

Registered number: 02661044

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

A M Croft  
I S Gascoigne  
C G Gentle

**COMPANY SECRETARY**

St. James's Place Corporate Secretary Limited

**REGISTERED NUMBER**

02661044

**REGISTERED OFFICE**

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

**INDEPENDENT AUDITORS**

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

# **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 5</b>
<b>Directors' Report</b>	<b>6 - 10</b>
<b>Directors' Responsibilities Statement</b>	<b>11</b>
<b>Independent Auditors' Report</b>	<b>12 - 13</b>
<b>Statement of Comprehensive Income</b>	<b>14</b>
<b>Statement of Financial Position</b>	<b>15</b>
<b>Statement of Changes in Equity</b>	<b>16</b>
<b>Notes to the Financial Statements</b>	<b>17 - 36</b>

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### INTRODUCTION

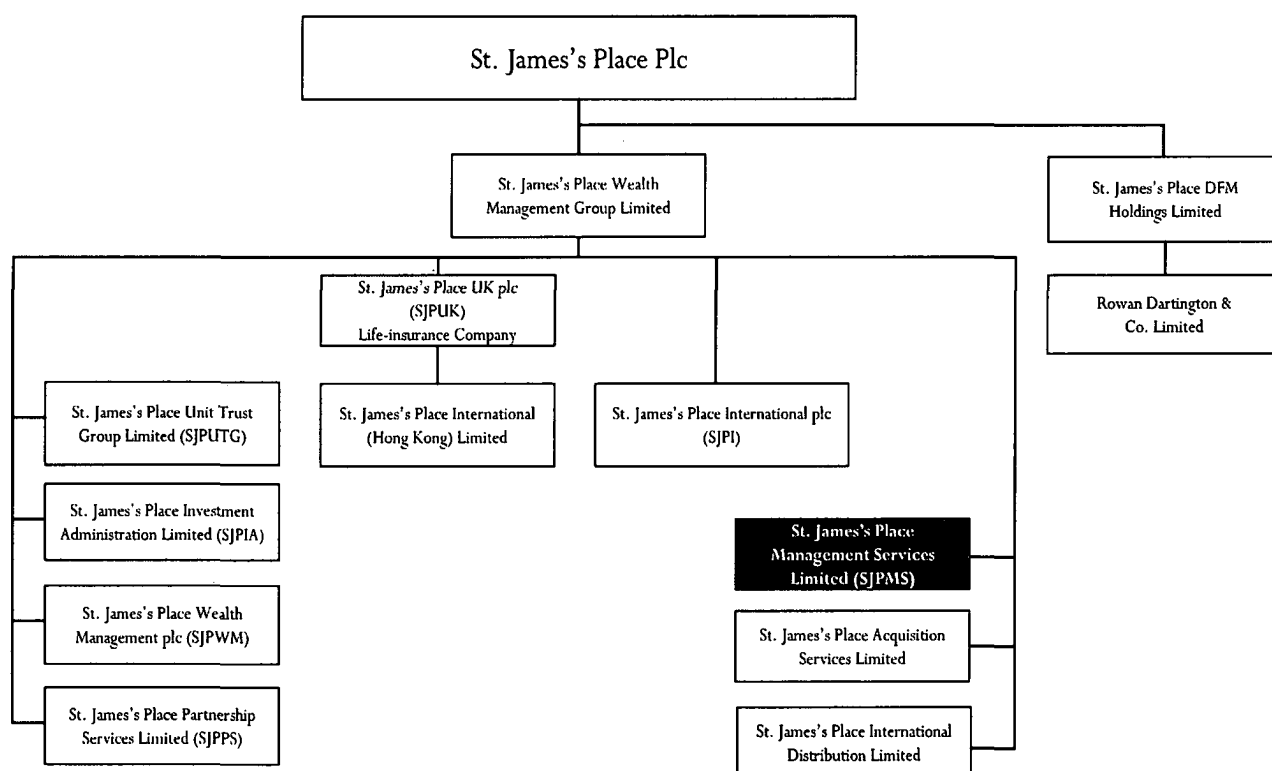
St. James's Place Management Services Limited ("the Company" or "SJPMs") is a wholly-owned subsidiary of St. James's Place Wealth Management Group Limited, which in turn is a wholly-owned subsidiary of St. James's Place plc, the ultimate parent company of the St. James's Place Group.

The Company is a private limited company, incorporated and domiciled in the United Kingdom, and registered in England and Wales.

The Company operates in the United Kingdom, and via a branch in Ireland.

#### Group Overview

St. James's Place is an award-winning wealth management group and a FTSE 100 business with a track record of strong growth. An extract of the group structure is shown below.



Face-to-face advice is core to the St. James's Place Group's ("the Group" or "St. James's Place") business model. This is delivered through the Group's dedicated distribution firm, St. James's Place Wealth Management plc, which manages the St. James's Place Partnership, and which is focused on building and supporting long-term relationships with our clients.

Financial advice is complemented and supported by our compelling investment proposition (the Investment Management Approach – "IMA"). The IMA offers a unique approach enabling investment management of underlying assets to be contracted out to a range of investment management firms, carefully selected by our independent committee of experts from the global population of fund managers.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### INTRODUCTION (continued)

In order to be able to provide the appropriate investment solution for each client's particular circumstances and needs, the IMA is made available through a variety of UK investment product solutions. The principal products manufactured by Group companies, and which are, in general, made available through the St. James's Place Partnership, are:

Company	Product
St. James's Place UK plc	UK-based unit-linked savings Unit-linked pension savings Unit-linked drawdown
St. James's Place Investment Administration Limited	Unit Trusts Individual Savings Accounts ("ISAs")
St. James's Place International plc	Offshore unit-linked savings

In order to allow the IMA to be delivered consistently through all product wrappers, the majority of the unit-linked insurance investment ranges are facilitated through cross-investment into a core range of St. James's Place Unit Trusts (managed by St. James's Place Unit Trust Group Limited), which are the same Unit Trusts made available directly and through an ISA by St. James's Place Investment Administration Limited.

St. James's Place Management Services Limited facilitates employment for the Group and management of expenses, while St. James's Place Partnership Services Limited acts as a Treasury company for the Group, securing funding and managing lending by the Group.

Further information about St. James's Place, the St. James's Place Partnership, the St. James's Place approach to fund management and the IMA, and the full range of wealth management products, is included within the Strategic Report of the St. James's Place plc Annual Report and Accounts.

#### BUSINESS REVIEW

During the year the Company generated turnover of £386m (2018 - £394m) from the provision of services to other Group companies.

The loss for the financial year amounted to £43.0m (2018 - loss £36.5m). At the end of the financial year, the Company had net liabilities of £153.7m (2018: £122.1m).

The result for the prior year was positively impacted by the recharge of back office infrastructure expenses related to prior years to other Group companies in connection with the development of the Bluedoor Platform, amounting to £10.5m.

#### FUTURE DEVELOPMENTS

The Company will continue working with the key outsource providers to further develop the Bluedoor platform, and implement a new administration service agreement in order to facilitate continued growth and achieve future efficiency savings.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates within the St. James's Place Group 'Risk Management Framework'. More information on the Risk Management Framework, including the risk management policies and procedures that are applicable to the Company and the Group is provided in the St. James's Place plc Annual Report and Accounts.

Over the past year, the continued uncertainties around Brexit and international trade have impacted investor sentiment. Whilst some of the UK political uncertainties have recently reduced, global economic factors, such as the impact on trade of the Coronavirus, continue to impact on markets and investor behaviour. While the Group has very little direct exposure to market risk because of our matching policy (where we hold assets which match our liability to clients), the Group does have indirect exposure because of the impact it has on new business and funds under management. Stress and scenario testing has been performed which demonstrates that the businesses is resilient to extreme but plausible scenarios. We continually monitor the changing environment, to ensure our analysis and scenario testing remains current. Although scenarios of political change (Brexit, general elections and trade wars) can drive changes in risk, the potential impacts on our business would manifest in ways with which we are familiar. Notably, market risk, persistency risk, changes in new business levels and operational risks.

The principal risks and uncertainties facing the Company are set out below:

Risk	Risk Description	Key risks	Example controls
Financial	We fail to effectively manage the business finances.	<ul style="list-style-type: none"><li>Expense risk</li><li>Credit risk</li></ul>	<ul style="list-style-type: none"><li>Lending to the Partnership is secured on their future income streams</li><li>Ongoing monitoring of all risk exposures and experiences</li></ul>
People	We are unable to attract, retain and organise the right people to run the business.	<ul style="list-style-type: none"><li>Loss of key personnel</li><li>Poor employee morale</li><li>Lack of inclusion and diversity in our business</li><li>Our culture of supporting social value is eroded</li></ul>	<ul style="list-style-type: none"><li>Measures to maintain a stable population of employees, including competitive total reward packages</li><li>Monitoring of employee engagement and satisfaction</li><li>Corporate incentives to encourage social value engagement, including matching of employee charitable giving to Foundation</li><li>Whistle blowing hotline</li></ul>
Security & Resilience	We fail to adequately secure our physical assets, systems and/or sensitive information, or to deliver critical business services to our clients.	<ul style="list-style-type: none"><li>Internal or external fraud</li><li>Core system failure</li><li>Corporate, Partnership, or third-party, information security and cyber risks</li><li>Disruption in key business services to our clients</li></ul>	<ul style="list-style-type: none"><li>Business continuity planning for SJP and its key suppliers</li><li>Identification, communication, and response planning for the event of cyber crime</li><li>Data leakage detection technology and incident reporting systems</li><li>Internal awareness programmes</li><li>Identification and assessment of critical business services</li></ul>

#### FINANCIAL KEY PERFORMANCE INDICATORS

The Directors of St. James's Place plc manage the Group's operations on a group basis. 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.

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.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our key stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As part of a vertically integrated financial services group (the "Group"), the Company's stakeholders are entirely aligned with the key stakeholders of the wider Group, being the workforce, clients, Partners, fund managers, third party administrators, regulators, community and other suppliers, although some of those are more prominent for us as a subsidiary than others.

As is normal for organisations, authority for day-to-day management of this Company and the Group's other wholly-owned subsidiaries is delegated to executives. The boards of each company then engage management in setting, approving and overseeing execution of the business strategy and related policies, where relevant to that company. Throughout the year we, as a Board, review matters such as financial and operational performance, key risks, governance and regulatory compliance and the impact of decisions and policies affecting our key stakeholders.

The views of and the impact of the Company's activities on the key stakeholders are an important consideration for the Directors when making relevant decisions. Our governance framework is designed to provide opportunities for the Board to consider and discuss reports and decision-making papers which are sent in advance of each periodic Board meeting. The information contained therein, together with presentations to the Board, provide the insight necessary to understand the interests and concerns of key stakeholders and other relevant factors when making decisions. An example from 2019 that illustrates how this has contributed to our compliance with our section 172 duty to promote the success of the company is set out below.

Example	Consideration
Suppliers, Workforce	As a group service company, the Company makes principal decisions based on relationships with suppliers and the workforce. An example of this during 2019 was the consideration and approval by the Board of proposed changes to the contract for the provision of payroll software. Consideration of the interests of the workforce identified that additional components of the service provider's system would be required in order to meet the needs of the Group as it grew in size and complexity.

While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of the engagement that takes place with the Company's stakeholders please see the Section 172(1) Statement in the St. James's Place plc 2019 Annual Report.

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**GOING CONCERN**

Going concern has been evaluated by the Directors of the Company. They concluded that, with the Group's support, it was reasonable to expect the Company to continue to provide management services to other Group companies for a period of not less than 12 months from the date of signing the financial statements.

The Company recorded a loss for the financial year and has net 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.

This report was approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:

A handwritten signature in black ink, appearing to read 'C G Gentle', with a stylized flourish at the end.

**C G Gentle**  
Director



## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITY**

The Company is the provider of management services to companies within the Group and the St. James's Place Partnership.

The Company operates in the United Kingdom, and via a branch in Ireland.

#### **RESULTS AND DIVIDENDS**

The loss for the financial year amounted to £43.0m (2018 - loss £36.5m).

The Directors do not recommend the payment of a final dividend (2018 - £NIL).

#### **DIRECTORS**

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

A M Croft  
I S Gascoigne  
C G Gentle  
D J Lamb (resigned 26 February 2019)

#### **EMPLOYEE INVOLVEMENT**

The majority of the employees of the SJP Group are employed by the Company. The cost is then recharged to the various Group companies. Information regarding the Group's employment policies is included in the St. James's Place plc Annual Report and Accounts.

#### **EMPLOYEE ENGAGEMENT**

Effective and timely engagement with our workforce is an integral part of SJP's culture and this year the Group appointed a Workforce Engagement Officer, supported by a Workforce Engagement Committee, as a primary engagement mechanism between employees and the Group Board. The Committee comprises a diverse range of stakeholders from different parts of our business, and reports through to Baroness Wheatcroft, the Group's designated Non-Executive Director responsible for Workforce Engagement. The Group have identified eight primary topics for engagement with employees, including amongst others career development, SJPs culture and ethics, inclusion and diversity and Board and Management Interactions. The Group remains open to receiving employee views on any topic of importance to them and have done so during the year.

These engagements are undertaken across a variety of channels, such as surveys, focus groups and directors' lunches, and has involved enhancing existing engagement mechanisms and developing new mechanisms. This has enabled us to broaden the reach of our engagement activities to all parts of the SJP Group.

Periodic reporting is delivered to the Directors and management with delegated responsibility for actioning the specific feedback. Periodic updates are provided to employees of the activity and developments from the Workforce Engagement Committee. Whistleblowing arrangements are in place to enable employees to raise concerns in confidence and the Chair of the Group's Audit Committee has been appointed as whistleblower champion. The Group's Audit Committee monitors the operation of the whistleblowing arrangements throughout the year, escalating matters when appropriate.

The Group ensures its employees are aware of the financial and economic factors affecting the Group through communications issued to all staff announcing quarterly results, biannual management meetings providing an overview of business performance and our Annual Company Meeting. In addition, People Matters, a monthly online magazine for employees, has featured an article on European Embedded Value (EEV), helping staff to understand more about the performance basis which feeds into the annual bonus calculations.

## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **EQUALITY AND DIVERSITY**

The Company is committed to maintaining an appropriately skilled and diverse workforce, irrespective of age, colour, race, nationality, ethnicity, gender or disability. It is our policy to ensure that all job applicants and employees being considered for promotion are treated fairly and on merit. In particular, we strive to give full and fair consideration to applications from, and promotions of, disabled people, having regard to their particular aptitudes and abilities and, where appropriate, we will consider possible modifications to the working environment so that they can take up opportunities or enhance their role. Similarly, we will make every effort to achieve continuity of employment in the event of an employee becoming ill or disabled; for example, by arranging appropriate training. By adopting best-practice principles, we seek to ensure that our responsibilities are met as an equal-opportunity employer and that everyone can enjoy an environment that is free from discrimination of any sort. It is the Company's policy to encourage and support training, development and promotion of disabled employees, as it is with all employees.

#### **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 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.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### WATES CODE

Under new legislation which came into force in 2019, very large privately held businesses are required to report on their governance arrangements if they meet certain thresholds as regards their size. The primary purpose of this legislation was to increase the transparency of governance arrangements for very large companies that are not currently obliged to publicly disclose their corporate governance arrangements.

As our ultimate parent, SJP, is a premium listed company it is required to report against the UK Corporate Governance Code ("UKCGC"). A comprehensive explanation of the corporate governance arrangements for that company, including the wider Group, can be found in SJP's Annual Report and Accounts for the year ended 31 December 2019 (the "Group Report").

During the year, the Company has considered how best to report on its corporate governance arrangements and agreed that the extensive reporting required by both the UKCGC and the Quoted Companies Alliance ("QCA") Code would not be beneficial to users of this Report and Accounts and could lead to confusion in the minds of readers. It was concluded that whilst there are aspects of The Wates Corporate Governance Principles for Large Private Companies ("Wates Code") that are not wholly relevant to a subsidiary of a premium listed company, for this year it nonetheless provides a more appropriate and proportionate basis for reporting, albeit supported by cross referencing to the more detailed disclosures in the Group Report. The Company has therefore applied the Wates Principles for the year ending 31 December 2019.

At a Group level, there has been significant focus on the evolution of our governance framework, the principal aim of which is to ensure we have in place appropriate, proportionate and sustainable governance which underpins our business model both now and for the future. A scalable model is being implemented across the Group, preserving the fundamental aspects of our vertically integrated model, which has been a key component of our success. This model is based upon a number of high-level principles which take into account best practice and incorporates requirements from regulations applying to certain companies within the Group. For future years these high-level principles may provide a more appropriate basis on which to report our corporate governance arrangements.

The table below outlines the Company's corporate governance arrangements for the year ending 31 December 2019 against each of the key principles of the Wates Code (including where further information can be found):

<b>Purpose and Leadership</b>	<p>The role that SJPMS plays within the Group is clearly defined within the Strategic Report of the SJPMS Annual Report, detailed on pages 1 to 5.</p> <p>As part of a vertically integrated financial services organisation, our culture and values are consistent and aligned across all Group companies. Further information on the Group's purpose, culture and values can be found in the Group Report.</p> <p>The Strategic Report on pages 1 to 5 also sets out the Group strategy and the role the Company plays in that strategy.</p>
<b>Board Composition</b>	<p>The Company's Board is chaired by Andrew Croft, CEO of SJP plc. The remainder of the Board is comprised of Ian Gascoigne (Managing Director) and Craig Gentle (Chief Financial Officer).</p> <p>The Company is the principal employer within the Group, but inclusion and diversity are important areas considered at both a Group and Company level. For further details on the Group activity in this area please see the Group Report.</p>

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

<b>Director Responsibilities</b>	<p>The Board of SJPMS meets periodically to address matters that are required by company law. As its primary purpose is to act as a service company within the Group, the Board also convenes when required to consider significant items, such as significant contracts and material policy changes relevant to the Company Arrangements for meetings are co-ordinated between the Chair and the Group's Company Secretariat. Key employees from across the business attend Board meetings to advise on any specific items where necessary.</p> <p>Directors have a responsibility to declare any conflict of interest at the beginning of each Board meeting. Should a conflict arise, it is the responsibility of the Chair in conjunction with the non-conflicted directors to agree whether the director may participate and/or vote on the specific item.</p> <p>Upon appointment, Directors receive induction training which, amongst other things, covers the Company's business as well as their statutory duties as directors of a regulated entity.</p>
<b>Opportunity and Risk</b>	<p>SJPMS operates within the Group 'Risk Management Framework', details of which and principal risks facing the Company can be found in the Strategic Report on pages 1 to 5.</p> <p>As the Company is primarily a service company, it has a key role in ensuring that contracts it enters into and policies it sets have received appropriate scrutiny and promote the long-term sustainable success of SJP. The Board considers if the contractual terms and conditions and contract values are consistent with this aim.</p>
<b>Remuneration</b>	<p>The Executive Directors are employees of the Group are not separately remunerated for director roles on Group companies. Details of the pay and benefits of the three executive directors of SJPMS can be found in the Remuneration Report of the SJP PLC Annual Report.</p>
<b>Stakeholder Relationships &amp; Engagement</b>	<p>Details of how the Group engages with key stakeholders can be found in the Group Annual Report and Accounts. Further information from the Company's perspective can be found in the s.172 statement on page 4.</p>

### MATTERS COVERED IN THE STRATEGIC REPORT

A summary of how the Directors' have engaged with employees and taken account of their interests and how the Directors' have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year is set out in the Strategic Report within the Section 172 (1) Statement on page 4.

Future developments and financial risk management are both referred to in the Strategic Report set out on pages 1 to 5 of these financial statements in accordance with Section 414(c) of the Companies Act 2006.

### 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 MANAGEMENT SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:

A handwritten signature in black ink, appearing to read 'C G Gentle', with a stylized flourish at the end.

**C G Gentle**  
Director

## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 'Reduced Disclosure Framework', 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

# ***Independent auditors' report to the members of St. James's Place Management Services Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, St. James's Place Management Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

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

### **Independence**

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

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **Reporting on other information**

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

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

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

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

### *Use of this report*

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

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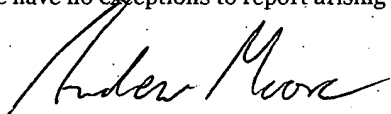
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Andrew Moore (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 February 2020



**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019 £000	As restated 2018 £000
	Note		
Turnover	2	385,668	393,744
Cost of sales		(392,886)	(389,255)
<b>GROSS (LOSS)/PROFIT</b>		<b>(7,218)</b>	<b>4,489</b>
Administrative expenses		(36,375)	(41,384)
<b>OPERATING LOSS</b>	3	<b>(43,593)</b>	<b>(36,895)</b>
Interest receivable and similar income	7	7,152	4,785
Interest payable and similar expenses	8	(11,545)	(8,907)
<b>LOSS BEFORE TAXATION</b>		<b>(47,986)</b>	<b>(41,017)</b>
Income tax	9	4,981	4,486
<b>LOSS AND TOTAL COMPREHENSIVE EXPENSE</b>		<b>(43,005)</b>	<b>(36,531)</b>

All amounts relate to continuing operations.

See note 3 for details on the prior year restatement.

The notes and information on pages 17 to 36 form part of these financial statements.

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**  
**REGISTERED NUMBER: 02661044**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	As restated 2018 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	8,415	891
Property, plant and equipment	11	36,303	26,468
Investments	12	1,448	1,341
		<u>46,166</u>	<u>28,700</u>
<b>CURRENT ASSETS</b>			
RECEIVABLES: Amounts falling due after more than one year	13	281,102	236,813
RECEIVABLES: Amounts falling due within one year	13	242,631	203,913
Other investments	14	15,211	13,696
Cash and cash equivalents	15	8,233	2,740
		<u>547,177</u>	<u>457,162</u>
PAYABLES: Amounts falling due within one year	16	(545,948)	(531,000)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>1,229</b>	<b>(73,838)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>47,395</b>	<b>(45,138)</b>
PAYABLES: Amounts falling due after more than one year	17	(201,049)	(76,993)
<b>NET LIABILITIES</b>		<b>(153,654)</b>	<b>(122,131)</b>
<b>EQUITY</b>			
Share capital	20	7,000	7,000
Other reserves		155,869	144,387
Retained earnings		(316,523)	(273,518)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>(153,654)</b>	<b>(122,131)</b>

The financial statements on pages 14 to 36 were approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:



**C G Gentle**  
Director

The notes and information on pages 17 to 36 form part of these financial statements.

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2019	7,000	144,387	(273,518)	(122,131)
Loss for the year	-	-	(43,005)	(43,005)
Equity settled share option expenses	-	11,482	-	11,482
<b>AT 31 DECEMBER 2019</b>	<b>7,000</b>	<b>155,869</b>	<b>(316,523)</b>	<b>(153,654)</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2018	7,000	129,729	(237,045)	(100,316)
Loss for the year	-	-	(36,531)	(36,531)
Transfer to/from profit and loss account	-	(58)	58	-
Equity settled share option expenses	-	14,716	-	14,716
<b>AT 31 DECEMBER 2018</b>	<b>7,000</b>	<b>144,387</b>	<b>(273,518)</b>	<b>(122,131)</b>

The notes and information on pages 17 to 36 form part of these financial statements.

## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES**

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

##### **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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

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

Certain prior period items have been represented to allow compatibility with the current year's presentation. These representations have had no impact on either net assets or reported profits.

##### **1.2 Adoption of amended accounting standards**

As at 31 December 2019, the following amended standards, which the Company adopted as of 1 January 2019, have not had any material impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements 2015-2017 Cycle

##### **1.3 Adoption of new accounting standards**

IFRS 16 Leases was adopted as of 1 January 2019.

For lessees, IFRS 16 removes the distinction between operating and finance leases and requires almost all leases to be recognised on the statement of financial position. The right to use the leased item is recognised as an asset, and the present value of future lease payments is recognised as a financial liability (the 'lease liability'). The only exceptions are for short-term or low-value leases. The standard has changed the way that the Company accounts for leases previously classified as operating leases.

The Company leases a portfolio of vehicles and equipment, such as photocopiers and franking machine. The exemptions available under IFRS 16 for low-value or short-term leases have been applied to all of the Company's leased vehicles and equipment and so on adoption of IFRS 16, no right-of-use assets or lease liabilities were recognised.

## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.4 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) is presented separately for lease liabilities and other liabilities, and in total.
- 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, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;
- 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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A 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; and 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.

##### **1.5 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year to companies within the Group, exclusive of Value Added Tax (where recoverable) and trade discounts, recharged to those Group companies.

##### **1.6 Cost of sales**

Cost of Sales represents those expenses directly attributable to the goods and services supplied during the year to companies within the Group, exclusive of Value Added Tax (where applicable).

##### **1.7 Administrative expenses**

Administrative expenses comprises costs incurred in the normal course of business not directly associated with the recharged management services provided to companies within the Group.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.8 Interest receivable and similar income

Interest receivable represents income received on loans to Group undertakings, loans to Partners within the St. James's Place partnership and investments in Collective Investment Schemes, recognised in the Statement of Comprehensive Income on an accruals basis.

##### 1.9 Interest payable and similar expenses

Interest payable represents finance costs levied as charges from banks or financial institutions on external borrowings and interest incurred on loans owed to Group undertakings, charged to the Statement of Comprehensive Income on an accruals basis.

##### 1.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the following bases:

Computer software	-	20% straight-line basis
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##### 1.11 Property, plant and equipment

Property, plant and equipment are recognised under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is de-recognised. Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Fixtures and fittings	-	7%, 10% & 20% straight-line basis
Computer equipment	-	33% straight-line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

##### 1.12 Valuation of investments

Investments in unlisted Company shares are held at fair value. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.13 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 its financial assets in the following categories: those held at fair value through profit or loss, or those held at amortised cost. The classification depends on whether the objectives of the Company's business model are met by either holding the instruments to collect contractual cash flows or selling the instruments, and whether the contractual terms of the instrument give rise to cash flows which are solely payments of principal and interest. Where both the 'business model' and 'solely payments of principal and interest' tests are met, instruments are classified as financial assets held at amortised cost. Otherwise, instruments are classified as financial assets held at fair value through profit and loss.

##### **At fair value through profit and loss**

Financial assets at fair value through profit or loss are financial assets held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

##### **At amortised cost**

Financial assets held at amortised cost 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.

Financial assets held at amortised cost are impaired using an expected credit loss model. The model splits financial assets into those which are performing, underperforming and non-performing based on changes in credit quality since initial recognition. At initial recognition financial assets are considered to be performing. They become underperforming where there has been a significant increase in credit risk since initial recognition, and non-performing when there is objective evidence of impairment. 12 months of expected credit losses are recognised within administrative expenses in the statement of comprehensive income and netted against the financial asset in the statement of financial position for all performing financial assets, with lifetime expected credit losses recognised for underperforming and non-performing financial assets.

Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward looking information.

##### **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.

## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.14 Other investments**

Investment in Collective Investment Schemes refers to holdings of high quality, highly liquid Money Market funds, containing assets which are cash and cash equivalents.

##### **1.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours, excluding money market fund investments, which are presented within Current asset investments in collective investment schemes.

##### **1.16 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is British Pound Sterling (GBP).

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

##### **1.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.



## **ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.18 Income Tax**

Tax is recognised in the Statement of Comprehensive Income. The current income tax credit 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.

##### **1.19 Deferred taxation**

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Differences that arise from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### **1.20 Pensions**

The Company operates a defined contribution pension scheme for its employees and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

##### **1.21 Share-based payments**

The Company operates a number of share-based payment plans for its employees. The fair value of equity instruments granted is recognised as an expense spread over the vesting period of the instrument, with a corresponding increase in equity in the case of equity settled plans. The total amount to be expensed is determined by reference to the fair value of the awards at the grant date, measured using standard option pricing models.

At each Statement of Financial Position date, the Company revises its estimate of the number of equity instruments that are expected to vest and it recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, such that the amount recognised for employee services are based on the number of shares that actually vest. The charge to the Statement of Comprehensive Income is not revised for any changes in market vesting conditions.

To the extent that the share price at the reporting date is greater than the exercise price on options granted under unapproved schemes after 19 May 2000, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.22 Research & development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 1.23 Determining non-performing business loans to Partners

As set out in note 13, business loans to Partners are considered to be non-performing, in the context of the definition prescribed within IFRS 9, if they are in default. This is defined as a loan to either:

- a Partner who has left the St. James's Place Partnership; or
- a Partner who management considers to be at significant risk of leaving the Partnership where an orderly settlement of debt is considered to be in question.

The IFRS 9 presumption that default occurs when a loan is more than 90 days past due has been rebutted. Because of the quality of cash flows on which loans are secured together with the direct control exercised over them from source, past evidence supports the assertion that the vast majority of loans to Partners who remain in the Partnership are repaid in full, irrespective of the number of days past due the loan may be.

#### 2. TURNOVER

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	374,154	382,251
Rest of Europe	10,514	10,293
Rest of the world	1,000	1,200
	<u>385,668</u>	<u>393,744</u>

In the opinion of the Directors, the Company has only carried on one class of business and has supplied markets that do not differ substantially from each other.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3. OPERATING LOSS

The operating loss is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	4,962	5,385
Amortisation of intangible assets	1,210	896
Exchange differences	17	44
Defined contribution pension cost	11,251	9,757
Share-based payment expense	15,756	24,167
	<u>          </u>	<u>          </u>

The prior year restatement on the Statement of Comprehensive Income relates to a reclassification of £8.7m from administration costs to interest payable. This is related to group interest charges for the year.

#### 4. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2019 £000	2018 £000
Fees for the audit of the Company	33	88
	<u>          </u>	<u>          </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 5. STAFF COSTS AND EMPLOYEES

Staff costs were as follows:

	2019 £000	As restated 2018 £000
Wages and salaries	121,690	108,026
Social security costs	15,614	13,561
Defined contribution pension costs	11,251	9,757
	<u>148,555</u>	<u>131,344</u>

Defined contribution personal pension plans are operated for employees. There were no prepaid or outstanding contributions outstanding at the year-end (2018 - NIL).

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Administration	<u>1,979</u>	<u>1,794</u>

#### 6. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Aggregate remuneration	41	119
Pension contributions	6	15
Amounts receivable under long term incentive schemes	28	-
	<u>75</u>	<u>134</u>

In 2019, certain Directors' costs were retained by the Company rather than recharged to other entities within the Group.

The aggregate emoluments of the highest paid Director in the year were £68,996 (2018 - £118,838), and cash supplements in lieu of their defined contribution pension scheme totalled £5,882 (2018 - £15,129). The number of options the highest paid Director exercised over the shares in St. James's Place plc was nil (2018 - NIL), and the number of shares receivable by them in respect of qualifying service was nil (2018 - NIL).

At 31 December 2019, the number of Directors to whom retirement benefits are accruing, including those receiving cash supplements in lieu of their defined contribution pension scheme, is 3 (2018 - 3), including the highest paid Director. Retirement benefits are accrued in money purchase schemes for 1 (2018 - NIL) of those Directors at the year-end.

The number of Directors who exercised options over the shares in St. James's Place plc during the year while acting as Directors of this Company is NIL (2018 - 2). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is 3 (2018 - 3).

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £000	2018 £000
Interest receivable from Group companies	6,296	3,638
Interest receivable on Partner loans	699	995
Interest receivable on investments in Collective Investments Schemes	157	152
	<u>7,152</u>	<u>4,785</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £000	2018 £000
Bank interest payable	165	191
Interest payable to Group companies	11,380	8,716
	<u>11,545</u>	<u>8,907</u>

**9. INCOME TAX**

	2019 £000	2018 £000
<b>Current tax</b>		
UK corporation tax on losses for the year	(6,544)	(3,765)
Adjustments in respect of prior periods	1,088	265
Overseas tax	12	10
<b>Total current tax</b>	<u>(5,444)</u>	<u>(3,490)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	467	(299)
Adjustment in respect of prior periods	(1,315)	(7)
Share based payments	1,311	(690)
<b>Total deferred tax</b>	<u>463</u>	<u>(996)</u>
<b>Taxation on loss</b>	<u>(4,981)</u>	<u>(4,486)</u>

# ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. INCOME TAX (CONTINUED)

#### Factors affecting the tax credit for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss before taxation	<u>(47,986)</u>	<u>(41,018)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(9,117)	(7,793)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,655	2,498
Adjustments to tax charge in respect of prior periods	(227)	257
Variance between current and deferred tax rates	(35)	-
Adjustment in respect of employee share based payments	2,805	1,803
Fixed asset differences	170	(1,235)
Other differences	(43)	10
Transfer pricing adjustments	<u>(189)</u>	<u>(26)</u>
<b>Total tax credit for the year</b>	<u><b>(4,981)</b></u>	<u><b>(4,486)</b></u>

#### Future tax changes

It was previously announced, that the standard rate of UK corporation tax would reduce to 17% with effect from 1 April 2020. This was substantively enacted in the Finance Act 2016 and incorporated into the deferred tax balances in 2016.

In November 2019, the UK Prime Minister pledged to postpone this reduction in the corporation tax rate to 17%. This change has yet to be substantively enacted. The impact of this postponement would not be significant.

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. INTANGIBLE ASSETS**

Intangible assets consists of internally generated software development.

	£000
<b>COST</b>	
At 1 January 2019	15,353
Additions - internal	8,734
At 31 December 2019	<u>24,087</u>
<b>AMORTISATION</b>	
At 1 January 2019	14,462
Charge for the year	1,210
At 31 December 2019	<u>15,672</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>8,415</u>
At 31 December 2018	<u>891</u>

**11. PROPERTY, PLANT AND EQUIPMENT**

	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST OR VALUATION</b>			
At 1 January 2019	49,230	6,057	55,287
Additions	13,948	849	14,797
At 31 December 2019	<u>63,178</u>	<u>6,906</u>	<u>70,084</u>
<b>DEPRECIATION</b>			
At 1 January 2019	25,187	3,632	28,819
Charge for the year on owned assets	3,418	1,544	4,962
At 31 December 2019	<u>28,605</u>	<u>5,176</u>	<u>33,781</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>34,573</u>	<u>1,730</u>	<u>36,303</u>
At 31 December 2018	<u>24,043</u>	<u>2,425</u>	<u>26,468</u>

# ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 12. FIXED ASSET INVESTMENTS

	Unlisted investments £000
<b>COST OR VALUATION</b>	
At 1 January 2019	1,341
Additions	107
<b>At 31 December 2019</b>	<b>1,448</b>

The above are EIS qualifying investments in entities unconnected to the Company.

### 13. RECEIVABLES

	2019 £000	2018 £000
<b>Amounts falling due after more than one year</b>		
Business loans to Partners	4,076	13,325
Prepayments and accrued income	265,900	211,900
Deferred taxation	11,126	11,588
	<b>281,102</b>	<b>236,813</b>
		As restated
	2019 £000	2018 £000
<b>Amounts falling due within one year</b>		
Business loans to Partners	3,220	4,920
Amounts owed by Group undertakings	120,091	101,134
Other receivables	61,840	44,289
Prepayments and accrued income	57,480	53,570
	<b>242,631</b>	<b>203,913</b>

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

Prepayments includes an operational readiness prepayment related to the new administration platform developed by our key outsourced back-office administration provider. Management have assessed the recoverability of this prepayment against the expected cost saving benefit of lower future tariff costs arising from the new platform. It is believed that any reasonably possible change in the assumptions applied within this assessment, such as levels of future business, the anticipated future service tariffs and the discount rate, would have no impact on the carrying value of the asset.

The prior year restatement comprises £9.7m reallocated from other payables to other receivables.



# ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 13. RECEIVABLES (continued)

#### Business loans to Partners

Business loans to Partners 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 the Partner.

Reconciliation of the business loans to Partners opening and closing gross loan balances

Business loans to Partners - gross carrying amount	Active £'000		Leavers £'000	Potential Leavers £'000	Total £'000
	Stage 1 Performing	Stage 2 Under- performing	Stage 3 Non- performing	Stage 3 Non- performing	
Gross balance at 1 January 2019	14,469	2,331	3,774	53	20,627
Business loans to Partners classification changes:					
- Transfer to underperforming	(1,026)	1,026	-	-	-
- Transfer to non-performing	-	(22)	22	-	-
- Transfer to performing	633	(580)	-	(53)	-
New Lending activity during the year	-	-	-	-	-
Repayments activity during the year	(10,163)	(127)	(984)	-	(11,274)
Interest	376	73	89	-	538
Write-offs for credit reasons	-	-	(36)	-	(36)
Write-offs for non-credit reasons	(146)	-	-	-	(146)
Gross balance at 31 December 2019	4,143	2,701	2,865	-	9,709

#### Business loans to Partners: Provision

The expected loss impairment model for business loans to Partners is based on the levels of loss experienced in the portfolio, with due consideration given to forward-looking information.

The provision held against business loans to Partners under the incurred loss model as required by the previous accounting standard, IAS 39, was immaterial. The provision required by applying the expected loss model from 1 January 2019, as required by IFRS 9, is also immaterial. At 31 December 2019, the provision held against the total book was £2.5m (2018 - £2.4m). During the year £0.0m of the provision was utilised (2018 - £0.0m), whilst new provisions and adjustments to existing provisions increased the total by £0.1m (2018 - increased by £0.5m).

**ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. INVESTMENTS**

	<b>2019</b>	2018
	<b>£000</b>	£000
Investment in Collective Investment Schemes	<b>15,211</b>	13,696

Investment in Collective Investment Schemes refers to holdings of high quality, highly liquid Money Market funds, containing assets which are cash and cash equivalents.

**15. CASH AND CASH EQUIVALENTS**

	<b>2019</b>	2018
	<b>£000</b>	£000
Cash at bank and in hand	<b>8,233</b>	2,740

**16. PAYABLES: Amounts falling due within one year**

	<b>2019</b>	As restated 2018
	<b>£000</b>	£000
Bank loans (see note 18)	<b>1,041</b>	1,000
Amounts owed to Group undertakings	<b>348,756</b>	359,672
Other taxation and social security	<b>12,920</b>	10,618
Other payables	<b>124,599</b>	98,228
Accruals and deferred income	<b>58,632</b>	61,482
	<b>545,948</b>	531,000

Included within Amounts owed to Group undertakings is £205.5m (2018 - £240.3m) of loans that are unsecured and repayable on demand. Such loans incur interest at an agreed rate above the Bank of England's base rate, as stated in the loan agreement.

The remainder of amounts owed to Group undertakings are unsecured, interest-free and repayable on demand. All other payables are considered current.

The prior year restatement comprises £9.7m reallocated from other payables to other receivables.

# ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 17. PAYABLES: Amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans (see note 18)	3,443	4,493
Other payables	67,900	72,500
Accruals and deferred income	129,706	-
	<b>201,049</b>	<b>76,993</b>

Included within other payables is a contract payment of £67.9m (2018 - £72.5m), which is non-interest bearing and repayable on a straight-line basis over the life of a 12-year service agreement from 2017. The payable is held at amortised cost using the effective interest method.

During the year a fellow group company repaid the amortisation in relation to its share of the operational readiness prepayment. A deferred income creditor has been recognised in respect of this receipt, which will be released over the next 9 years.

### 18. BANK LOANS

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	1,041	1,000
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	3,443	4,493
	<b>4,484</b>	<b>5,493</b>

### 19. DEFERRED TAXATION

The movement in deferred tax assets and liabilities during the year is as follows:

	Fixed asset timing differences £000	Share based payments £000	Total £000
<b>At 1 January 2018</b>	<b>3,664</b>	<b>6,928</b>	<b>10,592</b>
Charged to the Income Statement	306	690	996
<b>At 31 December 2018</b>	<b>3,970</b>	<b>7,618</b>	<b>11,588</b>
Charged/(credited) to the Income Statement	848	(1,311)	(463)
<b>At 31 December 2019</b>	<b>4,818</b>	<b>6,307</b>	<b>11,125</b>

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 20. SHARE CAPITAL

	2019 £000	2018 £000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
7,000,001 (2018 - 7,000,001) Ordinary shares of £1.00 each	<b>7,000</b>	7,000

#### 21. SHARE-BASED PAYMENTS

During the year the Company operated a number of different equity-settled share-based payment arrangements, which are aggregated as follows:

- SAYE plan – this is a standard scheme that is available to all employees where individuals can contribute up to £250 per month over three years to purchase shares at a price not less than 80% of the market price at the date of the invitation to participate.
- Share incentive plan (SIP) – this is a scheme which is available to all employees where individuals may invest up to an annual limit of £1,500 of pre-tax salary in SJP shares, to which the Company will add a further 10%. If the shares are held for 5 years then they may be sold free of income tax or CGT.
- Executive deferred bonus schemes – under these plans, the deferred element of the annual bonus is used to purchase shares at market value in SJP plc. The shares are held by the Company until vesting after three years and, in addition to the performance targets, which apply prior to any entitlement being granted; further performance conditions may also apply on vesting.
- Executive performance share plan – the Remuneration Committee of SJP plc may make awards of performance shares to the executive Directors of SJP plc and other senior managers. Two-thirds of shares awarded to Directors are subject to an earnings growth condition of SJP plc and one-third of shares awarded to Directors are subject to a comparative total shareholder return condition, both measured over a three year period. Awards made to senior managers are largely only subject to the earnings growth condition of SJP plc.

Options exercised in 2019 resulted in outstanding shares having a weighted average exercise price of:

- SAYE plan - 819 pence

Share options outstanding under the various share option schemes at 31 December 2019 amount to 8.5m shares (2018 - 6.4m). Of these, 7.3m (2018 - 5.1m) are under option to executives and senior management and 1.2m (2018 - 1.3m) are under option through the SAYE and SIP schemes. These are exercisable on a range of future dates.

The SAYE plan options outstanding at 31 December 2019 had exercise prices of 687 pence (3,116 options), 844 pence (236,850 options), 911 pence (169,855 options), 906 pence (110,480 options) and 771 pence (647,781 options) with a weighted average remaining contractual life of 1.7 years.

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 22. OPERATING LEASE COMMITMENTS

The Company leases a portfolio of vehicles and equipment. IFRS 16 was adopted on 1 January 2019 (see note 1.3) and as such no disclosures are provided below for 2019, as from this date the distinction between finance and operating leases disappeared for lessees.

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than one year	-	898
Later than one year and not later than five years	-	610
	<u>-</u>	<u>1,508</u>

#### 23. 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.

There were no transactions with companies within the Group for which disclosure is required.

# ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 23. RELATED PARTY BALANCES (continued)

At 31 December, the following amounts were outstanding:

	2019 £000	2018 £000
<b>Intra-Group receivables, net of provision</b>		
BFS Financial Services Limited	-	2
CGA Financial & Investment Services Limited	5,679	-
Lansdown Place Wealth Management Limited	249	356
Linden House Financial Services Limited	-	1
M.S. Estates & Financial Services Limited	21	-
Rowan Dartington & Co. Limited	441	1,263
SJP AESOP Trustees	23	23
SJPC Employee Share Trust	16,064	24,260
St. James's Place (Singapore) Private Limited	503	-
St. James's Place Acquisition Services Limited	299	715
St. James's Place Client Solutions Limited	-	163
St. James's Place DFM Holdings Limited	65	62
St. James's Place International (Hong Kong) Limited	63	334
St. James's Place International plc	933	-
St. James's Place Investment Administration Limited	1,865	4,275
St. James's Place UK plc	-	2,145
St. James's Place Unit Trust Group Limited	10,462	2,775
St. James's Place Wealth Management (Shanghai) Limited	6	-
St. James's Place Wealth Management International Pte Limited	2,320	1,207
St. James's Place Wealth Management plc	81,098	63,553
	<b>120,091</b>	<b>101,134</b>

## ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 23. RELATED PARTY BALANCES (continued)

	2019 £000	2018 £000
<b>Intra-Group payables</b>		
M.S. Estates & Financial Services Limited	-	27
Lansdown Place Wealth Management Limited	221	125
Perennial Financial Management Limited	4	-
St. James's Place (Hong Kong) Limited	33	-
St. James's Place International Assurance Group Limited	-	19
St. James's Place International plc	-	436
St. James's Place Partnership Services Limited	339,436	356,501
St. James's Place (PCP) Limited	575	626
St. James's Place UK plc	3,401	-
St. James's Place Wealth Management Group Limited	2,644	-
Technical Connection Limited	2,442	1,938
	<u>348,756</u>	<u>359,672</u>

#### 24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regarded by the Directors as the immediate parent company is St. James's Place Wealth Management Group Limited, a company registered in England and Wales.

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 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 Secretariat 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.