeding its risk appetite and it is subject to continuous review to ensure it recognises both new and emerging risks in the business. Please refer to the Group Annual Report and Accounts for the major risks affecting the Group. In addition to those risks the following risk relates specifically to the Company:

Reliance on third party providers

The Group outsources business critical administration functions to third parties. The failure of those parties or the decision to discontinue its service provision would cause the Group to implement alternative internal or third party arrangements. The costs of this implementation could be high.

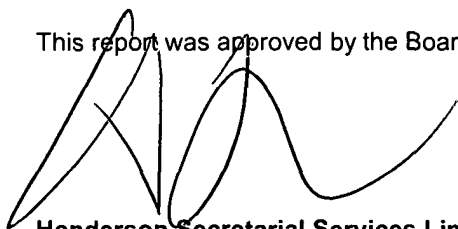
KEY PERFORMANCE MEASURES

The Board of HG plc, the Company's ultimate parent undertaking, monitors the performance of the Group against plan using a number of financial and non-financial performance measures. The performance of the Company contributes to the Group's KPIs. Please refer to the Henderson Group plc Annual Report and Accounts for a review of the Group's KPIs.

Financial position

Total equity attributable to equity holders of the parent decreased by £0.7m to £126.9m as at 31 December 2013. This was due to a loss in the year of £0.7m.

This report was approved by the Board of Directors on 19 June 2014 and signed on its behalf by:



Henderson Secretarial Services Limited
Secretary

NEW STAR ASSET MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £695,000 (2012: profit £1,992,000).

The Directors do not recommend the payment of any dividends in respect of the financial year (2012: £nil).

DIRECTORS

The Directors who served during the year were:

A J Formica
R P McNamara (Appointed 20 February 2013)
S J Garrod (Resigned 20 February 2013)

DIRECTORS' INDEMNITY

Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by United Kingdom law whereby Henderson Group plc is able to indemnify a director against any liability incurred in proceedings in which the Director is successful, and against the cost of successfully applying to the court to be excused for breach of duty where the Director acted honestly and reasonably.

PROVISION OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Having made enquiries of fellow Directors and the Auditors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITORS

Ernst & Young LLP has not been reappointed as auditor. The shareholder will appoint PricewaterhouseCoopers LLP ('PwC') following the resignation of Ernst & Young LLP, for the year end 31 December 2014.

This report was approved by the Board of Directors on 19 June 2014 and signed on its behalf by:



Henderson Secretarial Services Limited
Secretary

NEW STAR ASSET MANAGEMENT GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 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 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.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW STAR ASSET MANAGEMENT GROUP LIMITED

We have audited the financial statements of New Star Asset Management Group Limited for the year ended 31 December 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 report 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 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 2013 and of its loss 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.

OPINION ON OTHER MATTERS 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

NEW STAR ASSET MANAGEMENT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW STAR ASSET MANAGEMENT GROUP LIMITED

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.

Ernst & Young LLP

Ratan Engineer (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditors
London

Date: *25 June 2014*

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
OPERATING PROFIT		-	-
Tax on profit on ordinary activities	5	<u>(695)</u>	<u>1,992</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(695)</u></u>	<u><u>1,992</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account, accordingly a Statement of Total Recognised Gains and Losses is not required.

The notes on pages 9 to 14 form part of these financial statements.

NEW STAR ASSET MANAGEMENT GROUP LIMITED
REGISTERED NUMBER: 6047952

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Fixed assets investments	6		213,466		213,466
CURRENT ASSETS					
Debtors	8	1,297		1,992	
CREDITORS: amounts falling due within one year	9	(87,815)		(87,815)	
NET CURRENT LIABILITIES			(86,518)		(85,823)
NET ASSETS			<u>126,948</u>		<u>127,643</u>
CAPITAL AND RESERVES					
Called up share capital	11		201,604		201,604
Share premium account	12		150,103		150,103
Profit and loss account	12		(224,759)		(224,064)
SHAREHOLDER'S FUNDS	13		<u>126,948</u>		<u>127,643</u>

The notes on pages 9 to 14 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 19 June 2014. and were signed on its behalf by:



R P McNamara
Director

NEW STAR ASSET MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice. The financial statements have been prepared on a going concern basis.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 TAXATION

Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided in respect of all timing differences which result in an obligation at the Balance Sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. However, deferred tax assets are recognised only 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.

1.3 INVESTMENTS

Investments in subsidiaries are valued at cost less any provision for permanent diminution in value.

2. OPERATING PROFIT

Auditor's remuneration of £5,000 (2012: £5,000) in respect of the audit of the Company's financial statements is borne by a fellow Group undertaking.

3. EMPLOYEES

The Company has no employees. Employees' contracts of employment are with Henderson Administration Limited, a Group undertaking, and staff costs are disclosed in that company's financial statements.

4. DIRECTORS' REMUNERATION

The Directors of the Company were employed and remunerated as directors and executives of the Group in respect of their services to the Group as a whole. The Directors believe that it is not practicable to apportion part of their remuneration to the services as Directors of the Company.

Mr A J Formica was also a Director of Henderson Group plc during the year and particulars of his remuneration for the period that he was a Director are set out in the Group's Annual Report and Accounts as described in note 16.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

5. TAXATION

	2013 £000	2012 £000
ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR		
CURRENT TAX		
Charge for the year	-	-
DEFERRED TAX		
Charge/(credit) for the year	336	(2,122)
Adjustment in respect of prior periods	168	-
Effect of change in statutory tax rate	191	130
TOTAL DEFERRED TAX (see note 10)	695	(1,992)
TOTAL TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES	695	(1,992)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013 £000	2012 £000
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities at the standard UK corporation tax rate of 23.25% pro rata (2012: 24.5% pro rata)	-	-
EFFECTS OF:		
Utilisation of recognised losses	(336)	(213)
Imputed taxable income	635	392
Transfer pricing adjustments	(299)	(179)
TOTAL CURRENT TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Government previously announced its intention to reduce the main corporation tax rate to 23% from 1 April 2013, and then further to 21% from 1 April 2014 and 20% from 1 April 2015. The announced rate reductions to 20% by 1 April 2015 have been substantively enacted by the Balance Sheet date and have been reflected above as appropriate.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings £000
COST OR VALUATION	
At 1 January 2013 and 31 December 2013	213,466
NET BOOK VALUE	
At 31 December 2013	213,466
At 31 December 2012	213,466

7. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

In accordance with the Companies Act 2006, the information below is provided solely in relation to principal subsidiary undertakings. The following were principal subsidiary undertakings of the Company:

Company name	Country of incorporation	Percentage shareholding 2013	Principal activity
Direct			
New Star Asset Management Group Holdings Ltd	United Kingdom	100 %	Intermediate holding company
Indirect			
Henderson Asset Management Ltd (formerly New Star Asset Management Holdings Ltd)	United Kingdom	100 %	Intermediate holding company
New Star Institutional Managers Holdings Ltd	United Kingdom	100 %	Intermediate holding company
New Star Asset Management (Bermuda) Ltd	Bermuda	100 %	Fund management and distribution
New Star Asset Management Holdings (Bermuda) Ltd	Bermuda	100 %	Fund management in liquidation
New Star International Investment Products Ltd	Bermuda	100 %	Administration company

New Star Administration Services Ltd was dissolved on 25 December 2013 and 100% of the share capital of New Star Asset Management Ltd was transferred to another Group undertaking on 5 September 2013.

The Company holds ordinary shares in these subsidiary undertakings. In the opinion of the Directors, the aggregate value of the shares in subsidiaries is not less than the amount at which they are stated in the Balance Sheet.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. DEBTORS

	2013 £000	2012 £000
Deferred tax asset (see note 10)	1,297	1,992

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £000	2012 £000
Amounts owed to Group undertakings	87,815	87,815

10. DEFERRED TAX ASSET

	2013 £000	2012 £000
At 1 January	1,992	-
Current year (charge)/credit	(336)	2,122
Change in statutory tax rate	(191)	(130)
Prior period adjustments	(168)	-
At 31 December	1,297	1,992

The deferred taxation balance is made up as follows:

	2013 £000	2012 £000
Recognised tax losses	1,297	1,992

The changes in the UK corporation tax rate from 24% to 23% from 1 April 2013 and thereafter to 21% from 1 April 2014 and 20% from 1 April 2015 were substantively enacted during the year and these changes have been reflected in the deferred tax asset above.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

11. SHARE CAPITAL

	2013	2012
	£000	£000
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
4,032,077,039 (2012: 4,032,077,039) Ordinary shares of £0.05 each	201,604	201,604

12. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2013	150,103	(224,064)
Loss for the year	-	(695)
At 31 December 2013	150,103	(224,759)

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013	2012
	£000	£000
Opening shareholder's funds	127,643	125,651
(Loss)/profit for the financial year	(695)	1,992
Closing shareholder's funds	126,948	127,643

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures", relating to transactions between 100% controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the Group, or investees of the Group qualifying as related parties.

15. CASH FLOW STATEMENT

The Company has taken advantage of the exemption in FRS 1 "Cash Flow Statements" from the requirement to prepare a cash flow statement, on the basis that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group, which prepares publicly available financial statements.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Global Investors Asset Management Limited, a company incorporated in the United Kingdom and the ultimate parent undertaking is Henderson Group plc, a company incorporated in Jersey. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2013 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, www.henderson.com.

NEW STAR ASSET MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

17. POST BALANCE SHEET EVENTS

The Board of Directors has not received as at 19 June 2014 being the date the financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which have not been reflected in the financial statements as presented.