

Registered number: 02706684

ST. JAMES'S PLACE (PCP) LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



ST. JAMES'S PLACE (PCP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

RESULTS

The profit for the financial year, amounted to £519,501 (2012 - £1,122,500).

The Directors have not declared a dividend during the year and no final dividend is recommended by the Board.

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing of the financial statements were:

D C Bellamy
A M Croft
H J Gladman
D J Lamb

MATTERS COVERED IN THE STRATEGIC REPORT

Future developments and financial risk management are both referred to in the strategic report set out on page 3 of the financial statements.

DIRECTORS INDEMNITY AND INSURANCE

St. James's Place plc ("SJP"), the ultimate parent company, has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors or officers of SJP or its subsidiaries. All members of the Board of SJP and other senior employees who act as Directors of subsidiary companies are each granted indemnities whilst acting in their capacity as Directors or officers 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 or officers of SJP or its subsidiary companies. Copies of the indemnities are available to shareholders upon request. This is a qualifying third party indemnity provision and was in force during the financial year and at the date of approval of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ST. JAMES'S PLACE (PCP) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has indicated its willingness to continue in office, and therefore PricewaterhouseCoopers LLP is deemed to be reappointed as auditor to the Company in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the board on 19 September 2014 and signed on its behalf.



A M Croft
Director

St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP

ST. JAMES'S PLACE (PCP) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

The Company, which is a wholly owned subsidiary of St. James's Place Wealth Management Group plc (which in turn is a wholly owned subsidiary of St. James's Place plc), purchases, services and sells the rights to future income streams on business originally written by other companies within St. James's Place plc group.

BUSINESS REVIEW

The Company has purchased the rights to future income streams during the year. The Company has serviced and received future income stream for these income streams.

The income streams purchases are for business originally written by other companies within the St. James's Place plc group.

During the year the Company purchased 2 income streams (2012: 2).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates within the St. James's Place Group 'Risk Management Framework' as described in the business review of St. James's Place plc Annual Report and Financial Statements. This 'Risk Management Framework' describes the risk management policies and procedures that are applicable to the Company. The Principal Risks & Uncertainties facing the St. James's Place Group are set out in the business review of the consolidated financial statements of St. James's Place plc Annual Report and Financial Statements.

The principal risks and uncertainties facing the Company are the persistency of the policies from which the company has the right to future income streams, and decreases in funds under management which would result in decreased future income on these policies. These risk are mitigated due to the support of other companies within the group.

FINANCIAL KEY PERFORMANCE INDICATORS

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 operating profits and growth in the size and productivity of the St. James's Place Partnership.

FUTURE DEVELOPMENTS

The future development of the Company is to continue to purchase, service and sell the right to the future income streams on business originally written by other companies within St. James's Place plc group.

Going concern has been evaluated by the Directors of the Company. They concluded that it was reasonable to expect the Company to continue to act as an income stream holding company for a period of not less than 12 months from the date of the signing of the financial statements.

This report was approved by the board on 19 September 2014 and signed on its behalf.

A M Croft
Director



ST. JAMES'S PLACE (PCP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by St. James's Place (PCP) Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Mike Vickery (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 September 2014

ST. JAMES'S PLACE (PCP) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	1,111,069	1,248,964
Cost of sales	2	<u>(447,224)</u>	<u>218,396</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		663,845	1,467,360
Tax on profit on ordinary activities	5	<u>(144,344)</u>	<u>(344,860)</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u>519,501</u>	<u>1,122,500</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

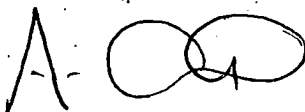
The notes on pages 9 to 14 form part of these financial statements.

ST. JAMES'S PLACE (PCP) LIMITED
REGISTERED NUMBER: 02706684

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
CURRENT ASSETS					
Other assets to be realised within one year	6	1,102,251		1,093,448	
Other assets to be realised after one year	6	5,802,177		6,186,862	
		<u>6,904,428</u>		<u>7,280,310</u>	
CREDITORS: amounts falling due within one year	7	<u>(2,930,538)</u>		<u>(3,802,863)</u>	
NET CURRENT ASSETS			<u>3,973,890</u>		<u>3,477,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,973,890</u>		<u>3,477,447</u>
CREDITORS: amounts falling due after more than one year	8		<u>(10,000)</u>		<u>(33,058)</u>
NET ASSETS			<u><u>3,963,890</u></u>		<u><u>3,444,389</u></u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		<u>3,963,790</u>		<u>3,444,289</u>
TOTAL SHAREHOLDERS' FUNDS	11		<u><u>3,963,890</u></u>		<u><u>3,444,389</u></u>

The financial statements on pages 7 to 14 were approved by the Board of Directors and were signed on its behalf on 19 September 2014.


A M Croft
 Director

The notes on pages 9 to 14 form part of these financial statements.

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

As the Company is wholly owned member of the Group headed by St. James's Place plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions with entities which form part of the group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 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.

1.4 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 net of consideration paid for additions.

1.5 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 – Future income streams are projected making use of persistency assumptions 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 of 6.2% (2012 - 4.9%) and 5.4% (2012 - 4.1%) are made in respect of the discount rate and investment return. 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 of 0.8% (2012 - 0.8%) for non-market risk has been made by increasing the risk discount rate (above the investment return assumption).

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.6 Deferred consideration

Where the acquisition of a new income stream by the Company requires payments of contingent deferred consideration, the Company recognises the deferred consideration as the maximum potential cost that could be paid under the terms of the contract and revisits when subsequent payments are made.

If the conditions of the contingent deferred consideration are not met. The Company will reduce the cost by the amount of the contingent deferred consideration and consider impairment of the purchased income streams.

2. TURNOVER AND COST OF SALES

	2013 £	2012 £
Turnover		
Commission income	1,111,069	1,248,964
	<u>1,111,069</u>	<u>1,248,964</u>
Cost of sales		
Commission written back against stock	(1,111,069)	(1,248,964)
Revaluation of brought forward portfolio	663,845	1,467,360
	<u>(447,224)</u>	<u>218,396</u>

3. DIRECTORS' REMUNERATION

The Company has no employees.

None of the Directors' received any emoluments in respect of their services to the Company for the year (2012 - Nil)

The number of Directors to whom retirement benefits are accruing is 4 (2012 - 4). 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 4 (2012 - 4).

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

4. AUDITORS' REMUNERATION

The statutory audit fee of £7,500 (2012 - £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 auditors, PricewaterhouseCoopers LLP (2012 - Nil), or its associates, for services other than the statutory audit of the Company.

5. TAXATION

	2013 £	2012 £
UK corporation tax charge on profit for the year	144,344	344,860

Factors affecting tax charge for the year

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

	2013 £	2012 £
Profit on ordinary activities before taxation	663,845	1,467,360
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	154,344	359,503
Effects of:		
Transfer pricing adjustments	(10,000)	(14,643)
Current tax charge for the year (see note above)	144,344	344,860

Factors that may affect future tax charges

The tax rate fell to 21% from April 2014 and will fall to 20% from April 2015. Both rates have been enacted in Finance Act 2013.

There is no deferred tax (either recognised or unrecognised) within the Company.

6. CURRENT ASSETS

	2013 £	2012 £
Due within one year		
Other assets	1,102,251	1,093,448
Due after one year		
Other assets	5,802,177	6,186,862

ST. JAMES'S PLACE (PCP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. CURRENT ASSETS (continued)

	2013 £	2012 £
Other assets		
PCP book of purchased income streams as at the beginning of the year	7,280,310	7,035,520
Additions in the year	71,342	60,152
Disposals in the year	-	(33,758)
Commission written back against stock	(1,111,069)	(1,248,964)
Revaluation of brought forward portfolio	663,845	1,467,360
	<u>6,904,428</u>	<u>7,280,310</u>
PCP books of purchased income streams at the end of the year	<u>6,904,428</u>	<u>7,280,310</u>

**7. CREDITORS:
Amounts falling due within one year**

	2013 £	2012 £
Amounts owed to group undertakings	2,750,078	3,421,887
Corporation tax	144,344	344,860
Deferred consideration	36,116	36,116
	<u>2,930,538</u>	<u>3,802,863</u>

**8. CREDITORS:
Amounts falling due after more than one year**

	2013 £	2012 £
Deferred consideration	10,000	33,058
	<u>10,000</u>	<u>33,058</u>

9. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
100 (2012: 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

ST. JAMES'S PLACE (PCP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. RESERVES

	Profit and loss account £
At 1 January 2013	3,444,289
Profit for the financial year	519,501
	<u>3,963,790</u>
At 31 December 2013	<u>3,963,790</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	3,444,389	2,321,889
Profit for the financial year	519,501	1,122,500
	<u>3,963,890</u>	<u>3,444,389</u>
Closing shareholders' funds	<u>3,963,890</u>	<u>3,444,389</u>

12. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of the Group headed by St. James's Place plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions with entities which form part of the group. The consolidated financial statements of St. James's Place plc, within which this Company is included, can be obtained from the Company Secretary, St. James's Place plc, St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

The Company's related parties include other companies and pension schemes in the Lloyds Banking Group, 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.

Balances owed to St. James's Place Management Services Limited a group company as at 31st December 2013 were as follows;

	2013 £	2012 £
St. James's Place Management Services Limited	<u>(2,750,078)</u>	<u>(3,421,887)</u>

ST. JAMES'S PLACE (PCP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company regarded by the Directors as the ultimate parent company is St. James's Place plc, a Company registered in England and Wales, it is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements of St. James's Place plc may be obtained from the Company Secretary, St. James's Place plc, St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

In the opinion of the Directors St. James's Place plc is considered to be the ultimate controlling party.

14. POST BALANCE SHEET EVENT

On 2nd January 2014 the company purchased income streams valued at £1,774,708.

This purchase was funded by St. James's Place Management Services Limited, a fellow group company.