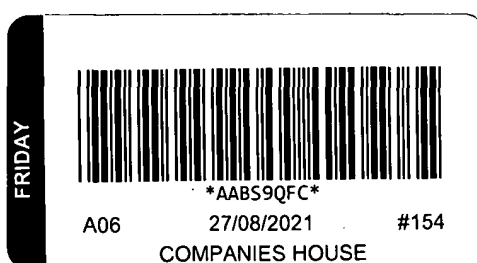


(Registration number: 285988)

Threadneedle Portfolio Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Contents

	Page(s)
Company Information	2
Strategic Report	3 to 5
Directors' Report	6 to 9
Independent Auditors' Report	10 to 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16 to 17
Notes to the Financial Statements	18 to 41

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Company Information

Directors J Rigg
P Stone
G Vullo

Company secretary A Kaye

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

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

Threadneedle Portfolio Services Limited Report and Financial Statements for the year ended 31 December 2020

Strategic Report

The directors present their strategic report for Threadneedle Portfolio Services Limited for the year ended 31 December 2020.

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 key performance indicators

The directors assess the performance of the Company based on its income and net assets. The statement of comprehensive income for the year is set out on page 14. The profit for the financial year was £14,904,000 (2019: £15,547,000). As at the statement of financial position date on page 15 the value of the net assets of the Company was £43,382,000 (2019: £28,884,000 Restated). The level of business and the financial position at the end of the year are satisfactory.

Principal activities

The principal activity of the Company is to act as an Alternative Investment Fund Manager for UK, Channel Islands and Luxembourg based property funds. The Company holds £nil (2019: £nil) investments in the funds it manages. The Company is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"). The directors consider that the operations of the Company will remain substantially unchanged for the foreseeable future.

Fair review of the business and future developments

The 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 Brexit transition period ended on 31 December 2020, with the UK's departure from the EU single market and post-Brexit trade agreement between the UK and EU taking effect from 1 January 2021.

Given ongoing uncertainty regarding the post-Brexit agreement up until late December 2020, contingency plans were established in the event the transition period ended without an agreement in place. In the absence of an agreement covering financial services, UK firms must comply with individual EU member state regulations to continue providing services to clients based in the EU.

COVID-19 (also referred to as "coronavirus") was identified in December 2019 as the cause of an outbreak of respiratory illness first detected in Wuhan, China, that has since spread globally, impacting economies, financial markets and businesses around the world. Countries are taking exhaustive steps to minimize public interaction to contain the spread of the virus. With the ongoing spread of coronavirus, the Group is coordinating our response regionally and globally to ensure we continue to deliver for clients, support employees and maintain business continuity. However, until the virus is brought fully under control, the overall impact it will have on the Group remains uncertain. The Group, through initiatives such as working from home, has maintained operational capacity and has not found it necessary to participate in any of the various Government initiatives such as furloughing of staff.

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.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Strategic Report

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

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

The Company's directors believe they perform their duties in a way which promotes good faith and the success of the company for the benefit of its members (having regards to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2020. The Group aims to deliver positive outcomes that meet the needs of its stakeholders and is committed to always act responsibly, transparently and in the best interests of those who trust it to manage their investments. The Group's corporate responsibility strategy focuses on the core roles it plays: Responsible Partner to our clients; Responsible Investor; Responsible Employer; and Responsible Citizen.

The impact of the global coronavirus pandemic beginning in early 2020 and lasting throughout the year was unprecedented. The Group's employees are fundamental to the success of the business, and our priority during 2020 was on ensuring the health, safety and well-being of employees as we responded to COVID-19 and the transition to an extended period of remote working for the vast majority of employees. We provide a range of resources to support the physical and mental well-being of employees, including private healthcare; self-referral for physiotherapy, chiropractic treatment, cancer specialists and psychotherapy; access to telephone GP appointments; a confidential counselling service and an online well-being hub, providing access to a range of webinars and other resources. Talent development is a priority at all levels, and we responded to the challenges of 2020 by transitioning to virtual delivery of regular training workshops and seminars for employees, enhancing our offering with a range of webinars and other virtual employee events to support education, collaboration and personal development across the business. Flexible working became paramount, with particular support provided to parents and care givers who needed to look after children or dependents whilst working from home during lockdown periods.

The Group has a fiduciary duty to all its clients and end-customers as managers of their financial assets. Its aim is to provide clients and end-customers with value for money in terms of excellent risk-adjusted investment performance (after fees) and a level of service that meets or exceeds expectations. The Group's commitment to clients is reflected in its Values and in the Code of Conduct which all employees formally sign, acknowledging how they must act at all times. In April 2020 we published our first Value Assessment Report, providing an in-depth assessment of the value provided by each of the funds and share classes in our full UK fund range.

The Group strives to be a responsible member of the community in which it operates and to influence positive change. It maintains an Environmental Management System to provide measurable and auditable data for all its major environmental impacts and has achieved continuous ISO14001:2004 accreditation since 2007. In 2020 the Group made corporate donations to charity, including exceptional donations to City Harvest and The Trussell Trust to supporting the UK's frontline COVID-19 response. We support our communities primarily through Columbia Threadneedle Foundation which invests in selected charities via multi-year, engaged partnerships. This approach not only delivers measurable improvement to individual lives but will bring long-term benefit to the broader community by helping to address critical social issues and drive lasting social change.

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Strategic Report

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

Approved by the Board on 21 April 2021 and signed on its behalf by:



.....
P Stone
Director

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Directors' Report

The directors present their report and the audited financial statements ("the financial statements") of Threadneedle Portfolio Services Limited ("the Company") for the year ended 31 December 2020.

The Company's registration number is 285988.

Directors of the Company

The directors, who held office during the year and up to the date of approving these financial statements, were as follows:

C Morrogh (resigned 31 December 2020)

J Rigg

P Stone

J Willcock (resigned 31 December 2020)

The following director was appointed after the year end:

G Vullo (appointed 22 February 2021)

Dividends

The directors have not paid an interim dividend during the year (2019: £17,170,000). The directors do not recommend the payment of a final ordinary dividend (2019: £nil).

Directors' liabilities

During the year and also at the date of approval of the financial statements, the Company had in force a qualifying third party indemnity provision in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Statement of directors' responsibilities

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

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

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Directors' Report

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Going concern

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report on pages 3 to 5 and on pages 6 to 9 of the Directors' Report.

The Company has remained profitable despite the impact of the pandemic on the financial markets and is expected to continue to generate positive cashflows in the future. It continues to participate in the Group's centralized treasury arrangements and so shares banking relationships with its parent and fellow subsidiaries, providing access to liquidity.

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

External capital requirements

The Company is a Collective Portfolio Management Firm regulated by the Financial Conduct Authority (FCA). As per the regulatory rules the capital adequacy of the Company is measured through own funds and liquid assets (assets which can be sold for cash within 30 days). The Company holds a surplus of capital over its regulatory capital requirement and liquid asset requirements throughout the period both of these requirements are continually managed to ensure a sufficient buffer is maintained. Stress testing has been completed as part of the going concern testing which highlighted the Company has a healthy capital surplus and liquid assets surplus which will be maintained even in a stressed environment.

Employee share scheme

Ameriprise operates share based employee incentive schemes. From 2012 Ameriprise stock options and Restricted Stock Units, ("RSU") were issued. These schemes have both cash settled and equity settled transactions. Stock options are awarded in Ameriprise Financial, Inc. The purpose of these plans is to give key senior employees 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 4 of the financial statements for further details of how the schemes operate.

Disclosure of information to the auditors

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

Reappointment of independent auditors

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Directors' Report

Risk management

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

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

The Company is exposed to foreign exchange risk arising from transactions that are denominated in currencies other than Sterling. Hedging may be undertaken in cases where the risk is assessed to be significant by entering into forward foreign exchange contracts for any material payables or receivables. The Company participates in the Group's centralised treasury arrangements and has access to sufficient cash and liquid investments such that liquidity and cash flow risk are minimised. The Company monitors the credit rating of its banks to minimise the risk of loss due to counterparty failure. The Company is exposed to interest rate risk through its bank and cash balances and intercompany balances.

The Company is also exposed to non-financial or operational risk which includes the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company has completed risk and control assessments to identify potential risks and ensure that adequate controls are in place to mitigate them.

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

Streamlined Energy and Carbon Reporting

Threadneedle Portfolio Services Limited is reporting against the Streamlined Energy and Carbon Reporting (SECR) framework for the first time. The reporting period is 1st January to 31st December 2020. Threadneedle Portfolio Services Limited is reporting as a 'large' unquoted company and all the minimum requirements have been addressed and are presented here.

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance, March 2019. An operational control approach has been taken. An operational control approach denotes that the boundary includes owned assets where the Group is directly responsible for the choice of energy supplies. The Group's UK energy and emissions have been apportioned between qualifying subsidiaries based on employee numbers (FTE). Emissions are calculated using the UK Government greenhouse gas conversion factors for company reporting 2020. Scope 2 emissions from purchased electricity are reported using a location-based approach; emissions have also been calculated using a market-based approach.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Directors' Report

Carbon Emissions	2020
Scope 1/ Gas emissions (tonnesCO ₂ e)	7.26
Scope 2/Electricity (location-based) emissions (tonnesCO ₂ e)	15.54
Scope 3 emissions - business travel where responsible for fuel (tonnesCO ₂ e)	0.87
Scope 1,2 (location based) and 3 emissions (tonnesCO₂e)	23.67

Scope 1 - All direct emissions from the activities of an organisation or under their control, including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 - Indirect emissions from electricity purchased and used by an organisation. Emissions are created during the production of the energy used by the organisation.

Scope 3 - All other indirect emissions for activities of the organisation occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint covering emission associated with business travel, procurement, waste and water.

For 2020, emissions intensity, measured as the total scope 1,2 and 3 emissions relative to employee numbers (FTE) is 0.58 tonnesCO₂e per FTE.

Threadneedle Portfolio Services Limited purchased electricity from 100% renewable sources. The total greenhouse emissions calculated using a market-based approach for scope 2 for 2020 are 8.13 tonnesCO₂e.

In 2020, Threadneedle Portfolio Services Limited contributed to energy efficiency actions implemented at Cannon Place including, the installation of LED lighting in all common lift lobby areas, upgrades to building management system controls and a reduction in plant operating hours to align with building occupancy. The landlord commenced a project to replace all electricity meters and enable direct tenant access to consumption data at Cannon Place, which will complete in 2021. The Group has reduced the run time of internal air conditioning units, whilst maintaining ventilation levels, to reflect lower building occupancy levels.

Approved by the Board on 21 April 2021 and signed on its behalf by:



.....
P Stone
Director

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Independent auditors' report to the members of Threadneedle Portfolio Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Threadneedle Portfolio Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Independent auditors' report to the members of Threadneedle Portfolio Services Limited

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Independent auditors' report to the members of Threadneedle Portfolio Services Limited

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates and judgement areas of the financial statements. Audit procedures performed included:

- Discussions with the Board of Directors and with management (Finance, Internal Audit, Legal, Risk and Compliance), including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non compliance with laws and regulations;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Validating the appropriateness of journal entries identified based on our fraud risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the share based payments.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Independent auditors' report to the members of Threadneedle Portfolio Services Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



.....
Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

21 April 2021

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue		31,714	31,171
Distribution costs		-	8
Administrative expenses	7	<u>(14,403)</u>	<u>(14,492)</u>
Operating profit		<u>17,311</u>	<u>16,687</u>
Income from shares in group undertakings		-	986
Finance income	8	455	490
Finance costs	9	(19)	(21)
Other gains		<u>-</u>	<u>79</u>
Net finance income		<u>436</u>	<u>1,534</u>
Profit before taxation	10	17,747	18,221
Income tax expense	14	<u>(2,843)</u>	<u>(2,674)</u>
Profit for the financial year		<u>14,904</u>	<u>15,547</u>
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit and loss			
Movement in deferred tax relating to employee share scheme - value of employee services		<u>(286)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss			
Change in fair value of financial asset through other comprehensive income - Corporate bonds		<u>52</u>	<u>176</u>
Total comprehensive income for the financial year		<u><u>14,670</u></u>	<u><u>15,723</u></u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Statement of Financial Position
As at 31 December 2020

		2020	(As restated)* 2019
	Note	£ 000	£ 000
Current assets			
Trade and other receivables	12	31,312	18,408
Other financial assets	13	13,027	24,089
Cash at bank and in hand		9,634	2,242
Deferred tax asset	14	1,227	1,756
		<u>55,200</u>	<u>46,495</u>
Creditors: Amounts falling due within one year	15	<u>(11,485)</u>	<u>(17,573)</u>
Total assets less current liabilities		43,715	28,922
Creditors: Amounts falling due after more than one year	16	<u>(333)</u>	<u>(38)</u>
Net assets		<u>43,382</u>	<u>28,884</u>
Capital and reserves			
Called up share capital	17	2,100	2,100
Other reserves		829	1,063
Retained earnings		<u>40,453</u>	<u>25,721</u>
Total shareholders' funds		<u>43,382</u>	<u>28,884</u>

* See note 21 for details of the restatement resulting from an error in the implementation of IFRS2 which has affected the previous year's comparable.

Approved by the Board on 21 April 2021 and signed on its behalf by:



.....
P Stone
Director

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Statement of Changes in Equity

	Called up share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	2,100	1,063	25,721	28,884
Profit for the financial year	-	-	14,904	14,904
Movement in deferred tax relating to employee share scheme - value of employee services	-	(286)	-	(286)
Change in fair value of financial asset through other comprehensive income - Corporate bonds	-	52	-	52
Total comprehensive income for the financial year	-	(234)	14,904	14,670
Movement in equity share schemes expenses	-	-	(172)	(172)
At 31 December 2020	2,100	829	40,453	43,382

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Statement of Changes in Equity

	Called up share capital £ 000	Other reserves £ 000	(As restated)* Retained earnings £ 000	Total £ 000
At 1 January 2019 (as previously presented)	<u>2,100</u>	<u>1,145</u>	<u>24,809</u>	<u>28,054</u>
Restatement	<u>-</u>	<u>-</u>	<u>2,742</u>	<u>2,742</u>
As at 1 January 2019 (as restated)	<u>2,100</u>	<u>1,145</u>	<u>27,551</u>	<u>30,796</u>
Profit for the financial year	-	-	15,547	15,547
Change in fair value of financial asset through other comprehensive income - Corporate bonds	-	176	-	176
Total comprehensive income for the financial year	-	176	15,547	15,723
Dividends	-	-	(17,170)	(17,170)
Movement in equity share schemes expenses	-	(258)	(207)	(465)
At 31 December 2019	<u>2,100</u>	<u>1,063</u>	<u>25,721</u>	<u>28,884</u>

* See note 21 "Restatement" of the application of IFRS 2 Share based payment which has had an impact on reporting of the previous year.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

1 General information

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

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

The Company is a subsidiary of Threadneedle Asset Management Holdings Sàrl, a Luxembourg registered company owned by Ameriprise Financial, Inc. ("Ameriprise"), the ultimate parent company. Threadneedle Asset Management Holdings Sàrl and all its subsidiaries are referred to herein as "the Group".

The principal activity of the Company is to act as an Alternative Investment Fund Manager for UK domiciled property funds. The Company is authorised and regulated in the UK by the Financial Conduct Authority ("FCA").

2 Accounting policies

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

a Basis of preparation

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

During the year ended 31 December 2019 IFRS 2 was adopted by the Company and resulted in a restatement of the proportion of Options and RSUs which were previously accounted for as cash settled to equity settled. Further information concerning this change can be found in note 21.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

a Basis of preparation (continued)

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

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

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

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

b Changes in accounting policies and disclosures

The Company has adopted new or amended IFRS's and International Accounting Standards ("IAS") as adopted by the EU that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective IFRS and IAS.

The adoption of these new or amended IFRS and IAS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

c 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.

d Currency translation

Functional and presentation currency

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

Transactions and balances

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

e Revenue recognition

Fee income

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of sales tax or equivalents and any discounts or rebates. The company recognises revenue when performance obligations have been satisfied which is primarily due to the provision of investment management, advisory services, the distribution of offshore funds and onshore open-ended funds. Sales of units in unit trusts and open-ended investment companies ("OEIC") shares are stated net of cost of sales and are recognised on a trade date basis at which date the Company's performance obligation is deemed to be fulfilled. The Company calculates and recognises income relating to performance fees when management assess that the Company's performance obligation has been satisfied and it is highly probable that it will not be subject to reversal.

Finance income

Interest income is recognised as it accrues using the effective interest rate method. Dividend income from investments is recognised on the date that the right to receive payment has been established.

Other operating income

Other operating income is recognised as it accrues on items relating to partnership net income, property risk management service fees and recoveries on capitalised assets.

Realised and unrealised gains and losses on investments

are recognised in the consolidated income statement. Realised and unrealised gains or losses are recognised as part of other gains and losses. Realised gains and losses on investments are calculated as the difference between the net sales proceeds and cost or brought forward fair value. Unrealised gains and losses on investments represent the difference between the valuation of investments at the date of the statement of financial position date and their original cost, or if they have been previously revalued, the valuation at the previous date of the statement of financial position.

f Financial Instruments

Financial assets and liabilities are recognised in the statement of financial position, when the Company becomes party to the contractual provisions of an instrument. Upon initial recognition, financial assets and liabilities are recognised at the fair value of the consideration payable. For financial assets classified at fair value through profit or loss transaction costs associated with the acquisition are immediately recognised in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or has expired.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

f Financial Instruments (continued)

Financial liabilities

Financial liabilities including trade payables are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Financial assets

The Company accounts for its corporate and government bond investments as being held as financial assets at fair value through other comprehensive income upon initial recognition. Excluding these the Company has opted to designate all other financial assets, except cash and cash equivalents, trade and other receivables and loans, as being held as financial assets at fair value through profit or loss upon initial recognition. Purchases and sales of financial assets are recognised at the trade date, being the date when the purchase or sale becomes contractually due for settlement.

Financial assets at fair value through other comprehensive income are revalued at each statement of financial position date with the unrealised gains and losses arising on revaluation recognised through other comprehensive income. Any realised gains and losses are only recognised in the income statement upon disposal.

Financial assets at fair value through profit or loss are revalued at each statement of financial position date with the unrealised gains and losses arising on revaluation recognised in the income statement. Any realised gains and losses are also recognised in the income statement based on the excess of proceeds over the fair value brought forward.

The fair value of assets that are actively traded in recognised financial markets is determined by reference to quoted market bid prices at the close of business on the date of the statement of financial position.

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 significant, 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.

Cash and cash equivalents

Cash amounts represent cash in hand and on-demand deposits. Cash equivalents are short-term highly liquid investments with an original maturity of 90 days or less from the date of acquisition.

g Interest income

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

h 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.

i Interest payable

Interest payable costs are recognised in the income statement in the period in which they are accrued.

j Current and deferred tax

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

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

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

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

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. The dividends proposed after the year end date will be recognised in the financial statements in subsequent financial years.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

1 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

m 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 significant, the carrying value is discounted to present value.

The Group considers debtors less than three months old not to be impaired, any older balances are individually reviewed and assessed for potential credit loss. In the event of a significant increase in credit risk a provision is made for expected credit losses resulting from any possible default events over the life of the instrument.

Financial assets where 12 month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have a significant amount of credit risk are in Stage 2; and financial assets which have defaulted or credit impaired are Stage 3.

The estimated credit loss is determined by projecting the probability of default, the loss in the event of a default and exposure at default for each future month and for each individual exposure. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised.

Where credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset's recoverability is reassessed.

n Other financial assets

Financial assets at fair value through other comprehensive income are revalued at each statement of financial position date with the unrealised gains and losses arising on revaluation recognised through other comprehensive income. Any realised gains and losses are only recognised in the income statement upon disposal.

Financial assets at fair value through profit or loss are revalued at each statement of financial position date with the unrealised gains and losses arising on revaluation recognised in the income statement. Any realised gains and losses are also recognised in the income statement based on the excess of proceeds over the fair value brought forward.

The fair value of assets that are actively traded in recognised financial markets is determined by reference to quoted market bid prices at the close of business on the date of the statement of financial position.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020
Notes to the Financial Statements

2 Accounting policies (continued)

o Cash at bank and the hand

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

p Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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 payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

q Pensions and post-retirement benefits

The Group operates a defined benefit and a defined contribution pension scheme. The defined benefit scheme, the Threadneedle Pension Plan ("the Plan"), is now closed to new employees and from 30 April 2020 closed to new contributions from existing employees.

The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme of the Group on a consistent and reasonable basis. Therefore the scheme has been accounted for as if it were a defined contribution arrangement.

At the statement of financial position date the net pension asset, measured in accordance with International Accounting Standard 19, 'Employee Benefits', was valued as a deficit of £1094,000 (2019: £3,822,000 surplus). This value represents the fair value of the Plan assets net of the present value of the Plan obligations at the end of the reporting year as valued by an independent qualified actuary.

The defined contribution scheme is operated for new employees. Contributions made by the Company to this scheme are charged to the statement of comprehensive income in the year in which they become payable. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

2 Accounting policies (continued)

r Share-based payments

The Group has a share based deferred compensation scheme. From 2012 stock options and restricted stock units ("RSU") based on Ameriprise Financial, Inc. ordinary stock have been issued and are equity settled transactions.

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 consolidated statement of income reflecting the benefits received from employment in the period to vesting. The consolidated statement of income charge is offset by a credit to the consolidated statement of changes in equity.

On award the RSU value is based on the market price of Ameriprise shares 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. Any taxes due by the beneficiary are settled under a 'sell to cover' arrangement. 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 statement of comprehensive income reflecting the benefits received from employment in the period to vesting. The statement of comprehensive income charge is offset by a credit to the retained profits reserve.

s Share capital

Ordinary shares are classified as equity.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share based payments

The carrying value of the liability arising in respect of the share based incentive awards granted to employees is calculated using the Black-Scholes option pricing model for the Ameriprise options.

The Black-Scholes option pricing model input assumptions are based on prior performance or observable market data however there is a degree of management judgement regarding expected volatility, risk free interest rate and expected life.

Changes in these assumptions could have a significant impact on the carrying value of the liability recognised in respect of the share based incentive schemes.

4 Share-based payments

The share based payment schemes are operated and administered by fellow subsidiary undertakings of the Ameriprise group on behalf of the Company. Share-based payments are remuneration payments to senior employees that take the form of an award of either options or restricted stock units in Ameriprise Financial, Inc. ("Ameriprise").

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

Stock option

For details of the Group's stock option scheme refer to note 2r.

The fair value amounts for the stock options granted were determined using the Black Scholes model, for which the following assumptions were used:

	2020	2019
Dividend yield	2.50%	3.0%
Expected volatility	26.90%	26.91%
Risk-free interest rate	1.407%	2.437%
Expected life years	5.0	5.0
Weight average share price	£141.68	£125.63

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

4 Share-based payments (continued)

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

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 the year, the Company awarded 1,140 (2019: 2,383) Ameriprise stock options.

Restricted Stock Unit ("RSU")

For details of the Group's RSU scheme refer to note 2r.

During the year, 6,657 (2019: 12,895) 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):

	2020	2020	2019	2019
	Award	Fair Value	Award	Fair Value
	£	£	£	£
Stock option	22.82 - 25.40	40.54 - 41.98	17.74 - 19.29	34.72- 36.31
Restricted stock unit	129.10 - 142.74	142.74	96.74 - 119.23	127.13

The total cost in respect of the share-based payment schemes was £1,056,000 (2019: £2,538,000). The total liability under these schemes at 31 December 2020 was £Nil (2019 Restated: £Nil). The prior year's liability has been amended due to a change in the method of accounting for share based payments following the introduction of IFRS 2 Share Based Payment causing the Company to account for all transactions through equity.

Share based tax obligations for RSUs are paid by the Company on the behalf of the beneficiary. The estimated deferred share tax obligation for the Group in is £286,000 (2019: £595,000).

5 Revenue

The analysis of the company's turnover for the year by market is as follows:

	2020	2019
	£ 000	£ 000
UK	31,306	31,171
Europe	408	-
	<u>31,714</u>	<u>31,171</u>

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

6 Directors and employees

Employees

The average monthly number of individuals (excluding directors) considered to be employed directly by the Company on a full time basis during the year was as follows:

	2020 No.	2019 No.
Investment management	31	33
Administration	10	10
	<u>41</u>	<u>43</u>

The costs of these staff were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	7,098	6,406
Social security costs	1,285	1,438
Other pension costs	524	650
Share-based payment expenses	1,056	2,538
	<u>9,963</u>	<u>11,032</u>

The contracts of service for the staff above are held by a fellow subsidiary of the Group. 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.

Directors' remuneration

The remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	473	421
Pension contributions	3	-
	<u>476</u>	<u>421</u>

Retirement benefits are accruing to a director (2019: not accruing) under a defined benefit scheme.

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

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

6 Directors and employees (continued)

	2020 No.	2019 No.
Received or were entitled to receive shares under long term incentive schemes	4	4
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>
	2020 £ 000	2019 £ 000

In respect of highest paid director:

Aggregate emoluments and amounts receivable under long-term incentive plans

<u>142</u>	<u>138</u>
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The highest paid director received (2019: received) options or units in other companies of the Group under long-term incentive schemes in respect of qualifying services but did not (2019: did not) exercise any share options in the current a year.

7 Administrative expenses

The Company provides common corporate functions for the Group. The costs incurred for these functions are re-charged or allocated to other trading Group companies based on management's estimate of each company's usage of these functions.

8 Finance income

	2020 £ 000	2019 £ 000
Interest income on bank deposits	1	9
Intra-group interest receivable	205	179
Interest income - corporate bonds	248	237
Other finance income	<u>1</u>	<u>65</u>
	<u>455</u>	<u>490</u>

9 Finance costs

	2020 £ 000	2019 £ 000
Intra-group interest payable	17	21
Interest on bank overdrafts and borrowings	<u>2</u>	<u>-</u>
	<u>19</u>	<u>21</u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

10 Profit before taxation

Profit before taxation is stated after (crediting)/charging:	2020	2019
	£ 000	£ 000
Foreign exchange loss/(gain)	20	6
Auditors' remuneration for audit of the financial statements	40	19

Fees payable to the auditors for non-audit services during the year under review were £201,000 (2019: £107,000).

11 Dividends

	2020	2019
	£ 000	£ 000
Interim dividend of £Nil (2019 - £17,170,000.00) per ordinary share	<u>-</u>	<u>17,170</u>

12 Trade and other receivables

	2020	2019
	£ 000	£ 000
Trade debtors	2,372	3,082
Debtors from related parties	28,614	14,533
Prepayments and accrued income	326	502
Other debtors	<u>-</u>	<u>291</u>
	<u>31,312</u>	<u>18,408</u>

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

Included in the receivables balance for 2019 is a debt from related parties figure is £1,362,000 due from Threadneedle Investments Property Partnership which resulted from an operational event. This amount did not accrue interest.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

13 Other financial assets

	2020 £ 000	2019 £ 000
Financial assets at fair value through other comprehensive income - Corporate bonds	12,863	23,926
Financial assets at fair value through profit and loss - Money market deposits	164	163
	<u>13,027</u>	<u>24,089</u>

Other financial assets comprise of publicly tradeable investments. The fair value of publicly tradeable investments has been calculated using the latest available prices at 31 December.

14 Income tax expense

a) Taxation in the Statement of Comprehensive Income is as follows:

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	3,164	3,538
UK corporation tax adjustment to prior periods	(563)	404
	<u>2,601</u>	<u>3,942</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	269	(29)
Arising from changes in tax rates and laws	(94)	-
Adjustment in respect of prior periods	67	(1,239)
Total deferred taxation	<u>242</u>	<u>(1,268)</u>
Tax expense in the Statement of Comprehensive income	<u>2,843</u>	<u>2,674</u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

14 Income tax expense (continued)

b) Factors affecting the tax charge on ordinary activities

The tax on profit before taxation for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are explained below:

	2020 £ 000	2019 £ 000
Profit before taxation	<u>17,747</u>	<u>18,221</u>
Corporation tax at standard rate	3,372	3,462
(Decrease)/increase from effect of different UK tax rates on some earnings	(94)	46
(Decrease)/increase in current tax from adjustment for prior periods	(496)	(835)
Other tax effects for reconciliation between accounting profit and tax expense	<u>61</u>	<u>1</u>
Total tax charge	<u><u>2,843</u></u>	<u><u>2,674</u></u>

Deferred tax

Deferred tax assets

	2020 £ 000	2019 £ 000
Deferred tax movement		
As at 1 January	1,756	1,083
Adjustments in respect of previous periods	(67)	1,239
Amount (charged)/credited to other reserves	(286)	(595)
Origination and reversal of temporary differences	<u>(176)</u>	<u>29</u>
As at 31 December	<u><u>1,227</u></u>	<u><u>1,756</u></u>

	2020 £ 000	2019 £ 000
The deferred tax asset comprised:		
Other short-term temporary differences	<u>1,227</u>	<u>1,756</u>

The main rate of UK corporation tax was due to fall to 17% from 1 April 2020. In early 2020, the proposed fall in tax rates was reversed, keeping the main rate at 19% for the foreseeable future. Deferred tax balances have been measured to 19% (2019: 17%).

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

15 Creditors: Amounts falling due within one year

	2020	(As restated)* 2019
	£ 000	£ 000
Amount owed to group undertakings	57	1
Income tax liability	6,095	11,567
Accrued expenses	1,930	1,441
Social security and other taxes	598	2,071
Other payables	2,805	2,493
	<u>11,485</u>	<u>17,573</u>

* See note 21 "Restatement" of the application of IFRS 2 Share based payment which has had an impact on reporting of the previous year.

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

Included in the 2019 other payables balance is an amount of £1,393,000 which was payable to external entities as a result of the operational event. This amount did not accrue interest.

16 Creditors: Amounts falling due after more than one year

	2020	(As restated)* 2019
	£ 000	£ 000
Accruals	<u>333</u>	<u>38</u>

* See note 21 "Restatement" of the application of IFRS 2 Share based payment which has had an impact on reporting of the previous year.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

17 Share capital

Allotted, called up and fully paid shares

	2020		2019		1 January 2019	
	No. 000	£ 000	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

18 Parent and ultimate parent undertaking

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

The ultimate parent entity is Ameriprise Financial, Inc.

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

The ultimate controlling party is Ameriprise Financial, Inc.

Relationship between entity and parents

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

The address of Ameriprise Financial, Inc. is:

1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA 55474

The consolidated financial statements of Ameriprise can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc., 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise website at www.ameriprise.com.

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

The address of Threadneedle Asset Management Holdings Sàrl is:

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

The consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 9, rue de Bitbourg, L-1273, Luxembourg.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

19 Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due.

The Company maintains sufficient cash and liquid investments such that liquidity and cash flow risks arising from trade and other payable or financial liabilities are negligible. As of 31 December 2020, no financial liabilities were past due (2019: £nil).

The maturity dates of the Company's trade and other payables are as follows:

2020

	Less than 3 months or repayable on demand	3 to 12 months	Total
	£'000	£'000	£'000
Trade and other payables	3,388	1,348	4,736
Amounts due to fellow subsidiaries	57	-	57
Taxation	598	6,094	6,692
Total	<u>4,043</u>	<u>7,442</u>	<u>11,485</u>

2019

	Less than 3 months or repayable on demand	3 to 12 months	Total
	£'000	£'000	£'000
Trade and other payables	3,341	2,104	5,445
Amounts due to fellow subsidiaries	-	-	-
Taxation	561	11,567	12,128
Total	<u>3,902</u>	<u>13,671</u>	<u>17,573</u>

The notes on pages 18 to 41 form an integral part of these financial statements.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

20 New standards and amendments

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

The following standards and interpretations from the IFRS Interpretations Committee, ("IFRIC") have been adopted by the Company for the first time for the financial year beginning on or after 01 January 2020.

- *Definition of Material - amendments to IAS 1 and IAS 8*
- *Definition of a Business - amendments to IFRS 3*
- *Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

The group also elected to adopt the following amendments early:

- *Annual Improvements to IFRS Standards 2018-2020 Cycle.*
- *Where applicable: Covid-19-Related Rent Concessions - amendments to IFRS 16 and Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

20 New standards and amendments (continued)

Annual Improvements to IFRS Standards 2018-2020. The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

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

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

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

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

Threadneedle Portfolio Services Limited
Report and Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

21 Restatement of the application of IFRS 2 Share based payments

An amendment to IFRS 2 which was effective from 1 January 2018 was not adopted by the Group at the effective date. This resulted in a restatement to correct the proportion of Options and RSUs which were previously accounted for as cash settled as opposed to equity settled. The value restated for the year ending 31 December 2019 was £2,742,000 (2018: £1,634,000).

The impact of the re-classification has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Financial Position (Extract)

	31 December 2019 (Previously presented) £'000	Increase/ (Decrease) £'000	31 December 2019 (Restated) £'000
Equity			
Retained earnings	22,979	2,742	25,721
Total Equity	<u>26,142</u>	<u>2,742</u>	<u>28,884</u>
Amounts falling due within less than one year			
Other payables	4,851	(2,358)	2,493
Total amounts falling due within less than one year	<u>19,931</u>	<u>(2,358)</u>	<u>17,573</u>
Amounts falling due after more than one year			
Accruals	422	(384)	38
Total amounts falling due after more than one year	<u>422</u>	<u>(384)</u>	<u>38</u>

All restatements shown are in relation to the application of IFRS 2, these are all denoted with a “*” throughout the financial statements and can be found on the Statement of Changes in Equity and notes 15 and 16