

THREADNEEDLE PORTFOLIO SERVICES LIMITED

(Registered Number: 285988)

**Report and Accounts
for the Year Ended
31 December 2007**

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Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

	PAGE
DIRECTORS	2
DIRECTORS' REPORT	3 - 5
STATEMENT OF DIRECTORS' RESPONSIBILITIES	6
INDEPENDENT AUDITORS' REPORT	7 - 8
PROFIT AND LOSS ACCOUNT	9
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	10
BALANCE SHEET	11
NOTES TO THE ACCOUNTS	12 – 22

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

DIRECTORS

C J Henderson	Chair and Chief Executive	Appointed 1 August 2007
S H Davies		Resigned 1 August 2007
D Gasparro	Managing Director	
T W Challenor		
T N Gillbanks		
J A V Grimshaw		
P Reed		Appointed 1 October 2007

Secretary and registered office

A Kaye
60 St Mary Axe
London
EC3A 8JQ

Auditors

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

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements ("the Financial Statements") for Threadneedle Portfolio Services Limited ("the Company") for the year ended 31 December 2007

Significant developments and principal activities

The principal activities of the Company continue to be the provision of retail distribution services in continental Europe and Asia on behalf of Threadneedle Investments Funds ICVC and Threadneedle Specialist Investment Funds ICVC. The Company is authorised and regulated by the UK Financial Services Authority ("FSA"). The directors do not anticipate any further change in the nature of activities in the foreseeable future.

A subsidiary, Threadneedle Portfolio Services Hong Kong Limited was created during the year to further extend the distribution services through Asia.

Results and dividends

The profit and loss account for the year is set out on page 9. The profit for the financial year was £8,190,000 (2006 £2,132,000). The level of business and the financial position at the end of the year are considered to be satisfactory by the directors.

The directors do not recommend the payment of a dividend (2006 £nil).

Review of the business and future developments

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

A review of the business and the future developments of the Group is provided in the Directors' Report of the consolidated financial statements of Threadneedle Asset Management Holdings Limited, the Company's parent undertaking.

Risk Management

Risk is managed on a group and business stream basis and the Group has established a Risk Committee, which is chaired by the Chief Executive Officer and has representation from Ameriprise Financial Inc, the Company's ultimate parent. The Risk Committee reports to both the Board and the Audit Committee of Threadneedle Asset Management Holdings Limited 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 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.

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Risk Management (continued)

The Company is exposed to foreign exchange risk arising from transactions and funds that are denominated in currencies other than Sterling. That risk is hedged by entering into forward foreign exchange contracts for any material payables or receivables. 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 creditors 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.

Fixed assets

Movements in fixed assets during the year are set out in note 9 to the 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' qualifying third party indemnity provisions

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

Employee involvement

Companies within the Group involve employees on matters of concern to them and endeavour to achieve a level of employee awareness of the financial and economic factors affecting the performance of the Group. Communication and consultation mechanisms include regular briefing meetings and employee roadshows, where staff have the opportunity to meet and discuss matters of general importance with senior management, as well as a computer based news information service.

Employee share schemes

The Group operates an employee incentive scheme referred to as the equity participation plan ("EPP"). Under this plan, key senior staff are awarded shares in Threadneedle Asset Management Holdings Limited. The purpose of the plan is to give key managers an interest in the success of the business with a view to encouraging even greater levels of commitment and team-working towards achieving the Group's goal, which is to grow a highly successful investment management business. See note 2 for further details of how the scheme operates.

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Employment of disabled staff in the United Kingdom

The Company's policy is to appoint and promote staff on the basis of their individual capability. Full and fair consideration is given to both disabled and able-bodied staff. The training divisions of the various companies within the Group are also equipped to meet any special needs of disabled individuals and favourable consideration is given to the modification of facilities and provision of special aids or equipment.

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, and
- 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 2007 to amounts invoiced by suppliers during the year was nil days (2006 nil days). Amounts due to trade creditors are paid on behalf of the Company by Threadneedle Asset Management Holdings Limited.


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 Company has elected by a resolution passed in accordance with Section 386 of the Companies Act 1985 and dated 2 September 1997, to dispense with the obligation to appoint auditors annually.

By order of the board



T N Gillbanks
Director
24 April 2008

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

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). The Financial Statements are required by law to give a true and fair view of the state of the Company and of the profit or loss of the Company for that year. In preparing the Financial Statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE PORTFOLIO SERVICES LIMITED

We have audited the Financial Statements of Threadneedle Portfolio Services Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE
PORTFOLIO SERVICES LIMITED**

Opinion

In our opinion

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of the Company's profit for the year then ended,
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the Financial Statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditors
London
24 April 2008

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Turnover	3	21,339	12,412
Distribution costs		(195)	(171)
Administrative expenses		(10,984)	(9,305)
Operating profit		10,160	2,936
Interest receivable and similar income	5	755	924
Interest payable and similar charges	6	(81)	(454)
Profit on ordinary activities before taxation	7	10,834	3,406
Taxation on profit on ordinary activities	8	(2,644)	(1,274)
Profit for the financial year		8,190	2,132

The movements on reserves are set out in note 15

All results are derived from continuing operations

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

The notes on pages 12 to 22 form an integral part of these Financial Statements

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	£'000	£'000
Profit for the financial year	8,190	2,132
Foreign exchange (loss)/gain recognised through reserves	(2,072)	345
Total recognised gains and losses relating to the year	<u>6,118</u>	<u>2,477</u>

The notes on pages 12 to 22 form an integral part of these Financial Statements

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	<u>14</u>	<u>28</u>
Current assets			
Debtors	10	1,523	683
Cash at bank and in hand		19,190	11,011
		<u>20,713</u>	<u>11,694</u>
Creditors Amounts falling due within one year	11	(4,341)	(1,625)
Net current assets		<u>16,372</u>	<u>10,069</u>
Total assets less current liabilities		16,386	10,097
Creditors: Amounts falling due after more than one year	12	(327)	(156)
Net assets		<u>16,059</u>	<u>9,941</u>
Capital and reserves			
Called up share capital	14	2,100	2,100
Capital reserve	15	150	150
Profit and loss account	15	13,809	7,691
Total shareholders' funds	16	<u>16,059</u>	<u>9,941</u>

The notes on pages 12 to 22 form an integral part of these Financial Statements

The Financial Statements on pages 9 to 22 were authorised for issue by the board of directors on 24 April 2008 and were signed on its behalf by



C J Henderson
Chairman and Chief Executive

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

NOTES TO THE ACCOUNTS

1. Accounting policies

a) Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 1985 (Schedule 4) and applicable Accounting Standards in the United Kingdom.

On the grounds that the Company is a subsidiary undertaking, 90% or more 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 is recognised on an accruals basis and is stated net of VAT and any discounts or rebates and represents income generated from the management and administration of the range of Threadneedle's Portfolio Management Service products and from the retail distribution business in continental Europe on behalf of Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC, and is recognised on an accruals basis. Interest receivable is also recognised on an accruals basis.

c) Value added tax

Irrecoverable VAT 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.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Such costs include costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less any estimated residual value, of each asset evenly over its expected useful life as follows

Computer equipment	3 to 7 years
Fixtures and fittings	3 to 10 years

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

1. Accounting policies (continued)

e) Deferred taxation

Deferred tax assets or liabilities are recognised on all timing differences that have originated but not reversed by the balance sheet date and where transactions have occurred that will result in a right to pay less or more tax in the future. Furthermore, any deferred tax asset is recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is calculated at the rate at which it is expected that the tax will arise and discounted to take into account the likely timing of payments. The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. Movements in deferred tax are recognised in the profit and loss account for the year in which they arise, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses.

f) Pensions

The Company's parent undertaking 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').

Full details of the defined benefit pension scheme are disclosed in the financial statements of the Company's parent undertaking (see note 17).

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.

g) Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities at the year end are translated at closing rates of exchange. All differences are taken directly to the profit and loss account other than those arising as detailed below.

The difference between the retained profits of overseas branches translated at average and closing rates is taken to reserves and recognised in the Statement of Total Recognised Gains and Losses, as are the differences arising on the re-translation into sterling (using closing rates of exchange) of overseas net assets at the beginning of the year.

h) Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

1. Accounting policies (continued)

i) Impairment

Fixed assets are subject to review for impairment in accordance with FRS 11, 'Impairment of fixed assets and goodwill'. Any impairment is recognised in the profit and loss account in the year in which it occurs.

j) Share based payments

All share based payments under the equity participation plan ("EPP") are cash settled transactions. The fair value of the shares under the EPP is calculated annually based on an independent third-party valuation of the Group. During the vesting period a liability is recognised representing the product of the fair value of the shares awarded and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount of the liability are recognised in the profit and loss account.

2. Share based payment

The EPP is operated and administered by the Company's parent undertaking on behalf of the Group. Under the EPP, key senior staff of the Company are awarded shares in Threadneedle Asset Management Holdings Limited. The shares awarded are the 'A' ordinary shares which have a nominal value of 0.001p each and are not entitled to receive dividends.

Awards are made annually and are dependent on corporate and individual performance criteria. The shares vest, and are then available to be sold by the employee to the trustee of an underlying employee benefit trust. Up to 50% can be sold after three years and 100% after four years, with a requirement to sell all vested shares by the end of the fifth year.

The fair value of the shares is calculated by an independent third party. The latest available valuation of the Group was as at 31 December 2006, therefore these values were used for all shares awarded and all shares sold during the year. The value as at 31 December 2006 of an 'A' ordinary share was £3.346 (31 December 2005: £2.708) and a 'B' ordinary share was £2.346 (31 December 2005: £1.708).

The total cost for the year in respect of the EPP was £343,000 (2006: £290,000). The total liability under the EPP at 31 December 2007 was £460,000 (2006: £367,000). Included within this amount is a liability for vested share awards of £nil (2006: £nil).

3. Turnover

	2007 £'000	2006 £'000
Turnover by geographical area		
United Kingdom	646	331
Rest of the World	20,693	12,081
	<u>21,339</u>	<u>12,412</u>

All turnover is derived from the Company's principal activity.

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

4. Directors and employees

Employees

The average monthly number of persons (including directors) employed by the Company during the year were as follows

	2007 Number	2006 Number
Sales	31	21
Administration	10	13
	<u>41</u>	<u>34</u>

The costs of these staff were as follows

	2007 £'000	2006 £'000
Wages and salaries	3,993	3,182
Social security costs	508	419
Pension costs -defined benefit	109	138
-defined contribution	119	102
	<u>4,729</u>	<u>3,841</u>

The contracts of service for the staff above are held by another group company. Staff are paid by the parent company and the costs are allocated directly to the Company. The costs disclosed in this note are only for employees who work full time for the Company.

In addition to the costs disclosed above, staff costs of other group companies were allocated to the Company, based on internal assessments of the usage of the support function by each company within the Group.

	2007 £'000	2006 £'000
Directors' remuneration		
Aggregate emoluments in respect of qualifying services	466	1,247
Pension contributions	26	21
	<u>492</u>	<u>1,268</u>

4 directors (2006: 4) received shares in Threadneedle Asset Management Holdings Limited under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to 4 directors under a defined benefit scheme (2006: 6).

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

4. Directors and employees (continued)

	2007 £'000	2006 £'000
In respect of the highest paid director:		
Aggregate emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<u>224</u>	<u>393</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>6</u>	<u>7</u>

Directors' remuneration was borne by other group companies and recharged to the Company

The emoluments of Mr S H Davies and Mr C J Henderson, who are directors of the Company's parent, Threadneedle Asset Management Holdings Limited, have been included in the directors' emoluments disclosed in the consolidated financial statements of Threadneedle Asset Management Holdings Limited

5. Interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest receivable	705	116
Intra-group interest receivable	50	805
Other interest receivable	-	3
	<u>755</u>	<u>924</u>

6. Interest payable and similar charges

	2007 £'000	2006 £'000
Intra-group interest payable	<u>81</u>	<u>454</u>

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 £'000	2006 £'000
Foreign exchange losses/(gains)	20	(301)
Depreciation of owned assets	14	15
Operating lease rentals - land and buildings	494	126
- motor vehicles	78	30
Auditors' remuneration for audit of the Financial Statements	32	30

The audit fees were borne by Threadneedle Asset Management Holdings Limited and recharged to the Company. Under the Companies Act 1985, the Company is exempt from disclosing fees payable to the auditors for other services on the basis that these are included in the consolidated financial statements of the parent undertaking

8. Taxation on profit on ordinary activities

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

	2007 £'000	2006 £'000
Current tax:		
UK corporation tax at 30% (2006 30%) for the year	2,584	908
Adjustments in respect of prior periods	(5)	15
Total UK current tax	<u>2,579</u>	<u>923</u>
Foreign tax	177	291
Adjustment in respect of prior years	(153)	51
Total current tax	<u>2,603</u>	<u>1,265</u>
Deferred tax:		
Origination and reversal of timing differences	45	9
Changes in discount	(4)	-
Deferred tax	<u>41</u>	<u>9</u>
Tax on profit on ordinary activities	<u>2,644</u>	<u>1,274</u>

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

8. Taxation on profit on ordinary activities (continued)

b) Factors affecting the current tax charge on ordinary activities

The tax assessed for the year is lower (2006, higher) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	<u>10,834</u>	<u>3,406</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	3,250	1,022
Expenses not deductible for tax purposes	(571)	(104)
Overseas tax	124	291
Adjustments to tax in respect of previous periods	(158)	65
Movement in timing differences	(41)	(9)
	<u>2,604</u>	<u>1,265</u>

c) The movement on the deferred tax asset, which is calculated at 28% (2006 30%), is as follows

	2007 £'000	2006 £'000
As at 1 January	46	55
Released in the year	(41)	(9)
As at 31 December	<u>5</u>	<u>46</u>

The deferred tax asset comprised

	2007 £'000	2006 £'000
Accelerated capital allowances	10	12
Other short term timing differences	(5)	39
Discount on timing differences	-	(5)
Deferred tax asset	<u>5</u>	<u>46</u>

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

9. Tangible assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2007 and at 31 December 2007	<u>214</u>	<u>90</u>	<u>304</u>
Depreciation			
At 1 January 2007	186	90	276
Charge for the year	14	-	14
At 31 December 2007	<u>200</u>	<u>90</u>	<u>290</u>
Net book value			
At 31 December 2007	<u>14</u>	<u>-</u>	<u>14</u>
At 31 December 2006	<u>28</u>	<u>-</u>	<u>28</u>

10. Debtors

	2007 £'000	2006 £'000
Trade debtors	-	10
Amounts due from group undertakings	1,095	139
Foreign tax recoverable	232	142
Deferred tax asset (see note 8)	5	46
Other debtors	28	5
Prepayments and accrued income	163	341
	<u>1,523</u>	<u>683</u>

11. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts due to parent and fellow subsidiary undertakings	1,981	118
Corporation tax	1,691	824
Other tax and social security	4	76
Other creditors	128	122
Bank loans and overdrafts	-	3
Accruals	537	482
	<u>4,341</u>	<u>1,625</u>

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

12. Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Accruals	<u>327</u>	<u>156</u>

13. Loans and other borrowings

	2007 £'000	2006 £'000
Bank loans and overdrafts		
Due within one year		
Bank overdraft	<u>-</u>	<u>3</u>

14. Called up share capital

	2007 £'000	2006 £'000
Authorised		
10,000,000 (2006 10,000,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
2,100,000 (2006 2,100,000) ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

15. Movements in reserves

	Profit and loss account £'000	Capital reserve £'000
At 1 January 2007	7,691	150
Foreign exchange loss	(2,072)	-
Profit for the year	8,190	-
At 31 December 2007	<u>13,809</u>	<u>150</u>

16. Reconciliation of movement in shareholders' funds

	2007 £'000	2006 £'000
Opening shareholders' funds	9,941	7,464
Profit for the year	8,190	2,132
Foreign exchange (loss)/gain	(2,072)	345
Closing shareholders' funds	<u>16,059</u>	<u>9,941</u>

17. Ultimate parent company

The Company is a subsidiary 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

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

18. Related party transactions

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

Threadneedle Portfolio Services Limited
Report and accounts for the year ended 31 December 2007

19. Financial commitments

At 31 December 2007, the Company had annual commitments under non-cancellable operating leases expiring as follows

Land and buildings	2007	2006
	£'000	£'000
Expiring with one year	-	259
Expiring during years two to five	211	193
	<u>211</u>	<u>452</u>

20. 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 £1,505,000 (2006 £10,941,000).