

# **THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED**

**(Registered Number: 2558025)**

**Report and Financial Statements  
for the year ended  
31 December 2009**

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**Threadneedle Navigator ISA Manager Limited**  
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**DIRECTORS**

C J Henderson	Chairman and Chief Executive	
D Gasparro		Resigned 31 January 2009
T W Challenor		Resigned 30 June 2009
J Devine		
C Fleming		Appointed 11 December 2009
T N Gillbanks		
P J W Reed		
N J Ring		Appointed 2 July 2009

**Secretary and registered office**

A Kaye  
60 St Mary Axe  
London  
EC3A 8JQ

**Auditors**

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

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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 31 December 2009

The Company's registration number is 2558025

**Significant developments and principal activities**

The Company continues to act as a manager of individual savings accounts on behalf of retail investors in the Threadneedle Navigator branded range of unit trusts. 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.

The Company is a subsidiary of Threadneedle Asset Management Holdings Sàrl, a Luxembourg registered parent company formed by Ameriprise Financial, Inc ("Ameriprise"), the ultimate parent company. Threadneedle Asset Management Holdings Sàrl and all its subsidiaries are referred to herein as "the Group".

**Results and dividends**

The profit and loss account for the year is set out on page 9. The profit for the financial year was £1,000 (2008: £19,000).

The directors do not recommend the payment of a dividend (2008: £nil).

**Review of business and future developments**

The results of companies within 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.

The Company's only revenue is bank interest which has reduced in line with the reduction in bank interest rates. The level of business and the financial position at the end of the year are considered to be satisfactory by the Directors.

**Risk management**

The Board of Threadneedle Asset Management Holdings Sàrl has established a Risk Committee, which is chaired by the Chief Executive Officer and has representation from Ameriprise. The Risk Committee reports to both the Board and the Audit Committee so that they may fulfil their corporate governance responsibilities in relation to risk management. The Risk Committee meets quarterly and is responsible for oversight of the Group's strategic, business and process risks and ensuring a suitable risk management framework is in place to mitigate risk. The scope of this review incorporates the operations of the Company.

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

**Risk management (continued)**

The principal credit risk lies in uncollectible receivables and the Company manages credit risk by only offering credit to reputable institutions and by operating strict credit control procedures. The directors do not perceive any significant credit risk as the main concentration of trade debtors is with related parties.

The Company maintains sufficient cash and liquid investments such that liquidity and cashflow risk are negligible.

The Company is exposed to interest rate risk through its bank and cash balances, however in the normal course of business none of the Company's other assets or liabilities are sensitive to interest rates.

The Company is also exposed to non-financial or operational risk which includes the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company has completed risk and control assessments to identify potential risks and ensure that adequate controls are in place to mitigate them.

**Going concern**

In addition to the Group's risk management process outlined above, the Company is also regulated by the Financial Services Authority (the "FSA") and is required to meet specific capital requirements.

The Company's business activities, together with the factors likely to affect its future development and position, are set out on pages 3 to 4.

The Company generates positive cash flows and participates in the Group's centralised treasury arrangements and so shares banking relationships with its parent and fellow subsidiaries.

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

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

**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 qualifying third party 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 section 234 of the Companies Act 2006.

**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.

The Company's average creditor payment period, calculated by reference to the ratio of trade creditors at 31 December 2009 to amounts invoiced by suppliers during the year was nil days (2008 nil days). Amounts due to trade creditors are paid on behalf of the Company by Threadneedle Asset Management Holdings Limited. Amounts arising on the settlement of units bought on behalf of ISA investments in the Threadneedle Navigator Unit Trust are paid on behalf of the Company by Threadneedle Unit Trust Manager Limited, a fellow subsidiary.

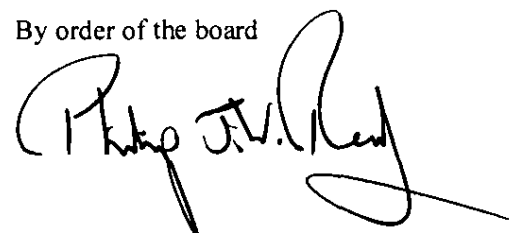
**Disclosure of information to the auditors**

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 auditors are 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 auditors are aware of that information.

**Auditors**

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board



P Reed  
Director  
27 April 2010

**Threadneedle Navigator ISA Manager Limited**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Company 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. 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.

**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2009**

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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 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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



**Threadneedle Navigator ISA Manager Limited**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

*Ernst & Young LLP*

Caroline Gulliver (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
27 April 2010

**Threadneedle Navigator ISA Manager Limited**  
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**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	<b>2009</b> <b>£'000</b>	2008 £'000
<b>Turnover</b>	2	<b>685</b>	844
Cost of sales		<b>(685)</b>	(844)
<b>Operating profit</b>		<u>-</u>	<u>-</u>
Administrative expenses		<b>(1)</b>	-
Interest receivable and similar income	4	<b>2</b>	27
<b>Profit on ordinary activities before taxation</b>	5	<u><b>1</b></u>	<u>27</u>
Taxation on profit on ordinary activities	6	-	(8)
<b>Profit for the financial year</b>		<u><b>1</b></u>	<u>19</u>

The movements in reserves are set out in note 10

All results are derived from continuing operations

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 15 form an integral part of these financial statements

**Threadneedle Navigator ISA Manager Limited**  
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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Notes	2009 £'000	2008 £'000
<b>Current assets</b>			
Debtors	7	7	6
Cash at bank and in hand		614	613
		<u>621</u>	<u>619</u>
<b>Creditors</b>			
Amounts falling due within one year	8	(14)	(13)
		<u>607</u>	<u>606</u>
<b>Net current assets</b>			
		<u>607</u>	<u>606</u>
<b>Net assets</b>			
		<u>607</u>	<u>606</u>
<b>Capital and reserves</b>			
Called up share capital	9	500	500
Profit and loss account	10	107	106
<b>Total shareholders' funds</b>	11	<u>607</u>	<u>606</u>

The notes on pages 11 to 15 form an integral part of these financial statements

The financial statements on pages 9 to 15 were approved and authorised for issue by the board of directors on 27 April 2010 and were signed on its behalf by

  
T N Gillbanks  
Director

**Threadneedle Navigator ISA Manager Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**a) Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice)

On the grounds that the Company is a subsidiary undertaking, 100% of whose voting rights are controlled within a group which prepares publicly available consolidated financial statements in which the results of the Company are included, it is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard ("FRS") 1, 'Cash flow statements' and the disclosure requirements of FRS 29, 'Financial Instruments – Disclosures'

The financial statements are prepared under the historical cost convention, as modified to include financial assets and liabilities at fair value under FRS 26, 'Financial Instruments – Measurement'

**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 the trade date

Interest receivables are recognised on an accruals basis

**c) Cost of sales**

Cost of sales represents the cost of purchasing units from Threadneedle Unit Trust Manager Limited

**d) Pensions and post retirement benefits**

The Group operates a defined benefit and a defined contribution pension scheme. The defined benefit scheme is now closed to new employees

The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme on a consistent and reasonable basis, therefore the scheme has been accounted for as if it were a defined contribution arrangement as described in paragraph 9(b) of FRS 17 ('Retirement benefits')

The defined contribution scheme is operated for new employees. Contributions made by the Company to this scheme are charged to the profit and loss account in the year in which they become payable

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**2. Turnover**

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

**3. Directors and employees**

**Employees**

The average monthly number of persons (including directors), considered to be directly employed by the Company on a full time basis during the year was nil (2008 nil). The costs associated with the administration of the Company that are performed by employees of fellow subsidiaries of the Group are not recharged to the Company.

**Directors' remuneration**

The remuneration of the Directors, which was borne by other companies within the Group and not recharged to the Company, was as follows

	2009 £'000	2008 £'000
Aggregate emoluments in respect of qualifying services	162	135
Compensation for loss of office	-	21
Pension contributions	9	2
	171	158

Five directors (2008: 1) received shares or units under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to two directors under a defined benefit scheme (2008: 1).

	2009 £'000	2008 £'000
<b>In respect of the highest paid director:</b>		
Aggregate emoluments and amounts receivable under long-term incentive plans	70	60
Pension contributions	-	2
	70	62
<b>Defined benefit pension scheme:</b>		
Accrued pension at end of the year	1	-

The highest paid director received shares or units under long-term incentive schemes in respect of qualifying services (2008: nil).

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**4. Interest receivable and similar income**

	<b>2009</b> <b>£'000</b>	2008 £'000
Bank interest receivable	2	26
Intra-group interest receivable	-	1
	<u>2</u>	<u>27</u>

**5. Profit on ordinary activities before taxation**

All administrative expenses were borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and were not recharged

The audit fee of £20,000 (2008 £20,000) was borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and was not recharged. Fees payable to the auditors for other services during the period under review were £nil (2008 £nil)

**6. Taxation on profit on ordinary activities**

a) Taxation in the profit and loss account is as follows

	<b>2009</b> <b>£'000</b>	2008 £'000
<b>Current tax:</b>		
UK corporation tax at 28% (2008 28.5%) for the year	<u>-</u>	<u>8</u>

b) Factors affecting the current tax charge on ordinary activities

The tax assessed for the year is equivalent to the standard rate of corporation tax in the UK of 28% (2008 28.5%)

	<b>2009</b> <b>£'000</b>	2008 £'000
Profit on ordinary activities before taxation	<u>1</u>	<u>27</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	<u>-</u>	<u>8</u>

**7. Debtors**

	<b>2009</b> <b>£'000</b>	2008 £'000
Amounts due from group undertakings	<u>7</u>	<u>6</u>

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**8. Creditors: Amounts falling due within one year**

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Amounts due to group undertakings	<u>14</u>	<u>13</u>

**9. Called up share capital**

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
<b>Authorised</b>		
5,000,000 (2008 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<b>Allotted, called up and fully paid</b>		
500,000 (2008 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

**10. Movement in reserves**

	<b>Profit and loss account £'000</b>
At 1 January 2009	106
Profit for the year	1
<b>At 31 December 2009</b>	<u><b>107</b></u>

**11. Reconciliation of movement in shareholders' funds**

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Opening shareholders' funds	606	587
Profit for the year	1	19
<b>Closing shareholders' funds</b>	<u><b>607</b></u>	<u><b>606</b></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 website at [www.ameriprise.com](http://www.ameriprise.com)

Threadneedle Asset Management Holdings Sàrl, a company incorporated in Luxembourg, is the parent company of the smallest group of companies, of which the Company is a member, for which consolidated accounts are drawn up. Copies of the consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 37, rue d'Anvers, L-1130, Luxembourg

**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 100% of the Company's voting rights are controlled within a group which prepares publicly available consolidated 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 £614,000 (2008 £613,000)