

# **THREADNEEDLE NAVIGATOR ISA MANAGER LIMITED**

**(Registered Number: 2558025)**

**Report and Financial Statements  
for the year ended  
31 December 2013**

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**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

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**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

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**DIRECTORS**

C D Fleming                      Chairman and Chief Executive

T N Gillbanks

C J Henderson    Resigned 28 February 2013

P J W Reed

N J Ring

**Secretary and registered office**

A Kaye  
60 St. Mary Axe  
London  
EC3A 8JQ

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their strategic report for Threadneedle Navigator ISA Manager Limited (“the Company”) for the year ended 31 December 2013. The Company is a subsidiary of Threadneedle Asset Management Holdings Sàrl, a Luxembourg registered company owned 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 performance**

The profit and loss account for the year is set out on page 10. The loss for the financial year was £2,000 (2012: profit £1,000).

### **Significant developments and principal activities**

The Company continues to act as a manager of individual savings accounts (“ISAs”) on behalf of retail investors in the Threadneedle Navigator branded range of unit trusts. The Company is authorised and regulated in the UK by the Financial Conduct Authority.

The Company has written to ISA holders of the Threadneedle Navigator range of unit trusts advising that it intends to transfer the management of the ISAs to another Group company. The transfer, which is still subject to regulatory approval, is expected to take place in May 2014.

The Company acts as an introducer of clients to a share platform managed by Cofunds Limited, a share supermarket.

### **Review of business and future developments**

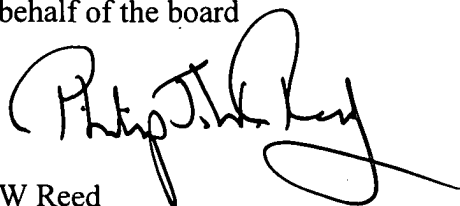
After accounting for the cost of purchasing units sold, the Company’s only revenue is bank interest and this return is minimal due to the low level of bank interest rates. The level of business and the financial position at the end of the year are considered to be satisfactory by the directors.

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.

### **Principal risks and uncertainties**

The principal risks and uncertainties are integrated with the financial risk management policies of the Company and are discussed in the Directors’ Report.

On behalf of the board



P J W Reed  
Director  
16 April 2014

**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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 2013.

The Company's registration number is 2558025.

**Future developments**

Likely future developments in the business of the company are discussed in the strategic report.

**Dividends**

The directors do not recommend the payment of a final dividend (2012: £nil).

**Risk management**

The Board of Threadneedle Asset Management Holdings Sàrl has established a Risk Committee, which includes representatives from Ameriprise, one of whom is its Chairperson. 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 the 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.

The principal credit risk lies in uncollectible receivables. 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 cash flow risk are minimised. The Company monitors the credit rating of its banks to minimise the risk of loss due to counterparty failure.

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.

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out on the strategic report on page 3 and pages 4 to 5 of the directors' report.

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.

### **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 and also at the date of approval of the financial statements 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.

### **Disclosure of information to the auditors**

Each of the persons who are a director at the date of this report confirms that:

- as far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2013 of which the auditors are unaware; and
- the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

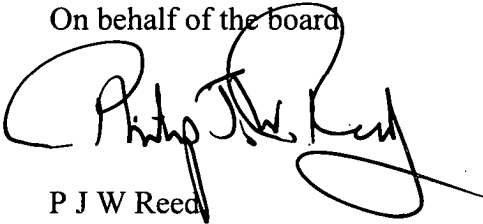
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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

**Independent auditors**

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'P J W Reed', written over a large, stylized circular flourish.

P J W Reed  
Director  
16 April 2014

## **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 prepared 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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. 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 2013**

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

**Report on the financial statements**

***Our opinion***

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

***What we have audited***

The financial statements, which are prepared by Threadneedle Navigator ISA Manager Limited, comprise:

- the profit and loss account for the year ended 31 December 2013;
- the balance sheet as at 31 December 2013; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

***What an audit of financial statements involves***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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

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

**Other matters on which we are required to report by exception**

***Adequacy of accounting records and information and explanations received***

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, 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.

We have no exceptions to report arising from this responsibility.

***Directors' remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

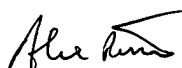
**Responsibilities for the financial statements and the audit**

***Our responsibilities and those of the directors***

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



Alex Bertolotti (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 April 2014

**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

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

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	656	541
Cost of sales		(657)	(541)
<b>Operating (loss)/profit</b>		<u>(1)</u>	<u>-</u>
Administrative expenses		(2)	-
Interest receivable and similar income	4	1	1
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<u>(2)</u>	<u>1</u>
Tax on (loss)/profit on ordinary activities	6	-	-
<b>(Loss)/profit for the financial year</b>		<u><u>(2)</u></u>	<u><u>1</u></u>

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

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 (loss)/profit for the year, therefore no statement of total recognised gains or losses has been included.

The notes on pages 12 to 17 form an integral part of these financial statements.

**Threadneedle Navigator ISA Manager Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	2013 £'000	2012 £'000
<b>Current assets</b>			
Debtors	7	101	-
Cash at bank and in hand		619	609
		<u>720</u>	<u>609</u>
<b>Creditors: Amounts falling due within one year</b>	8	(113)	-
<b>Net current assets</b>		<u>607</u>	<u>609</u>
<b>Net assets</b>		<u>607</u>	<u>609</u>
<b>Capital and reserves</b>			
Called up share capital	9	500	500
Profit and loss account	10	107	109
<b>Total shareholders' funds</b>	11	<u>607</u>	<u>609</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements on pages 10 to 17 were approved and authorised for issue by the board of directors on 16 April 2014 and were signed on its behalf by:



T N Gillbanks  
Director

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting policies**

#### **a) Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year are set out below.

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 (revised 1996), 'Cash flow statements' and the disclosure requirements of FRS 29, 'Financial Instruments – Disclosures'.

#### **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 receivable is recognised on an accruals basis.

#### **c) Cost of sales**

Cost of sales represents the cost of purchasing units in the range of Threadneedle Navigator Unit Trust funds from Threadneedle Unit Trust Manager Limited.

#### **d) Value added tax**

Irrecoverable value added tax is included with the expense on which it has been suffered. The basis on which it is calculated is the partial exemption method, using the proportion of non-taxable supplies to taxable supplies to determine the irrecoverable input tax.

#### **e) Trade and other receivables**

Trade and other receivables, which generally have 30 day payment terms, are initially recognised at fair value, normally equivalent to the invoice amount, and subsequently measured at amortised cost. When the time value of money is material, the carrying value is discounted to present value. Provision for specific doubtful debts is made when there is evidence that the Company will not be able to recover balances in full. Balances are written off when the receivable amount is deemed irrecoverable.

#### **f) Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1. Accounting policies (continued)**

**g) Taxes**

*Current income tax*

Income tax assets and liabilities for the current 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 reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**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 (2012: 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:

	2013 £'000	2012 £'000
Aggregate emoluments in respect of qualifying services	168	207
Pension contributions	6	6
Compensation for loss of office	29	-
	<u>203</u>	<u>213</u>

Three directors (2012: five) received options or units in other companies of the Group under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to one director under a defined benefit scheme (2012: one).

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**3. Directors and employees (continued)**

**Directors' remuneration (continued)**

	2013 £'000	2012 £'000
<b>In respect of the highest paid director:</b>		
Aggregate emoluments and amounts receivable under long-term incentive plans	<u>56</u>	<u>65</u>
<b>Defined benefit pension scheme:</b>		
Accrued pension at end of the year	<u>-</u>	<u>-</u>

The highest paid director did not receive (2012: received) options or units in other companies of the Group under long-term incentive schemes in respect of qualifying services and did not exercise any share options in both the current and previous years.

**4. Interest receivable and similar income**

	2013 £'000	2012 £'000
Bank interest receivable	<u>1</u>	<u>1</u>

**5. (Loss)/profit on ordinary activities before taxation**

The audit fee for the Company of £10,000 (2012: £7,000) was borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and was not recharged. Fees payable to the auditors for other non-audit services during the year under review were £nil (2012: £nil).

**6. Tax on (loss)/profit on ordinary activities**

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

	2013 £'000	2012 £'000
<b>Current tax:</b>		
UK corporation tax on (loss)/profit of the year	<u>-</u>	<u>-</u>

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**6. Tax on (loss)/profit on ordinary activities (continued)**

b) Factors affecting the current tax charge on ordinary activities:

The tax assessed for the year is equivalent (2012: equivalent) to the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
(Loss)/profit on ordinary activities before taxation	<u>(2)</u>	<u>1</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	<u>-</u>	<u>-</u>

**7. Debtors**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Trade debtors - retail	<u>101</u>	<u>-</u>

Retail trade receivables include subscription amounts due from investors in the range of Threadneedle Navigator Unit Trusts, together with the amounts due from these funds in respect of the cancellation of surplus units. The carrying value of receivables approximates to the fair value disclosed above.

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

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Trade creditors - retail	<u>113</u>	<u>-</u>

**9. Called up share capital**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
<b>Authorised</b>		
5,000,000 (2012: 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<b>Allotted and fully paid</b>		
500,000 (2012: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>



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**10. Movement in reserve**

	<b>Profit and loss account £'000</b>
At 1 January 2013	109
Loss for the financial year	(2)
<b>At 31 December 2013</b>	<b>107</b>

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

	<b>2013 £'000</b>	<b>2012 £'000</b>
Opening shareholders' funds	609	608
(Loss)/profit for the financial year	(2)	1
<b>Closing shareholders' funds</b>	<b>607</b>	<b>609</b>

**12. Ultimate parent company**

The immediate parent company is Threadneedle Asset Management Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Ameriprise Financial, Inc. ("Ameriprise"), a company incorporated in the state of Delaware, United States of America.

Ameriprise is the parent undertaking of the largest group of undertakings to consolidate these financial statements to 31 December 2013. 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 [www.ameriprise.com](http://www.ameriprise.com).

Threadneedle Asset Management Holdings Sàrl, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 19, rue de Bitbourg, L-1273, 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 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 £510,000 (2012: £609,000).

**15. Country-by-country reporting**

The Company is required to disclose certain information under the Capital Requirements (Country-by-Country Reporting) Regulation 2013. The required information will be available on the Company's website at [www.threadneedle.com/disclosure](http://www.threadneedle.com/disclosure) from 1 July 2014.