

THREADNEEDLE PORTFOLIO SERVICES LIMITED

(Registered Number: 285988)

Report and Financial Statements

for the year ended

31 December 2014

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Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

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Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for Threadneedle Portfolio Services Limited ("the Company") for the year ended 31 December 2014. 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 £1,947,000 (2013: £1,078,000).

Significant developments and principal activities

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

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.

During 2014 the Company received approval from the FCA to act as an Alternative Investment Fund Manager for UK domiciled property funds. Various agreements have now been novated to the Company from fellow Group companies which enable the Company to manage a broader range of property funds.

Review of the business and future developments

This is the first full year that the Company has traded, acting as the Alternative Investment Fund Manager for UK domiciled property funds. Revenue for the year ended 31 December 2014 increased to £26,787,000 from £1,652,000 for 2013. Profit before taxation increased by 113.3% to £2,963,000 due to the increased revenue.

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



C D Fleming
Director
23 April 2015

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

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

During the year, the directors paid an interim dividend of £4.76 (2013: £0.2162) per ordinary share, amounting to £10,000,000 (2013: £454,100) on 7 August 2014. The 2013 dividend payment was settled by an in specie transfer of the 6,490 shares in Threadneedle International Investments GmbH to the company's parent, Threadneedle Asset Management Holdings Limited.

The directors do not recommend the payment of a final dividend (2013: £nil).

Risk management

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

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

The Company 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.

Threadneedle Portfolio Services Limited
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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Risk management (continued)

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.

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 2014 of which the auditors are unaware; and
- the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Independent auditors

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

On behalf of the board



C D Fleming
Director
23 April 2015

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 2014

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

Report on the financial statements

Our opinion

In our opinion, Threadneedle Portfolio Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Threadneedle Portfolio Services Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year ended; 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 the preparation of the financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities 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.

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

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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves


We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.


Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2015

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Turnover	3	26,787	1,652
Distribution expenses		(2,070)	(439)
Administrative expenses		(22,045)	(350)
Other operating income		197	9
Operating profit		2,869	872
Income from shares in group undertakings	9	-	454
Interest receivable and similar income	5	129	67
Interest payable and similar charges	6	(35)	(4)
Profit on ordinary activities before taxation	7	2,963	1,389
Tax on profit on ordinary activities	8	(1,016)	(311)
Profit for the financial year		1,947	1,078

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 15.

All results are derived from continuing operations.

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

The notes on pages 12 to 23 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investment in subsidiary undertakings	10	566	566
Current assets			
Debtors	11	11,695	2,849
Cash at bank and in hand		31,561	19,976
		<u>43,256</u>	<u>22,825</u>
Creditors: Amounts falling due within one year	12	(37,195)	(9,100)
Net current assets		<u>6,061</u>	<u>13,725</u>
Total assets less current liabilities		6,627	14,291
Provisions for liabilities	13	(72)	(8)
Net assets		<u>6,555</u>	<u>14,283</u>
Capital and reserves			
Called up share capital	14	2,100	2,100
Capital reserve	15	150	150
Profit and loss account	15	4,305	12,033
Total shareholders' funds	16	<u>6,555</u>	<u>14,283</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved and authorised for issue by the board of directors on 23 April 2015 and were signed on its behalf by:



C D Fleming
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.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

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.

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.

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Report and Financial Statements for the year ended 31 December 2014

1. Accounting policies (continued)

j) Share based payments

The share based payments under the equity incentive plan ("EIP") are equity settled transactions. From 2012, stock options and restricted stock units ("RSU") based on Ameriprise Financial, Inc. common stock were also issued and are equity settled transactions.

EIP

On award, the fair value of the units under the EIP scheme is calculated based on an independent third-party valuation of the Group which uses a discounted cash flow methodology. At the balance sheet date, the directors undertake an internal revaluation of the price based on updating the independent valuation provided during the year using discounted cash flow techniques and by comparing trading multiples with quoted comparable companies in the asset management industry.

During the vesting period, a liability is recognised representing the product of the fair value of the units 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.

For equity settled transactions the equivalent liability is credited to the retained profits reserve and is based on the original award amount, not adjusted for movements in fair value of the award.

Stock option

On award the stock options have an exercise value equal to the market value at the date of grant. They vest equally over one, two and three years and have a 10 year life from grant date. On exercise the options are settled to the employee net of income taxes. Stock options granted are expensed on a straight line basis over the option vesting period based on the estimated fair value of the awards on the date of grant using a Black-Scholes option pricing model. This fair value is charged to the profit and loss account reflecting the benefits received from employment during the vesting period. The profit and loss account charge is offset by a credit to the retained profits reserve.

Restricted Stock Unit ("RSU")

On award the RSU value is based on the market price of Ameriprise common stock at the date of grant. The employee is entitled to notional equivalent dividends on a quarterly basis, as if they held the shares and are subject to income tax on receipt of these dividends.

RSUs vest equally over one, two and three years and on vesting the employee receives an equivalent amount of Ameriprise shares. The shares are received net of income taxes. RSUs are expensed on a straight line basis over the vesting period based on the estimated fair values of the awards on the date of grant. This fair value is charged to the profit and loss account reflecting the benefits received from employment during the vesting period. The profit and loss charge is offset by a credit to the retained profits reserve.

The portion relating to income taxes, for both stock options and RSUs, is treated as a cash settled share based payment because the Group has agreed to settle the income tax liability on the employee's behalf. The fair value of this liability is re-measured at balance sheet date.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

1. Accounting policies (continued)

k) Dividends

Dividends payable by the Company are recognised gross of withholding taxes and are recognised in the financial statements in the year that they are declared and authorised by the directors and shareholders as a deduction from shareholders' equity. Dividends proposed after the year end date will be recognised in the financial statements in subsequent financial years.

2. Share based payment

The share based payment schemes are operated and administered by the Company's parent undertaking on behalf of the Group. Share-based payments are remuneration payments to senior employees that take the form of an award of either shares or units in Threadneedle Asset Management Holdings Sàrl, or options or restricted stock units in Ameriprise Financial, Inc. ("Ameriprise").

Awards are made annually and are dependent on corporate and individual performance criteria.

EIP

Under the EIP, key senior employees of the Company were awarded E employee corporate units and prior to 2011 D corporate units in Threadneedle Asset Management Holdings Sàrl (the "Sàrl"). The units have a nominal value of £0.001 each.

D corporate units in the Sàrl are entitled to receive dividends. However dividend rights remain with Ameriprise Financial, Inc, ("Ameriprise") the ultimate parent company. E employee corporate units in the Sàrl are entitled to dividends. However the dividend rights remain with Ameriprise until vesting, when the rights transfer to the holder of legal title.

The units vest and are then available to be sold by the employee to the trustee of an underlying employee benefit trust. D corporate units vest and can be sold after three years, with a requirement to sell all vested units by the end of the sixth year. E employee corporate units vest after 29 months and must be sold after three years.

At the balance sheet date the directors undertook an internal assessment of the share valuation based on specific updates made to the independent valuation of the Group provided during the year using discounted cash flow techniques. The discreet cash flow projections used in this analysis were for a period of 5 years with a terminal growth rate of 2.0% (2013: 2.0%). The discount rate used was 11.6% (2013: 11.6%).

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2. Share based payment (continued)

Stock option

The fair value amounts for the stock options granted were determined using the following assumptions:

	2014	2013
Dividend yield	2.00%	3.00%
Expected volatility	29.03%	41.45%
Risk-free interest rate	1.56%	0.79%
Expected life - years	5.0	5.0
Weighted average share price	£65.50	£48.53

The dividend yield assumption represents Ameriprise's expected dividend yield based on its historical dividend payouts.

The expected volatility is based on Ameriprise's historical and implied volatilities. The risk-free interest rate for periods within the expected option life is based on the U.S. Treasury yield curve at the grant date. The expected life of the option is based on the Company's past experience with similar schemes and other considerations.

During 2014, 5,297 (2013: nil) Ameriprise stock options were awarded to senior employees of the Company at a weighted average exercise price of £65.50 (2013: £48.53) per share of Ameriprise common stock.

Restricted Stock Unit ("RSU")

During 2014, 5,204 (2013: nil) Ameriprise RSUs were awarded to senior employees of the Company.

The values used during the year for all shares, units or options awarded and sold were (per share or unit):

	2014		2013
	Award £	Fair Value £	Award £
D corporate unit*	-	4.86	-
E employee corporate unit*	-	1.77	-
Stock option	14.60	31.42 - 40.51	13.44
Restricted stock unit	68.52 - 84.62	80.85	48.53
			22.53 - 31.01
			69.11

* No awards granted during 2014 or 2013

The total cost in respect of the share based payment schemes was £1,406,000 (2013: £nil). The total liability under the share based payment schemes at 31 December 2014 was £1,008,000 (2013: £nil). Included within this amount is a liability for vested share awards of £81,000 (2013: £nil).

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

3. Turnover

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

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 as follows:

	2014 Number	2013 Number
Investment management	13	-
Administration	4	-
	17	-

The costs of these staff were as follows:

	2014 £'000	2013 £'000
Wages and salaries	7,223	-
Social security costs	1,215	-
Other pension costs	798	-
Share based payments	1,455	-
	10,691	-

Directors' remuneration

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

	2014 £'000	2013 £'000
Aggregate emoluments in respect of qualifying services	557	331
Pension contributions	6	6
Compensation for loss of office	-	57
	563	394

Five directors (2013: four) 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 (2013: five).

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4. Directors and employees (continued)

Directors' remuneration (continued)

	2014 £'000	2013 £'000
In respect of the highest paid director:		
Aggregate emoluments and amounts (excluding shares) receivable under long-term incentive schemes	156	113
	<u>156</u>	<u>113</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>6</u>	<u>-</u>

The highest paid director did receive (2013: did not receive) 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.

5. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	64	67
Intra-group interest receivable	65	-
	<u>129</u>	<u>67</u>

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Intra-group interest payable	<u>35</u>	<u>4</u>

7. Profit on ordinary activities before taxation

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

	2014 £'000	2013 £'000
Foreign exchange (gains)/losses	(282)	(21)
Auditors' remuneration for audit of the financial statements	39	27

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 (2013: £nil).

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

8. Tax on profit on ordinary activities

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

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax on profits of the year	952	217
Adjustments in respect of prior years	-	95
Total UK current tax	<u>952</u>	<u>312</u>
Deferred tax:		
Origination and reversal of timing differences	64	-
Impact of tax rate change movement	-	(1)
Total deferred tax	<u>64</u>	<u>(1)</u>
Tax on profit on ordinary activities	<u><u>1,016</u></u>	<u><u>311</u></u>

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

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>2,963</u>	<u>1,389</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	637	323
Adjustments to tax in respect of prior years	-	95
Non-taxable income	315	(106)
Current tax charge for the year	<u><u>952</u></u>	<u><u>312</u></u>

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2014

8. Tax on profit on ordinary activities (continued)

c) The movement on the deferred tax liability, which is calculated at 20% (2013: 20%), is as follows:

	2014 £'000	2013 £'000
As at 1 January	(8)	(9)
(Provided)/credited in the year	(64)	1
As at 31 December	(72)	(8)

d) The deferred tax liability comprised:

	2014 £'000	2013 £'000
Other short term timing differences	(72)	(8)
Deferred tax liability	(72)	(8)

With effect from 1 April 2014 the main rate of UK corporation tax fell 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.

9. Dividend

	2014 £'000	2013 £'000
Dividend declared and paid during the year		
First interim dividend paid		
£4.7619 (2013: £0.2162) per £1 ordinary share	10,000	454
Balance at 31 December	10,000	454

There were no final dividends proposed as at 31 December 2014 (2013: £nil).

10. Investment in subsidiary undertakings

	2014 £'000	2013 £'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.

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11. Debtors

	2014 £'000	2013 £'000
Trade debtors	3,309	897
Amounts owed by group undertakings	6,373	-
Corporation tax	-	1,112
Foreign tax recoverable	-	1
Prepayments and accrued income	2,013	839
	<u>11,695</u>	<u>2,849</u>

The amounts owed from group undertakings are unsecured, repayable on demand and subject to interest rates ranging from interest free to LIBOR + 0.75%.

12. Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	31,388	8,948
Corporation tax	153	-
Other taxation and social security	604	152
Accruals and deferred income	5,050	-
	<u>37,195</u>	<u>9,100</u>

The amounts owed to group undertakings are unsecured, repayable on demand and subject to interest rates ranging from interest free to LIBOR + 0.75%.

13. Provisions for liabilities

	2014 £'000	2013 £'000
Deferred tax liability (Note 8)	<u>72</u>	<u>8</u>

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14. Called up share capital

	2014 £'000	2013 £'000
Authorised		
10,000,000 (2013: 10,000,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
2,100,000 (2013: 2,100,000) ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>

15. Movements in reserves

	Capital reserve £'000	Profit and loss account £'000
At 1 January 2014	150	12,033
Profit for the financial year	-	1,947
EIP reserve movement	-	325
Dividend paid (Note 9)	-	(10,000)
At 31 December 2014	<u>150</u>	<u>4,305</u>

16. Reconciliation of movement in shareholders' funds

	2014 £'000	2013 £'000
Opening shareholders' funds	14,283	13,659
Profit for the financial year	1,947	1,078
Dividend paid (Note 9)	(10,000)	(454)
EIP reserve movement	325	-
Closing shareholders' funds	<u>6,555</u>	<u>14,283</u>

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17. 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 2014. 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.

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 100% of the Company's voting rights are controlled within a group which prepares publicly available consolidated financial statements in which they are included.

19. 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 £3,525,000 (2013: £919,000).