

Registered number: 2072534

HGI GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



HGI GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	R M Thompson R W Chaudhuri
COMPANY SECRETARY	Henderson Secretarial Services Limited
REGISTERED NUMBER	2072534
REGISTERED OFFICE	201 Bishopsgate London EC2M 3AE
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
BANKERS	The Royal Bank of Scotland plc 2 1/2 Devonshire Square London EC2M 4XJ

HGI GROUP LIMITED

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HGI GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements of HGI Group Limited ("the Company"), for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND FUTURE OUTLOOK

The principal activity of the Company is that of a holding company for certain Janus Henderson Group companies. The Directors do not envisage a change of activities in the foreseeable future.

BUSINESS REVIEW

The Company is a wholly owned subsidiary of Janus Henderson Group plc ("JHG plc" or "the Group"). The Group is run on an integrated basis through business units, not by the legal construct of its subsidiaries. Therefore the Company's strategy and business model is governed by that of the Group which is set out in detail in the Annual Report and Accounts of the Group, which can be obtained from its registered office as set out in note 23. The Group provides investment management services to clients 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, multi asset and alternatives.

On 31 January 2020, the UK left the European Union ("EU"), commonly referred to as "Brexit". Under the terms of the Brexit withdrawal agreement between the UK and the EU, the UK has entered a transition period whereby it is no longer a member of the EU but will remain a member of the single market and customs union until 31 December 2020. Arrangements for trade with the EU will remain essentially unchanged until the end of the transition period. At the end of the transition period, the UK's relationship with the EU will be determined by the new agreements it will enter into on trade and other areas of co-operation. In the absence of the UK and the EU agreeing on a trade deal to begin when the transition period ends, or agreeing on an extension to the transition period, the UK will exit the transition period on 31 December 2020, trading on World Trade Organization terms with the EU. The Group's management continue to assess the risks associated with Brexit as well as the necessary contingency preparations as negotiations progress during the transition period. Brexit is not expected to have a material impact on the Company.

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to be a pandemic. COVID-19 is having a significant impact on the global economy, including the UK economy, both through the effects of the virus itself and the measures taken by governments to restrict its spread. Please refer to the Principal Risks and Uncertainties section for further information.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's risk management framework helps the Group meet its business objectives within acceptable risk parameters and it is reviewed regularly to early identify new and emerging risks. The Group's culture embeds the management of risk at all levels within the organisation. Please refer to the Group Annual Report and Accounts, as set out in Note 23, for the major risks affecting the Group. In addition to those risks, the following risks relate specifically to the Company:

COVID - 19

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to be a pandemic. COVID-19 is having a significant impact on the global economy, including the UK economy, both through the effects of the virus itself and the measures taken by governments to restrict its spread.

The extent of the impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which are highly uncertain. However, it is possible that COVID-19 may have a material impact on the valuation of the Company's investments in subsidiary undertakings, which could result in the Company having to recognise impairment charges on those investments.

The Group has a robust and detailed business continuity plan in place to ensure that the Group's operations can continue effectively during the COVID-19 pandemic, including processes to limit the spread of the virus between employees. The Company's management continues to assess the risks associated with COVID-19 and to mitigate them where possible.

KEY PERFORMANCE INDICATORS ('KPIs')

The Board of JHG 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 Janus Henderson Group plc Annual Report for a review of the Group's KPIs. The following KPI's are most relevant to the Company:

Financial position

Total shareholders funds attributable to equity holders of the parent decreased by £31m to £970.1m as at 31 December 2019. This was due to a profit of £93.3m and £0.1m net capital contribution in relation to share based payments, offset by dividends paid of £85.0m and actuarial losses of £39.4m

Operating expenses

Operating expenses decreased from £12.6m in 2018 to £4.8m in 2019, primarily due to a reduction in employee related expenses

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2019.

Section 172 requires a director to have regard, amongst other matters to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Company.

In discharging its section 172 duties, the Board has had regard to the factors set out above in so far as they are relevant to the Company's activities; the relative importance of each factor will vary depending on the decision being taken. In addition, the Board recognises that certain decisions will require the Board to consider additional factors, as appropriate.

The Company's key stakeholders are its ultimate beneficial owner and the community; the interest of these stakeholders are considered as part of the Board's decision making, as appropriate. While there are cases where the Board might engage directly with certain stakeholders, being part of a Group means that other stakeholder engagement may take place at Group level, where it is appropriate to do so. This is a more effective and efficient means to help the Company and wider Group to achieve a greater impact.

The following items are material developments, activities or transactions for the Company during the financial year.

Financial performance:

Dividend payments were considered and approved by the Board after taking distributable profits into account.

This report was approved by the Board of Directors on 10 November 2020 and signed on its behalf by..



R W Chaudhuri
Director

HGI GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to £93,300,000 (2018: £15,000,000)

Dividends paid in the year amount to £85,000,000 (2018: £nil)

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A N Kurzon (resigned 23 August 2019)
R M Thompson
R W Chaudhuri (appointed 1 August 2019)

FUTURE DEVELOPMENTS

The future outlook and the principal risks and uncertainties for the Company are set out in the Strategic Report.

GOING CONCERN

The Company has a surplus of current financial obligations over its current assets. The amounts due to fellow Group undertakings are only repayable upon demand, however if the Company finds itself unable to meet its obligations as they fall due, Janus Henderson Group plc, the Company's ultimate parent undertaking, has confirmed that it will exercise its influence as holding company of the Group to ensure that the necessary financial support will be provided to allow the Company to meet its obligations. Accordingly, the Directors have continued to adopt the going concern basis in the preparation of these financial statements.

DISCLOSURE 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 of which the auditors are unaware. 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.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

ENGAGEMENT WITH EMPLOYEES

The Companies (Miscellaneous Reporting) Regulations 2018 require the Directors report to include a statement that describes the action that has been undertaken with regards to employee engagement and how Directors have considered employee interests in the principal decisions taken in the year.

Although the Company has no employees, an indirect subsidiary of the Company, Henderson Administration Limited ('HAL'), employs the Group's UK employees.

These employees provide administrative and other services to other Group companies. HAL's employees are essential to meeting the Group's purpose to deliver investment services to clients. It is HAL's priority to attract, develop, manage and maintain employees to deliver the above-mentioned services.

The Group has multiple measures in place to ensure employee stakeholders have opportunities to offer input, influence strategy, decision-making, and share in the Group's success. Examples include:

- **UK Communications Forum:** Comprised of employee representatives from each business area, this Forum meets quarterly and is represented by the Co-Head of HR. The Co-Head of HR provides updates regarding significant business issues to the Forum and gathers employee feedback to address topics of importance to the populace.
- **Annual Engagement Survey:** Employees participate in an annual Employee Engagement Survey to inform decision-making and strategic initiatives. The collective results are reported, followed by action plans to address any opportunities that best serve employees.
- **Share Plans:** Offered as a key component of HAL's employee benefits package, Share Plans are granted during the annual bonus cycle. Employees can also elect to participate HMRC approved schemes such as Employee Sharesave and Employee Sharepurchase.
- **Results Briefings:** Held every six months, employees are invited to attend results briefings where information is shared about the Group's performance and strategic direction, along with context on the overall economic landscape in which the Group operates.

The Board recognises the impact employees have on the Group's success and is committed to understanding their needs and requirements to ensure a positive working environment. The following describe how employees have been engaged during the year:

Employee Resources Groups within the Group offer insight to build an inclusive workplace for employees. The Group, has made strategic advancements in its policies, recruitment efforts and employee professional development. It continues to focus on opportunities to improve amongst other areas and are working diligently to close the gender pay gap and achieve gender balance within the organisation. Some accomplishments during the year include providing educational sessions regarding work flexibility and the Group's Flexible/Agile Work Policy, delivering Unconscious Bias training to employees and participating in a variety of community events tied to the objectives of our Employee Resource Groups.

Disabled employees

It is Group policy to treat employees in the same way regardless of disability and this policy applies to all terms of employment including training, transfers and career development and progression.

All vacancies are filled based on merit and disabled applicants are encouraged to apply with HAL making any necessary arrangements to encourage such applicants.

HAL aims to retain employees who become disabled during their employment, either in the same position or an equal alternative position. Appropriate training is provided to ensure continuing employment where practicable.

Progression is based on merit and, wherever practicable, appropriate training is provided to employees, who are all encouraged to manage their own careers.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

EVENTS AFTER THE END OF THE REPORTING PERIOD

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. COVID-19 is expected to have an adverse effect on the Company's business and financial results. However, the situation is fluid and continues to evolve. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the Company's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event and, therefore, the measurement of assets and liabilities in the financial statements have not been adjusted for its potential impact.

The extent of the impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic, and the volatility and market value of the global financial markets, all of which are highly uncertain. While it is too early to estimate its financial effect, COVID-19 is expected to adversely affect the Company's financial results, including, without limitation, the valuation of the Company's investments in subsidiaries, which may result in the need to recognise future impairments. As at 31 December 2019, the Company determined that the total recoverable amount of its investments in subsidiaries was £804,000,000 in excess of their total carrying value. An impairment charge would be recognised if the value of the Company's individual investment in subsidiary balances at 31 December 2019 fell by a range of between 1% and 44%.

On 16 March 2020, upon recommendation from the Board, the shareholder approved the reduction of the Company's share capital from £108,349,121.25 to £1 by cancelling and extinguishing the one 'A' ordinary share of £0.125 and 866,792,691 ordinary shares of £0.125 each. In addition, upon recommendation from the Board, the shareholder of the Company also approved the cancellation of the Company's entire share premium (together the "Capital Reduction"). The amount by which the share capital and share premium were reduced was credited to the profit and loss account. The Capital Reduction was registered with Companies House on 16 March 2020.

On 21 October 2020, the Directors approved the payment of an interim dividend of £30,000,000.

The Board of Directors has not received as at 10 November 2020, being the date the financial statements were signed, any other information concerning significant conditions in existence at the reporting date, which have not been reflected in the financial statements as presented.

INDEPENDENT AUDITORS

It is the intention of the Directors to reappoint the Auditors under the deemed appointment rules of section 487 of the Companies Act 2006.

This report was approved by the Board and signed on 10 November 2020 on behalf of the Board by:



R W Chaudhuri
Director

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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006.



R W Chaudhuri
Director
10 November 2020

HGI GROUP LIMITED

Independent auditors' report to the members of HGI Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, HGI Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material

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misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

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Other required reporting

Companies Act 2006 exception reporting

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 kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Saira Choudhry

Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 November 2020



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**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £m	2018 £m
Dividends received from subsidiary undertakings	3	85.5	3.3
Operating expenses	4	(4.8)	(12.6)
Operating profit/(loss)		80.7	(9.3)
Finance income	8	36.5	39.0
Finance expenses	9	(21.4)	(15.3)
Profit before tax		95.8	14.4
Tax on profit	10	(2.5)	0.6
Profit for the financial year		93.3	15.0

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £m	2018 £m
Profit for the financial year		93.3	15.0
Other comprehensive (expense)/income:			
Items that will not be reclassified to the income statement:			
Actuarial (losses)/gains on defined benefit pension scheme (after tax deducted at source)	21	(39.4)	5.6
		(39.4)	5.6
Total comprehensive income for the financial year		53.9	20.6

The notes on pages 15 to 37 form part of these financial statements.

HGI GROUP LIMITED
REGISTERED NUMBER: 2072534

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Investments	11	1,122.9	1,177.1
Deferred tax	16	1.7	0.8
Retirement benefit assets	21	127.7	162.1
Current assets			
Trade and other receivables	12	571.5	568.4
Financial assets at fair value through profit or loss	13	31.4	2.5
Cash and cash equivalents	14	11.4	23.1
Total assets		1,866.6	1,934.0
Non-current liabilities			
Provisions		(0.2)	(0.2)
Current liabilities			
Trade and other payables	15	(891.6)	(932.2)
Financial liabilities at fair value through profit or loss		(2.1)	-
Current tax liabilities		(2.6)	(0.5)
Total liabilities		(896.5)	(932.9)
Net current liabilities		(282.0)	(338.7)
Net assets		970.1	1,001.1
Capital and reserves			
Ordinary share capital	18	108.3	108.3
Share premium account	17	195.1	195.1
Profit and loss account	17	666.7	697.7
Toal equity		970.1	1,001.1

The financial statements on pages 11 to 37 were approved for issue by the Board and were signed on 10 November 2020 by:



R W Chaudhuri
Director

The notes on pages 15 to 37 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Ordinary share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
At 1 January 2019	108.3	195.1	697.7	1,001.1
Comprehensive income/(expense) for the financial year				
Profit for the financial year	-	-	93.3	93.3
Actuarial losses on pension scheme	-	-	(39.4)	(39.4)
Other comprehensive expense for the financial year	-	-	(39.4)	(39.4)
Total comprehensive income for the year	-	-	53.9	53.9
Contributions by and distributions to owners				
Dividends paid (note 19)	-	-	(85.0)	(85.0)
Net capital contribution in relation to share-based payments	-	-	0.1	0.1
Total transactions with owners	-	-	(84.9)	(84.9)
At 31 December 2019	108.3	195.1	666.7	970.1

The notes on pages 15 to 37 form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Ordinary share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£m	£m	£m	£m	£m
At 1 January 2018	108.3	195.1	0.5	678.2	982.1
Comprehensive income for the year					
Profit for the financial year	-	-	-	15.0	15.0
Actuarial gains on pension scheme	-	-	-	5.6	5.6
Available-for-sale financial assets:	-	-	(0.5)	0.5	-
Other comprehensive (expense)/income for the year	-	-	(0.5)	6.1	5.6
Total comprehensive (expense)/income for the year	-	-	(0.5)	21.1	20.6
Net capital contribution in relation to share-based payments	-	-	-	(1.6)	(1.6)
Total transactions with owners	-	-	-	(1.6)	(1.6)
At 31 December 2018	108.3	195.1	-	697.7	1,001.1

The notes on pages 15 to 37 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The Company financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest million pounds, except where otherwise indicated. The Company is a private limited company incorporated and domiciled in the UK.

Accounting policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has made significant judgements involving estimations and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company is a wholly owned subsidiary of Henderson Holdings Group Limited and of its ultimate parent, Janus Henderson Group plc. The Company's results form part of the consolidated financial statements of Janus Henderson Group plc which are publicly available, see note 23. Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46- 52 of IFRS 2 Share-based payments;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91- 99 of IFRS 13 Fair Value Measurement;
- Paragraph 38 of IAS 1 Presentation of Financial Statements, comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 ADOPTION OF NEW AND REVISED STANDARDS

There are no amendments to accounting standards that are effective for the year ended 31 December 2019 that are expected to impact amounts recognised in the current or future periods of the Company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 GOING CONCERN

The Company has a surplus of current financial obligations over its current assets. The amounts due to fellow Group undertakings are only repayable upon demand, however if the Company finds itself unable to meet its obligations as they fall due, Janus Henderson Group plc, the Company's ultimate parent undertaking, has confirmed that it will exercise its influence as holding company of the Group to ensure that the necessary financial support will be provided to allow the Company to meet its obligations. Accordingly, the Directors have continued to adopt the going concern basis in the preparation of these financial statements.

1.5 OPERATING EXPENSES

Operating expenses are accrued and recognised as incurred.

1.6 SHARE-BASED PAYMENTS

The Company issues share-based awards to employees, all of which are classified as equity-settled share-based payments. Equity-settled share-based payments are measured at the fair value of the shares at the grant date. The awards are expensed, with a corresponding increase in reserves, on either a straight-line basis or a graded basis (depending on vesting conditions) over the vesting period, based on the Group's estimate of shares that will eventually vest. Based on the Group's estimate, the determination of fair value, using either a Black-Scholes or a Monte Carlo model at the date of grant, is adjusted for the effects of market performance and behavioural considerations.

The cost of these transactions are recorded in the Income Statement of the Company with a corresponding increase in equity as a capital contribution from the ultimate parent undertaking.

1.7 FINANCE INCOME AND EXPENSE

Interest income and interest expense is recognised as it accrues using the effective interest rate method.

The net interest credit on the Company's retirement benefit asset has been recognised in finance income.

1.8 DIVIDENDS RECEIVED FROM SUBSIDIARY UNDERTAKINGS

Dividends received from subsidiary undertakings are recognised on the date that the right to receive payment has been established.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.9 INCOME TAX

The Company provides for current tax expense according to the tax laws in each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Income tax relating to items recognised in the Statement of Comprehensive Income and Statement of Changes in Equity is also recognised in the respective statement.

1.10 INVESTMENTS

Investments consist of investments in subsidiary undertakings and are held at cost less any impairment in value where circumstances indicate that the carrying value may not be recoverable.

1.11 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised at fair value in the Statement of Financial Position when the Company becomes party to the contractual provisions of an instrument. The fair value recognised is adjusted for transaction costs, except for financial assets classified at fair value through profit or loss, where transaction costs are immediately recognised in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all the risks and rewards of ownership. Financial liabilities cease to be recognised when the obligation under the liability has been discharged or cancelled or has expired.

HGI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.12 FINANCIAL ASSETS

Purchases and sales of financial assets are recognised at the trade date, being the date when the purchase or sale becomes contractually due for settlement. Delivery and settlement terms are usually determined by established practices in the market concerned.

Debt securities, equity securities and holdings in authorised collective investment schemes are designated as fair value through profit or loss and are measured at subsequent reporting dates at fair value. The Company determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit or loss

Where securities are designated as fair value through profit or loss, gains and losses arising from changes in fair value are included in the Income Statement.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, normally equivalent to the invoice amount. When the time value of money is material, the fair value is discounted. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Cash and cash equivalents

Cash amounts represent cash in hand and on-demand deposits. Cash equivalents are short-term highly liquid government securities or investments in money market instruments with a maturity date of three months or less.

1.13 DERIVATIVE FINANCIAL INSTRUMENTS

The Company may, from time to time, use derivative financial instruments, measured at fair value through profit or loss, to hedge against price, interest rate, foreign currency and credit risk. Derivative financial instruments are classified as financial assets when the fair value is positive or as financial liabilities when the fair value is negative. Derivative instruments are recognised as part of financial assets and liabilities at fair value through profit and loss on the balance sheet. The Company does not apply hedge accounting.

1.14 FINANCIAL LIABILITIES

Financial liabilities including trade and other payables but excluding provisions and derivative financial instruments, are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Provisions

Provisions which are liabilities of uncertain timing or amount, are recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount. In the event that the time value of money is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects a current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting, the increase in the provision due to the passage of time is recognised as a finance charge.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.15 FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the reporting date. The quoted market price used for financial instruments is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques commonly used by market participants, including the use of comparable recent arm's length transactions, discounted cash flow analysis and option pricing models.

1.16 FOREIGN CURRENCY TRANSLATION

The functional currency of the Company is GBP. Transactions in foreign currencies are recorded at the appropriate exchange rate prevailing at the date of the transaction. Foreign currency monetary balances at the reporting date are converted at the prevailing exchange rate. Foreign currency non-monetary balances carried at fair value or cost are translated at the rates prevailing at the date when the fair value or cost is determined. Gains and losses arising on retranslation are taken to the Income Statement.

1.17 PENSIONS

The Company provides employees of Group undertakings with retirement benefits and is the sponsoring company for the Group's defined benefit scheme. The assets of the scheme are held separately from the Company's general assets and trustee administered funds.

Defined benefit obligations and the cost of providing benefits are determined annually by independent qualified actuaries using the projected unit credit method. The obligation is measured as the present value of the estimated future cash outflows using a discount rate based on AA rated corporate bond yields of appropriate duration. The resulting surplus or deficit of defined benefit assets less liabilities is recognised in the Statement of Financial Position, net of any taxes that would be deducted at source.

Normal contributions to the defined benefit scheme are expensed in a subsidiary of the Group as they become payable, in accordance with the rules of the scheme.

1.18 ORDINARY SHARE CAPITAL

The Company's ordinary shares of 12.5 pence each are classified as equity instruments. Shares issued by the Company are recorded at the fair value of the proceeds received or the market price on the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium.

1.19 DIVIDEND RECOGNITION

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared as a deduction from equity.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the process of applying the Company's accounting policies, management has made the below significant judgements involving estimations and assumptions:

Interest in structured entities

Interests in structured entities are treated as subsidiaries on the basis of control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

Share-based payment transactions

The Company measures the cost of equity-settled share schemes at fair value at the date of grant and expenses them over the vesting period based on the Company's estimate of shares that will eventually vest.

Impairment of investments

Investments are reviewed for impairment at each reporting date or more frequently if there are indicators that the carrying value is impaired. Management also exercises judgement in determining whether a decrease in the value of an asset meets the prolonged or significant tests.

Pension and other post-employment benefits

The costs of, and period end obligations under, defined benefit pension schemes are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these schemes, such estimates are subject to significant uncertainty. Further details are given in note 21.

Provisions

By their nature, provisions often reflect significant levels of judgement or estimates by management.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the reporting date. The quoted market price used for financial instruments is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques commonly used by market participants, including the use of comparable recent arm's length transactions, discounted cash flow analysis and option pricing models.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. DIVIDENDS RECEIVED FROM SUBSIDIARY UNDERTAKINGS

Dividends received from the Company's direct subsidiaries were as follows:

	2019	2018
	£m	£m
Henderson Global Investors (Holdings) Limited	85.0	-
HGI (Investments) Limited	-	2.5
Janus Henderson Global Fixed Interest Total Return Fund	-	0.2
Janus Henderson Global Equity Income Fund	0.1	0.2
Janus Henderson Horizon Global Equity Income Fund (Europe & US)	-	0.1
Janus Henderson Horizon Pan European Dividend Income Fund	0.2	0.1
Janus Henderson International Long/Short Equity Fund	-	0.1
Janus Henderson International Small Cap Fund	0.1	0.1
Janus Henderson Absolute Return Fixed Income Fund	0.1	-
	85.5	3.3

4. OPERATING EXPENSES

The operating expenses comprise:

	2019	2018
	£m	£m
Foreign exchange differences	(0.3)	0.5
Salaries and wages (including share-based payments) (Note 6)	5.1	11.9
Sundry expenses	-	0.2
	4.8	12.6

5. AUDITORS' REMUNERATION

Auditors' remuneration of £20,000 (2018: £10,905) in respect of the audit of the Company's financial statements is borne by a fellow Group undertaking.

In relation to the Company's direct and indirect subsidiaries, auditors' remuneration of £502,914 (2018: £638,147), in respect of statutory audit fees was also borne by a fellow Group undertaking.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. EMPLOYEES

Staff costs were as follows:

	2019	2018
	£m	£m
Staff costs	5.1	11.9
	<u>5.1</u>	<u>11.9</u>

Certain employees of the Company are members of the Group's share plans. The share-based payment charge relating to these plans have been charged to the Company. Further details of the Group's share plans are set out in the Annual Report and Accounts of Janus Henderson Group plc which can be obtained from its registered office as set out in note 23.

The average monthly number of employees, including the Directors, during the year was as follows:

	2019	2018
	No.	No.
Corporate	2	2
	<u>2</u>	<u>2</u>

7. 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.

Total emoluments for the Directors of the Company is presented as follows:

	2019	2018
	£m	£m
Total emoluments to company Directors	2.3	7.3
Emoluments paid to highest paid Director	1.8	4.9

Emoluments comprise salaries, bonuses and other employee benefits.

The number of Directors accruing benefits under pension schemes during the year was:

	2019	2018
	No.	No.
Money Purchase Pension Scheme	2.0	1.0

During the year one of the Directors of the Company exercised share options (2018: three). Two Directors of the Company received shares under the Group's long term incentive schemes (2018: three).

The highest paid Director of the Company was awarded shares under the Group's long term incentive schemes and did exercise options during 2019 and 2018.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. FINANCE INCOME

	2019	2018
	£m	£m
Net gain on financial assets	14.3	15.7
Interest on net retirement benefit asset	5.5	4.7
Interest receivable on balances due from Group undertakings	9.3	9.4
Recharges made to Group undertakings	7.4	9.2
	<u>36.5</u>	<u>39.0</u>

9. FINANCE EXPENSE

	2019	2018
	£m	£m
Interest payable on balances due to Group undertakings	8.0	14.7
Net loss on financial instruments carried at fair value	13.4	0.6
	<u>21.4</u>	<u>15.3</u>

10. TAXATION

	2019	2018
	£m	£m
CURRENT TAX		
Charge for the year	2.1	-
Adjustments in respect of previous periods	1.3	-
TOTAL CURRENT TAX	<u>3.4</u>	<u>-</u>
DEFERRED TAX		
Credit for the year	(0.5)	(0.6)
Effect of change in statutory tax rate	0.1	-
Adjustments in respect of prior periods	(0.5)	-
TOTAL DEFERRED TAX	<u>(0.9)</u>	<u>(0.6)</u>
TOTAL TAX CHARGED/(CREDITED) TO THE INCOME STATEMENT	<u>2.5</u>	<u>(0.6)</u>

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The UK corporation tax rate applicable for the year is 19.00% (2018:19.00%). The tax assessed to the Company for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019	2018
	£m	£m
Profit before tax	95.8	14.4
Tax charge at the UK corporation tax rate of 19.00% (2018: 19.00%)	18.2	2.7
EFFECTS OF:		
Expenses not deductible for tax purposes	1.0	(1.6)
Non taxable income	(17.3)	(1.4)
Compensation related adjustments	0.1	0.2
Changes in statutory tax rates	0.1	0.1
Group relief (claimed)/surrendered for nil consideration	(0.5)	(0.6)
Adjustments in respect of prior periods	0.9	-
TOTAL TAX CHARGED/(CREDITED) TO THE INCOME STATEMENT	2.5	(0.6)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted at the balance sheet date. This rate has been used to value deferred tax balances. In March 2020, the UK government announced that the corporation tax rate will remain at 19%. This tax rate change was not substantively enacted at the balance sheet date, but will affect the Company's current tax charge or credit in future years.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. INVESTMENTS

	Investments in subsidiary companies £m
COST OR VALUATION	
At 1 January 2019	1,344.3
Additions	18.1
Disposals	(44.8)
Transfer to financial assets at fair value through profit and loss	(27.5)
	<hr/>
At 31 December 2019	1,290.1
	<hr/>
IMPAIRMENT	
At 1 January 2019	167.2
	<hr/>
At 31 December 2019	167.2
	<hr/>
NET BOOK VALUE	
At 31 December 2019	1,122.9
	<hr/> <hr/>
At 31 December 2018	1,177.1
	<hr/> <hr/>

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 Statement of Financial Position. Where events or changes in circumstances indicate that the carrying amount of investments may not have been recoverable an impairment review is carried out by the Directors of the Company.

No events have been identified which indicated that the carrying value of the investments held were below the recoverable amounts.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings (direct* and indirect) of the Company as at 31 December 2019:

Name	Registered office	Principal activity	Functional currency	Holding
Alphagen Capital Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
G.I.L. Nominees Limited	KPMG LLP, 15 Canada Square, London, E14 5GL	Company in liquidation	GBP	100%
Gartmore Group Limited	Maples Corporate Services Ltd, PO Box 309, Uglan House, Grand Cayman, Cayman Islands	Holding company	GBP	100%
Gartmore Investment Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
Gartmore Investment Management Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Gartmore Investment Services Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Gartmore Services Limited	5th floor, 37 Esplanade, St Helier, Jersey, JE1 2TR	Professional services	GBP	100%
Geneva Capital Management LLC	151 Detroit Street, Denver CO 80206 , United States	Investment management services	USD	100%
Henderson Administration Limited	201 Bishopsgate, London, EC2M 3AE	Administrative services	GBP	100%
Henderson Alternative Investment Advisor Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Henderson Asia Pacific Equity Patner II L.P (HAPEP II)	5th floor, 37 Esplanade, St Helier, Jersey, JE1 2TR	Partnership for making, monitoring and realising investments	USD	45%
Henderson Asset Management Limited	201 Bishopsgate, London, EC2M 3AE	Property management	GBP	100%
Henderson Equity Holdings LLC	151 Detroit Street, Denver CO 80206 , United States	Holding company	USD	100%
Henderson Equity Partners (GP) Limited	50 Lothian Road, Fesitval Square, Edinburgh, EH3 9WJ	General Partner	GBP	100%
Henderson Equity Partners India Private Limited	c/o Budraja Adlakha & Co, 5/31 W.E.A Karol Bagh, New Delhi, 110 005 India	Company in liquidation	INR	100%
Henderson Equity Partners Jersey (GP) Limited*	5th floor, 37 Esplanade, St Helier, Jersey, JE1 2TR	General Partner	GBP	100%
Henderson Equity Partners Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS (CONTINUED)**

Name	Registered office	Principal activity	Functional currency	Holding
Henderson Fund Management Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
Henderson Global Investors (Holdings) Limited*	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Henderson Global Investors (International Holdings) BV	Gustav Mahlerlaan 1212, 1081LA, Amsterdam, Netherlands	Holding company	EUR	100%
Henderson Global Investors (North America) Inc	151 Detroit Street, Denver CO 80206, United States	Investment management services	USD	100%
Henderson Global Investors Asset Management Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Henderson Global Investors BV	Gustav Mahlerlaan 1212, 1081LA, Amsterdam, Netherlands	Marketing services	EUR	100%
Henderson Global Investors Equity Planning Inc	151 Detroit Street, Denver CO 80206, United States	Investment management services	USD	100%
Henderson Global Investors Geneva (Luxembourg) Finance SA	2 Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg	Group financing	USD	100%
Henderson Global Investors Geneva Finance Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	USD	100%
Henderson Global Investors Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
Henderson Holdings Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Henderson International GP LLC	151 Detroit Street, Denver CO 80206, United States	General Partner	USD	100%
Henderson International Inc	151 Detroit Street, Denver CO 80206, United States	Holding company	USD	100%
Henderson Investment Funds Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
Henderson Investment Management Limited	KPMG LLP, 15 Canada Square, London, E14 5GL	Company in liquidation	GBP	100%
Henderson Nominees Limited	201 Bishopsgate, London, EC2M 3AE	Dormant company	GBP	100%
Henderson Secretarial Services Limited	201 Bishopsgate, London, EC2M 3AE	Company secretarial services	GBP	100%
Henderson Unit Trusts Limited	201 Bishopsgate, London, EC2M 3AE	Dormant company	GBP	100%
HEP (GP) Limited	201 Bishopsgate, London, EC2M 3AE	General Partner	GBP	100%

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS (CONTINUED)**

Name	Registered office	Principal activity	Functional currency	Holding
HEP Mauritius Limited	Les Cascades Building, Edith Cavell Street, Port Louis, Republic of Mauritius	Investment holding company	USD	45%
HGI (Investments) Limited*	201 Bishopsgate, London, EC2M 3AE	Dormant company	GBP	100%
HGP2 Limited	50 Lothian Road, Fesitval Square, Edinburgh, EH3 9WJ	General Partner	GBP	100%
HPC Nominees Limited	201 Bishopsgate, London, EC2M 3AE	Dormant company	GBP	100%
Janus Henderson Absolute Return Fixed Income Fund	201 Bishopsgate, London, EC2M 3AE	Investment entity	GBP	31%
Janus Henderson Global Equity Income Fund	Level 36, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	Investment entity	AUD	85%
Janus Henderson Global Fixed Interest Total Return Fund	Level 36, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	Investment entity	AUD	64%
Janus Henderson Global Investors (Schweiz) AG	Dreikonigstrasse 12, 8002, Zurich, Switzerland	Marketing services	CHF	100%
Janus Henderson Horizon Biotechnology Fund	2 Rue de Bitbourg, L- 1273 Luxembourg, Grand Duchy of Luxembourg	Investment entity	USD	65%
Janus Henderson Horizon Global Equity Income Fund (Europe & US)	2 Rue de Bitbourg, L- 1273 Luxembourg, Grand Duchy of Luxembourg	Investment entity	USD	82%
Janus Henderson Horizon Global Natural Resources	2 Rue de Bitbourg, L- 1273 Luxembourg, Grand Duchy of Luxembourg	Investment entity	USD	82%
Janus Henderson Horizon Global Smaller Companies Fund	2 Rue de Bitbourg, L- 1273 Luxembourg, Grand Duchy of Luxembourg	Investment entity	GBP	100%
Janus Henderson Horizon Pan European Dividend Income	2 Rue de Bitbourg, L- 1273 Luxembourg, Grand Duchy of Luxembourg	Investment entity	EUR	100%
Janus Henderson International Small Cap Fund	151 Detroit Street, Denver CO 80206 , United States	Investment entity	USD	59%

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS (CONTINUED)**

Name	Registered office	Principal activity	Functional currency	Holding
Janus Henderson Investment Consulting (Beijing) Limited	Unit 2401-15, 24F China World Tower 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, 100004, China	Investment management services	CNY	100%
Janus Henderson Investors (Australia) Funds Management Limited	Level 36, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	Investment management services	AUD	100%
Janus Henderson Investors (Australia) Institutional Funds Management Limited	Level 36, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	Investment management services	AUD	100%
Janus Henderson Investors (Australia) Limited	Level 36, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	Administrative services	AUD	100%
Janus Henderson Investors (Japan) Limited	27F Marunouchi Kitaguchi Building, 1-6-5, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan	Investment management services	JPY	100%
New Star Asset Management (Bermuda) Limited	2 Church Street, Hamilton, HM 11, Bermuda	Investment management services	GBP	100%
New Star Asset Management Group Limited	201 Bishopsgate, London, EC2M 3AE	Holding company	GBP	100%
Optimum Investment Management Limited	201 Bishopsgate, London, EC2M 3AE	Investment management services	GBP	100%
UKFP (Asia) Nominees Limited	PO Box 438 Beaufort House, Road Town, Tortola, British Virgin Islands	Dormant company	HKD	100%

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	£m	£m
Amounts owed by Group undertakings	0.1	4.1
Loans owed by Group undertakings	566.7	562.3
Other debtors	4.7	2.0
	<u>571.5</u>	<u>568.4</u>

Amounts owed by Group undertakings accrued interest at the Bank of England base rate plus 1%, until 30 June 2019. After this date, interest was charged only where the two parties were in different tax jurisdiction, otherwise no interest was charged.

Loans owed by Group undertakings are repayable on demand and accrue interest at a 6 month LIBOR rate plus a fixed percentage.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	£m	£m
Financial assets at fair value through profit or loss		
Balance at 1 January	2.5	7.3
Reclassified from investments in subsidiary companies	27.5	15.7
Reclassified from available for sale financial assets	-	4.3
Reclassified to investments in subsidiary companies	-	(26.1)
Fair value movements and net settlements	(0.8)	9.6
Disposals	-	(8.3)
Additions	0.1	-
Reclassified to financial liabilities at fair value through profit or loss	2.1	-
MARKET VALUE	<u>31.4</u>	<u>2.5</u>

14. CASH AND CASH EQUIVALENTS

	2019	2018
	£m	£m
Cash and cash equivalentsts	11.4	23.1
	<u>11.4</u>	<u>23.1</u>

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. TRADE AND OTHER PAYABLES

	2019	2018
	£m	£m
Amounts owed to Group undertakings	887.4	924.8
Other creditors	3.2	3.1
Accruals and deferred income	1.0	4.3
	891.6	932.2

Amounts owed to Group undertakings accrued interest at the Bank of England base rate plus 1%, until 30 June 2019. After this date, interest was charged only where the two parties were in different tax jurisdictions, otherwise no interest was charged.

16. DEFERRED TAX

	2019	2018
	£m	£m
Deferred tax assets recognised and movements therein are as follows:		
At 1 January	0.8	0.2
Credited to the Income Statement	0.9	0.6
At 31 December	1.7	0.8

Deferred tax assets in the above summary represent deferred tax assets in relation to compensation plans of £1.7m (2018: £0.8m).

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 has been enacted and is reflected in the deferred tax asset and liabilities above. In March 2020, the UK government announced that the corporation tax rate will remain at 19%. This tax rate change was not substantively enacted at the balance sheet date, but will affect the Company's current tax charge or credit in future years.

17. RESERVES**Share premium account**

Share premium records the difference between the nominal value of shares issued and the full value of the consideration received or the market price on the day of issue.

Profit and loss account

The profit and loss account comprises

- results recognised through the Income Statement;
- actuarial gains and losses recognised in the Statement of Comprehensive Income, net of tax deducted at source ; and
- dividends paid to equity shareholders.

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. ORDINARY SHARE CAPITAL

	2019 £m	2018 £m
Authorised		
1 (2018: 1) A Ordinary share of £0.125 each	-	-
1,949,910,776 (2018: 1,949,910,776) Ordinary shares of £0.125 each	243.7	243.7
	<u>243.7</u>	<u>243.7</u>
Allotted, called up and fully paid		
1 (2018: 1) A Ordinary share of £0.125 each	-	-
866,792,969 (2018: 866,792,969) Ordinary shares of £0.125 each	108.3	108.3
	<u>108.3</u>	<u>108.3</u>

19. DIVIDENDS

The following dividends were paid to the Company's immediate parent, Henderson Holdings Group Limited, during the year:

	2019 £m	2018 £m
Interim Dividend (£0.035 per share approved on 23 October 2019)	30.0	-
Interim Dividend (£0.063 per share approved on 20 February 2019)	55.0	-
	<u>85.0</u>	<u>-</u>

20. CONTINGENT LIABILITIES

In the normal course of business, the Group is exposed to certain legal or tax matters, which could involve litigation and arbitration, and may result in contingent liabilities. The Directors are not aware of any contingent liabilities requiring disclosure in these financial statements as at 31 December 2019 or 2018.

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21. RETIREMENT BENEFIT ASSETS

The Company operates a Defined Benefit Pension Scheme.

The main defined benefit pension plan sponsored by the Group is the defined benefit section of the Janus Henderson Group UK Pension Scheme ("JHGPS" or the "Plan"), previously the Henderson Group Pension Scheme, which closed to new members on 15 November 1999. The Company is the sponsor and principal employer of the JHGPS and the participating company is Henderson Administration Limited. The appointed investment manager for the final salary scheme is Henderson Global Investors Limited. The JHGPS is funded by contributions to a separately administered fund. The actuarial advisers to the JHGPS are Towers Watson.

Benefits in the JHGPS are based on service and final salary. The plan is approved by HMRC for tax purposes, and is operated separately from the Group and managed by an independent Trustee board. The Trustee is responsible for payment of the benefits and management of the JHGPS assets.

The JHGPS is subject to UK regulations, which require the Group and Trustee to agree a funding strategy and contribution schedule for the scheme. The most up-to-date valuation of the JHGPS scheme resulted in a surplus position on the technical provisions basis.

The valuation of the JHGPS under IAS 19 Employee Benefits is based on full membership data as at 31 December 2017 and updated to the accounting date by an independent actuary in accordance with IAS19. The JHGPS assets are stated at their fair values as at 31 December 2019.

The company expects to contribute £0.6 million to the JHGPS in the year ending 31 December 2020, excluding contributions into the money purchase section.

As with the vast majority of similar arrangements in the United Kingdom, the Group ultimately underwrites the risks relating to these defined benefit plans. These risks include investment risks and demographic risks, such as the risk of members living longer than expected.

On 5 September 2019 JHGPS and Scottish Widows Limited ('SWL') entered into a pension buy-in agreement (the 'agreement'). The agreement provides JHGPS a monthly contractual payment stream from SWL to satisfy pension obligations payable to approximately one-third of total plan participants receiving benefits from JHGPS as of 31 December 2019. The agreement does not relieve JHGPS or JHG (as plan sponsor) of the primary responsibility for the pension obligation. JHGPS paid a premium of approximately £328m for the agreement and it was recorded at fair value as a plan asset of JHGPS.

Reconciliation of present value of plan liabilities:

	2019	2018
	£m	£m
At 1 January	478.6	528.1
Current service cost	0.6	0.9
Past service cost	-	2.9
Interest cost	13.5	12.9
Actuarial loss/(gain) arising from experience	5.1	(4.0)
Actuarial gain arising from the demographic assumptions	-	(3.0)
Actuarial loss/(gain) arising from changes in financial assumptions	61.0	(30.2)
Benefits paid	(31.4)	(29.0)
AT THE END OF THE YEAR	527.4	478.6

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FOR THE YEAR ENDED 31 DECEMBER 2019**

21. RETIREMENT BENEFIT ASSETS (CONTINUED)

Reconciliation of present value of plan assets:

	2019	2018
	£m	£m
At 1 January	666.9	696.2
Interest credit	19.0	17.6
Contributions	1.6	9.3
Benefits paid	(31.4)	(29.0)
Administration costs	(1.7)	(1.2)
Actuarial gain/(loss) from scheme assets	8.9	(26.0)
AT THE END OF THE YEAR	663.3	666.9

Composition of plan assets:

	2019	2018
	£m	£m
Growth portfolio - diversified growth	156.0	172.3
Bond assets	197.4	489.4
Buy-in asset	248.2	-
Cash and cash equivalents	61.7	5.2
TOTAL PLAN ASSETS	663.3	666.9

Net retirement benefit assets recognised in the Statement of Financial Position

	2019	2018
	£m	£m
Fair value of plan assets	663.3	666.9
Present value of plan liabilities	(527.4)	(478.6)
Tax at source	(8.2)	(26.2)
NET PENSION SCHEME ASSET	127.7	162.1

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. RETIREMENT BENEFIT ASSETS (CONTINUED)

Actuarial gains and losses recognised in the Statement of Comprehensive Income

	2019	2018
	£m	£m
Actuarial (losses)/gains	(57.4)	11.2
Tax at source	18.0	(5.6)
Net (loss)/gain recognised in the Statement of Comprehensive Income	(39.4)	5.6

	2019	2018
	% per annum	% per annum
Discount rate	2.1	2.9
Rate of increase in pensionable salaries	2.5	2.5
Inflation (RPI)	3	3.1
Inflation (CPI)	1.9	2.0
	Years	Years
Male currently aged 60	28.3	28.2
Female currently aged 60	29.3	29.3
Male aged 60 in 15 years	29.3	29.2
Female aged 60 in 15 years	30.5	30.4

HGI GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. RETIREMENT BENEFIT ASSETS (CONTINUED)

Amount, timing and uncertainty of future cash flows

The approximate impact of changing these main assumptions on the IAS19 defined benefit obligation at 31 December 2019 is as follows:

- Reducing the discount rate by 0.1% pa would increase the IAS19 defined benefit obligation by £10.0 m (2018: £8.0m) ;
- Increasing both the RPI & CPI inflation assumptions by 0.1% pa would increase the IAS19 defined benefit obligation by £3.0m (2018: £2.0m) ; and
- Increasing the assumed life expectancies of members by one year would increase the IAS19 defined benefit obligation by £16.0m (2018: £14.0m).

There would also be an impact on the current service cost but given the small active population in the plan this is likely to be immaterial.

The sensitivity analysis here may not be representative of the actual change as in practice the changes in assumptions may not occur in isolation.

The weighted average duration of the defined benefit obligations as at 31 December 2019 for the JHGPS is approximately 18 years (2018: 16 years).

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**NOTES TO THE FINANCIAL STATEMENTS
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22. EVENTS AFTER THE END OF THE REPORTING PERIOD

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. COVID-19 is expected to have an adverse effect on the Company's business and financial results. However, the situation is fluid and continues to evolve. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the Company's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event and, therefore, the measurement of assets and liabilities in the financial statements have not been adjusted for its potential impact.

The extent of the impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic, and the volatility and market value of the global financial markets, all of which are highly uncertain. While it is too early to estimate its financial effect, COVID-19 is expected to adversely affect the Company's financial results, including, without limitation, the valuation of the Company's investments in subsidiaries, which may result in the need to recognise future impairments. As at 31 December 2019, the Company determined that the total recoverable amount of its investments in subsidiaries was £804,000,000 in excess of their total carrying value. An impairment charge would be recognised if the value of the Company's individual investment in subsidiary balances at 31 December 2019 fell by a range of between 1% and 44%.

On 16 March 2020, upon recommendation from the Board, the shareholder approved the reduction of the Company's share capital from £108,349,121.25 to £1 by cancelling and extinguishing the one 'A' ordinary share of £0.125 and 866,792,691 ordinary shares of £0.125 each. In addition, upon recommendation from the Board, the shareholder of the Company also approved the cancellation of the Company's entire share premium (together the "Capital Reduction"). The amount by which the share capital and share premium were reduced was credited to the profit and loss account. The Capital Reduction was registered with Companies House on 16 March 2020.

On 21 October 2020, the Directors approved the payment of an interim dividend of £30,000,000.

The Board of Directors has not received as at 10 November 2020, being the date the financial statements were signed, any other information concerning significant conditions in existence at the reporting date, which have not been reflected in the financial statements as presented.

23. CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Holdings Group Limited, a company incorporated in the United Kingdom and the ultimate parent undertaking and controlling party is Janus Henderson Group plc, a company incorporated in Jersey which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2019 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, www.janushenderson.com.