

St. James's Place Property Services Limited

**Directors' report and financial
statements**

Registered number 02608806

31 December 2011

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Directors' report

The directors present their directors' report and audited financial statements of the company for the year ended 31 December 2011

Principal activities

The Company is a non-trading company. Its previous activity was as a service company owning the freehold property of the group.

Results and business review

The financial statements for the year ended 31 December 2011 are set out on pages 8 to 15. The profit for the year is disclosed on page 8. The directors have transferred this to reserves without declaring a dividend (2010: nil). The property owned by the Company was sold on 17 June 2011.

The results of the Company are consolidated in the group accounts of both St James's Place plc and Lloyds Banking Group plc.

The directors of St James's Place plc manage the group's operations on a group basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of St James's Place Property Services Limited. The development, performance and position of St James's Place plc, which includes the Company, is discussed in the group's annual report, copies of which can be obtained from the address shown in Note 13 to these accounts.

The Company operates within the St James's Place group 'Risk Management Framework' as described in the St James's Place plc Annual Report & Accounts. This 'Risk Management Framework' describes the risk management 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 accounts of St James's Place plc Annual Report & Accounts.

The principal risks and uncertainties facing the Company related to fluctuations in the value of its property. The property owned by the Company was sold during 2011.

Going concern has been evaluated by the directors of the Company. They concluded that it was reasonable to expect the Company to remain a non-trading company for a period of not less than 12 months from the date of signing the financial statements and that it will be able to meet its obligations as they fall due during this period. However, the accounts have not been prepared on a going concern basis as under FRS 18 a company must not use the going concern basis to prepare the financial statements if the company has ceased trading.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

Mr D C Bellamy
Mr A M Croft
Mr H J Gladman
Mr M S Wilson (resigned 5 July 2011)
Mr D J Lamb (appointed 5 July 2011)

Employees

The Company has no employees (2010: nil).

Directors' report *(continued)*

Directors' Indemnity and Insurance

Lloyds Banking Group plc ("LBG"), 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 LBG or its subsidiaries. All members of the Board of LBG 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 LBG 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.

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.

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.

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
7 February 2012

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 period. 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

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 Property Services Limited

We have audited the financial statements of St James's Place Property Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 Statement of Directors' Responsibilities set out on page 5 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. 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 2011 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

Without modifying our opinion, we draw your attention to note 1 to the financial statements which explains that the company has ceased trading. Accordingly the directors have decided that the going concern basis of accounting is not appropriate and they have prepared the financial statements on a break up basis. This did not lead to any adjustments being made to the carrying value or classification of assets or liabilities.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



Mike Vickery (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
7 February 2012

Profit and Loss Account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Turnover	2	-	70,583
Cost of sales	3	(11,872)	(28,300)
		<hr/>	<hr/>
Gross (loss)/profit		(11,872)	42,283
Administrative expenses	3	(18,056)	5,751
		<hr/>	<hr/>
Operating (loss)/profit		(29,928)	48,034
Profit on disposal of fixed assets		205,816	-
Interest receivable and similar income		9,018	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-4	184,906	48,034
Tax on profit on ordinary activities	5	(6,129)	(18,833)
		<hr/>	<hr/>
Profit for the financial year	10	178,777	29,201
		<hr/>	<hr/>

All activities relate wholly to continuing United Kingdom operations

Under historical cost accounting the profit on ordinary activities before taxation and profit for the financial year disclosed above would have been £97,771 greater (2010 no material difference)

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Profit for the financial year	10	178,777	29,201
Revaluation of freehold land and buildings	6	-	(200,000)
Total recognised gains and losses relating to the year		178,777	(170,799)

Balance Sheet
as at 31 December 2011

	<i>Note</i>	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	6		-		1,005,600
			<hr/>		<hr/>
Current assets					
Debtors	7	1,366,623		195,720	
Creditors amounts falling due within one year	8	(6,731)		(20,205)	
		<hr/>		<hr/>	
Net current assets			1,359,892		175,515
			<hr/>		<hr/>
Total assets less current liabilities, being net assets			1,359,892		1,181,115
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	9		101		101
Revaluation reserve	10		-		97,771
Profit and loss account	10		1,359,791		1,083,243
			<hr/>		<hr/>
Total shareholders' funds			1,359,892		1,181,115
			<hr/>		<hr/>

The notes on pages 11–15 form part of the financial statements

The financial statements on pages 8–15 were approved by the board of directors on 7 February 2012 and were signed on its behalf by



Andrew Croft
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

As the company has ceased trading, under FRS 18 the company is not permitted to prepare the financial statements using the going concern basis. These financial statements are prepared on a break up basis. In practice, there is no difference in preparation between these two bases for this Company. The financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Under FRS 1 (revised 1996) 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 the Company is a wholly owned member of 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 with entities which form part of the group.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

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 as well as depreciation.

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

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting:)</i>		
Release of accrual for legal costs	-	(14,500)
Depreciation and other amounts written off tangible fixed assets		
Owned	11,417	27,400
<i>Auditors' remuneration*</i>		
Audit of these financial statements	1,500	1,064

Amounts receivable by the Company's auditors and their associates in respect of services to the Company, 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 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 (2010 nil)

The number of directors to whom retirement benefits are accruing is 4 (2010 4) The benefits are accrued in the pension scheme of St James's Place UK plc, a fellow subsidiary company

The number of directors who exercised options over the shares in St James's Place plc during the year is 5 (2010 1)

5 Tax on profit on ordinary activities

Analysis of charge in year

	2011 £	2011 £	2010 £	2010 £
<i>UK corporation tax</i>				
Current tax on income for the year	6,731		20,205	
Adjustments in respect of prior years	(602)		(1,372)	
Total current tax	6,129		18,833	
Tax on profit on ordinary activities		6,129		18,833

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2010 higher) than the standard rate of corporation tax in the UK (26.5%, 2010 28%). The differences are explained below

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	184,906	48,034
Current tax at 26.5% (2010 28%)	49,000	13,450
<i>Effects of</i>		
Depreciation	3,025	7,672
Transfer pricing adjustment for market rent	4,550	896
Capital allowances for period in excess of depreciation	(353)	(117)
Amounts disallowed for tax purposes	5,050	(1,696)
Adjustments in respect of prior periods	(602)	(1,372)
Capital accounted as revenue	(54,541)	
Total current tax charge (see above)	6,129	18,833

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The tax rate will fall to 25% from April 2012. Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014, these changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

6 Tangible fixed assets

	Freehold buildings £	Freehold improvements £	Total £
<i>Cost or valuation</i>			
At beginning of year	1,170,000	537,217	1,707,217
Revaluation	-	-	-
Disposal	(1,170,000)	(537,217)	(1,707,217)
At end of year	-	-	-
<i>Accumulated depreciation</i>			
At beginning of year	(164,400)	(537,217)	(701,617)
Charge for year	(11,417)	-	(11,417)
Disposal	175,817	537,217	713,034
At end of year	-	-	-
<i>Net book value</i>			
At 31 December 2011	-	-	-
At 31 December 2010	1,005,600	-	1,005,600

Notes (continued)

6 Tangible fixed assets (continued)

The property was sold on 17 June 2011 for consideration of £1.2m

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	£-
At beginning of year	£904,671

The historical cost of land, buildings and freehold improvements is £nil (2010 £1,878,792)

7 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	1,366,623	189,181
Other debtors	-	6,539
	<u>1,366,623</u>	<u>195,720</u>

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Taxation and social security	6,731	20,205
	<u>6,731</u>	<u>20,205</u>

9 Called up share capital

	2011 £	2010 £
<i>Allotted and fully paid</i>		
101 (2010 101) Ordinary shares of £1 each	101	101
	<u>101</u>	<u>101</u>

Notes (continued)

10 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At beginning of year	97,771	1,083,243
Profit for the financial year	-	178,777
Transfer to the profit and loss reserve	(97,771)	97,771
At end of year	-	1,359,791

11 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
At beginning of year	1,181,115	1,351,914
Profit for the financial year	178,777	29,201
Other recognised gains and losses	-	(200,000)
At end of year	1,359,892	1,181,115

12 Related party balances

	2011 £	2010 £
<i>Intra-group debtors, net of provisions</i>		
St James's Place Management Services Limited	1,366,623	189,181

13 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 Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the consolidated accounts of Lloyds Banking Group plc may be obtained from Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

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, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

The Company's related parties include other companies in the Lloyds Banking Group, pension schemes of the Company's ultimate parent company and 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.