

THREADNEEDLE PORTFOLIO SERVICES LIMITED

(Registered Number: 285988)

Report and Financial Statements

for the year ended

31 December 2013

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Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

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Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

DIRECTORS

C D Fleming	Chairman and Chief Executive	
T N Gillbanks		
C J Henderson		Resigned 28 February 2013
D Jordison		Appointed 9 August 2013
C J Morrough		Appointed 9 August 2013
P J W Reed		
J M A Rigg		Appointed 9 August 2013
N J Ring		
J M Willcock		Appointed 9 August 2013

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 Portfolio Services 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 profit for the financial year was £1,078,000 (2012: loss £589,000).

Significant developments and principal activities

The Company is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”).

The Company ceased to trade during 2011 and was dormant during 2012. On 17 July 2013 the Company entered into an agreement with a fellow Group company to novate various agreements to enable the Company to manage the Threadneedle UK Property Select II LP and its sub partnerships.

In January 2014 the Company submitted an application to the FCA to act as an Alternative Investment Fund Manager and, once approved, the Company intends to act as manager to further UK domiciled property funds on behalf of the Group.

Review of the business and future developments

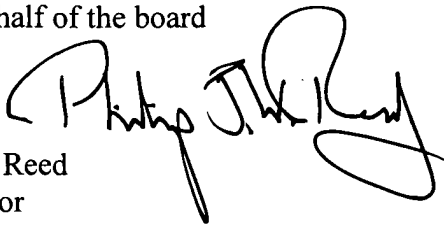
During the year the Company commenced trading acting as the Alternative Investment Fund Manager for UK domiciled property funds. Turnover for the year ended 31 December 2013 increased to £1,652,000 (2012: £nil). Profit before taxation increased to £1,389,000 (2012: loss £82,000).

The results of companies within the Group are managed on a group and business stream basis. Business streams do not correspond directly with individual legal entities and consequently key performance indicators are not set for individual companies. The level of business and the financial position at the end of the year are considered to be satisfactory by the directors.

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 Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

The Company's registration number is 285988.

Future developments

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

Dividends

On the 30 September 2013 the Company received an in specie dividend distribution from its subsidiary Threadneedle Portfolio Services AG ("TPS AG"). This was settled by receipt of 6,490 shares in Threadneedle International Investments GmbH ("TIIG"), valued at £454,100 which represented 65% of the issued share capital of TIIG.

Subsequent to receipt of this dividend the Company resolved to pay an interim dividend of £0.2162 (2012: £nil) per ordinary share amounting to £454,100 (2012: £nil). This dividend payment was settled by an in specie transfer of the 6,490 shares in TIIG to the company's parent, Threadneedle Asset Management Holdings Limited.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Risk management (continued)

The Company is exposed to foreign exchange risk arising from transactions that are denominated in currencies other than sterling. The Company maintains sufficient cash and liquid investments such that liquidity and cash flow risks 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.

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' qualifying third party indemnity provisions

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.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Disclosure of information to the auditors

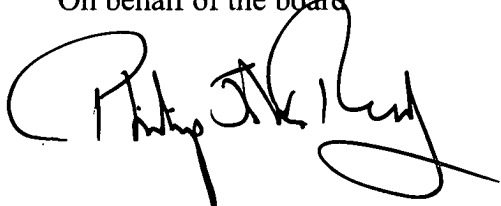
Each of the persons who are a director at the date of this report confirms that:

- 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.

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 horizontal line.

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 Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE PORTFOLIO SERVICES 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 Portfolio Services 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 PORTFOLIO SERVICES 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 Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Turnover	2	1,652	-
Distribution expenses		(439)	-
Administrative expenses		(350)	(106)
Other operating income		9	-
Operating profit/(loss)		872	(106)
Income from shares in group undertakings	8	454	-
Interest receivable and similar income	4	67	72
Interest payable and similar charges	5	(4)	(48)
Profit/(loss) on ordinary activities before taxation	6	1,389	(82)
Tax on profit/(loss) on ordinary activities	7	(311)	(507)
Profit/(loss) for the financial year		1,078	(589)

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 14.

All results were derived from the principal activity which has now been discontinued.

The Company has no recognised gains or losses in the year other than those included in the profit/(loss) for the year, therefore no statement of total recognised gains and losses has been included.

The notes on pages 12 to 20 form an integral part of these financial statements.


Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investment in subsidiary undertakings	9	566	566
Current assets			
Debtors	10	2,849	20
Cash at bank and in hand		19,976	22,152
		<u>22,825</u>	<u>22,172</u>
Creditors: Amounts falling due within one year	11	(9,100)	(9,070)
Net current assets		<u>13,725</u>	<u>13,102</u>
Total assets less current liabilities		14,291	13,668
Provisions for liabilities	12	(8)	(9)
Net assets		<u>14,283</u>	<u>13,659</u>
Capital and reserves			
Called up share capital	13	2,100	2,100
Capital reserve	14	150	150
Profit and loss account	14	12,033	11,409
Total shareholders' funds	15	<u>14,283</u>	<u>13,659</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

The financial statements on pages 10 to 20 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) Consolidated financial statements

The Company is exempt under section 401 of the Companies Act 2006 (Exemption for company included in non-EEA group financial statements of larger group) and UITF 43 from preparing consolidated financial statements. The above financial statements and attached notes are therefore in respect of the Company only.

c) Revenue recognition

Turnover is stated net of value added tax and arises from investment management and service charge fees in connection with the management and administration of a range of property investments funds for institutional investors. Investment management and service charge fee income and interest receivable are recognised on an accruals basis. Dividend income from investments is recognised in the period in which it is receivable, net of tax credits and similar allowances. Interest receivable is recognised on an accruals basis.

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.

1. Accounting policies (continued)

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.

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 countries 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.

Deferred tax

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. Deferred tax assets are recognised only to the extent that the directors consider that it is probable that future taxable profit will be available against which the timing 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 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.

h) Fixed asset investments and other financial assets

Investments in subsidiary undertakings are exempt from the requirements of FRS 26 hence they are held at the lower of cost or net realisable value.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

1. Accounting policies (continued)

i) 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.

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

Remuneration of the Directors, which was borne by other group companies and recharged to the Company, was as follows:

	2013 £'000	2012 £'000
Aggregate emoluments in respect of qualifying services	331	386
Pension contributions	6	11
Compensation for loss of office	57	-
	<u>394</u>	<u>397</u>

Four 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 five directors under a defined benefit scheme (2012: one).

	2013 £'000	2012 £'000
In respect of the highest paid director:		
Aggregate emoluments and amounts (excluding shares) receivable under long-term incentive schemes	113	171
Pension contributions	-	7
	<u>113</u>	<u>178</u>

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3. Directors and employees (continued)

Directors' remuneration (continued)

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	67	63
Intra-group interest receivable	-	9
	<u>67</u>	<u>72</u>

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Intra-group interest payable	<u>4</u>	<u>48</u>

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after (crediting)/charging:

	2013 £'000	2012 £'000
Foreign exchange (gains)/losses	(21)	255
Auditors' remuneration for audit of the financial statements	27	28

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

7. Tax on profit/(loss) on ordinary activities

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

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax on profits/(loss) of the year	217	496
Adjustments in respect of prior years	95	(224)
Total UK current tax	312	272
Deferred tax:		
Impact of tax rate change movement	(1)	(1)
Adjustments in respect of prior years	-	236
Total deferred tax	(1)	235
Tax on profit/(loss) on ordinary activities	311	507

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

The tax assessed for the year is lower (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	1,389	(82)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	323	(20)
Expenses not deductible for tax purposes	-	516
Adjustments to tax in respect of prior years	95	(224)
Non taxable income	(106)	-
Current tax charge for the year	312	272

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

7. Tax on profit/(loss) on ordinary activities (continued)

c) The movement on the deferred tax liability, which is calculated at 20% (2012: 23%), is as follows:

	2013 £'000	2012 £'000
As at 1 January	(9)	226
Credited in the year	1	1
Adjustments to tax in respect of prior years	-	(236)
As at 31 December	<u>(8)</u>	<u>(9)</u>

d) The deferred tax liability comprised:

	2013 £'000	2012 £'000
Other short term timing differences	(8)	(9)
Deferred tax liability	<u>(8)</u>	<u>(9)</u>

With effect from 1 April 2013 the UK corporation tax rate fell from 24% to 23%. This was enacted on 3 July 2012 when Finance Bill 2012 received its third reading in the House of Commons.

On 5 December 2012 and 21 March 2013 the Chancellor of the Exchequer announced a number of changes to the main rate of UK corporation tax. With effect from 1 April 2014 the main rate of UK corporation tax will fall from 23% to 21% and with effect from 1 April 2015 the main rate will fall a further 1% to a rate of 20%. These changes were substantively enacted on 2 July 2013.

Deferred tax balances have been remeasured at 20%. This is the rate enacted at the balance sheet date and the substantial part of the balances are expected to reverse after 1 April 2015.

8. Dividend

	2013 £'000	2012 £'000
Dividend declared and paid during the year		
First interim dividend paid		
£0.2162 (2012: £nil) per £1 ordinary share	454	-
Balance at 31 December	<u>454</u>	<u>-</u>

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2013

8. Dividend (continued)

On the 30 September 2013 the Company received an in specie dividend distribution from its subsidiary Threadneedle Portfolio Services AG ("TPS AG"). This was settled by receipt of 6,490 shares in Threadneedle International Investments GmbH ("TIIG"), valued at £454,100 which represented 65% of the issued share capital of TIIG.

Subsequent to receipt of this dividend the Company resolved to pay an interim dividend of £0.2162 per ordinary share amounting to £454,100. This dividend payment was settled by an in specie transfer of the 6,490 shares in TIIG to the company's parent, Threadneedle Asset Management Holdings Limited.

There were no final dividends proposed as at 31 December 2013 (2012: £nil).

9. Investment in subsidiary undertakings

	2013 £'000	2012 £'000
At 1 January and 31 December	566	566

The investment in subsidiary undertakings balance represents 100% of the issued share capital of Threadneedle Portfolio Services AG, a company incorporated in Switzerland.

10. Debtors

	2013 £'000	2012 £'000
Trade debtors	897	-
Amounts owed by group undertakings	-	18
Corporation tax	1,112	-
Foreign tax recoverable	1	2
Prepayments and accrued income	839	-
	2,849	20

11. Creditors: Amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	8,948	6,218
Corporation tax	-	2,852
Other taxation and social security	152	-
	9,100	9,070

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12. Provisions for liabilities

	2013 £'000	2012 £'000
Deferred tax liability (Note 7)	<u>8</u>	<u>9</u>

13. Called up share capital

	2013 £'000	2012 £'000
Authorised		
10,000,000 (2012: 10,000,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
2,100,000 (2012: 2,100,000) ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>

14. Movements in reserves

	Capital reserve £'000	Profit and loss account £'000
At 1 January 2013	150	11,409
Profit for the financial year	-	1,078
Dividend paid (Note 8)	-	(454)
At 31 December 2013	<u>150</u>	<u>12,033</u>

15. Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	13,659	14,304
Profit/(loss) for the financial year	1,078	(589)
Dividend paid (Note 8)	(454)	-
EIP reserve movement	-	(56)
Closing shareholders' funds	<u>14,283</u>	<u>13,659</u>

Threadneedle Portfolio Services Limited
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16. 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.

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.

17. 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.

18. 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 £919,000 (2012: £95,000).