St. James's Place Reassurance (2009) Limited

Directors' report and financial statements

Registered number 06718989

31 December 2013

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Directors and advisers

Executive directors
Mr D C Bellamy
Mr A M Croft
Mr I Gascoigne
Mr H J Gladman
Mr D J Lamb
Mr W P Tonks

Independent auditors
PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Company secretary
St James's Place Administration Limited

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

Bankers
Bank of Scotland
150 Fountainbridge
Edinburgh
EH3 9PE

Contents

Directors' report

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

Results

The financial statements for the year ended 31 December 2013 are set out on pages 10 to 21 The profit for the financial year is disclosed on page 10 and the Company's financial position is disclosed on page 11

Dividends

The Directors propose a final dividend of £41 million (2012 £nil)

Employees

The Company has no employees

Directors

The Directors who held office during the year and up to the date of signing of the financial statements are disclosed on page 2

Matters covered in the Strategic Report

Future developments and financial risk management are both referred to in the Strategic Report set out on pages 5 and 6 of the financial statements

Disclosure of information to auditors

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

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

Independent auditors

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

Directors' indemnity and insurance

St James's Place plc ("SJP"), the ultimate parent company, has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors or officers of SJP or its subsidiaries All members of the Board of SJP and other senior employees who act as Directors of subsidiary companies are each granted indemnities whilst acting in their capacity as Directors or officers to the extent permitted by law These indemnities are uncapped in amount and protect recipients from certain losses and liabilities that they may incur to third parties in connection with the furtherance of their duties as Directors or officers of SJP or its subsidiary companies Copies of the indemnities are available to shareholders upon request This is a qualifying third party indemnity provision and was in force during the financial year and at the date of approval of the financial statements

By order of the Board

St. James's Place Administration Limited
Company Secretary

St James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP
31 March 2014

Strategic Report

Principal activities

The Company is authorised by the PRA as an Insurance Special Purpose Vehicle (ISPV) for the transaction of long-term reassurance business in the United Kingdom from 1 January 2009 The Company is a wholly owned subsidiary of St James's Place UK plc (SJPUK) (which is a wholly owned subsidiary of St James's Place Wealth Management Group plc, a wholly owned subsidiary of St James's Place plc (SJP plc)) Its purpose was to reinsure non-unit cash flows on new unit-linked pension business from SJPUK written after 31 December 2008

Business review

The Company provides reassurance on an annually renewable basis of the non-unit cash flows of SJPUK's new pension business, with the new pension business being reinsured capped at £1 billion per annum at the discretion of SJPUK This limit was not imposed by SJPUK with £2 05bn of new pension business being reinsured in the year (2012 £2 07bn) The unit-linked funds remain within SJPUK The cash flows reinsured include the initial expenses of acquiring new business and annual management charges emerging over the life of the policy These cash flows are calculated using a model which has been agreed by actuarial representatives of both the cedant and the Company

The nature of the Company's business causes initial cash flow strain in the Company which leads to early losses, with profits emerging over time, typically after seven years This profit results from the balance of future annual management charges less future expenses

The loss arising from the early cash flow strain is funded by a contingent loan from SJPUK's long-term business fund on which interest is payable The positive cash flow expected to emerge as future profits will be used to repay this loan in the future

The Company is required by the PRA to be fully funded at all times, holding sufficient cash to cover its liabilities It is also required to hold positive net assets, as measured on a UK GAAP basis A waiver from the PRA rules allows the Company to treat the contingent loan as capital for this purpose For this reason, the Company's key performance indicators (KPIs) are

		2013	2012
	Note	£000	£000
Gross premium on reassured business		2,050,484	2,065,246
Contingent loan	*20*	-	143,974
Modified UK GAAP net assets	*14*	46,364	18,888
Surplus liquid assets		46,364	619

Surplus liquid assets are defined as cash and deposits with credit institutions less creditors and long-term business provisions

At the end of the year, The Company terminated the reassurance arrangement with SJPUK which resulted in the payment of a £203 million recapture amount from SJPUK and the subsequent settlement of the contingent loan by the Company to SJPUK

The Company's results for the year reflect both the gross premium on reassured business (in line with previous years) and the settlement transactions outlined above which resulted from the cessation of the ISPV reassurance arrangement in December 2013 The financial statements for the year ended 31 December 2013 are set out on pages 10 to 21 The retained profit for the year is shown on page 10 of the financial statements, and the financial position of the Company is given on page 11

Strategic Report *(continued)*

Principal risks and uncertainties

Following the recapture of the reassurance by SJPUK, the payment of the settlement premium by SJPUK and the subsequent settlement of the contingent loan by the Company to SJPUK, the Company is no longer subject to any business risk During the forthcoming year the Company is expected to be wound up and return its meaning capital to its parent company, SJPUK

The Company operates within the St James's Place group 'Risk Management Framework' as described in the SJP plc Annual Report & Accounts This 'Risk Management Framework' describes the risk management objectives, policies and procedures that are applicable to the Company The principal risks and uncertainties facing the St James's Place group are set out in the business review of the consolidated financial statements within the SJP plc Annual Report & Accounts

Additional information on the Company's exposure to credit, liquidity and pricing risks can be found in Note 17 to these financial statements

Future outlook and going concern

As a result of the termination of the reassurance arrangement with SJPUK, the Directors intend to liquidate the Company during 2014 As it is no longer reasonable to expect the company to remain in business for a period of not less than 12 months from the date of signing of the financial statements, the going concern basis of preparation is no longer appropriate Further information on the basis of preparation of these financial statements can be seen in the Basis of Preparation section within the Accounting Policy note to these financial statements

By order of the Board

St James's Place Administration Limited
Secretary

St James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP
31 March 2014

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the Members of St. James's Place Reassurance (2009) Limited

We have audited the financial statements of St James's Place Reassurance (2009) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

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

Emphasis of Matter – Basis of preparation

Following the year end the directors have decided that the company will cease trading during the next financial year Accordingly, the going concern basis of accounting is no longer appropriate As such in preparing the financial statements on a basis other than going concern, the directors have classified all assets and liabilities as current In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting Following the termination of the reassurance arrangement with St James's Place UK plc, the directors intend to liquidate the company during the next financial year Accordingly, the going concern basis of accounting is no longer appropriate

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Craig Gentle (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
31 March 2014

Profit and Loss Account

for the year ended 31 December 2013

Long-Term Business Technical Account

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Earned premiums, net of reinsurance					
Gross premiums written	2	299,315		62,458	
Investment income	3	42		11	
			299,357		62 469
Claims incurred, net of reinsurance					
Claims paid, gross amount		(79,336)		(98,896)	
Change in other technical provisions, net of reinsurance, not shown under other headings					
Long-term business provision, net of reinsurance		6,043		(6,043)	
Net operating expenses	4	(480)		(324)	
Investment expenses and charges	5	(2,203)		(1,845)	
Tax attributable to the long-term business	7	(51,931)		11 432	
			(127,907)		(95,676)
Balance on the long term business technical account			171,450		(33,207)

Non-Technical Account

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Balance on the long term business technical account		171,450		(33,207)	
Tax charge/(credit) attributable to balance on long-term business technical account	7	51,931		(11,432)	
Profit/(loss) on ordinary activities before taxation			223,381		(44 639)
Tax on profit/(loss) on ordinary activities	7		(51,931)		11 432
Profit/(loss) on ordinary activities after tax, being profit/(loss) for the financial year	11 12		171,450		(33 207)

All activities relate to dis-continued operations following the termination of the reinsurance arrangement with SJPUK during December 2013 There are no gains or losses recognised during the year other than the profit/(loss) for the financial year shown above

Neither gains and losses of an insurance company arising on the holding or disposal of investments nor the effect of fair value accounting for financial instruments are required to be included in a note of historical profits and losses There are no other differences between the profit/(loss) on ordinary activities and their historical cost equivalents

The notes on pages 12 to 21 form an integral part of these financial statements

Balance Sheet
as at 31 December 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
ASSETS					
Investments					
Other financial investments			**40,844**		5,371
Debtors					
Other debtors	*8,9*		**50,810**		18,132
Cash at bank and in hand			**234**		2,523
Prepayments and accrued income					
Deferred acquisition costs			**-**		137
Total assets			**91,888**		26,163
LIABILITIES					
Capital and reserves					
Called up share capital	*10*	**5,000**		5,000	
Profit and loss account	*11*	**41,364**		(130,086)	
Shareholders' funds/(deficit) – equity interests	*12*		**46,364**		(125,086)
Subordinated liabilities					
Contingent loan	*20*		**-**		143,974
Technical provisions					
Long term business provision	*13*		**-**		6,043
Creditors					
Creditors arising out of direct insurance operations	*15*		**5**		1,232
Other creditors including taxation and social security	*16*		**45,519**		-
Total liabilities			**91,888**		26,163

The notes on pages 12 to 21 form an integral part of these financial statements

The financial statements on pages 10 to 21 financial statements were approved by the Board of Directors on 31 March 2014 and were signed on its behalf by

Andrew Croft
Director

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

These financial statements have been prepared under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410") relating to insurance companies and in accordance with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ('the ABI SORP') in December 2005 and as amended in December 2006 The financial statements are prepared in accordance with applicable UK accounting standards

As a result of the termination of the reassurance arrangement with St James's Place UK plc, the Directors intend to liquidate the Company and have concluded that it is no longer reasonable that the Company is considered a going concern Accordingly the financial statements have been prepared on a basis other than going concern with all assets and liabilities classified as current There has not been a material change in the valuation of assets and liabilities as a result of the preparation of the financial statements on the break up basis The comparative figures in these financial statements were prepared on a going concern basis

The Company has taken advantage of the exemption permitted under FRS1 (revised) not to prepare a cash flow statement as it is a wholly owned subsidiary of SJP plc, which prepares a consolidated cash flow statement dealing with the cash flows of the group

Premiums

Premiums, in the normal course of business, represent the underlying non-unit cash inflows of the reinsured contracts and are recognised when the underlying cash flows are recognised by the ceding undertaking In accordance with the terms of the reassurance contract, premiums are calculated using the actuarial model of the ceding undertaking Following the termination of the reassurance contract, a recapture amount, calculated using the same actuarial model, was paid

Claims

Claims represent the underlying non-unit cash outflows of the reinsured contracts and are recognised when the underlying cash flows are recognised by the ceding undertaking In accordance with the terms of the reassurance contract claims are calculated based on the actuarial model of the ceding undertaking

Investment income

Investment income represents interest on deposits and is accounted for when received

Acquisition costs

Acquisition costs relate to commission paid to SJPUK on reassured business Acquisition costs which are incurred during a financial year are deferred and then amortised over twelve months during which the costs are expected to be recoverable and in accordance with the incidence of future related margins Following the termination of the reassurance contract, the balance remaining of the deferred costs was written off

Long-term business provision and technical provisions

The long-term business provision (LTBP) is calculated on actuarial principles

Whilst the Directors consider that the long term provision is fairly stated on the basis of the current experience and economic conditions, the ultimate liability will vary as a result of subsequent changes in experience and economic conditions and may result in significant adjustments to the amount provided in future

The provision, estimation technique and assumptions are periodically reviewed in the light of changes in experience and economic conditions with any changes in estimates reflected in the long term business technical account as they occur

As a result of the termination of the reassurance arrangement with St James's Place UK plc, the LTBP has been calculated as zero in the current year as, post transaction, there is no longer a liability

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred tax balances are not discounted

Deferred tax assets are recognised to the extent that they are regarded as recoverable They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Interest payable

Interest payable on the contingent loan is accounted for on an accruals basis

2 Segmental analysis

In the opinion of the directors, the Company operates in one business segment, being that of long-term insurance business in the United Kingdom Premiums written in the year relate to the inward reassurance of £96,290,000 (2012 £62,458,000) of new pension business generated as single individual premiums on new business, together with the recapture amount of £203,025,000 following termination of the reassurance agreement in December 2013

3 Investment income – technical account

	2013 £000	2012 £000
Income from deposits	**42**	11

4 Net operating expenses

	2013 £000	**2013 £000**	2012 £000	2012 £000
Acquisition commission	**283**		282	
Change in deferred acquisition costs	**137**		(18)	
Acquisition costs incurred		**420**		264
Administrative expenses		**60**		60
		480		324
Administrative expenses include the following				
Statutory audit fee		**10**		10

The statutory audit fee of £10,000 (2012 £10,000) was paid on behalf of the Company by another group company, St James's Place Management Services Limited

There were no fees paid to the Company's auditor, PricewaterhouseCoopers LLP, or its associates, for services other than the statutory audit of the Company.

5 Investment expenses and charges

Investment expenses and charges comprise interest payable, which relates to the contingent loan from the parent company, and is payable to the parent company See Note 20 for the terms of this loan

Notes *(continued)*

6 Directors' remuneration

None of the directors (2012 nil) received any emoluments in respect of their services to the Company for the year There was no money payable to or receivable by the directors under long-term incentive schemes in respect of qualifying services

The number of directors to whom retirement benefits are accruing is 6 (2012 6) The benefits are accrued in the pension scheme of St James's Place UK plc, a fellow subsidiary company The aggregate value of contributions paid to money purchase schemes in respect of qualifying services was nil (2012 nil)

The number of directors who exercised options over the shares in SJP plc during the year is 6 (2012 6) No shares were received by or receivable by any director in respect of qualifying services to the Company

7 Taxation

Analysis of charge/(credit) for taxation in the long-term business technical account and the non-technical account

	2013	2013	2012	2012
	£000	£000	£000	£000
Corporation tax at 23 25% (2012 24 5%)				
Current tax on income for the year	45,519		-	
Adjustment in respect of prior years	(10,932)		1,216	
		34,587		1,216
Deferred tax				
Current year	6,407		(10,937)	
Adjustment in respect of prior years	10,937		(1,805)	
Change in tax rate				
Current year	-		94	
		17,344		(12,648)
		51,931		(11,432)

The majority of the corporation tax adjustments in respect of prior years relates to group relief of losses previously carried forward on which a deferred tax asset was recognised

The charge/(credit) for taxation in the non-technical account is as follows

	2013	2012
	£000	£000
Taxation attributable to the balance on the long term technical account	51,931	(11,432)

The effective current tax rate for the year is lower (2012 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2013 of 23 25% (2012 24 5%) The differences are explained below

	2013	2012
	£000	£000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	223,381	(44,639)
Current tax at 23 25% (2012 24 5%)	51,936	(10,937)
Effect of		
Adjustments in respect of prior years	(10,932)	1,216
Losses (utilised)/not utilised	(6,407)	10,937
Other differences	(10)	-
Total current tax charge (see above)	34,587	1,216

Notes *(continued)*

8 Other debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	**50,810**	788
Deferred tax assets	**-**	17,344
	50,810	18,132

9 Deferred tax asset

	2013 £000	2012 £000
At beginning of year	**17,344**	4,696
(Utilised)/added in the year	**(17,344)**	12,648
At end of year	**-**	17,344

10 Called up share capital

	2013 £000	2012 £000
Authorised, Issued, Allotted and Fully Paid		
5,000,000 Ordinary shares of £1 each	**5,000**	5,000

11 Profit and loss account

	2013 £000	2012 £000
At beginning of year	**(130,086)**	(96,879)
Profit/(loss) for the financial year	**171,450**	(33,207)
At end of year	**41,364**	(130,086)

12 Reconciliation of movements in equity shareholder's funds

	2013 £000	2012 £000
At beginning of year	**(125,086)**	(91,879)
Profit/(loss) for the financial year	**171,450**	(33,207)
At end of year	**46,364**	(125,086)

Notes *(continued)*

13 Long-term business technical provision

Following the termination of the reassurance contract in December 2013, the long-term business provision was released The following information, therefore, relates solely to 2012 The assumptions underlying the calculation of the long-term business provision for modified statutory solvency basis purposes have been determined in accordance with industry accepted actuarial techniques The principal sensitive assumptions used in calculating the provision are noted below together with details of the sensitivity of these assumptions

The long-term provision consists of sterling reserves designed to cover any future cash flows without recourse to additional capital The cash flows are projected assuming

- unit growth rates for 2012 of 2 9% per annum,
- a projection of current expenses assuming inflation for 2012 at 3 1%,
- mortality and morbidity costs, which are derived from actual Company and industry experience and the rates charged by reinsurers Mortality is based on company experience and is set at 72% of the TM/F92 tables with an additional loading for smokers There has been no change since 2008 Sample annual morbidity rates for a male non-smoker are

Age	Rate 2012
25	0 000760
35	0 001334
45	0 003189
55	0 009189

- withdrawal rates which are derived from actual Company experience Sample annual rates are

	Surrenders			
2012	**Years 1–5**	**Years 6–10**	**Years 11–15**	**Years 16–20**
Individual pension regular premium	3%	3%	4%	6%

The cash flows are discounted for 2012 at 1 7% to calculate the sterling reserves

Sensitivity analysis

The table below sets out the sensitivity of the profit and net assets to key assumptions The analysis reflects the change in the variable/assumption shown while all other variables / assumptions are left unchanged In practice variables/assumptions may change at the same time as some may be correlated (for example, an increase in interest rates may also result in an increase in expenses if the increase reflects higher inflation) It should also be noted that in some instances sensitivities are non-linear

Sensitivity analysis	Change in assumption	**Change in profit before tax 2013**	Change in profit before tax 2012	**Change in net assets 2013**	Change in net assets 2012
	%	**£' 000**	£' 000	**£' 000**	£' 000
Withdrawal rates	-10%	-	(330)	-	(435)
Expense assumptions	-10%	-	520	-	395

Changes in discount rates, mortality and morbidity rates or unit growth rates will have no material impact on insurance profit or net assets

14 Capital statement

The following table provides a reconciliation of shareholders' funds to regulatory capital resources

	2013 £000	2012 £000
Shareholders' funds/(deficit)	**46,364**	(125,086)
Adjustments onto regulatory basis contingent loan	-	143,974
	46,364	18,888

The capital resources requirement for 2013 was nil (2012 nil)

Notes *(continued)*

15 Creditors arising out of direct insurance operations

	2013	2012
	£000	£000
Amounts due to fellow subsidiaries	**5**	1,232

16 Other creditors including taxation and social security

	2013	2012
	£000	£000
Corporation tax payable	**45,519**	-

17 Financial risk

Risk management objectives and risk policies

The Company adopts a risk-averse approach to financial risk with a stated policy of not actively pursuing and accepting financial risk except when necessary to support other objectives The Company seeks to manage risk by investing shareholder assets only in highly rated investments

The Company's exposure to credit, liquidity and market risks is set out below in the following paragraphs The process for accepting, measuring, monitoring and controlling these risks is set out in the group's Risk and Risk Management Report within the group's consolidated financial statements

Categories of financial assets and financial liabilities

The categories and carrying values of the financial assets and financial liabilities held in the Company's balance sheet are summarised in the table below

	31 December 2013				31 December 2012			
	Financial assets at fair value through profit and loss*	**Loans and receivables**	**Financial liabilities at fair value through profit and loss***	**Financial liabilities measured at amortised cost**	Financial assets at fair value through profit and loss*	Loans and receivables	Financial liabilities at fair value through profit and loss*	Financial liabilities measured at amortised cost
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Financial Assets								
Deposits with credit institutions	**40,844**				5,371			
Cash at bank and in hand		**234**				2,523		
Debtors		**50,810**				788		
Total Financial Assets	**40,844**	**51,044**			5,371	3,311		
Financial Liabilities								
Creditors				**45,519**				1,232
Contingent loan				**-**				143,974
Total Financial Liabilities				**45,519**				145,206

* All financial assets and liabilities at fair value through profit and loss are designated as such upon initial recognition

Notes *(continued)*

17 Financial risk *(continued)*

Income, expense, gains and losses arising from financial assets and financial liabilities

The income, expense, gains and losses arising from financial assets and financial liabilities are summarised in the table below

	31 December 2013				31 December 2012			
	Financial assets at fair value through profit and loss*	**Loans and receivables**	**Financial liabilities at fair value through profit and loss***	**Financial liabilities measured at amortised cost**	Financial assets at fair value through profit and loss*	Loans and receivables	Financial liabilities at fair value through profit and loss*	Financial liabilities measured at amortised cost
	£'000	**£'000**	**£'000**	**£'000**	£ 000	£'000	£'000	£'000
Financial Assets								
Deposits with credit institutions	37				11			
Cash at bank and in hand		5				-		
Total Financial Assets	37	5			11	-		
Financial Liabilities								
Creditors								
Contingent loan				(2,203)				(1,845)
Total Financial Liabilities				(2,203)				(1,845)

* All financial assets and liabilities at fair value through profit and loss are designated as such upon initial recognition

Credit risk

The Company's exposure to credit risk is mitigated by a number of policies Shareholders' funds are invested in AAA rated unitised money market funds, and deposits with approved banks, in accordance with the St James's Place group Credit Policy, with a view to minimising credit and market risk Maximum counterparty limits are set for each company within the group and aggregate limits are also set at a group level The following table sets out the credit risk exposure and ratings of financial and other assets which are most susceptible to credit risk

31 December 2013

	AAA	**AA**	**A**	**Unrated**	**Nil Credit Exposure**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial Assets						
Deposits with credit institutions	**40,844**					**40,844**
Cash at bank and in hand			**234**			**234**
Debtors				**50,810**		**50,810**

31 December 2012

	AAA	**AA**	**A**	**Unrated**	**Nil Credit Exposure**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial Assets						
Deposits with credit institutions	5,371					5 371
Cash at bank and in hand			2,523			2 523
Debtors				788		788

Notes *(continued)*

17 Financial risk *(continued)*

Financial assets that are either past due or impaired

There are no financial assets that are materially impaired, would otherwise be past due or impaired, whose terms have been renegotiated or are past due but not impaired

Liquidity risk

The Company is subject to minimal liquidity risk since it maintains a high level of liquid assets to meet its liabilities The analysis of contractual maturities for the Company's financial liabilities is included within the table which follows

The following table sets out the contractual maturity analysis exposure of the Company's financial assets and liabilities

31 December 2013

	Up to 1 Year	1 - 5 Years	Over 5 years	No fixed maturity	Non Interest Bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Deposits with credit institutions	**40,844**					**40,844**
Cash at bank and in hand	**234**					**234**
Debtors					**50,810**	**50,810**
Financial Liabilities						
Creditors					**45,519**	**45,519**
Contingent loan				-		-

31 December 2012

	Up to 1 Year	1 - 5 Years	Over 5 years	No fixed maturity	Non Interest Bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Deposits with credit institutions	5,371					5,371
Cash at bank and in hand	2,523					2 523
Debtors					788	788
Financial Liabilities						
Creditors					1,232	1,232
Contingent loan				143,974		143,974

Interest rate risk

This is not considered to be a material risk to the Company

Market risk

This is not considered to be a material risk to the Company

Currency risk

The Company is not subject to any significant currency risk since all material financial assets and financial liabilities are denominated in Sterling

Notes *(continued)*

17 Financial risk *(continued)*

Fair value estimation

Financial instruments, which are held at fair value in the balance sheet, are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2013

	Level 1	**Level 2**	**Level 3**	**Total balance**
	£' 000	£' 000	£' 000	£' 000
Financial assets at fair value through profit or loss				
Deposits with credit institutions	40,844			40,844
Total financial assets at fair value through profit or loss	**40,844**			**40,844**

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2012

	Level 1	**Level 2**	**Level 3**	**Total balance**
	£' 000	£' 000	£' 000	£' 000
Financial assets at fair value through profit or loss:				
Deposits with credit institutions	5,371			5,371
Total financial assets at fair value through profit or loss	**5,371**			**5,371**

Notes *(continued)*

18 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company regarded by the directors as the ultimate parent company is St James's Place plc, a limited liability company incorporated and domiciled in England and Wales, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member Copies of the consolidated financial statements of St James's Place plc may be obtained from the Company Secretary, St James's Place plc, St James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP In the opinion of the Directors St James's Place plc is considered to be the ultimate controlling party

19 Related party transactions

As the Company is a wholly owned subsidiary of SJP plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions with entities which form part of the group (or investees of the group qualifying as related parties)

- During the year, deposits were placed with Bank of Scotland (part of Lloyds Banking Group) on normal commercial terms At 31 December 2013 these deposits amounted to £234,000 (2012 £2,523,000) and £5,000 interest was receivable during the year (2012 £500)
- During the year, deposits were placed with Insight Investment (part of Lloyds Banking Group) on normal commercial terms At 31 December 2013 these deposits amounted to £18,785,000 (2012 £2,135,000) and £14,000 interest was receivable during the year (2012 £4,000)

	2013	2012
	£000	£000
Intra-group debtors		
St James's Place UK plc	**50,810**	788
Intra-group creditors		
St James's Place Management Services Limited	**5**	1,232
St James's Place UK plc (contingent loan)	**-**	143,974

The Company's related parties include the Company's key management personnel Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's directors

There were no transactions between the Company and key management personnel during the current or preceding year

Key management personnel are employed by St James's Place Management Services Limited and consider that their services to the Company are incidental to their other activities within the group

20 Contingent loan

The contingent loan was not repayable on demand, and was subordinated to the long term business provision and other creditors If the loan exceeded the higher of 1 5 times the long term business provision and £5,000,000, the excess became repayable, providing that this left the Company with positive net assets on an adjusted UK GAAP basis, and sufficient cash to cover its liabilities excluding the contingent loan The loan was repaid in full on 31 December 2013, and as a results no further repayment was due (2012 £619,000) Interest was charged monthly at a rate equivalent to the Bank of England base rate plus 1 percentage point per annum