

ST. JAMES'S PLACE (PCP) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANIES HOUSE

ST. JAMES'S PLACE (PCP) LIMITED

COMPANY INFORMATION

Directors	A M Croft I S Gascoigne C G Gentle
Company Secretary	St. James's Place Corporate Secretary Limited
Registered Number	02706684
Registered Office	St. James's Place House 1 Tetbury Road Cirencester Gloucestershire GL7 1FP

ST. JAMES'S PLACE (PCP) LIMITED

CONTENTS

	Page(s)
Directors' Report	1 - 2
Directors' Responsibilities Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 14

ST. JAMES'S PLACE (PCP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Company purchases, services and sells the rights to future income streams.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £297,404 (2020 - loss £1,049,423). The result for the year improved following the purchase of additional income streams alongside a partial reversal of the market reductions that were seen in 2020.

The Directors do not recommend the payment of a final dividend (2020 - £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

EMPLOYEES

The Company has no employees (2020 - NIL).

FUTURE DEVELOPMENTS

The Company intends to continue to purchase, service and sell the right to the future income streams.

CURRENT RISK ENVIRONMENT

We continue to identify potential challenges ahead and recognise that significant risks remain in relation to COVID-19 variants and the economic consequences from the response to it, such as inflationary challenges in the short term and potential future changes to the tax landscape. We are also mindful of the potential for geopolitical tensions to escalate, which could have relevance to the Group through the impacts on financial markets and through heightened Cyber risk. Overall, we remain confident in the Group's ability to withstand further challenges that may or may not emerge from the current risk environment.

In addition to the impact of COVID-19, another issue of high importance to the wider Group is tackling climate change. The related risks affect all companies in different ways, and we have carefully considered how climate change could impact the wider Group to identify risks and opportunities. Further information is set out in the St. James's Place plc Annual Report and Accounts 2021.

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 (PCP) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

AUDIT EXEMPTION

The Directors have elected to take advantage of the exemption from statutory audit granted to wholly owned subsidiary undertakings by section 479A of the Companies Act 2006. In accordance with section 479C, another Group company, St. James's Place plc (incorporated in England and Wales with registered number 03183415), has guaranteed all outstanding liabilities of St James's Place (PCP) Limited as at 31 December 2021 and this guarantee has been filed at Companies House.

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 purchase, service and sell the right to the future income streams 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 21 February 2022 and signed by order of the Board on the same date by:



St. James's Place Corporate Secretary Limited
Secretary

ST. JAMES'S PLACE (PCP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

ST. JAMES'S PLACE (PCP) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		2,556,143	1,429,879
GROSS PROFIT		2,556,143	1,429,879
Administrative expenses		(1,951,653)	(2,615,632)
OPERATING PROFIT/(LOSS)		604,490	(1,185,753)
Interest payable and similar expenses	3	(237,029)	(109,211)
PROFIT/(LOSS) BEFORE TAXATION		367,461	(1,294,964)
Income Tax	4	(70,057)	245,541
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		297,404	(1,049,423)

All amounts relate to continuing operations.

The notes on pages 7 to 14 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
CURRENT ASSETS			
RECEIVABLES: Amounts falling due after more than one year	5	11,368,703	11,653,444
RECEIVABLES: Amounts falling due within one year	5	2,693,179	1,911,707
		<u>14,061,882</u>	<u>13,565,151</u>
PAYABLES: Amounts falling due within one year	6	(6,478,207)	(5,849,737)
NET CURRENT ASSETS		7,583,675	7,715,414
Payables: Amount falling due after more than one year	7	-	(429,143)
NET ASSETS		7,583,675	7,286,271
EQUITY			
Share capital	8	100	100
Retained earnings		<u>7,583,575</u>	<u>7,286,171</u>
TOTAL SHAREHOLDERS' FUNDS		7,583,675	7,286,271

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 4 to 14 were approved by the Board of Directors on 21 February 2022 and signed on its behalf on the same date by:



C G Gentle
Director

The notes and information on pages 7 to 14 form part of these financial statements.

ST. JAMES'S PLACE (PCP) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	100	7,286,171	7,286,271
Profit and total comprehensive income for the financial year	-	297,404	297,404
At 31 December 2021	100	7,583,575	7,583,675

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	100	8,335,594	8,335,694
Loss and total comprehensive expense for the financial year	-	(1,049,423)	(1,049,423)
At 31 December 2020	100	7,286,171	7,286,271

The notes on pages 7 to 14 form part of these financial statements.

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 except for assets classified as fair value through profit and loss, 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. Judgements made by management in the application of FRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 5.

Adoption of new and amended Accounting Standards

There were no new or amended accounting standards adopted as of 1 January 2021.

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 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 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 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.

1.3 Turnover

Turnover represents fees and commissions earned by the Company from purchased income streams and is charged to the Statement of Comprehensive Income on an accruals basis.

1.4 Administrative expenses

Administrative expenses represent costs incurred in the ordinary activities of the Company, which includes the change in fair value of books of purchased income streams between the beginning and end of the financial year, net of consideration paid/received for additions/disposals, charged to the Statement of Comprehensive Income on an accruals basis.

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Interest payable and similar expenses

Interest payable and similar expenses represent finance cost levied as charges from banks or financial institutions and interest incurred on loans owed on Group undertakings, charged to the Statement of Comprehensive Income on an accruals basis. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.6 Income tax

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.

1.7 Deferred and contingent consideration

Deferred and contingent consideration is reviewed annually to assess the probability of the economic outflow of the consideration.

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

1.8 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 assets held at amortised cost.

Fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if the Company has purchased the rights to the future income streams.

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.

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.

Financial liabilities

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

At amortised cost

Financial liabilities at amortised cost 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 (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. DIRECTORS' REMUNERATION

During the year, no Director received any emoluments in respect of their services to the Company (2020 - £NIL).

At 31 December 2021, 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 (2020 - 3). Retirement benefits are accrued in money purchase schemes for 1 (2020 - 1) 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 3 (2020 - 2). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is 3 (2020 - 3).

3. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Interest payable on Intra-Group loans	237,029	109,211
	<u>237,029</u>	<u>109,211</u>

4. INCOME TAX

	2021 £	2020 £
Current Tax		
UK corporation tax on profit/(loss) for the year	70,057	(245,541)
Total current tax	<u>70,057</u>	<u>(245,541)</u>

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) before tax	367,461	(1,294,964)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	69,818	(246,043)
EFFECTS OF:		
Transfer pricing adjustments	239	502
Total tax charge/(credit) for the year	<u>70,057</u>	<u>(245,541)</u>

ST. JAMES'S PLACE (PCP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. INCOME TAX (CONTINUED)

Future tax changes

There are no factors that may affect future tax changes.

5. RECEIVABLES

	2021 £	2020 £
DUE AFTER MORE THAN ONE YEAR		
Renewal income asset	11,244,369	11,653,444
Other receivables	124,334	-
	<u>11,368,703</u>	<u>11,653,444</u>
	2021 £	2020 £
DUE WITHIN ONE YEAR		
Renewal income asset	2,453,897	1,429,879
Amounts owed by Group undertakings	203,957	-
Other receivables	35,325	236,287
Corporation tax	-	245,541
	<u>2,693,179</u>	<u>1,911,707</u>

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

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. RECEIVABLES (CONTINUED)

	2021 £	2020 £
Movement in renewal income assets		
At 1 January	13,083,325	9,871,842
Net Additions	2,566,596	5,827,115
Revaluation	(1,951,655)	(2,615,632)
Total renewal income assets at 31 December	13,698,266	13,083,325

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Purchased income streams are stated at fair value. Valuations are based on the present value of the future expected income streams and are derived by adopting the key assumptions set out below.

Lapse rate – Future income streams are projected making use of persistency assumptions derived from the Company's own experience or, where insufficient data exists, from external industry experience. These assumptions are reviewed on an annual basis.

Economic assumptions of 9.2% (2020 - 8.4%) and 3.4% (2020 - 2.6%) are made in respect of the discount rate and investment return. Our approach to calculating the discount rate is based on an assessment of the rates the rest of market participants would use in an arms length transaction. The investment return for gilts (the risk-free rate) has been set by reference to the yield on ten year gilts. The investment returns for the other main investment classes (i.e. equities, property and cash) have been set by adding appropriate margins for risk to the risk-free rate. The investment return assumption used in the valuations is the weighted average of the returns in each investment class (weighted by fund size). Included in the above discount rate of 9.2% (2020 - 8.4%) there is an allowance of 5.0% (2020 - 5.0%) for non-market risk.

6. PAYABLES: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to Group undertakings	5,811,284	5,849,737
Corporation tax	70,057	-
Deferred consideration	596,866	-
	6,478,207	5,849,737

Amounts owed to Group undertakings are unsecured and repayable on demand. Such loans incur interest at a rate above the Bank of England's base rate, as specified in the loan agreements.

7. PAYABLES: Amount falling due after more than one year

	2021 £	2020 £
Deferred consideration	-	429,143
	-	429,143

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	100	100

9. PARENT COMPANY GUARANTEE

On 21 February 2022, in accordance with section 479C of the Companies Act 2006, St. James's Place plc guaranteed all outstanding liabilities of St. James's Place (PCP) Limited as at 31 December 2021, until they are satisfied in full. This guarantee is enforceable against St. James's Place plc by any person whom St. James's Place (PCP) Limited is liable in respect of those liabilities.

10. 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.

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

At 31 December 2021, amounts outstanding were as follows:

	2021 £	2020 £
St. James's Place Management Services Limited	203,957	-
	203,957	-

	2021 £	2020 £
Intra-Group payables		
St. James's Place Partnership Services Limited	5,811,284	5,849,737
	5,811,284	5,849,737

ST. JAMES'S PLACE (PCP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. 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 the ultimate controlling party.