

Invesco Holding Company Limited

**Accounts for the year ended 31 December 2009
together with directors' and auditors' reports**

Registered number: 308372

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COMPANIES HOUSE

Invesco Holding Company Limited
Company Information

Directors K M Carome
R H Rigsby
L Starr

Assistant Secretary R H Rigsby

Auditors Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office 30 Finsbury Square
London
EC2A 1AG

Invesco Holding Company Limited
Directors' Report for the year ended 31 December 2009

The directors submit their report and accounts for the year ended 31 December 2009 for Invesco Holding Company Limited which hereinafter is referred to as "the company"

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The principal activity of the company is that of a holding company. It is the intention of the Directors to continue the current activities of the company for the foreseeable future.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2009

The income statement for the year ended 31 December 2009 together with the balance sheet at that date are set out on pages 7 and 8 respectively. The loss on ordinary activities for the year before taxation and dividends amounted to US\$30.0m (2008: profit US\$99.5m).

Liquidity and credit risk

The company is subject to credit, liquidity and cashflow risks, as it holds the principal debt on behalf of the Invesco Ltd group ("the group"). The company is subject to liquidity risk as it both provides and receives a large number of loans to and from fellow group undertakings.

Foreign exchange risk

The company is subject to foreign exchange risk within both assets and liabilities through amounts due from and owing to other group undertakings. The company does not hedge any foreign exchange exposure.

Interest rate risks

The company earns and incurs interest on inter-group loans. The rate of interest is dependent on commercial banking interest rates and Libor. The company also pays interest on the outstanding senior notes, which have fixed maturities and fixed interest rates determined at the date of issue of these senior notes.

Risk management

The company's operations are managed within the limits defined by the Board. The Board regularly reviews the overall risk inherent in the company's business and actions are taken to mitigate those risks where appropriate. Further details of the company's policies for managing risk are included in note 17 to the accounts.

KEY PERFORMANCE INDICATORS

	2009	2008	Change
	US\$m	US\$m	%
Administrative expenses	(18.8)	52.0	(136)
(Expense)/income from shares in group undertakings	(4.9)	184.6	(103)
Interest receivable and similar income	19.7	38.3	(49)
Interest payable and similar charges	66.9	71.3	(6)
(Loss)/profit on ordinary activities before tax	(30.0)	99.5	(130)

Invesco Holding Company Limited
Directors' Report for the year ended 31 December 2009 (continued)

KEY PERFORMANCE INDICATORS (continued)

Administrative expenses have decreased significantly due to favourable foreign exchange movements. Interest receivable has decreased due to lower balances on group interest bearing loans.

DIVIDENDS

Dividends of US\$246.5m (2008: US\$1,136.5m) were paid during the year.

GOING CONCERN

As at December 2009 the company's net asset value is USD\$945.1m (2008: USD\$1,218.1m) and there are no financial commitments outside normal business operations. Consequently the directors believe the company can manage its business risk successfully in the future and that the company has adequate resources to continue to operate for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in the preparing of the annual reports and financial statements.

DIRECTORS

The directors who served during the year are as shown below:

K. M. Carome
R. H. Rigsby (appointed 4 June 2009)
L. Starr

DIRECTORS' LIABILITIES

Invesco Ltd. has taken out indemnity insurance for its directors in Invesco Holding Company Limited in connection with their roles and responsibilities as Directors.

SECRETARY

Under the Companies Act 2006 there is no longer a requirement for the company to have a Company Secretary and therefore the Company Secretary, Ms E. Pearce, was removed with effect from 23 March 2010.

POST BALANCE SHEET EVENTS

In May 2010, the company and Invesco Ltd. have negotiated, as co-borrowers, a new credit facility of \$1.25 billion. This replaces the \$500 million credit facility of IVZ Inc. mentioned in note 11 of the accounts for which the company was a guarantor.

Separately, the parent company made new capital contributions of \$62.7m in February 2010 and \$206.0m in August 2010 to the company.

Invesco Holding Company Limited
Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations

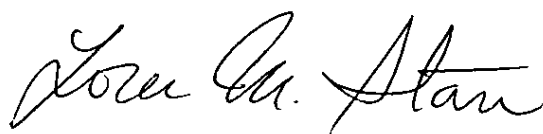
Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with International Financial Reporting Standards (IFRS). Under company law, the directors must not approve the accounts unless they are satisfied 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 accounts, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

On behalf of the Directors



Director
L. STARR

Date 16 September 2010

Invesco Holding Company Limited
Independent Auditors' Report to the Members of Invesco Holding Company Limited

We have audited the accounts of Invesco Holding Company Limited for the year ended 31 December 2009 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (as adopted by the European Union), and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

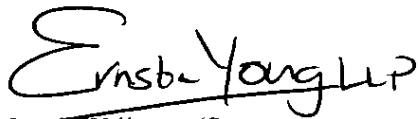
In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Invesco Holding Company Limited
Independent Auditors' Report to the Members of Invesco Holding Company Limited (continued)

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 accounts 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



Sarah Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 16 September 2010

Invesco Holding Company Limited**Statement of Comprehensive Income for the year ended 31 December 2009**

		Year ended 2009	Year ended 2008
	Note	US\$ million	US\$ million
Revenue		-	-
Administrative expenses		18 8	(52 0)
Operating profit/(loss)		18 8	(52 0)
(Expense)/income from shares in group undertakings	2	(4 9)	184 6
Profit/(loss) on disposal of long term debt		3 3	(0 1)
Interest receivable and similar income	3	19 7	38 3
Interest payable and similar charges	4	(66 9)	(71 3)
(Loss)/profit on ordinary activities before taxation		(30 0)	99 5
Tax on (loss)/profit on ordinary activities	7	3 5	(1 5)
(Loss)/profit attributable to Equity Shareholders		<u>(26 5)</u>	<u>98 0</u>

All activities derive from continuing operations

The accompanying notes are an integral part of these accounts

Invesco Holding Company Limited

Statement of Financial Position at 31 December 2009 Registered No: 308372

	Note	Year ended 2009 US\$ million	Year ended 2008 US\$ million
Non-current assets			
Investments in subsidiaries	9	2,549 2	2,784 1
Current assets			
Trade and other receivables	10	66 2	289 9
Cash and cash equivalents		0 2	1 8
		<u>66 4</u>	<u>291 7</u>
Total assets		<u>2,615 6</u>	<u>3,075 8</u>
Non-current liabilities			
Senior notes	11	(742 9)	(845 9)
Credit facility	11	-	(12 0)
Trade and other payables amounts falling due after more than one year	13	(910 3)	(678 2)
		<u>(1,653 2)</u>	<u>(1,536 1)</u>
Current liabilities			
Creditors amounts falling due within one year	12	(17 3)	(25 0)
Senior notes	11	-	(296 6)
		<u>(17 3)</u>	<u>(321 6)</u>
Total liabilities		<u>(1,670 5)</u>	<u>(1,857 7)</u>
Net assets		<u>945 1</u>	<u>1,218 1</u>
Equity			
Share capital	15	84 8	84 8
Share premium		-	704 2
Other reserves	16	413 5	422 3
Retained earnings		446 8	6 8
Total equity		<u>945 1</u>	<u>1,218 1</u>

Signed on behalf of the Board on 16 September 2010



L. Starr
Director

The accompanying notes are an integral part of these accounts

Invesco Holding Company Limited
Statement of Changes in Equity for the year ended 31 December 2009

	Share Capital US\$ million	Share Premium US\$ million	Other Reserves US\$ million	Retained Earnings US\$ million	Total US\$ million
1 January 2008	84.8	704.2	1,117.4	393.5	2,299.9
Profit after taxation	-	-	-	98.0	98.0
Total equity before transactions with owners	84.8	704.2	1,117.4	491.5	2,397.9
Dividends	-	-	(651.8)	(484.7)	(1,136.5)
Transfer Share based payment reserve to Invesco Ltd	-	-	(43.3)	-	(43.3)
31 December 2008	84.8	704.2	422.3	6.8	1,218.1
Loss after taxation	-	-	-	(26.5)	(26.5)
Total equity before transactions with owners	84.8	704.2	422.3	(19.7)	1,191.6
Dividends	-	-	-	(246.5)	(246.5)
Transfer reserves to retained earnings	-	(704.2)	(8.8)	713.0	-
31 December 2009	84.8	-	413.5	446.8	945.1

Invesco Holding Company Limited
Cash Flow Statement for the year ended 31 December 2009

	Notes	2009 US\$ million	2008 US\$ million
Operating Activities:			
(Loss)/profit for the year attributed to shareholders		(26 5)	98 0
Adjustments to reconcile profit to net cash provided by operating activities			
Decrease in trade and other receivables		215 4	181 2
Increase in trade and other payables		231 7	2 8
Profit/ (loss) on disposal of long term debt		(3 9)	0 1
Impairment charge of investment in subsidiaries		7 0	-
Investment in associated company		(2 2)	(2 2)
Amortisation of loan notes		1 5	1 7
Exchange rate movements		(17 1)	-
Net cash inflow from operating activities		405 9	281 6
Investing Activities:			
Investment income		1 7	1 6
Net cash inflow /(outflow) from investing activities		1 7	1 6
Financing Activities:			
Dividends paid		-	(168 0)
Credit facility		(12 0)	(114 4)
Repayments of senior notes		(397 2)	(2 8)
Net cash outflow from financing activities		(409 2)	(285 2)
Decrease in cash and cash equivalents		(1 6)	(2 0)
Cash and cash equivalents, beginning of year		1 8	3 8
Cash and cash equivalents, end of year		0 2	1 8
Supplemental Cash Flow Information			
Interest paid – financing activities		(64 2)	(72 4)
Interest received – financing / investing activities		19 7	40 7
Dividends received – investing activities		2 1	184 6
Taxes received – operating activities		0 8	0 5

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009

1. Accounting policies

The principal accounting policies adopted by the Company are as follows

(a) Statement of compliance

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

The company is exempt from the requirements to produce consolidated accounts, in accordance with section s400 to s402 of the Companies Act 2006, as it is a wholly owned subsidiary undertaking of Invesco Ltd, a company incorporated in Bermuda and which publishes consolidated accounts including the results of the company and its subsidiary undertakings in accordance with US Generally Accepted Accounting Practice

(b) Basis of preparation

The preparation of accounts in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the accounts and accompanying notes. Management believes that the estimates utilised in preparing its accounts are reasonable. Actual results could differ from these estimates.

(c) Foreign currency

The functional currency of the company is US Dollars (\$), which is also the presentation currency.

Transactions during the period denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to dollars at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the Statement of Comprehensive Income.

(d) Investments

Fixed asset investments in subsidiaries and associates are shown at cost less any provision for impairment.

(e) Long term debt

Long term debt balances are recorded at cost. Finance charges are amortised over the term of the debt using the effective interest method. Interest charges are recognised in the period in which they are incurred.

(f) Income and expenses

Income and expenses are calculated on an accruals basis.

(g) Current tax

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

1 Accounting policies (continued)

(h) Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

2. (Expenses)/income from shares in group undertakings

	2009 US\$ million	2008 US\$ million
Amounts receivable from subsidiary undertakings	2.1	184.6
Impairment of subsidiary investments and loans	(7.0)	-
	<u>(4.9)</u>	<u>184.6</u>

The prior year figures have been re-classified to conform with the accounting policies

3. Interest receivable and similar income

	2009 US\$ million	2008 US\$ million
Interest receivable from other group undertakings	19.4	38.0
Other interest receivable	0.3	0.3
	<u>19.7</u>	<u>38.3</u>

4. Interest payable and similar charges

	2009 US\$ million	2008 US\$ million
Interest payable – Credit Facility	0.5	10.4
Interest payable – Senior Notes	56.0	60.5
Interest payable to other group undertakings	10.4	0.4
	<u>66.9</u>	<u>71.3</u>

5. Directors' remuneration and staff costs

The three (2008: two) directors who held office during the year received no remuneration from the company (2008: £nil). Staff costs, including pension contributions of all group employees who provide services to Invesco Holding Company Limited, are borne by Invesco Group Services Inc and Invesco UK Limited. There were no employees of the company during the year (2008: nil).

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

6. Auditors remuneration

There is no charge for auditors' remuneration in the accounts of the company. Their remuneration for the audit of the company is borne by the ultimate parent, Invesco Ltd. The portion of their remuneration relating to the audit of the company is US\$35,948 (2008 - US\$69,555).

	2009	2008
	US\$	US\$
Audit of the Accounts	21,569	41,745
Other services		
- other services supplied pursuant to legislation	14,379	27,810
	<u>35,948</u>	<u>69,555</u>

7. Taxation on (loss)/profit on ordinary activities

The tax (credit)/charge comprises the following:

	2009	2008
	US\$ million	US\$ million
UK corporation tax at 28% (2008 – 28.5%)	-	-
Adjustment in respect of prior years	0.1	1.4
Total current UK tax	<u>0.1</u>	<u>1.4</u>
Deferred Tax -		
Current Year	(3.6)	0.1
Total Tax	<u>(3.5)</u>	<u>1.5</u>

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

	2009	2008
	US\$ million	US\$ million
(Loss)/profit on ordinary activities before tax	<u>(30.0)</u>	<u>99.5</u>
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 28% (2008 – 28.5%)	(8.4)	28.3
Effect of:		
Expenses not deductible for UK tax purposes	2.2	0.1
Non Taxable income	(0.6)	(0.6)
Dividends from overseas offices	-	36.5
Apportioned profits from overseas subsidiaries	0.6	3.1
Adjustments in respect of prior years	0.1	1.3
Double taxation relief	-	(87.4)
Group relief surrendered for nil payment	6.2	20.1
Total current UK tax	<u>0.1</u>	<u>1.4</u>

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

8.	Equity Dividends	2009 US\$ million	2008 US\$ million		
	Interim dividend at US\$0.29 per Ordinary Share (2008 - US\$1.34)	246.5	1,136.5		
	No cash consideration was paid in settlement of the dividend				
9.	Non-current investments				
	Shares in Subsidiary Undertakings and Associates US\$ million	Loans to Subsidiary Undertakings and Associates US\$ million	Investment in Employee Share Ownership Trusts US\$ million	Total US\$ million	
	Cost				
	1 January 2009	2,321.3	276.8	246.5	2,844.6
	Foreign exchange	-	19.5	-	19.5
	Additions	175.5	-	-	175.5
	Disposals	(9.0)	(173.3)	(246.5)	(428.8)
	Impairment loan reclass	5.9			5.9
	31 December 2009	2,493.7	123.0	-	2,616.7
	Provisions against investments				
	1 January 2009	(60.5)	-	-	(60.5)
	Impairments in the year	(7.0)	-	-	(7.0)
	31 December 2009	(67.5)	-	-	(67.5)
	Net book value				
	1 January 2009	2,260.8	276.8	246.5	2,784.1
	31 December 2009	2,426.2	123.0	-	2,549.2

The principal operating companies, all of which were wholly owned, are set out below

Name of company	Country of incorporation or registration	Principal activity	Description of shares
Invesco UK Holdings PLC	England & Wales	Holding Company	Ordinary & Redeemable Preference
Invesco North America Group Limited	England & Wales	Holding Company	Ordinary
Invesco Pacific Group Limited	England & Wales	Holding Company	Ordinary
IVZ, Inc	United States of America	Holding Company	Common
Invesco Inc	Canada	Holding Company	Common
Invesco Asset Management (Bermuda) Ltd	Bermuda	Holding Company	Ordinary & Redeemable Preference

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

9. Non-current investments (continued)

Name of company	Country of incorporation or registration	Principal activity	Description of shares
James Bryant Limited	England & Wales	Nominee Company	Ordinary
Invesco Polska Spolka z ograniczona odpowiedzialnoscia	Poland	Holding Company	Ordinary
Chancellor VI Holdings Limited	Cayman	Authorised insurance company providing Personal Pension Plans and investment management policies for occupational pension schemes	Ordinary
Invesco Pension Trustees Limited	England & Wales	Acting as pension trustee for UK pension scheme	Ordinary

The company listed below, is an associate of the company

Name of company	Country of incorporation or registration	Principal activity	Percentage holding
Pocztylion - ARKA	Poland	Acting as pension fund to service long - term savings	29.3%

10. Trade and other Receivables

	2009	2008
	US\$ million	US\$ million
Amounts receivable from subsidiary undertakings	61.9	272.7
Amounts receivable from other group undertakings	1.4	13.1
Tax	2.9	4.0
Other	-	0.1
	66.2	289.9

As at 31 December 2009 trade and other receivables have been impaired by \$5.9m (2008 \$Nil). Movements in the provision are as follows

	2009	2008
	US\$ million	US\$ million
Balance 1 January	-	-
Impairment reclass from non-current investments		
Amounts receivable from subsidiary undertakings	0.2	-
Amounts receivable from other group undertakings	5.7	-
Balance at 31 December	5.9	-

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

11. Long-term Debt

	2009		2008	
	Book Value	Fair Value	Book Value	Fair Value
	US\$ million	US\$ million	US\$ million	US\$ million
Senior notes				
US\$300 million due 15 December 2009 at 4.5%	-	-	296.6	277.3
US\$300 million due 17 April 2012 at 5.625%	214.6	227.0	298.8	231.0
US\$350 million due 27 February 2013 at 5.375%	332.1	343.4	348.1	299.5
US\$200 million due 15 December 2014 at 5.375%	196.2	195.1	199.0	168.7
US\$900 million credit facility expiring 31 March 2010	-	-	12.0	12.0
Total long-term debt	742.9	765.5	1,154.5	988.5
Less current maturities of long-term debt	-	-	(296.6)	(277.3)
Non-current maturities of long term debt	742.9	765.5	857.9	711.2

In June 2009, Invesco Holding Company Limited offered to buy-back the maximum aggregate principal amount of the senior notes with maturities in years 2012, 2013 and 2014 for US\$100 million (excluding accrued interest), under a modified "Dutch auction" at a purchase price of US\$1,000 per principal. The offer was oversubscribed and resulted in Invesco Holding Company Limited purchasing

US\$84.897m principal amount of the 5.625 % notes due in 2012
US\$16.532m principal amount of the 5.375% notes due in 2013
US\$2.874m principal amount of the 5.375% notes due in 2014

The senior notes are listed on the Luxembourg Stock Exchange on the Euro MTF Market. The Euro MTF market is not an European regulated market as defined in the European Directive 2004/39-EC. As such the companies which have securities admitted to trading in the Euro MTF market are outside the scope of some EU regulations such as the Prospectus and Transparency Directive, hence issuers having securities admitted to trading the Euro MTF are bound to less stringent requirements for financial reporting.

During 2009, Invesco Holding Company Limited retired US\$3.05m of the 2009 debt through open market repurchase activity.

On 9 June 2009, a subsidiary, IVZ Inc., completed a new US\$500m credit facility which replaces the US\$900m credit facility which has been terminated. Invesco Holding Company Limited is a guarantor on this new facility.

Because an active market does not exist for the company's debt in which to obtain current market price information, fair value amounts disclosed in the table above were derived from estimates and analysis performed by the company's external financing providers. Such analysis included comparison of the terms of the company's debt with other actively traded debt of other companies.

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

11. Long-term Debt (continued)

Analysis of Borrowings:

	2009	2008
	US\$ million	US\$ million
Less than one year	-	296 6
Between one and three years	214 6	12 0
Between three and five years	528 3	646 9
More than five years	-	199 0
Total long-term debt	<u>742 9</u>	<u>1,154 5</u>

12. Trade and other payables: Amounts falling due within one year

	2009	2008
	US\$ million	US\$ million
Amounts due to other group undertakings	3 9	9 5
Taxation and social security	3 9	3 9
Accruals and deferred income	9 5	11 6
	<u>17 3</u>	<u>25 0</u>

13. Creditors: Amounts falling due after more than one year

	2009	2008
	US\$ million	US\$ million
Amounts due to subsidiary undertakings	448 0	513 1
Amounts due to other group undertakings	462 3	161 5
Deferred tax balance	-	3 6
	<u>910 3</u>	<u>678 2</u>

14. Analysis of Deferred Tax Balances

	2009	2008
	US\$ million	US\$ million
At 1 January	(3 6)	(3 5)
Credit/(charge) to profit and loss account	3 6	(0 1)
At 31 December	<u>-</u>	<u>(3 6)</u>

Deferred taxation provided in the accounts is as follows

Other timing differences	-	0 2
Unremitted earnings	-	(3 8)
	<u>-</u>	<u>(3 6)</u>

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

15. Called up Share Capital and Exchangeable Shares

Ordinary Shares

	2009 Book Value		2008 Book Value	
	US\$ million	Number million	US\$ million	Number million
Authorized ordinary shares of 10 cents each (2008 10 cents each)	105 0	1,050 0	105 0	1,050 0
Allotted, called up and fully paid ordinary shares of 10 cents each (2008 10 cents each)	84 8	848 0	84 8	848 0
Authorized and issued deferred Sterling shares of £1 each	0 05	0 05	0 05	0 05

The deferred sterling shares of £1 have no voting rights, no rights to profits and no rights to any assets upon a winding up

16. Reserves

US\$ million	Tax Reserve	Warrant Reserve	Capital Redemption Reserve	Merger Reserve (restated)	Goodwill Reserve	Cancellation Share of Share Premium Account (restated)	Based Payments Reserve	Total Other Reserves
1 January 2008	(0.7)	5.8	8.8	975.9	7.1	77.2	43.3	1,117.4
Transfer Share based payment reserve to Invesco Ltd	-	-	-	-	-	-	(43 3)	(43 3)
Dividends	-	-	-	(574 6)	-	(77 2)	-	(651 8)
31 December 2008	(0.7)	5.8	8.8	401.3	7.1	-	-	422.3
Transfer capital redemption reserve to retained earnings	-	-	(8 8)	-	-	-	-	(8 8)
31 December 2009	(0.7)	5.8	-	401.3	7.1	-	-	413.5

The merger reserve and cancellation of share premium account were restated to allocate dividends correctly against distributable reserves

17. Risks and Uncertainties

a) Interest rate risk

The company earns and incurs interest on inter-group loans. The rate of interest is dependent on commercial banking interest rates and Libor. If interest rates increased/decreased by 100 basis points, based on the closing balances as at 31 December 2009, the annualised interest earned by the company would increase/decrease by US\$3.7m (2008 US\$0.5m).

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

17. Risks and Uncertainties (continued)

d) Interest rate risk (continued)

The company pays interest on the senior notes contained in note 11. These notes have fixed maturities and predefined interest rates. The company would bear interest rate risk if it were to reissue any of the maturing notes.

b) Liquidity risk

The company maintains sufficient cash and liquid investments through its intercompany positions, and functions as a holding company, that liquidity and cash flow risks are negligible.

c) Credit risk

The intercompany receivables are payable on demand. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in notes 10. The company does not hold any collateral as security.

The company has significant exposure to foreign exchange of US\$98.1 million (2008 US\$135.2 million) within the amounts owing to other group undertakings. The company does not hedge any foreign exchange exposure.

d) Foreign Exchange risk

The foreign exchange exposure per currency per balance sheet category is as follows:

	2009 US\$ million	2008 US\$ million
Intercompany receivables		
Sterling (GBP)	6.0	5.4
	<hr/> 6.0	<hr/> 5.4
Intercompany liabilities		
Hong Kong Dollar (HKD)	94.3	89.2
Sterling (GBP)	0.6	42.9
Singapore Dollar (SGD)	3.2	3.1
	<hr/> 98.1	<hr/> 135.2

Invesco Holding Company Limited
Notes to the accounts at 31 December 2009 (continued)

17. Risks and Uncertainties (continued)

d) Foreign Exchange risk (continued)

Sensitivity Analysis

Assuming an increase / decrease 5% in exchange rates against US Dollar, the foreign exchange exposure per currency per balance sheet category increase / decrease is as follows -

	2009 US\$ million	2008 US\$ million
Intercompany receivables		
Sterling (GBP)	0.3	0.3
	0.3	0.3
Intercompany liabilities		
Hong Kong Dollar (HKD)	4.7	4.4
Sterling (GBP)	-	2.2
Singapore Dollar (SGD)	0.2	0.2
	4.9	6.8

e) Capital Management

Invesco Holding Company Limited considers its capital to be the total equity shown in notes 15 and 16. The company's objectives when managing capital are:

- To safeguard the company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders, and
- To maintain a strong capital base to support the development of the company's business

18. Related party transactions

The company engages in intercompany transactions with its subsidiaries which are all related to the company's tax and treasury management processes. As of 31 December 2009, the company had US\$63.3 million in receivables from subsidiaries and other group companies (2008: US\$285.8 million). As of 31 December 2009, the company had payables to its subsidiaries and other group companies of US\$914.2 million (2008: US\$684.1 million).

19. Immediate and ultimate parent company

The company's immediate and ultimate parent company, and the parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member, is Invesco Ltd, which is registered in Bermuda. Copies of the group accounts can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, NE, Suite 1800 Atlanta, Georgia 30309, USA.