

**THREADNEEDLE
NAVIGATOR ISA
MANAGER LIMITED**
(FORMERLY EAGLE STAR ISA
MANAGER LIMITED)

(Registered Number: 2558025)

Report and Accounts
for the Year Ended
31st December 2006

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Threadneedle Navigator ISA Manager Limited
(Formerly Eagle Star ISA Manager Limited)
Report and accounts for the year ended 31st December 2006

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DIRECTORS

S H Davies	Chairman	
D Gasparro	Managing Director	Appointed 3 rd April 2006
D F Sachon	Managing Director	Resigned 31 st March 2006
A J Ainsworth		Resigned 31 st March 2006
T W Challenor		
T N Gillbanks		
J A V Grimshaw		Appointed 12 th June 2006
C J Henderson		
W D Lowndes		Resigned 12 th June 2006

Secretary and registered office

A Kaye
60 St. Mary Axe
London
EC3A 8JQ

Auditors

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

**Threadneedle Navigator ISA Manager Limited
(Formerly Eagle Star ISA Manager Limited)
Report and accounts for the year ended 31st December 2006**

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2006

The directors present their report and the audited financial statements ("the Financial Statements") of Threadneedle Navigator ISA Manager Limited ("the Company") for the year ended 31st December 2006

Significant developments and principal activities

On 3rd July 2006 Eagle Star ISA Manager Limited changed its name to Threadneedle Navigator ISA Manager Limited. The Company continues to act as a manager of individual savings accounts. The Company is authorised and regulated by the UK Financial Services Authority ("FSA"). The directors do not anticipate any change in the nature of activities in the foreseeable future

Results and dividends

The profit and loss account for the year is set out on page 9. The profit for the financial year was £17,000 (year ended 31st December 2005: £18,000)

The directors do not recommend the payment of a dividend (2005: £nil)

Review of business and future developments

The results of companies within the Threadneedle Asset Management Holdings Limited group ("the Group") are managed on a group and business stream basis. Business streams do not correspond directly with individual legal entities, and consequently key performance indicators are not set for individual companies

A review of the business and the future developments of the Group are provided in the Directors' Report of the financial statements of Threadneedle Asset Management Holdings Limited

Directors

The names of the directors and secretary of the Company are listed on page 2. The directors all held office throughout the year unless otherwise shown

Directors' third party qualifying indemnity provision

During the year the Company had in force a third party qualifying indemnity provision in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985

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DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2006

Directors' interests

The directors had no interest in the shares or debentures of companies required to be disclosed under the Companies Act 1985, except as shown below

Threadneedle Asset Management Holdings Limited

Directors' interests in the shares of Threadneedle Asset Management Holdings Limited, the Company's holding company in the United Kingdom (including shares held in trust, through ISAs and by immediate family members)

	'A' ordinary shares	'B' ordinary shares
Holdings as at 1st January 2006 (or at date of appointment if later)		
T W Challenor	568,158	112,500
D Gasparro	122,281	-
T N Gillbanks	27,422	-
J A V Grimshaw	457,628	-
C J Henderson	716,794	187,500
 Holdings as at 31st December 2006		
T W Challenor	424,749	112,500
D Gasparro	189,457	-
T N Gillbanks	71,736	-
J A V Grimshaw	457,628	-
C J Henderson	868,198	187,500

As Mr S H Davies is a director of Threadneedle Asset Management Holdings Limited his interests in the shares of Threadneedle Asset Management Holdings Limited are shown in the Threadneedle Asset Management Holdings Limited Directors' Report

Creditor payment policy

In respect of all of its suppliers, it is the Company's policy to

- settle the terms of payment with those suppliers when agreeing the terms of each transaction,
- ensure that those suppliers are made aware of the terms of payment,
- abide by the terms of payment

Amounts due to trade creditors are paid on behalf of the Company by Threadneedle Asset Management Holdings Limited

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DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2006

Consolidated supervision

On the implementation of the Capital Adequacy Directive ("CAD"), the rules of the FSA under its Interim Prudential Sourcebook for investment businesses (IPRU(INV),14.1.4R), require that investment firms that are members of a group and subject to the requirements of the Capital Adequacy Directive ("CAD firms") must apply the rules of consolidated financial supervision. However, if the group and that firm meets certain conditions to the satisfaction of the FSA then it may be excused strict compliance with consolidated capital requirements

The Group contains wholly owned subsidiaries that are classified under FSA rules as CAD firms. Threadneedle Navigator ISA Manager Limited is one such company. The directors of the Group and the affected subsidiaries have determined that they do meet the conditions specified by the FSA that enable them to be excused from strict compliance with consolidated capital requirements.

The directors of the Group have notified the FSA that they believe that it meets such conditions in respect of its CAD subsidiaries. Accordingly, subject to any objection from the FSA at any time and to continuing compliance by the Group and its subsidiaries with the conditions for the waiver, the Group and its subsidiaries that are CAD firms intend not to apply regulatory consolidated capital requirements as set out in IPRU(INV). The FSA are currently considering the position of the Group under the terms of the Financial Groups Directive the consequence of which might be that the Group, de facto, can no longer seek to rely upon the waiver

Disclosure of information to the 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 auditor is unaware and each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

The Company has elected by a resolution passed in accordance with Section 386 of the Companies Act 1985 and dated 11th November 1991, to dispense with the obligation to appoint auditors annually

By order of the board



A Kaye
Company Secretary

24th April 2007

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of the Company and of the profit or loss of the Company for that year. In preparing the Financial Statements, the directors are required to

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

The directors are responsible for keeping 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 Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED

We have audited the Financial Statements of Threadneedle Navigator ISA Manager Limited for the year ended 31st December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Financial Statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2006 and of the Company's profit for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the Financial Statements

Ernst & Young Ltd

Ernst & Young LLP
Registered auditor
London

26th April 2007

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	1,284	1,240
Cost of sales		(1,284)	(1,240)
Operating profit		<u>-</u>	<u>-</u>
Other interest receivable and similar income	4	24	26
Profit on ordinary activities before taxation	5	<u>24</u>	<u>26</u>
Taxation on profit on ordinary activities	6	(7)	(8)
Profit for the financial year		<u>17</u>	<u>18</u>

The movements in reserves are set out in note 10.

All results are derived from continuing operations

There is no difference between the profit on ordinary activities for the year and the retained profit above, and their historical cost equivalents

The Company has no recognised gains or losses in the year other than the profit for the year, therefore no statement of total recognised gains or losses has been included

The notes on pages 11 to 14 form an integral part of these Financial Statements

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BALANCE SHEET
AS AT 31st DECEMBER 2006

	Notes	2006 £'000	2005 £'000
Current assets			
Debtors	7	2	8
Cash at bank and in hand		572	550
		<u>574</u>	<u>558</u>
Creditors			
Amounts falling due within one year	8	(7)	(8)
Net current assets		<u>567</u>	<u>550</u>
Net assets		<u>567</u>	<u>550</u>
Capital and reserves			
Called up share capital	9	500	500
Profit and loss account	10	67	50
Total shareholders' funds	11	<u>567</u>	<u>550</u>

The notes on pages 11 to 14 form an integral part of these Financial Statements.

The Financial Statements on pages 9 to 14 were authorised for issue by the board of directors on 24th April 2007 and were signed on its behalf by



C J Henderson
Director

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NOTES TO THE ACCOUNTS

1. Accounting policies

a) Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 1985 (Schedule 4) and applicable Accounting Standards in the United Kingdom, and were approved for issue by the board of directors on 24th April 2007.

Under Financial Reporting Standard 1, 'Cash flow statements', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking, 90% or more of whose voting rights are controlled within a group which prepares publicly available group consolidated financial statements in which they are included

In preparing the Financial Statements for the current year, the Company has adopted the presentation requirements of FRS 25, 'Financial instruments disclosure and presentation'

The principal requirements of FRS 25 relate to the classification of financial instruments from the perspective of the issuer into financial assets, financial liabilities and equity instruments, the subsequent treatment of related interest, dividends, gains and losses, and their presentation in the Financial Statements. There was no impact on the Financial Statements as a result of adopting the presentation requirements of FRS 25

The Financial Statements are prepared under the historical cost convention.

b) Revenue recognition

Turnover represents amounts receivable from the purchase by investors of the stocks and shares element of individual savings accounts and is recognised on trade date.

Interest receivable is recognised on an accruals basis

c) Cost of sales

Cost of sales represents the cost of purchasing units from Threadneedle Unit Trust Manager Limited (formerly Eagle Star Unit Managers Limited).

2. Turnover

All turnover is derived in the UK from the Company's principal activities

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3. Directors and employees

The average weekly number of persons (including directors working primarily for the company) employed by the company during the period was nil (2005 nil)

None of the directors received any remuneration during the year in respect of their services to the Company (2005 £nil)

4 directors (2005: 6) received shares in Threadneedle Asset Management Holdings Limited under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to 6 directors under a defined benefit scheme (2005: 7)

4. Other interest receivable and similar income

	2006 £'000	2005 £'000
Bank interest receivable	<u>24</u>	<u>26</u>

5. Profit on ordinary activities before taxation

All administrative expenses were borne by Threadneedle Asset Management Holdings Limited on behalf of the Company

The audit fees were borne by Threadneedle Asset Management Holdings Limited on behalf of the Company (2005 £nil) No remuneration was paid to the Company's auditors in respect of non-audit services (2005 £nil)

6. Taxation on profit on ordinary activities

Taxation in the profit and loss account is as follows

	2006 £'000	2005 £'000
Current tax:		
UK corporation tax at 30% (2005: 30%) for the year	<u>7</u>	<u>8</u>

The tax assessed for the year is equivalent to the standard rate of corporation tax in the UK of 30% (2005 30%)

7. Debtors

	2006 £'000	2005 £'000
Amounts due from group undertakings	<u>2</u>	<u>8</u>

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8. Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Corporation tax	<u>7</u>	<u>8</u>

9. Called up share capital

	2006 £'000	2005 £'000
Authorised		
5,000,000 (2005: 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
500,000 (2005: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

10. Movements in reserves

	Profit and Loss Account £'000
At 1 st January 2006	50
Retained profit for the financial year	17
At 31st December 2006	<u>67</u>

11. Reconciliation of movement in shareholders' funds

	2006 £'000	2005 £'000
Opening shareholders' funds	550	532
Retained profit for the financial year	17	18
Closing shareholders' funds	<u>567</u>	<u>550</u>

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12. Ultimate parent company

The largest group in which the results of the Company are consolidated is that of Ameriprise Financial, Inc ("Ameriprise"), a company incorporated in the state of Delaware, United States of America. Copies of the consolidated financial statements of Ameriprise can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc, 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise Financial website at ameriprise.com

Threadneedle Asset Management Holdings Limited is the parent company of the smallest group of companies, of which the Company is a member, for which group accounts are drawn up. Copies of the consolidated financial statements of Threadneedle Asset Management Holdings Limited can be obtained from The Secretary, Threadneedle Asset Management Holdings Limited, 60 St. Mary Axe, London EC3A 8JQ

13. Related party transactions

Advantage has been taken of the exemption provided by FRS 8 ('Related party disclosures') from disclosing details of transactions with Ameriprise and its subsidiary undertakings on the basis that 90% or more of the Company's voting rights are controlled within a group which prepares publicly available consolidated group financial statements in which they are included

14. Contingent liability

The Company acts as guarantor, along with other group undertakings, under a set-off agreement ("the Agreement") with Lloyds TSB Bank plc ("the Bank"). The purpose of the Agreement is to pool the bank balances of the respective group undertakings in order to maximise interest earnings for the Group

Under the Agreement each group undertaking acts as guarantor for the overdraft of any other group undertaking that is party to it, jointly and severally, via a charge on, and limited to, any credit balance it holds with the Bank. At the year end the Company's potential liability was £572,000 (2005 £550,000)