

Registered number: 02627518.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

COMPANY INFORMATION

Directors	D C Bellamy A M Croft I S Gascoigne D J Lamb
Company secretary	St. James's Place Corporate Secretary Ltd
Registered number	02627518
Registered office	St. James's Place House 1 Tetbury Road Cirencester England GL7 1FP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

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ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

St. James's Place Wealth Management Group plc ("the Company") is a wholly-owned subsidiary of St. James's Place plc, the ultimate parent company of the St. James's Place Group ("the Group"). The Company is a public limited company, incorporated and domiciled in the United Kingdom.

BUSINESS REVIEW

The Company receives rent and service charges by way of a recharge from another Group company, St. James's Place Management Services Ltd, to cover its operating lease expenses.

Income from shares in Group undertakings continues to be the most significant contributor to the Company's profit for the year.

The profit for the financial year amounted to £215.0m (2015 - £174.9m)

During the year, a capital contribution of £1.2m (2015 - £NIL) was paid by the Company to one of its subsidiary companies, St. James's Place Acquisition Services Ltd. This item is considered to be a transaction that falls within the ordinary activities of the Company but is presented separately due to its incidence.

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 an investments holding company for a period of not less than 12 months from the date of signing the financial statements.

The Company is in a position of net current liabilities at the year-end, but another Group company, St. James's Place plc, has committed to providing financial support for a period of not less than 12 months from the date of signing the financial statements.

FUTURE DEVELOPMENTS

The Directors do not anticipate any developments during 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates within the St. James's Place Group 'Risk Management Framework' as described in the St. James's Place plc Annual Report and Accounts. This 'Risk Management Framework' describes the risk management policies and procedures that are applicable to the Company, including financial risk management. The principal risks and uncertainties facing the St. James's Place Group are set out in the St. James's Place plc Annual Report and Accounts.

The principal risks and uncertainties facing the Company are in the income received from its shares in Group undertakings, which is the key driver of profitability. Likewise, a significant element of the Company's gross assets is comprised of the investment in Group undertakings.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

FINANCIAL KEY PERFORMANCE INDICATORS

The Directors of St. James's Place plc manage the Group's operations on a group basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of St. James's Place Wealth Management Group plc. The development, performance and position of St. James's Place plc, which includes the Company is discussed in the Group's Annual Report and Accounts, copies of which can be obtained from the address shown in the ultimate controlling party note at the end of these financial statements.

This report was approved by the Board of Directors on 27 February 2017 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a cursive 'M' and 'Croft'.

A M Croft
Director

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company is an investments holding company.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £215.0m (2015 - £174.9m).

Dividends totalling £216.0m (2015 - £174.0m) were paid during the year. The Directors do not recommend the payment of a final dividend (2015 - £NIL).

DIRECTORS

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

D C Bellamy
A M Croft
I S Gascoigne
D J Lamb

EMPLOYEES

The Company has no employees (2015 - NIL).

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.

MATTERS COVERED IN THE STRATEGIC REPORT

Future developments and financial risk management are both referred to in the Strategic Report set out on page 1 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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 WEALTH MANAGEMENT GROUP PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 27 February 2017 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a cursive 'M' and 'Croft'.

A M Croft
Director

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the Directors to prepare audited 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, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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 audited financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 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.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

Report on the financial statements

Our opinion

In our opinion, St. James's Place Wealth Management Group plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

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 International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Christopher Weissberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

27 February 2017

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	2	12,268	9,403
GROSS PROFIT		12,268	9,403
Administrative expenses		(12,291)	(9,406)
Exceptional administrative expenses	3	(1,200)	-
OPERATING LOSS	4	(1,223)	(3)
Income from shares in Group undertakings		216,000	174,000
Loss on disposal of investments		(60)	-
Interest receivable and similar income	6	745	708
Interest payable and similar expenses	7	(743)	-
PROFIT BEFORE TAXATION		214,719	174,705
Tax on profit	8	247	228
PROFIT FOR THE FINANCIAL YEAR		214,966	174,933

There were no recognised gains and losses for 2016 or 2015 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2016 (2015 - £NIL).

The notes on pages 11 to 24 form part of these financial statements.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC
REGISTERED NUMBER: 02627518

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Investments	10	283,530	230,282
		<u>283,530</u>	<u>230,282</u>
CURRENT ASSETS			
RECEIVABLES: Amounts falling due within one year	11	297,798	1,329
PAYABLES: Amounts falling due within one year	12	(476,889)	(127,738)
NET CURRENT LIABILITIES		<u>(179,091)</u>	<u>(126,409)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>104,439</u>	<u>103,873</u>
PAYABLES: Amounts falling due after more than one year	13	(1,600)	-
NET ASSETS		<u><u>102,839</u></u>	<u><u>103,873</u></u>
EQUITY			
Share capital	14	95,465	95,465
Share premium		75	75
Retained earnings		7,299	8,333
TOTAL SHAREHOLDERS' FUNDS		<u><u>102,839</u></u>	<u><u>103,873</u></u>

The financial statements were approved by the Board of Directors on 27 February 2017 and signed on its behalf.



A M Croft
Director

The notes on pages 11 to 24 form part of these financial statements.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2016	95,465	75	8,333	103,873
Profit for the financial year	-	-	214,966	214,966
Dividends: Equity capital	-	-	(216,000)	(216,000)
At 31 December 2016	95,465	75	7,299	102,839

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2015	95,465	75	7,400	102,940
Profit for the financial year	-	-	174,933	174,933
Dividends: Equity capital	-	-	(174,000)	(174,000)
At 31 December 2015	95,465	75	8,333	103,873

The notes on pages 11 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention, on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 as applicable to companies applying FRS 101.

The Company was entitled to exemption from the requirement to prepare and deliver consolidated financial statements under section 400 of the Companies Act 2006. The parent undertaking that draws up group financial statements and its registered address is set out in note 17.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. No significant accounting judgments have been made.

As at 31 December 2016, the following amended standards, which the Company has adopted as of 1 January 2016, have not had any material impact on the Company's reported results:

- IAS 1 Amendment – Disclosure Initiative
- IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 Amendment – Equity Method in Separate Financial Statements
- IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exception
- Annual Improvements to IFRSs 2012 – 2014 Cycle

As at 31 December 2016, the following new and amended standards, which are relevant to the Company but have not been applied in the financial statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 15 Clarification - Revenue from Contracts with Customers
- IFRS 16 Leases

The adoption of the above standards, amendments and clarifications is not expected to have a material impact on the Company's results reported within the financial statements, with the exception of IFRS 16 Leases:

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are for short-term or low-value leases.

The standard will affect the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of £124.9m (2015 - £126.6m); refer to note 15 for details. On adoption of the standard, the right-of-use asset and liability for future payments are expected to be material, and there is expected to be a negative impact on the Statement of Comprehensive Income initially, which will reverse over time. The negative impact arises as the lease liability is accounted for using the effective interest method, which means that the interest expense on the lease liability reduces year on year, whereas under the current lease accounting standard, the operating lease rentals are constant throughout the lease term. The Company are assessing the quantum of the adjustments that will be required upon transition to IFRS 16, which is mandatory for financial years commencing on or after 1 January 2019.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

1.3 Turnover

Turnover represents intra-Group recharges recognised by the Company in respect of operating leases, exclusive of Value Added Tax.

1.4 Administrative expenses

Administrative expenses represent costs incurred in the ordinary activities of the Company, which includes operating lease and service charge expenses.

1.5 Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the term of the relevant lease.

1.6 Exceptional administrative expenses

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.7 Interest receivable and similar income

Interest income is recognised in the Income statement using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.8 Interest payable and similar expenses

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.10 Taxation

Tax is recognised in the Statement of Comprehensive Income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom, where the Company operates and generates income.

1.11 Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors on an annual basis and when there has been an indication of potential impairment. Investments include subordinated loans to subsidiaries.

1.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments (continued)

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Group recharge - operating leases	12,268	9,403
	<u>12,268</u>	<u>9,403</u>

All turnover arose within the United Kingdom.

3. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2016 £000	2015 £000
Capital contribution	1,200	-
	<u>1,200</u>	<u>-</u>

During the year, a capital contribution was paid by the Company to one of its subsidiary companies, St. James's Place Acquisition Services Ltd.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. OPERATING LOSS

The operating loss is stated after charging:

	2016 £000	2015 £000
Operating lease payments		
- rental payments	10,483	8,184

The statutory audit fee of £2,000 (2015 - £2,000) was paid on behalf of the Company by another Group company, St. James's Place Management Services Ltd.

There were no fees paid to the Company's auditors, PricewaterhouseCoopers LLP (2015 - £NIL), or its associates, for services other than the statutory audit of the Company.

5. DIRECTORS' REMUNERATION

During the year, no Director received any emoluments in respect of their services to the Company (2015 - £NIL).

The number of Directors to whom retirement benefits are accruing is 4 (2015 - 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 options over the shares in St. James's Place plc during the year is 4 (2015 - 4).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Interest receivable from Group undertakings	745	708
	<u>745</u>	<u>708</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £000	2015 £000
Interest payable to Group undertakings	743	-
	<u>743</u>	<u>-</u>

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8. TAX ON PROFIT

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(247)	(228)
Total current tax	<u>(247)</u>	<u>(228)</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before taxation	<u>214,719</u>	<u>174,705</u>
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	42,944	35,378
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	-
Book profit on chargeable assets	12	-
Dividends from UK companies	(43,200)	(35,235)
Capital accounted as revenue	240	-
Transfer pricing adjustments	(247)	(371)
Total tax credit for the year	<u>(247)</u>	<u>(228)</u>

Factors that may affect future tax charges

The standard corporation tax rate will fall to 19% from April 2017, and then reduce further to 17% from April 2020.

9. DIVIDENDS

	2016 £000	2015 £000
Interim dividends paid on Ordinary shares	<u>216,000</u>	<u>174,000</u>
	<u>216,000</u>	<u>174,000</u>

The interim dividend for the year ended 31 December 2016 is equivalent to 2.2p per share (2015 - 1.8p per share).

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	230,284
Additions	54,509
Disposals	(1,260)
At 31 December 2016	<u>283,533</u>
Accumulated impairment	
At 1 January 2016	2
Charge for the year	1
At 31 December 2016	<u>3</u>
Net book value	
At 31 December 2016	<u><u>283,530</u></u>
At 31 December 2015	<u><u>230,282</u></u>

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. INVESTMENTS (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company during the current and prior year, unless otherwise specified:

Name	Class of shares	Holding	Principal activity
M.H.S. (Holdings) Ltd	Ordinary	100 %	Investment holding
SJP AESOP Trustees Ltd	Ordinary	100 %	Nominee company
St. James's Place (PCP) Ltd	Ordinary	100 %	Business commerce
St. James's Place (Properties) Ltd	Ordinary	100 %	Non-trading
St. James's Place Acquisition Services Ltd	Ordinary	100 %	Acquisitions
St. James's Place Corporate Secretary Ltd	Ordinary	100 %	Secretariat
St. James's Place EIS Ltd	Ordinary	100 %	EIS company
St. James's Place International Assurance Group Ltd	Ordinary	100 %	Holding company
St. James's Place International Distribution Ltd	Ordinary	100 %	Holding company
St. James's Place Investments Administration Ltd	Ordinary	100 %	Investment admin
St. James's Place Management Services Ltd	Ordinary	100 %	Management services
St. James's Place Nominees Ltd	Ordinary	100 %	Nominee company
St. James's Place Partnership Services Ltd	Ordinary	100 %	Partner support
St. James's Place Trust Company Jersey Ltd	Ordinary	100 %	Trust company
St. James's Place UK plc	Ordinary	100 %	Life assurance
St. James's Place Unit Trust Group Ltd	Ordinary	100 %	UT management
St. James's Place Wealth Management (PCIS) Ltd	Ordinary	100 %	Non-trading
St. James's Place Wealth Management plc	Ordinary	100 %	Financial services
Technical Connection Ltd	Ordinary	100 %	Technical specialist

During the year, St. James's Place Trust Company Jersey Ltd was sold for £1, which was incorporated in Jersey.

All other subsidiary companies listed above were incorporated in the United Kingdom at the address, St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

During the year, St. James's Place EIS Ltd was incorporated at this address and Technical Connection Ltd was purchased and registered at this address.

Included within cost is £258.5m of shares in Group undertakings (2015 - £204.1m) and £25.0m of loans to Group undertakings (2015 - £26.2m).

The Directors believe that the carrying value of the investments is supported by their underlying net assets or, where this is not the case, their value in use.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. INVESTMENTS (continued)

Indirect subsidiary undertakings

The following were subsidiary undertakings of the Company during the current and prior year, unless otherwise specified:

Name	Class of shares	Actual holding	Principal activity
Australian Expatriate Services Ltd	Ordinary	100 %	Non-trading
Anglia Financial Ltd	Ordinary	100 %	Non-trading
BFS Financial Services Ltd	Ordinary	100 %	Financial services
Chapman Associates Ltd	Ordinary	100 %	Financial services
Chapman Hunter Group Ltd	Ordinary	100 %	Holding company
E W Smith & Co Independent Financial Advisers Ltd	Ordinary	100 %	Financial services
GMB Financial Services Ltd	Ordinary	100 %	Non-trading
Hale Financial Solutions Ltd	Ordinary	100 %	Financial services
Lansdown Place Group Holdings Ltd	Ordinary	92.4 %	Holding company
Lansdown Place Wealth Management Ltd	Ordinary	100 %	Financial services
Lopsystem Ltd	Ordinary	100 %	Non-trading
LP Auto Enrolment Solutions Ltd	Ordinary	100 %	Pension services
LP Financial Management Ltd	Ordinary	100 %	Financial services
LP Holdco Ltd	Ordinary	43 %	Holding company
PFPTIME Ltd	Ordinary	100 %	Financial services
St. James's Place (Hong Kong) Ltd	Ordinary	100 %	Financial services
St. James's Place (Shanghai) Ltd	Ordinary	100 %	Consultancy
St. James's Place (Singapore) Private Ltd	Ordinary	100 %	Financial services
St. James's Place Client Solutions Ltd	Ordinary	100 %	Appointed representer
St. James's Place International (Hong Kong) Ltd	Ordinary	100 %	Life assurance
St. James's Place International plc	Ordinary	100 %	Life assurance
St. James's Place Investment Trust Ltd	Ordinary	100 %	Non-trading
St. James's Place Management Services (Asia) Ltd	Ordinary	100 %	Non-trading
St. James's Place Reassurance (2009) Ltd	Ordinary	100 %	Life reassurance
St. James's Place Wealth Management (Shanghai) Ltd	Ordinary	100 %	Holding company
St. James's Place Wealth Management International Private Ltd	Ordinary	100 %	Holding company
THG Wealth Management Ltd	Ordinary	100 %	Non-trading

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. INVESTMENTS (continued)

During the year, Anglia Financial Ltd, E W Smith & Co Independent Financial Advisers Ltd, Lopsystem Ltd, St. James's Place Investment Trust Ltd, St. James's Place Reassurance (2009) Ltd and THG Wealth Management Ltd, were voluntarily wound up and dissolved. The gain/loss was £NIL in all instances.

St. James's Place (Shanghai) Ltd was incorporated in China at the address, 20/F, Tower 1, Jing An Kerry Centre, 1515 Nanjing Road West, Shanghai, China 200040.

Australian Expatriate Services Ltd, St. James's Place (Hong Kong) Ltd, St. James's Place Management Services (Asia) Ltd, St. James's Place International (Hong Kong) Ltd and St. James's Place Wealth Management (Shanghai) Ltd above were incorporated in Hong Kong at the address, 1/F Henley Building, 5 Queen's Road Central, Hong Kong.

St. James's Place International plc was incorporated in Ireland at the address, Fleming Court, Flemings Place, Dublin 4.

St. James's Place (Singapore) Pte. Ltd and St. James's Place Wealth Management International Pte. Ltd were incorporated in Singapore at the address, 30 Cecil Street, Prudential Tower #23-01, Singapore 049712.

Lansdown Place Group Holdings Ltd, Lansdown Place Wealth Management Ltd, LP Auto Enrolment Solutions Ltd, LP Financial Management Ltd and LP Holdco Ltd were incorporated in the United Kingdom at the address, 2 Oakfield Road, Clifton, Bristol, BS8 2AL.

THG Wealth Management Ltd was incorporated in the United Kingdom at the address, 1/F 41 Charlton Street, London, NW1 1JD.

All other subsidiaries listed above were incorporated in the UK at the address, St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. RECEIVABLES: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by Group undertakings	297,551	1,101
Other receivables	247	228
	<u>297,798</u>	<u>1,329</u>

Amounts owed by Group undertakings are unsecured and repayable on demand. Such loans attract interest at a rate above the Bank of England's base rate, as specified in the loan agreements. In the absence of a loan agreement, no interest is earned.

12. PAYABLES: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to Group undertakings	476,889	127,738
	<u>476,889</u>	<u>127,738</u>

Amounts owed to Group undertakings are unsecured and repayable on demand. Such loans suffer interest at a rate above the Bank of England's base rate, as specified in the loan agreements. In the absence of a loan agreement, no interest is suffered.

13. PAYABLES: Amounts falling due after more than one year

	2016 £000	2015 £000
Deferred and contingent consideration: due 2-5 years	1,600	-
	<u>1,600</u>	<u>-</u>

All of the £1.6m deferred and contingent consideration payable at the reporting date relates to the acquisition of Technical Connection Ltd on 18 April 2016.

Of the £1.6m total, £0.4m is a cash payment deferred until 18 April 2018.

The remaining £1.2m is contingent consideration payable in two tranches if certain performance targets are met, including subscription revenue and consultancy hours booked: £0.4m on 18 April 2018 and £0.8m on 18 April 2019. It is expected that these will be paid in full with no changes to the amount initially recognised. However, if the performance targets were not met, the contingent consideration will decrease at a rate agreed on acquisition.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. SHARE CAPITAL

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
9,546,513,600 (2015 - 9,546,513,600) Ordinary shares of £0.01 each	95,465	95,465

15. OPERATING LEASE COMMITMENTS

At 31 December, the Company had commitments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Land and buildings		
Not later than 1 year	11,988	12,343
Later than 1 year and not later than 5 years	49,086	46,998
Later than 5 years	63,815	67,249
	124,889	126,590

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. RELATED PARTY BALANCES

The Company's related parties include key management personnel and companies within the St. James's Place Group.

Transactions with key management personnel are exempt from disclosure.

Other related parties

Within a related Group company, commission and advice fees were paid, under normal commercial terms, to St. James's Place Partners who were related parties by virtue of being connected persons with key management personnel. The outstanding amount payable at 31 December 2016 was £112,799 (2015 - £88,702).

In addition, outstanding at the year-end were Partner loans of £373,142 (2015 - £449,934), due from St. James's Place Partners who were related parties by virtue of being connected persons with key management personnel. St. James's Place Partnership loans are interest-bearing (linked to Bank of England base rate plus a margin), repayable on demand and secured against the future renewal income streams of that Partner.

The total value of St. James's Place funds under management held by related parties of the Company as at 31 December 2016 was £13,600,740 (2015 - £13,600,740).

There were no transactions with companies within the St. James's Place Group for which disclosure is required.

At 31 December, the Investments in Group companies and amounts outstanding were as follows:

	2016 £000	2015 £000
Investments in Group companies, net of provisions		
PFPTIME Ltd	-	1,200
St. James's Place International Assurance Group Ltd	11,247	11,247
St. James's Place Investment Administration Ltd	12,000	12,000
St. James's Place Management Services Ltd	7,000	7,000
St. James's Place Trust Company Jersey Ltd	-	60
St. James's Place UK plc	110,000	110,000
St. James's Place Unit Trust Group Ltd	13,725	13,725
St. James's Place Wealth Management (PCIS) Ltd	48	50
St. James's Place Wealth Management plc	125,000	75,000
Technical Connection Ltd	4,510	-
	283,530	230,282

Investments listed in note 10 that are not listed here are valued at less than £1,000.

ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. RELATED PARTY BALANCES (continued)

	2016 £000	2015 £000
Intra-Group receivables, net of provisions		
St. James's Place International Assurance Group Ltd	1,101	1,101
St. James's Place International Distribution Ltd	1,890	-
St. James's Place Management Services Ltd	294,560	-
	<u>297,551</u>	<u>1,101</u>
	2016 £000	2015 £000
Intra-Group payables		
St. James's Place Management Services Ltd	-	127,738
St. James's Place Partnership Services Ltd	53,675	-
St. James's Place plc	423,214	-
	<u>476,889</u>	<u>127,738</u>

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regarded by the Directors as the immediate parent company and 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 smallest and 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 at 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.