

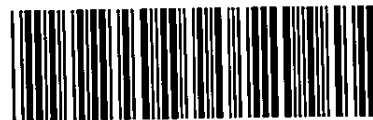
**St. James's Place Property Services Limited**

**Directors' report and financial  
statements**

**Registered number 2608806**

**31 December 2008**

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## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 December 2008.

### **Principal activities**

The company is a service company owning the freehold property of the group.

### **Results and business review**

The financial statements for the year ended 31 December 2008 are set out on pages 7 to 13. The retained profit for the year is disclosed on page 7. The directors have transferred this to reserves without declaring a dividend (2007: £Nil).

The directors expect the company to continue to remain the service company for the freehold property of the group and to make satisfactory profits in the future.

Going concern has been evaluated at group level for all subsidiaries by the directors of St. James's Place plc. They concluded that it was reasonable to expect the company to remain the service company for the freehold property of the group for a period of not less than 12 months from the date of signing of the Financial Statements.

### **Policy and practice on payment of creditors**

The payment of supplier invoices is made on the company's behalf by St. James's Place Management Services Limited ("SJPMs"), a fellow subsidiary company. SJPMs's creditor payment policy has been disclosed in its most recent financial statements.

### **Change of ultimate control**

HBOS plc was acquired by the Lloyds Banking Group plc on 19 January 2009.

### **Directors**

The directors who held office during the year were as follows:

Mr D C Bellamy  
Mr A M Croft  
Mr H J Gladman  
Mr S P Williams (resigned 30 May 2008)  
Mr M S Wilson

### **Directors' interests**

The directors have no interests in shares of the company. The interests of Mr Bellamy, Mr Croft and Mr Wilson in the shares of HBOS plc, the company's ultimate parent undertaking, and St. James's Place plc ("SJP plc"), the company's parent undertaking, have been disclosed in the consolidated financial statements of SJP plc.

### **Employees**

The company has no employees.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

**Directors' report** *(continued)*

By order of the board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**St. James's Place Administration Limited**  
*Secretary*

St. James's Place House  
Dollar Street  
Cirencester  
Gloucestershire GL7 2AQ  
19 February 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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; 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 responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of St. James's Place Property Services Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**KPMG Audit Plc**  
Canary Wharf  
London E14 5AG  
Registered Auditor

19 February 2009

**Profit and Loss Account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>£</b>	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>	<b>2007</b> <b>£</b>
<b>Turnover</b>	2,3	<b>121,000</b>		<b>121,000</b>	
Cost of sales	3		<b>(27,400)</b>		<b>(27,400)</b>
<b>Gross profit</b>	3		<b>93,600</b>		<b>93,600</b>
Administrative expenses	3		<b>(1,087)</b>		<b>(1,277)</b>
<b>Profit on ordinary activities before taxation</b>	2-4		<b>92,513</b>		<b>92,323</b>
Tax on profit on ordinary activities	5		<b>(35,471)</b>		<b>(35,859)</b>
<b>Profit for the financial year</b>			<b>57,042</b>		<b>56,464</b>

All activities relate wholly to continuing United Kingdom operations.

The company has no other recognised gains and losses and therefore a separate statement of total recognised gains and losses has not been presented.

**Balance Sheet**  
*at 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>£</b>	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>	<b>2007</b> <b>£</b>
<b>Fixed assets</b>					
Tangible assets	6		<u>1,260,400</u>		<u>1,287,800</u>
<b>Current assets</b>					
Debtors	7	<u>113,815</u>		<u>30,687</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(39,594)</u>		<u>(40,908)</u>	
<b>Net current assets / (liabilities)</b>			<b>74,221</b>		<b>(10,221)</b>
<b>Total assets less current liabilities, being net assets</b>			<u><b>1,334,621</b></u>		<u><b>1,277,579</b></u>
<b>Capital and reserves</b>					
Called up share capital	9		<b>101</b>		<b>101</b>
Revaluation reserve	10		<b>297,771</b>		<b>297,771</b>
Profit and loss account	10		<u><b>1,036,749</b></u>		<u><b>979,707</b></u>
<b>Shareholders' funds</b>			<u><b>1,334,621</b></u>		<u><b>1,277,579</b></u>

These financial statements were approved by the board of directors on 19 February 2009 and were signed on its behalf by:



*Director*



## Notes

*(forming part of the financial statements)*

### 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, except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 90% of the Company's voting rights are controlled within the group headed by St. James's Place plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of St. James's Place plc, within which this Company is included, can be obtained from the Company Secretary, St. James's Place plc, St. James's Place House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.

#### ***Tangible fixed assets and depreciation***

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2 % per annum
Freehold improvements	10 % per annum

The freehold building is re-valued periodically. The movement in valuation has been recognised in the revaluation reserve.

#### ***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.

Provision is made for deferred taxation, using the liability method, on all timing differences. The provision for a deferred tax asset is only made to the extent that a timing difference will be of future benefit.

#### ***Turnover***

Turnover, which excludes value added tax, represents rental income accounted for on a receivable basis.

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

Cost of sales, which excludes value added tax, represents property maintenance costs accounted for on a payable basis.

### 2 Analysis of turnover

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

## Notes (continued)

### 3 Notes to the profit and loss account

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting:)</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	27,400	27,400
<i>Auditors' remuneration:</i>		
Audit of these financial statements	1,087	1,277

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, St. James's Place plc.

### 4 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company for the year (2007: nil).

The number of directors to whom retirement benefits are accruing is 4 (2007: 5). The benefits are accrued in the pension scheme of St. James's Place UK plc, a fellow subsidiary company.

The number of directors who exercised options over the shares in SJP plc during the year is 4 (2007: 5).

### 5 Taxation

#### Analysis of charge in period

	2008 £	2008 £	2007 £	2007 £
<i>UK corporation tax</i>				
Current tax on income for the period	35,471		35,836	
Adjustments in respect of prior periods			23	
Total current tax	35,471		35,859	
Tax on profit on ordinary activities		35,471		35,859

## Notes (continued)

### 5 Taxation (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2007 : higher) than the standard rate of corporation tax in the UK (28.5%, 2007 : 30%). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	92,513	92,323
Current tax at 28.5% (2007 : 30%)	26,366	27,697
<i>Effects of:</i>		
Depreciation	7,809	8,220
Transfer pricing adjustment for market rent	1,532	250
Capital allowances for period in excess of depreciation	(236)	(331)
Adjustments to tax charge in respect of previous periods		23
Total current tax charge (see above)	35,471	35,859

### 6 Tangible fixed assets

	Freehold land and buildings £	Freehold improvements £	Total £
<i>Cost or valuation</i>			
At beginning of year	1,370,000	537,217	1,907,217
At end of year	1,370,000	537,217	1,907,217
<i>Depreciation</i>			
At beginning of year	(82,200)	(537,217)	(619,417)
Charge for year	(27,400)	-	(27,400)
At end of year	(109,600)	(537,217)	(646,817)
<i>Net book value</i>			
At 31 December 2008	1,260,400	-	1,260,400
At 31 December 2007	1,287,800	-	1,287,800

## Notes (continued)

### 6 Tangible fixed assets (continued)

The carrying value of the freehold land and buildings that would have been included had they been carried at historical cost less depreciation was:

At end of year	£959,471
At beginning of year	£986,871

The freehold property was independently valued as at 31 December 2004 by Doherty & Baines, Chartered Surveyors, on an open market existing use basis in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors.

The directors are not aware of any material change in value and therefore the valuations set out above have not been updated.

### 7 Debtors

	2008 £	2007 £
Amounts owed by group undertakings	113,815	30,687

### 8 Creditors: amounts falling due within one year

	2008 £	2007 £
Taxation and social security	35,471	35,837
Other creditors	4,123	5,071
	39,594	40,908

### 9 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
101 (2007 : 101) Ordinary shares of £1 each	101	101
<i>Allotted, called up and fully paid</i>		
101 (2007 : 101) Ordinary shares of £1 each	101	101

## Notes (continued)

### 10 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At beginning of year	297,771	979,707
Profit for the year	-	57,042
At end of year	<u>297,771</u>	<u>1,036,749</u>

### 11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent undertaking is HBOS plc, a company registered in Scotland. HBOS plc is the parent of the largest group in which the results of the company are consolidated. Copies of the consolidated accounts of HBOS plc may be obtained from The Mound, Edinburgh, EH1 1YZ.

The immediate parent company is St. James's Place Wealth Management Group plc, a company registered in England and Wales.

The parent undertaking of the smallest group to consolidate the accounts of the company is St. James's Place plc, a company registered in England and Wales, copies of whose consolidated accounts may be obtained from the Company Secretary, St. James's Place plc, St. James's Place House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.

HBOS plc was the ultimate controlling party as at 31 December 2008. As stated in the Directors' Report, Lloyds Banking Group has been the ultimate controlling party of the Company since its acquisition of HBOS plc on 19 January 2009.

### 12 Post Balance Sheet Event

As described in the ultimate parent company note there was a change of ownership on 19 January 2009. This is being disclosed as a non-adjusting post balance sheet event.