

St. James's Place (PCP) Limited

**Annual report
for the year ended 31 December 2009**

Registered no: 2706684

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St. James's Place (PCP) Limited

Annual report for the year ended 31 December 2009

	Page
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

St. James's Place (PCP) Limited
Company registration no: 2706684
Directors' report
for the year ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

The directors' report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006

Principal activities

The company purchases, services and sells the rights to future income streams on business originally written by other companies within the St James's Place plc group

Results and business review

The financial statements for the year ended 31 December 2009 are set out on pages 6 to 12. The profit for the year is disclosed on page 6. The directors have transferred this to reserves without declaring a dividend. The financial statements have been prepared on a going concern basis.

The strategy and performance measurement of the Company's business are not considered by the Board in isolation from the rest of the St James's Place group business. Accordingly at a group level, the St James's Place plc Board establishes a business plan for the whole group, which is monitored regularly. As part of that process, key performance indicators (KPIs) are also set and monitored by the Board at a group level. These KPIs include new business growth (on an Annual Premium Equivalent basis), group European Embedded Value (EEV) operating profits and growth in the size and productivity of the St James's Place Partnership.

The principal risks and uncertainties facing the Company are the persistency of the policies from which the Company has a right to future commission income, and decreases in funds under management which would result in decreased future commission income on these policies.

Change of ultimate control

HBOS plc was acquired by the Lloyds Banking Group plc on 19 January 2009.

Directors

The directors of the company who served during the year are listed below:-

Mr M S Wilson
Mr D C Bellamy
Mr A M Croft
Mr H J Gladman

Directors' interests

None of the directors have a beneficial interest in the shares of the company.

The interests of Mr D Bellamy, Mr A Croft, Mr H Gladman and Mr M S Wilson in the shares of Lloyds Banking Group, the company's ultimate parent undertaking since its acquisition of HBOS plc on 19 January 2009, and in the shares of St James's Place plc ("SJP plc"), are disclosed in the consolidated financial statements of SJP plc.

St. James's Place (PCP) Limited
Company registration no: 2706684
Directors' report (*continued*)
for the year ended 31 December 2009

Employees

The company has no employees

Directors' Indemnity and Insurance

The Company has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors or officers. All members of the Board and other senior employees who act as Directors of subsidiary companies are each granted indemnities from the Company to the extent permitted by law. These indemnities are uncapped in amount and protect recipients from certain losses and liabilities that they may incur to third parties in connection with the furtherance of their duties as Directors of the Company or its subsidiaries. Copies of the indemnities are available to shareholders upon request.

Payment policy for creditors

The payment of supplier invoices is made on the company's behalf by St. James's Place Management Services Limited (SJPMS), a fellow subsidiary company.

It is St. James's Place Management Services Limited's policy to pay creditors in accordance with the Confederation of British Industry (CBI) Better Practice Payment Code on supplier payments. The company's average number of days purchases outstanding in respect of trade creditors at 31 December 2009 was 20 days (2008: 16 days).

Auditors

KPMG Audit plc resigned as auditors during the year and the Directors appointed PricewaterhouseCoopers LLP in their place. PricewaterhouseCoopers LLP has indicated its willingness to continue in office.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board


St. James's Place Administration Limited
Secretary

28th September 2010

St. James's Place (PCP) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent ,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 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

St. James's Place (PCP) Limited

Independent auditor's report to the members of St James's Place (PCP) Limited

We have audited the financial statements of St James's Place (PCP) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mike Vickery (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
28th September 2010

St. James's Place (PCP) Limited

Profit and loss account for the year ended 31 December 2009

	Notes	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Turnover	1	1,076,332	1,017,724
Cost of sales		113,014	(1,660,007)
Operating profit / (loss) being profit / (loss) on ordinary activities before taxation		1,189,346	(642,283)
Tax on profit / (loss) on ordinary activities	4	(307,819)	264,133
Profit / (loss) on ordinary activities after taxation, being profit / (loss) for the financial year		881,527	(378,150)
Retained profit at the beginning of the year		940,125	1,318,275
Retained profit at the end of the year		1,821,652	940,125

All activities are continuing United Kingdom operations

There are no other material gains or losses other than the profit of £881,527 for the year to 31 December 2009 (2008 loss £378,150)

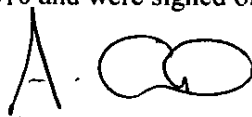
The notes on pages 8 to 12 form an integral part of these accounts

St. James's Place (PCP) Limited

Balance sheet as at 31 December 2009

	Notes	2009 £	2008 £
Current assets			
Other assets	5	7,981,021	6,785,628
Creditors: amounts falling due within one year	6	(6,003,462)	(5,639,155)
Net current assets / total assets less current liabilities		1,977,559	1,146,473
Creditors: amounts falling due after more than one year	7	(155,807)	(206,248)
Net assets		1,821,752	940,225
Capital and reserves			
Equity interests			
Called up share capital	8	100	100
Profit and loss account	10	1,821,652	940,125
Equity shareholders' funds	9	1,821,752	940,225

The financial statements on pages 6 to 12 were approved by the board of directors on 28 September 2010 and were signed on its behalf by -


Andrew Croft, Director

The notes on pages 8 to 12 form an integral part of the accounts

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies dealing with items which are considered material in relation to these financial statements and which have been applied consistently, are also set out below.

Turnover

Turnover represents commissions earned by the company from income streams purchased by the company, in addition to the sale proceeds on disposal of such income streams.

Cost of sales

Cost of sales represents the change in value of books of purchased income streams between the beginning and end of the financial year.

PCP books of purchased income streams

PCP books of purchased income streams are stated at the lower of cost and the value placed on them. Valuations are based on the present value of the future expected income streams and are derived by adopting the key assumptions set out below.

Lapse rate - the PCP valuation system uses a single lapse and premium cessation assumption for projecting the future commission amounts. The persistency assumptions are derived from the Company's own experience or, where insufficient data exists, from external industry experience. These assumptions are reviewed on an annual basis.

Economic assumptions are made in respect of the discount rate and investment returns. The investment return for gilts (the risk free rate) has been set by reference to the yield on ten year gilts. The investment returns for the other main investment classes i.e. equities, property and cash have been set by adding appropriate margins for risk to the risk free rate. The investment return assumption used in the valuations is the weighted average of the returns in each investment class (weighted by fund size).

Finally, an additional allowance for non-market risk has been made by increasing the risk discount rate (above the investment return assumption).

2 Directors' emoluments

None of the directors received any emoluments in respect of their services to the company for the year (2008 nil).

The number of directors to whom retirement benefits are accruing is four (2008 four). The benefits are accrued in the pension scheme of St. James's Place UK plc, a fellow subsidiary company.

The number of directors who exercised share options over the shares in SJP plc during the year is four (2008 four).

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

3 Auditors remuneration

The statutory audit fee of £7,500 (2008 £7,500) was paid on behalf of the Company by another group company, St James's Place Management Services Limited

There were no fees paid to the Company's auditor, Pricewaterhouse Coopers LLP (2008 KPMG Audit Plc), or its associates, for services other than the statutory audit of the Company

4 Tax on profit on ordinary activities

(a) Analysis of tax charge in the period:

	2009	2008
	£	£
Corporation tax charge / (credit) at 28% (2008 28.5%)		
- current year	307,046	(261,842)
- adjustment in respect of prior year	773	(2,291)
Total current tax charge for the period	307,819	(264,133)

(b) Factors affecting the tax charge for the current period:

The standard rate of corporation tax in the UK is 28% (2008 28.5%). Differences to this in the actual current tax charge for the period (which excludes the deferred tax charge) are explained below

	2009	2008
	£	£
Profit / (loss) on ordinary activities before taxation	1,189,346	(642,283)
Corporation tax at 28% (2008 28.5%)	(333,017)	(183,051)
Effects of:		
- transfer pricing adjustment FA2006 Sch 28AA(I)	25,971	(78,791)
- adjustment in respect of prior year	(773)	(2,291)
Current tax charge for the year	307,819	(264,133)

The new coalition Government's Budget on 22 June 2010 has reduced the rate of corporation tax from 28% to 27% for the 2011/2012 tax year

There have been no other material events subsequent to the year end that have not been reflected in the interim financial statements

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

5 Other assets

	2009	2008
	£	£
PCP books of purchased income streams	7,981,021	6,509,844
Debtors	-	13,942
Corporation tax	-	261,842
	<u>7,981,021</u>	<u>6,785,628</u>

6 Creditors: amounts falling due within one year

	2009	2008
	£	£
Amounts due to fellow subsidiary undertakings	5,587,724	5,639,155
Deferred consideration	108,692	-
Corporation tax	307,046	-
	<u>6,003,462</u>	<u>5,639,155</u>

7 Creditors: amounts falling due in more than one year

	2009	2008
	£	£
Deferred consideration	155,807	206,248
	<u>155,807</u>	<u>206,248</u>

8 Called up share capital

	2009	2008
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Equity Interests:		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
Profit / (loss) for the financial year	881,527	(378,150)
Net increase / (decrease) to shareholders' funds	881,527	(378,150)
Opening shareholders' funds	940,225	1,318,375
Closing shareholders' funds	1,821,752	940,225

10 Profit and loss account

	£
At 1 January 2009	940,125
Profit for the financial year	881,527
At 31 December 2009	1,821,652

11 Ultimate parent undertaking of larger group of which the company is a member

The Company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the consolidated accounts of Lloyds Banking Group Limited may be obtained from Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The parent undertaking of the smallest group to consolidate the accounts of the Company is St James's Place plc, a company registered in England and Wales, copies of whose consolidated accounts may be obtained from the Company Secretary, St James's Place plc, St James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

12 Related party transactions

The Company's related parties include other companies in the Lloyds Banking Group, pension schemes of the Company's ultimate parent company and the Company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's directors.

There were no transactions between the Company and key management personnel during the current or preceding year.

Inter group creditors	2009	2008
	£	£
St James's Place Management Services Ltd	5,587,724	5,639,155

13 Going concern

Going concern has been evaluated by the directors of the Company. They concluded that it was reasonable to expect the Company to remain as a purchaser and seller of books of income streams for a period of not less than 12 months from the date the accounts were approved.

14 Registered Office

The address of the registered office is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.