

St. James's Place (PCP) Limited

**Annual report
for the year ended 31 December 2003**

Registered no: 2706684

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St. James's Place (PCP) Limited

Annual report for the year ended 31 December 2003

	Page
Director's report	2
Statement of directors' responsibilities	5
Auditors' report	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

St. James's Place (PCP) Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The company purchases, services and sells financial services businesses, in whole or in part.

Results and business review

The financial statements for the year ended 31 December 2003 are set out on pages 7 to 12. The profit for the year is disclosed on page 7. The directors have transferred this to reserves without declaring a dividend. The financial statements have been prepared on a going concern basis.

Directors

The directors of the company at the beginning and end of the year are listed below:-

Mr M S Wilson
Mr D C Bellamy
Mr A M Croft (appointed 20 June 2003)
Mr H J Gladman
Mr M J Lund (appointed 5 January 2004)
Mr M D Moule (resigned 20 June 2003)
Sir M A Weinberg
Mr S P Williams

Directors' interests

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

The interests of Sir Mark Weinberg, Mr D C Bellamy and Mr M S Wilson in the shares of HBOS plc, the company's ultimate parent undertaking, and of St. James's Place Capital plc ("SJPC plc"), the company's intermediary parent undertaking, are disclosed in the consolidated financial statements of SJPC plc.

St. James's Place (PCP) Limited

Directors' report for the year ended 31 December 2003 (continued)

Directors' interests (continued)

The interests of those directors who are not also directors of SJPC plc are detailed below:

SJPC Executive Share Option Scheme

Director	Options held at 1 January 2003	Granted in year	Exercised/ Lapsed/ Cancelled/ in year	Options held at 31 December 2003	Exercise price	Date from which exercisable	Expiry date
A Croft	57,419	-	-	57,419	£1.33	1 Jul 2002	13 July 2007
	30,000	-	-	30,000	£1.45	15 Mar 2007	15 Mar 2012
	25,000	-	-	25,000	£1.45	13 Dec 2005	13 Dec 2010
	-	144,351	-	144,351	£1.19½	6 June 2006	6 June 2013
H Gladman	10,500	-	-	10,500	0.57p	27 Dec 2001	27 Dec 2004
	44,625	-	-	44,625	1.71p	19 Jan 2003	19 Jan 2006
	140,113	-	-	140,113	£1.33	1 Jul 2002	13 Jul 2007
	84,375	-	-	84,375	£2.40	23 May 2005	23 May 2012
	-	227,528	-	227,528	£0.89	10 Mar 2006	10 Mar 2013
S Williams	31,500	-	31,500	-	1.71p	14 Feb 2002	19 Jan 2006
	200,000	-	-	200,000	£1.33	1 Jul 2002	13 Jul 2007
	71,875	-	-	71,875	£2.40	23 May 2005	23 May 2012
	-	210,674	-	210,674	£0.89	10 Mar 2006	10 Mar 2013

On 16 May 2003, Stephen Williams exercised options over 31,500 shares at an exercise price of 1.71p per share. The market price of the shares on 16 May 2003 was £1.16.

SJPC All Employee Share Option Scheme

Director	Options held at 1 January 2003	Granted in year	Exercised/ Lapsed/ Cancelled/ in year	Options held at 31 December 2003	Exercise price	Date from which exercisable	Expiry date
A Croft	16,121	-	16,121	-	£1.07	1 Sept 2002	1 Mar 2003
	15,913	-	15,913	-	£1.04	1 Nov 2007	30 Apr 2008
	-	13,125	-	13,125	£0.72	1 May 2006	31 Oct 2006
H Gladman	15,913	-	15,913	-	£1.04	1 Nov 2007	30 Apr 2008
	-	13,125	-	13,125	£0.72	1 May 2006	31 Oct 2006
S Williams	16,121	-	16,121	-	£1.07	1 Sept 2002	1 Mar 2003
	15,913	-	15,913	-	£1.04	1 Nov 2007	30 Apr 2008
	-	22,812	-	22,812	£0.72	1 May 2008	31 Oct 2008

On 28 February 2003, Andrew Croft and Stephen Williams lapsed options granted under the above Scheme on 11 August 1997 to acquire 16,121 shares of 15p each in SJPC with an exercise price of £1.07.

On 28 March 2003, Andrew Croft, Hugh Gladman and Stephen Williams cancelled options granted under the above scheme on 11 September 2002 to acquire 15,913 ordinary shares of 15p each in SJPC with an exercise price of £1.04 per share.

St. James's Place (PCP) Limited

Directors' report for the year ended 31 December 2003 (continued)

Directors' interests (continued)

SJPC Ordinary Shares

Director	31 December 2003 Ordinary Shares of 15 pence each		31 December 2002 Ordinary Shares of 15 pence each	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
A Croft	15,121	-	15,121	-
H Gladman	189,855	-	189,855	-
S Williams	138,238	84,761	99,565	84,761

As at 31 December 2003 the share price of SJPC plc was £1.58. The range of prices between 1 January 2003 and 31 December 2003 was between £0.75 and £1.61¼.

The register of directors' interests for SJPC plc, which is open to inspection, contains full details of directors' shareholdings and options to subscribe.

The directors had no beneficial interests in the shares of the ultimate parent company, HBOS plc, as at 31 December 2003.

Employees

The company has no employees.

Payment policy for creditors

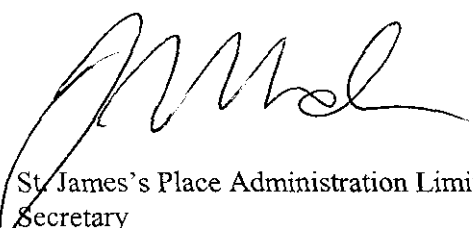
The payment of supplier invoices is made on the company's behalf by St. James's Place Management Services Limited (SJPMs), a fellow subsidiary company.

It is SJPMs'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 2003 was 31 days (2002: 27 days).

Auditors

KPMG Audit Plc has indicated its willingness to continue in office. The company has elected, by way of an elective resolution dated 16 August 1995, to dispense with the need to appoint auditors annually.

By order of the Board.



St. James's Place Administration Limited
Secretary

4 October 2004

St. James's Place (PCP) Limited

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those accounts, the directors are also required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements on pages 7 to 12.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
London

22 October 2004

St. James's Place (PCP) Limited

Profit and loss account for the year ended 31 December 2003

	Notes	Year Ended 31 December 2003 £	Year Ended 31 December 2002 £
Turnover	1	153,167	188,836
Cost of sales		(40,651)	(455,620)
Profit/(loss) on ordinary activities before taxation		112,516	(266,784)
Tax on profit/(loss) on ordinary activities	4	(33,755)	80,035
Profit/(loss) on ordinary activities after taxation, being profit/(loss) for the financial year		78,761	(186,749)
Retained (loss)/profit at the beginning of the year		(138,960)	47,789
Retained loss at the end of the year		(60,199)	(138,960)

All activities are continuing United Kingdom operations.

There are no other material gains or losses other than the profit of £78,761 for the year to 31 December 2003 (2003: loss £186,749).

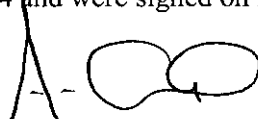
The notes on pages 9 to 12 form an integral part of these accounts.

St. James's Place (PCP) Limited

Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
Current assets			
Other assets	5	1,575,055	1,352,678
Creditors: amounts falling due within one year	6	(1,265,784)	(1,181,344)
Net current assets being total assets less current liabilities		309,271	171,334
Creditors: amounts falling due after more than one year		(369,370)	(310,194)
Net liabilities		(60,099)	(138,860)
Capital and reserves			
Equity interests:			
Called up share capital	7	100	100
Profit and loss account		(60,199)	(138,960)
Deficit on equity shareholders' funds	8	(60,099)	(138,860)

The financial statements on pages 7 to 12 were approved by the board of directors on 4 October 2004 and were signed on its behalf by:-


Andrew Croft, Director

The notes on pages 9 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 2003

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The company has taken advantage of the exemption permitted under FRS1 (Revised) not to prepare a cashflow statement as it is a wholly owned subsidiary of St. James's Place Capital plc, which prepares a consolidated cash flow statement dealing with the cashflows of the group

Turnover

Turnover represents commissions earned by the company from in force policies held by acquired financial services businesses, in addition to the sale proceeds on disposal of such financial services businesses.

Cost of sales

Cost of sales represents the change in value of acquired financial services businesses between the beginning and end of the financial year.

Other assets

Other assets represents the value placed on financial services businesses acquired and held for resale. Other assets are valued at the directors' valuation.

2. Directors emoluments

None of the directors received any emoluments in respect of their services to the company for the year (2002: nil).

The number of directors to whom retirement benefits are accruing is 6 (2002: 5). 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 during the year is one (2002: two).

3. Auditors remuneration

The auditors received £nil in respect of the audit of the company (2002: £nil). The audit fee for the group is paid by another group company, St. James's Place Management Services Limited.

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

4. Tax on loss on ordinary activities

(a) Analysis of tax charge in the period:

	2003 £	2002 £
Corporation tax at 30% (2002: 30%) - current year	33,755	(80,035)
Total current tax charge/(credit) for the period	33,755	(80,035)

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

The standard rate of corporation tax in the UK is 30% (2002: 30%). Differences to this in the actual current tax charge for the period (which excludes the deferred tax charge) are explained below:

	2003 £	2002 £
Profit/(loss) on ordinary activities before taxation	112,516	(266,784)
Corporation tax at 30%	33,755	80,035

5. Other assets

	2003 £	2002 £
Amounts due from fellow subsidiary undertakings	-	80,035
Financial services businesses acquired	1,575,055	1,272,643
	1,575,055	1,352,678

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

6. Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts due to fellow subsidiary undertakings	1,265,784	1,181,344
	<u>1,265,784</u>	<u>1,181,344</u>

7. Called up share capital

	2003 £	2002 £
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>

8. Reconciliation of movements in equity shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	78,761	(186,749)
	<u>78,761</u>	<u>(186,749)</u>
Net increase/(decrease) to shareholders' funds	78,761	(186,749)
Opening shareholders' funds	(138,860)	47,889
	<u>(60,099)</u>	<u>(138,860)</u>
Deficit on closing shareholders' funds	(60,099)	(138,860)

St. James's Place (PCP) Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

9. Ultimate parent undertaking

The ultimate parent undertaking is HBOS plc, a company registered in Scotland. HBOS plc is the parent of the largest group in which the results of the company are consolidated. Copies of the consolidated accounts of HBOS plc may be obtained from The Mound, Edinburgh, EH1 1YZ.

The immediate parent company is St. James's Wealth Management Group plc, a company registered in England and Wales.

The parent undertaking of the smallest group to consolidate the accounts of the company is St. James's Place Capital plc, a company registered in England and Wales, copies of whose consolidated accounts may be obtained from the Company Secretary, St James's Place Capital plc, St. James's Place House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.

10. Related party transactions

Advantage has been taken of the exemption from disclosure of related party transactions with group companies on the grounds that 90 per cent of the company's voting rights are controlled within the group.

11. Registered Office

The address of the registered office is St. James's Place House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.