

(Registration number: 2558025)

Threadneedle Navigator ISA Manager Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

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Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Company Information

Directors A Nicoll
L Weatherup

Company secretary A Kaye

Registered office Cannon Place
78 Cannon Street
London
England
EC4N 6AG

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

Threadneedle Navigator ISA Manager Limited

Report and Financial Statements for the year ended 31 December 2019

Strategic Report

The directors present their strategic report for Threadneedle Navigator ISA Manager Limited ("the Company") for the year ended 31 December 2019.

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 statement of comprehensive income for the year is set out on page 12. The profit for the financial year was £7,848 (2018: £2,214). As at the statement of financial position date, the value of the net assets of the Company was £615,800 (2018: £607,952). The directors consider the level of business and the financial position at the end of the year are satisfactory.

Principal activities

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company continues to act as an introducer of clients to a share platform managed by Cofunds Limited, a share supermarket. The directors consider that the operations of the Company will remain substantially unchanged for the foreseeable future.

Fair review of the business and future developments

The Company's only income is interest and this return is minimal due to the low level of bank interest rates. In the fourth quarter of 2018, the Group changed its in house bank pooling arrangements which resulted in the Company receiving a greater amount of interest in 2019. 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 performance indicators are not set for individual companies. No change is planned for the nature of this entity in the foreseeable future.

In March 2017 the UK invoked article 50 of the Treaty of Lisbon and it was agreed with other members of the European Union that it would leave on 31 January 2020 (commonly known as "Brexit"). Subject to the formal EU legislative process, from that date while it will have left the European Union but remain within the jurisdiction of the European Court of Justice the UK will enter a transitional period where it will largely follow existing European Union laws and regulations until the end of 2020. The full impact of Brexit remains uncertain as there is a significant degree of uncertainty about how negotiations relating to the UK's new trade agreements will be conducted, as well as the potential consequences and precise timeframe for Brexit.

The Group has an established fund range domiciled in Luxembourg (both UCITS and AIF) along with a UCITS and AIF Management Company which has also expanded the regulatory scope of its Luxembourg-based management company to enable it to establish an asset management presence in the EU at the end of the transition period.

COVID-19 (also referred to as "coronavirus") was identified in December 2019 as the cause of an outbreak of respiratory illness first detected in Wuhan, China, that has since spread globally, impacting economies, financial markets and businesses around the world. Countries are taking exhaustive steps to minimize public interaction to contain the spread of the virus.

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Strategic Report

With the ongoing spread of coronavirus and the increased guidance for individuals to socially isolate the Company and the Group companies that provide services to the Company have successfully implemented a remote working from home solution for investment professionals, distribution, operations and support staff allowing the Company to continue to deliver for its clients, support its employees and maintain business continuity. Similar policies have been introduced by both group and external entities that provide services to the Company and business continuity has been maintained in all aspects.

The full impact of the COVID-19 remains uncertain as there is a significant degree of uncertainty over the impact to financial markets, as well as any other potential consequences and the precise timeframe of the pandemic.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Company is held to the same management framework as the group. The Company has board meetings and is subject to all Group committees

The Company's directors believe they perform their duties in a way which promotes good faith and the success of the company for the benefit of its members (having regards to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 31 March 2019. The Group aims to deliver positive outcomes that meet the needs of its stakeholders and is committed to always act responsibly, transparently and in the best interests of those who trust it to manage their investments. The Group's corporate responsibility strategy focuses on the core roles it plays: Responsible Partner to our clients; Responsible Investor; Responsible Employer; and Responsible Citizen.

The Group's employees are fundamental to the success of the business. Talent development is a priority at all levels, with all employees able to attend a range of skills training workshops, including client relationship management, product and markets training, core professional skills training and leadership training. The Group also hosts a range of conferences, events and networks for employees to support education, collaboration and personal development across the business. It is committed to supporting employees' health and wellbeing, including physical and mental health. Initiatives include regular health screening and a dedicated employee assistance programme. Flexible working is supported through best practice guidelines for working from home and the option to purchase additional holidays. The Group is a member of The Diversity Project, an industry initiative to achieve a diverse and inclusive UK investment and savings industry.

The Group has a fiduciary duty to all its clients and end-customers as managers of their financial assets. Its aim is to provide clients and end-customers with value for money in terms of excellent risk-adjusted investment performance (after fees) and a level of service that meets or exceeds expectations. The Group's commitment to clients is reflected in its Values and in the Code of Conduct which all employees formally sign, acknowledging how they must act at all times.

The Group strives to be a responsible member of the community in which it operates and to influence positive change. It maintains an Environmental Management System to provide measurable and auditable data for all its major environmental impacts and has achieved continuous ISO14001:2004 accreditation since 2007. In 2018 the Group makes corporate donations to charity, primarily through Columbia Threadneedle Foundation which invests in selected charities via multi-year, engaged partnerships. This approach not only delivers measurable improvement to individual lives but will bring long-term benefit to the broader community by helping to address critical social issues and drive lasting social change.

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Strategic Report

It is the Board's commitment to maintain the Company's reputation by continuing to operate in responsibly manner, within high standards of business conduct, good governance and operating within the regulatory framework of a business such as ours. The governance structure that sits below the Group's Board is headed by a Business Management Committee and a Risk and Controls Committee, which are chaired by the Chief Executive Officer and Chief Risk Officer, respectively. Below this, responsibility for running the business is overseen by a number of functional and other leadership teams. These teams are responsible for the day-to-day running of the business lines of the Group as well as strategy implementation. The Board believes that these governance arrangements enable the Group to deliver its business plans in a rigorously controlled manner.

The Directors are committed to fulfil the requirements of s172 of the Companies act including behaving in a responsible manner to promote the success of the Company for the benefit of its Shareholders, whilst have having regard to various other stakeholder interests.

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.

Approved by the Board on 15 June 2020 and signed on its behalf by:



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L Weatherup
Director

Threadneedle Navigator ISA Manager Limited

Report and Financial Statements for the year ended 31 December 2019

Directors' Report

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 2019.

The Company's registration number is 2558025.

Directors of the company

The directors, who held office during the year, were as follows:

A Nicoll

L Weatherup

M Scrimgeour (resigned 26 April 2019)

Directors' liabilities

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.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Directors' Report

Statement of disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report on pages 3 to 4 and on pages 6 to 8 of the Directors' Report.

The financial effect of the recent market fall on the Company are set out in the Subsequent Event note. Taking into account this financial effect, the company still is expected to continue to generate positive cashflows in the future and continues to participate in the Group's centralized treasury arrangements and so shares banking relationships with its parent and fellow subsidiaries, providing access to liquidity.

Given the above the Directors have a reasonable expectation that the company would remain adequately capitalised and with sufficient liquidity to meet its minimal liabilities as they fall due and would therefore be able to continue to operate as a going concern. The capital and liquidity levels would also remain in excess of the regulatory requirements.

External capital requirements

The Company is regulated by the Financial Conduct Authority (FCA) under the BIPRU rules. Under these rules the capital adequacy of the company is tested on Company own funds (total capital less capital requirement). The company holds a surplus of capital over its regulatory capital requirement throughout the period and the requirement is continually managed to ensure a sufficient buffer is maintained. Stress testing has been completed as part of the going concern testing which highlighted the company has a healthy capital surplus which will be maintained even in a stressed environment.

Risk management

The Board of Threadneedle Asset Management Holdings Sàrl has established an Audit and Risk Committee (the "Committee"), which comprises representatives from Ameriprise and Non-Executive directors and which is chaired by a Non-Executive Board member. The primary purpose of the Committee is to provide advice in order to assist the Board in carrying out its responsibilities as they relate to the risk management, internal control and the conduct of its business across Europe, the Middle East and Africa ("EMEA") in accordance with regulation, legislation and business best practice. The Committee is also responsible for review and approval of the EMEA risk management framework, in alignment with the Ameriprise Enterprise Risk Management policies. The Committee meets quarterly.

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.

Threadneedle Navigator ISA Manager Limited
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Directors' Report

The Company is exposed to foreign exchange risk arising from transactions that are denominated in currencies other than sterling. The risk is hedged by entering into forward foreign exchange contracts for any material payables or receivables. The Company participates in the Group's centralised treasury arrangements and has access to 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 and intercompany balances.

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.

Whilst the impact of COVID-19 brings heightened risk, the Company believes the robust risk management framework in place is adequate under current circumstance and will be reassessed as and when appropriate to do so.

Reappointment of auditors

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

Approved by the Board on 15 June 2020 and signed on its behalf by:



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L Weatherup
Director

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Independent Auditors' Report to the members of Threadneedle Navigator ISA Manager Limited

Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Navigator ISA Manager Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Independent Auditors' Report to the members of Threadneedle Navigator ISA Manager Limited

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Independent Auditors' Report to the members of Threadneedle Navigator ISA Manager Limited

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

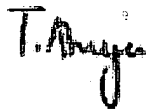
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



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Tina Ahuja (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

15 June 2020

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Statement of Comprehensive Income
for the year ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		-	(92)
Operating (loss)/result		-	(92)
Finance income	5	8,874	2,825
Finance costs		(1)	-
Net finance income		8,873	2,825
Profit before taxation	6	8,873	2,733
Income tax expense	7	(1,025)	(519)
Profit for the financial year		7,848	2,214
Total comprehensive income for the financial year		7,848	2,214

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
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Statement of Financial Position
as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Trade and other receivables	8	819	603,736
Cash at bank and in hand		<u>617,187</u>	<u>5,000</u>
		618,006	608,736
Creditors: Amounts falling due within one year	9	<u>(2,206)</u>	<u>(784)</u>
Net assets		<u>615,800</u>	<u>607,952</u>
Capital and reserves			
Called up share capital	10	500,000	500,000
Retained earnings		<u>115,800</u>	<u>107,952</u>
Total shareholders' funds		<u>615,800</u>	<u>607,952</u>

Approved by the Board on 15 June 2020 and signed on its behalf by:



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L Weatherup
Director

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Statement of Changes in Equity

	Called up share capital £	Retained earnings £	Total £
At 1 January 2019	500,000	107,952	607,952
Profit for the year	-	7,848	7,848
Total comprehensive income	-	7,848	7,848
At 31 December 2019	500,000	115,800	615,800

	Called up share capital £	Retained earnings £	Total £
At 1 January 2018	500,000	105,738	605,738
Profit for the year	-	2,214	2,214
Total comprehensive income	-	2,214	2,214
At 31 December 2018	500,000	107,952	607,952

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Notes to the Financial Statements

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is Cannon Place, 78 Cannon Street, London, England, EC4N 6AG, United Kingdom.

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".

The principal activity of the Company is to act as an introducer of clients to a share platform managed by Cofunds Limited, a share supermarket. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* Disclosurè exemptions from EU-adopted International Financial Reporting Standards ("IFRS") for qualifying entities ("FRS 101"). The financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Notes to the Financial Statements

2 Accounting policies (continued)

a Basis of preparation (continued)

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods and services received are determined).
- IFRS7, 'Financial instruments: Disclosures'.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment; and
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets (reconciliation between the carrying amount at the beginning and the end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f), (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16, (statement of compliance with all IFRS);
 - 38A, (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D, (additional comparative information);
 - 40A-D, (requirement for a third statement of financial position);
 - 111, (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

The company's forecasts and projections, taking in to account of severe but plausible scenarios, show that it should be able to operate within the level of its forecast liquid resources. Having assessed the principle risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Notes to the Financial Statements

2 Accounting policies (continued)

b Interest income

Interest receivable is recognised using the effective interest method on an accruals basis.

c Currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). These financial statements are presented in Pounds Sterling ("£"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates ruling at the statement of financial position date are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Notes to the Financial Statements

2 Accounting policies (continued)

e Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in the other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's funds respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date, in the country where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets or liabilities are recognised on temporary differences that have originated but not reversed by the statement of financial position date and where transactions have occurred that will result in a right to pay less or more tax in the future. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is calculated at the average rate at which it is expected that the tax will arise. Movements in deferred tax are recognised in other reserves for the year in which they arise.

f Trade and other receivables

Trade and other receivables are amounts due for services performed in the ordinary course of business, which generally have 30 day payment terms. 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.

Trade and other receivables are initially recognised at fair value, normally equivalent to the invoice amount, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

g Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits at call with banks, other short term highly liquid investment with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing in current liabilities.

h Trade and other payables

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
Report and Financial Statements for the year ended 31 December 2019

Notes to the Financial Statements

2 Accounting policies (continued)

h Trade and other payables (continued)

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.

i Share capital

Ordinary shares are classified as equity.

3 Revenue

All revenue is derived in the UK from the Company's principal activity. The Company received no revenue in respect of its principal activity in the current year and prior year.

4 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 (2018: 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 for the year was as follows:

	2019 £	2018 £
Remuneration	85,103	82,283
Pension contributions	<u>233</u>	<u>1,100</u>
	<u>85,336</u>	<u>83,383</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Received or were entitled to receive shares under long term incentive schemes	3	3
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

The notes on pages 15 to 27 form an integral part of these financial statements.

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Notes to the Financial Statements

4 Directors and employees (continued)

	2019 £	2018 £
In respect of highest paid director:		
Aggregate emoluments and amounts receivable under long-term incentive plans	33,045	47,124
Pension contributions	233	557
	<u>33,278</u>	<u>47,681</u>

The highest paid director received (2018: received) options or units in other companies of the Group under long-term incentive schemes in respect of qualifying services and did not (2018: did not) exercise share options in the current year.

5 Finance Income

	2019 £	2018 £
Intra-group interest receivable	<u>8,874</u>	<u>2,825</u>

6 Profit before taxation

The audit fee for the Company of £8,557 (2018: £10,067) was borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and was not recharged. Fees payable to the auditors for non-audit services during the year under review were £3,200 (2018: £3,200).

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Notes to the Financial Statements

7 Income tax expense

a) Income tax expense included in the statement of comprehensive income is as follows:

	2019 £	2018 £
Current taxation		
UK Corporation tax	1,686	519
UK Corporation tax prior year adjustments	<u>(661)</u>	<u>-</u>
	<u><u>1,025</u></u>	<u><u>519</u></u>

b) Factors affecting the tax expense on profit before taxation

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are explained below:

	2019 £	2018 £
Profit before tax	<u>8,873</u>	<u>2,733</u>
Corporation tax at standard rate	1,686	519
Decrease in current tax from adjustment for prior periods	<u>(661)</u>	<u>-</u>
Total tax charge	<u><u>1,025</u></u>	<u><u>519</u></u>

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
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Notes to the Financial Statements

8 Trade and other receivables

	2019	2018
	£	£
Debtors from related parties	<u>819</u>	<u>603,736</u>

The amounts owed by group undertakings are unsecured, repayable on demand and subject to interest rates ranging from interest free to LIBOR + 0.90%.

9 Creditors: Amounts falling due within one year

	2019	2018
	£	£
Inter-company payable in relation to corporation tax	1,686	783
Other payables	1	1
Amount owed to group undertakings	<u>519</u>	<u>-</u>
	<u>2,206</u>	<u>784</u>

The amounts owed to group undertakings are unsecured, repayable on demand and subject to interest rates ranging from interest free to LIBOR + 0.90%.

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Notes to the Financial Statements

10 Called up share capital

Allotted, called up and fully paid shares

	2019		2018		1 January 2018	
	No.	£	No.	£	No.	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

The notes on pages 15 to 27 form an integral part of these financial statements.

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Notes to the Financial Statements

11 Parent and ultimate parent undertaking

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

The ultimate parent entity is Ameriprise Financial, Inc.

The most senior parent entity producing publicly available financial statements is Ameriprise Financial, Inc. These financial statements are available upon request from The Corporate Secretary, Ameriprise Financial, Inc., 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise website at www.ameriprise.com.

The ultimate controlling party is Ameriprise Financial, Inc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Ameriprise Financial, Inc., incorporated in Delaware, United States of America.

The address of Ameriprise Financial, Inc. is:

1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA 55474

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.

The parent of the smallest group in which these financial statements are consolidated is Threadneedle Asset Management Holdings Sàrl, incorporated in Luxembourg.

The address of Threadneedle Asset Management Holdings Sàrl is:

19, rue de Bitbourg, L-1273, Luxembourg.

The consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 19, rue de Bitbourg, L-1273, Luxembourg.

12 Related party transactions

See note 4 for disclosure of directors' remuneration.

In all other respects, advantage has been taken of the exemptions from IAS 24 'Related party disclosures' provided by IFRS 101 8 (k) from disclosing details of transactions with Ameriprise and its wholly owned subsidiary undertakings.

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
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Notes to the Financial Statements

13 New standards and amendments

(a) New standards, amendments and interpretations adopted by the Company

The following standards and interpretations from the IFRS Interpretations Committee, ("IFRIC") have been adopted by the Company for the first time for the financial year beginning on or after 01 January 2019.

Interpretation 23 Uncertainty over Income Tax Treatments. The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements.

Threadneedle Navigator ISA Manager Limited
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Notes to the Financial Statements

13 New standards and amendments (continued)

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 01 January 2019 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28. The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

Definition of Material - Amendments to IAS 1 and IAS 8. The IASB has made amendments to IAS 1. Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

- In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Definition of a Business - Amendments to IFRS 3. The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

The notes on pages 15 to 27 form an integral part of these financial statements.

Threadneedle Navigator ISA Manager Limited
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Notes to the Financial Statements

13 New standards and amendments (continued)

Revised Conceptual Framework for Financial Reporting. The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

14 Events after the reporting period

The impact of COVID-19 on the global financial markets is sufficient to require the Company to assess the potential impact on certain Financial Statement items during this assessment no evidence of existing conditions at the end of the reporting period have been found and as such the Company believes that this is a non-adjusting event. As noted in the Strategic Report, the full impact of the COVID-19 remains uncertain as there is a significant degree of uncertainty over the impact to financial markets, as well as any other potential consequences and the precise timeframe of the pandemic. This assessment is set out below:

The Company's Debtors have been assessed. The assessment shows group counterparties have access to liquidity via centralised treasury arrangements. As a result, there is no reason to believe any debtors will not be received in full.

In terms of cash at bank there are not considered to be any risks of counterparty default related to the Company's banking and cash instruments providers. The counterparties are assessed regularly by Treasury and Investment Risk.