

St. James's Place Unit Trust Group Limited

**Annual report
for the year ended 31 December 1999**

Registered no: 947644



St. James's Place Unit Trust Group Limited

Annual report for the year ended 31 December 1999

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St. James's Place Unit Trust Group Limited

Directors and advisers

Executive directors

Mr M S Wilson (Chairman)
Mr H J Gladman
Mr D J Lamb
Mr M D Moule
Sir Mark Weinberg

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Non-executive directors

Mr P A Hetherington
Mr J B B Stewart

Solicitors

Linklaters & Paines
59-67 Gresham Street
London
EC2V 7JA

Secretary and registered office

Mr H J Gladman
J. Rothschild House
Dollar Street
Cirencester
Gloucestershire
GL7 2AQ

Bankers

National Westminster Bank PLC
32 Market Place
Cirencester
Gloucestershire
GL7 2NU

St. James's Place Unit Trust Group Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activity

The principal activity of the company is the management of unit trusts. The company is regulated by the Personal Investment Authority (PIA) and is a member of the Investment Management Regulatory Organisation Limited (IMRO), and the Association of Unit Trusts and Investment Funds (AUTIF).

Business review

During the year ended 31 December 1999 the company made a profit after taxation of £4,240,000 (1998: £3,786,000). The directors expect the company to continue to make satisfactory profits in the future.

The profit and loss account for the year is set out on page 8.

Dividend and transfer to reserves

The directors have declared an interim dividend of £0.36 per share (1998: £1.30, £0.497, £0.535 per share) which was paid on 26 August 1999. No dividend is recommended by the Board.

After payment of the dividend, the retained profit of £3,520,000 (1998 retained loss £878,000) for the year will be transferred to the company's reserves.

Directors

The directors of the company, all of whom held office throughout the year, are listed on page 2. Mr P A Hetherington and Mr J B B Stewart resigned with effect from 31 December 1999.

Directors' interests

The interests of Mr M S Wilson, Mr M D Moule and Sir Mark Weinberg, who are also directors of the ultimate parent company, St. James's Place Capital plc, are disclosed in the consolidated financial statements of that company.

The interests of those directors who are not also directors of St. James's Place Capital plc are detailed on the following page:-

St. James's Place Unit Trust Group Limited

Directors' report for the year ended 31 December 1999

Directors' interests (continued)

Executive Share Option Scheme

| Director | Options held at 1 January 1999 | Granted in Year | Options held at 31 December 1999 | Exercise Price | Date from which Exercisable | Expiry Date |
|--------------|--------------------------------------|--------------------|--|-------------------|-----------------------------------|----------------|
| Mr H Gladman | 70,000 | - | 70,000 | 0.57p | 27 Dec 1999 | 27 Dec 2004 |
| | 148,750 | - | 148,750 | 1.71p | 19 Jan 2001 | 19 Jan 2006 |
| | 200,000 | - | 200,000 | £1.33 | 1 Jul 2001 | 13 Jul 2007 |
| Mr D Lamb | 61,249 | - | 61,249 | 0.57p | 1 Jan 1998 | 25 Feb 2004 |
| | 175,000 | - | 175,000 | 1.71p | 14 Feb 2000 | 14 Feb 2005 |
| | 200,000 | - | 200,000 | £1.33 | 1 Jul 2001 | 13 Jul 2007 |

SAYE Share Option Scheme

| Director | Options held at 1 January 1999 | Granted in Year | Options held at 31 December 1999 | Exercise Price | Date from which Exercisable | Expiry Date |
|--------------|--------------------------------------|--------------------|--|-------------------|-----------------------------------|----------------|
| Mr H Gladman | 16,121 | - | 16,121 | £1.07 | 1 Sep 2002 | 1 Mar 2003 |
| Mr D Lamb | 16,121 | - | 16,121 | £1.07 | 1 Sep 2002 | 1 Mar 2003 |

Ordinary Shares

| Director | 1 January 1999 Ordinary Shares of 15 pence each | | 31 December 1999 Ordinary Shares of 15 pence each | |
|-------------------|---|----------------|---|----------------|
| | Beneficial | Non-Beneficial | Beneficial | Non-Beneficial |
| Mr D Lamb | 36,138 | 10,712 | 36,138 | 10,712 |
| Mr P Hetherington | 8,720 | - | 8,720 | - |
| Mr J Stewart | - | - | 50,000 | - |

As at 31 December 1999 the share price was £2.21. The range of prices between 1 January 1999 and 31 December 1999 was £3.20 to £1.79½.

The company's register of directors' interests, which is open to inspection, contains full details of director's shareholdings and options to subscribe.

Employees

The company has no employees.

St. James's Place Unit Trust Group Limited

Directors' report for the year ended 31 December 1999

Payment policy for creditors

The payment of supplier invoices is made on the company's behalf by J. Rothschild Assurance plc ("JRA"), a fellow subsidiary company.

It is JRA's policy to pay creditors in accordance with the Confederation of British Industry (CBI) Better Practice Payment Code on supplier payments. The company's average number of days purchases outstanding in respect of trade creditors at 31 December 1999 was 31 days (1998: 28 days).

Millennium

Details of the company's approach to dealing with the Millennium issue are dealt with on a group basis in the consolidated financial statements of St. James's Place Capital plc.

Economic Monetary Union

The effects on the company of the possible future adoption of the euro by the United Kingdom have been dealt with on a group basis in the consolidated financial statements of St. James's Place Capital plc.

Post Balance Sheet Event

On 22 March 2000, Halifax Group plc announced it had conditionally acquired 60 per cent of the shares held by Prudential plc in St. James's Place Capital plc (SJPC), the ultimate parent company, representing approximately 15.8 per cent of SJPC's share capital. Furthermore, Halifax Group plc has made a recommended Partial Offer to purchase 60 per cent of the shares of all other SJPC shareholders for cash.

Auditors

The auditors PricewaterhouseCoopers have indicated their willingness to continue in office. The company has elected, by way of an elective resolution dated 16 August 1995, to dispense with the obligation to appoint auditors annually.

By order of the Board



Mr M D Moule
Director

17 April 2000

St. James's Place Unit Trust Group Limited

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which 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 1985 as directed above. 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.

St. James's Place Unit Trust Group Limited

Auditors' report to the members of St. James's Place Unit Trust Group Limited

We have audited the financial statements on pages 8 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 6 this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

17 April 2000

St. James's Place Unit Trust Group Limited

Profit and loss account for the year ended 31 December 1999

| | Notes | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|--|-------|--|--|
| Turnover | 2 | 300,815 | 182,348 |
| Cost of sales | | (286,873) | (170,333) |
| | | <hr/> | <hr/> |
| Gross profit | | 13,942 | 12,015 |
| Operating expenses | 3 | (8,312) | (7,094) |
| | | <hr/> | <hr/> |
| Operating profit | | 5,630 | 4,921 |
| Interest receivable and similar income | | 409 | 563 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 5 | 6,039 | 5,484 |
| Tax on profit on ordinary activities | 6 | (1,799) | (1,698) |
| | | <hr/> | <hr/> |
| Profit for the financial year | | 4,240 | 3,786 |
| Dividends | 7 | (720) | (4,664) |
| | | <hr/> | <hr/> |
| Retained profit/(loss) | 12 | 3,520 | (878) |
| | | <hr/> <hr/> | <hr/> <hr/> |

There were no acquisitions during the year nor were any operations discontinued.

There were no material recognised gains or losses other than the profit of £4,240,000 for the year to 31 December 1999 (1998: profit £3,786,000).

The notes on pages 10 to 14 form an integral part of these financial statements.

St. James's Place Unit Trust Group Limited

Balance sheet as at 31 December 1999

| | Notes | 1999 £'000 | 1998 £'000 |
|---|-------|---------------|---------------|
| Current assets | | | |
| Stock of units | | 444 | 384 |
| Debtors | 8 | 5,400 | 2,646 |
| Cash at bank and in hand | | 14,872 | 8,330 |
| | | <hr/> | <hr/> |
| | | 20,716 | 11,360 |
| Creditors: amounts falling due within one year | 9 | (15,193) | (9,357) |
| | | <hr/> | <hr/> |
| Net current assets | | 5,523 | 2,003 |
| | | <hr/> | <hr/> |
| Net assets | | 5,523 | 2,003 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 10 | 2,000 | 2,000 |
| Profit and loss account | 12 | 3,523 | 3 |
| | | <hr/> | <hr/> |
| Equity shareholders funds | 11 | 5,523 | 2,003 |
| | | <hr/> | <hr/> |

The financial statements on pages 8 to 14 were approved by the board of directors on 17 April 2000 and were signed on its behalf by:



Mr M D Moule
Director

The notes on pages 10 to 14 form an integral part of these financial statements.

St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The company has taken advantage of the exemption permitted under FRS1 (revised) not to prepare a cashflow statement.

Turnover

Turnover represents the sale and liquidation proceeds of units and fees receivable for the administration of unit trusts accounted for on a receivable basis.

Cost of sales

Cost of sales represents the purchase and creation costs of units.

Stock of units

Units held by the manager are valued at the lower of cost or net realisable value.

Investment income

Income from investments is included, together with the related tax credit, in the profit and loss account on an accruals basis.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

2 Segmental analysis by class of business and geographical area

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.

St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

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St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

3 Other operating expenses

| | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|-------------------------|--|--|
| Distribution costs | 2,918 | 2,773 |
| Administrative expenses | 5,394 | 4,321 |
| | <hr/> | <hr/> |
| | 8,312 | 7,094 |
| | <hr/> | <hr/> |

4 Directors' emoluments

| | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|------------------------------|--|--|
| Non-executive directors fees | 6 | 6 |
| | <hr/> | <hr/> |

No other directors received remuneration in respect of qualifying services.

5 Profit on ordinary activities before taxation

| | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|--|--|--|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Auditors' remuneration recharged from another group company | 22 | 22 |
| | <hr/> | <hr/> |

St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

6 Tax on profit on ordinary activities

| | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|--|--|--|
| United Kingdom corporation tax at 30.25% (1998: 31%) | | |
| - Current year | 1,825 | 1,698 |
| - Adjustment in respect of prior periods | (1,169) | (697) |
| Group relief | | |
| - Adjustment in respect of prior periods | 1,143 | 697 |
| | <hr/> | <hr/> |
| | 1,799 | 1,698 |
| | <hr/> | <hr/> |

7 Dividends

| | Year ended 31 December 1999 £'000 | Year ended 31 December 1998 £'000 |
|--|--|--|
| Ordinary: | | |
| Interim paid of £0.36 per share (1998: £1.30, £0.497, £0.535 per share) | 720 | 4,664 |
| | <hr/> | <hr/> |

8 Debtors

| | 1999 £'000 | 1998 £'000 |
|-----------------|---------------|---------------|
| Dealing debtors | 5,133 | 2,288 |
| Other debtors | 221 | 319 |
| Prepayments | 46 | 39 |
| | <hr/> | <hr/> |
| | 5,400 | 2,646 |
| | <hr/> | <hr/> |

St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

9 Creditors: amounts falling due within one year

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| Dealing creditors | 9,001 | 2,910 |
| Amounts owed to group undertakings | 1,810 | 3,019 |
| Corporation tax | 1,825 | 1,724 |
| Other creditors including taxation and social security | 2,501 | 626 |
| Dividends payable | - | 1,070 |
| Accruals and deferred income | 56 | 8 |
| | <hr/> | <hr/> |
| | 15,193 | 9,357 |
| | <hr/> | <hr/> |

10 Called up share capital

| | 1999 £'000 | 1998 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 2,000,000 Ordinary shares of £1 each | 2,000 | 2,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 2,000,000 Ordinary shares of £1 each | 2,000 | 2,000 |
| | <hr/> | <hr/> |

11 Reconciliation of movement in shareholders' funds

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| Profit for financial period | 4,240 | 3,786 |
| Dividend | (720) | (4,664) |
| | <hr/> | <hr/> |
| Net addition/(decrease) in shareholders' funds | 3,520 | (878) |
| Opening shareholders' funds | 2,003 | 2,881 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 5,523 | 2,003 |
| | <hr/> | <hr/> |

St. James's Place Unit Trust Group Limited

Notes to the financial statements for the year ended 31 December 1999

12 Reserves

| | |
|--------------------------------|--------------|
| | £'000 |
| Profit and loss account | |
| At 1 January 1999 | 3 |
| Retained profit for the year | 3,520 |
| | <hr/> |
| At 31 December 1999 | 3,523 |
| | <hr/> <hr/> |

13 Ultimate parent undertaking

The company's parent company is J. Rothschild Assurance Holdings plc which is incorporated in Great Britain and registered in England and Wales. The company's ultimate parent company is St. James's Place Capital plc (SJPC) which is incorporated in Great Britain and registered in England and Wales. Copies of SJPC's consolidated financial statements may be obtained from J. Rothschild House, Dollar Street, Cirencester, Gloucestershire GL7 2AQ.

14 Related party transactions

Advantage has been taken of the exemption from disclosure of related party transactions with group companies on the grounds that 90 per cent or more of the company's voting rights are controlled within the SJPC group.

There were no other related party transactions requiring disclosure under FRS8 during the year.