

Registered number: 00947644

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

COMPANY INFORMATION

Directors	T C Beal R J Gardner C G Gentle E Griffin D Hyams S M Meech R P Yates
Company secretary	St. James's Place Corporate Secretary Limited
Registered number	00947644
Registered office	St. James's Place House 1 Tetbury Road Cirencester Gloucestershire GL7 1FP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

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ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

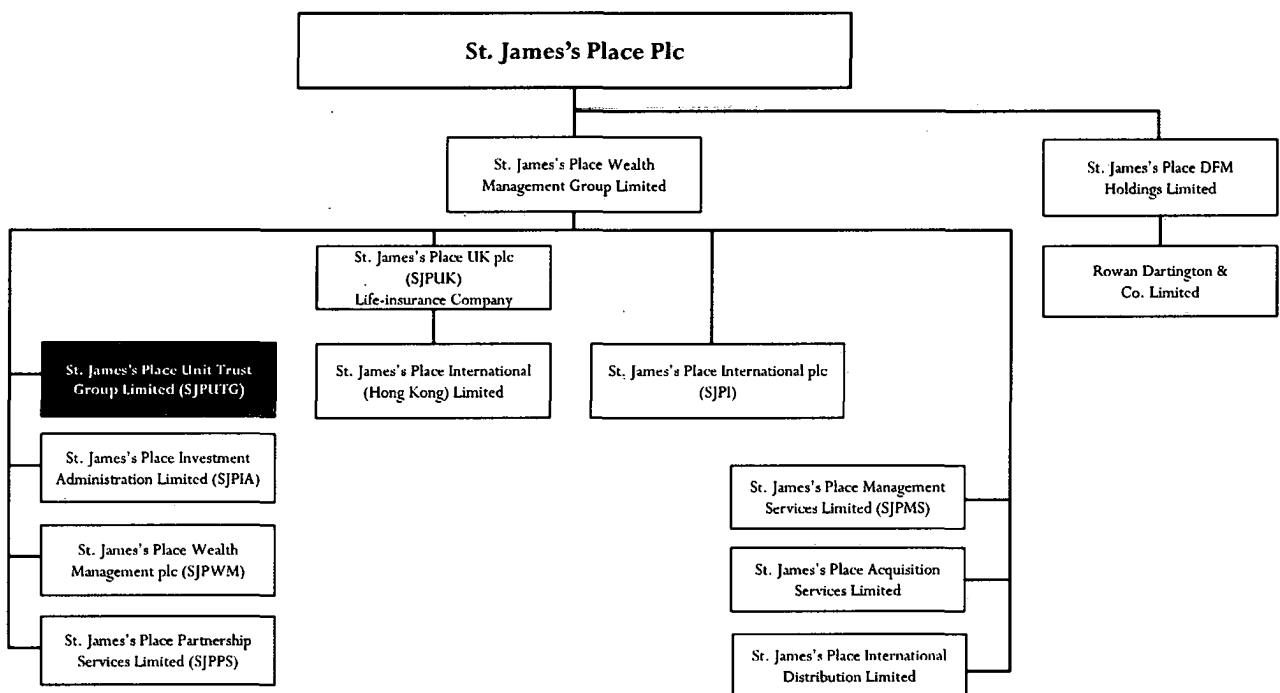
INTRODUCTION

St. James's Place Unit Trust Group Limited (the "Company") is a wholly-owned subsidiary of St. James's Place Wealth Management Group Limited. The Company is authorised and regulated by the Financial Conduct Authority (FCA) to transact Unit Trusts in the United Kingdom.

The Company is a private limited company registered in England.

Group Overview

St. James's Place is an award-winning wealth management group and a FTSE 100 business with a track record of strong growth. An extract of the group structure is shown below.



Face-to-face advice is core to the St. James's Place Group's (the "Group" or "St. James's Place") business model. This is delivered through the Group's dedicated distribution firm, St. James's Place Wealth Management plc, which manages the St. James's Place Partnership, and which is focused on building and supporting long-term relationships with our clients.

Financial advice is complemented and supported by our compelling investment proposition (the Investment Management Approach – "IMA"). The IMA offers a unique approach enabling investment management of underlying assets to be contracted out to a range of investment management firms, carefully selected by our independent committee of experts from the global population of fund managers.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION (continued)

In order to be able to provide the appropriate investment solution for each client's particular circumstances and needs, the IMA is made available through a variety of UK investment product solutions. The principal products manufactured by Group companies, and which are, in general, made available through the St. James's Place Partnership, are:

Company	Product
St. James's Place UK plc	UK-based unit-linked savings Unit-linked pension savings Unit-linked drawdown
St. James's Place Investment Administration Limited	Unit Trusts Individual Savings Accounts ("ISAs")
St. James's Place International plc	Offshore unit-linked savings

In order to allow the IMA to be delivered consistently through all product wrappers, the majority of the unit-linked insurance investment ranges are facilitated through cross-investment into a core range of St. James's Place Unit Trusts (managed by St. James Place Unit Trust Group Limited), which are the same Unit Trusts made available directly and through an ISA by St. James's Place Investment Administration Limited.

The Company collects an Annual Management Charge ("AMC") from the range of Unit Trusts that it manages, from which it pays a share to St. James's Place Investment Administration Limited as remuneration for client administration services provided. In addition, the Company pays an Ongoing Advice Charge ("OAC") to St. James's Place Wealth Management plc ("SJPWM") when the client has requested ongoing advice services.

St. James's Place Management Services Limited facilitates employment for the Group and management of expenses, while St. James's Place Partnership Services Limited acts as a Treasury company for the Group, securing funding and managing lending by the Group.

Further information about St. James's Place, the St. James's Place Partnership, the St. James's Place approach to fund management and the IMA, and the full range of wealth management products, is included within the Strategic Report of the St. James's Place plc Annual Report and Accounts.

BUSINESS REVIEW

The profit for the financial year amounted to £86.8m (2018 - £75.6m). Net assets at the end of the year totalled £50.1m (2018 - £47.8m).

In its capacity as a unit trust manager, the Company manages 48 different unit trusts (2018 - 48), of which 43 (2018 - 43) are classified under the Financial Conduct Authority's Collective Investment Scheme Sourcebook as UCITS funds and 5 (2018 - 5) as NURS funds.

The Company's growth in turnover of 9.6% (2018 - 12.1%) arose principally through increased funds under management.

FUTURE DEVELOPMENTS

The Company is committed to ensuring that its investment proposition remains relevant and will continue to develop the range of funds available to clients and launch new unit trusts as appropriate.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates within the St. James's Place Group 'Risk Management Framework'. More information on the Risk Management Framework, including the risk management policies and procedures that are applicable to the Company and the Group is provided in the St. James's Place plc Annual Report and Accounts.

Over the past year, the continued uncertainties around Brexit and international trade have impacted investor sentiment. Whilst some of the UK political uncertainties have recently reduced, global economic factors, such as the impact on trade of the Coronavirus, continue to impact on markets and investor behaviour. While the Company and Group has very little direct exposure to market risk because of our matching policy (where we hold assets which match our liability to clients), the Company and Group does have indirect exposure because of the impact it has on new business and funds under management. Stress and scenario testing has been performed which demonstrates that the businesses is resilient to extreme but plausible scenarios. We continually monitor the changing environment, to ensure our analysis and scenario testing remains current. Although scenarios of political change (Brexit, general elections and trade wars) can drive changes in risk, the potential impacts on our business would manifest in ways with which we are familiar. Notably, market risk, persistency risk, changes in new business levels and operational risks.

The principal risks and uncertainties facing the Company are set out below.

Risk	Risk Description	Key risks	Example controls
Administration Services	We fail to deliver good quality administration services to Partner and clients.	<ul style="list-style-type: none"> • Clients and Partners receive poor policy administration • Failure of key administration system change projects • Administrative complexity 	<ul style="list-style-type: none"> • Management of administrations centres to ensure key service standards are met • Continuous development of technology • Effective planning of large-scale change projects • Ongoing activity to reduce administrative complexity
Brand and competition	Challenge from competitors and impact of media scrutiny.	<ul style="list-style-type: none"> • Increased competitive pressure from traditional and disruptive (non-traditional) competitors • Cost and charges pressure • Negative media coverage 	<ul style="list-style-type: none"> • Clear demonstration of value delivered to clients through advice, service and products • Investment in improving positive brand recognition • Ongoing development of client and Partner propositions • Proactive engagement with external agencies including media, industry groups and regulators
Client Proposition	Our product proposition fails to meet the needs, objectives and expectations of our clients. This includes poor relative investment performance and poor product design.	<ul style="list-style-type: none"> • Issues with manufactured products • Investments provide poor returns relative to their benchmarks and/or do not deliver expected client outcomes • Range of solutions does not align with the product and service requirements of our current and potential future clients • Failure to meet client expectations of a sustainable business, not least in respect of responsible investing 	<ul style="list-style-type: none"> • Regular monitoring of manufactured products' performance • Monitoring of investment performance and selection of the most appropriate funds from a risk/net return perspective • Engagement with investment managers around principles of responsible investment
Financial	We fail to effectively manage the business finances.	<ul style="list-style-type: none"> • Failure to meet client liabilities • Investment/Market risk • Credit risk • Expense risk • Solvency risk 	<ul style="list-style-type: none"> • Unit-linked policyholder liabilities are fully matched • Excess assets generally invested in high quality, high liquidity cash and cash equivalents • Lending to the Partnership is secured on their future income streams • Ongoing monitoring of all risk exposures and experiences • Acceptance of market and persistency risk impact on profit • Monitoring and management of individual entities solvency to minimise Group interdependency

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Group support	We fail to receive services supplied from a fellow Group company.	<ul style="list-style-type: none"> • Failure of the IMA • Failure in provision of human resources • Failure to protect the St. James's Place brand • Loss of distinctive culture 	<ul style="list-style-type: none"> • Contractual service arrangements in place for key services provided by fellow Group subsidiaries • Vertical integration aligns the delivery of services to the entity with the wider objectives of the Group • Key executive management committees include representation of interests for the relevant Group subsidiaries • Specific matters reserved to each entity board • The controls around the Group's risks can be found in the Group's Annual Report and Accounts
Outsourcing	The third party outsourcers' activities impacts our performance and risk management.	<ul style="list-style-type: none"> • Operational failures by material outsourcers • Failure of critical service, significant areas include: <ul style="list-style-type: none"> ◦ Investment administration ◦ Investment management ◦ Custody ◦ Policy administration ◦ Cloud services 	<ul style="list-style-type: none"> • Oversight regime in place to identify prudent steps to reduce risk of operational failures by material third-party providers • Ongoing monitoring • Due diligence of key suppliers
Regulatory	We fail to meet current, changing or new regulatory and legislative expectations.	<ul style="list-style-type: none"> • Failure to comply with changing regulation • Inadequate internal controls • Failure to respond to regulatory driven changes to the industry in which we operate • Solvency Risk 	<ul style="list-style-type: none"> • Compliance functions provide expert guidance and carry out extensive assurance work • Strict controls are maintained in highly regulated areas • Maintenance of appropriate solvency capital buffers, and continuous monitoring of solvency experience • Fostering of positive regulatory relationships
Security & Resilience	We fail to adequately secure our physical assets, systems and/or sensitive information, or to deliver critical business services to our clients.	<ul style="list-style-type: none"> • Internal or external fraud • Core system failure • Corporate, Partnership, or third-party, information security and cyber risks • Disruption in key business services to our clients 	<ul style="list-style-type: none"> • Business continuity planning for SJP and its key suppliers • Identification, communication, and response planning for the event of cyber crime • Data leakage detection technology and incident reporting systems • Internal awareness programmes • Identification and assessment of critical business services

FINANCIAL KEY PERFORMANCE INDICATORS

The Directors of St. James's Place plc manage the Group's operations on a group basis. The development, performance and position of St. James's Place plc, which includes the Company is discussed in the Group's Annual Report and Accounts, copies of which can be obtained from the address shown in the ultimate controlling party note at the end of these financial statements.

Of the Group's key performance indicators, the following are deemed to be relevant to the Company's financial statements.

During the year, the net fee income earned from funds under management increased by 9.5% to £295.0m from £269.4m.

Funds under management as at 31 December 2019 were £105.2bn (2018 - £85.8bn).

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our key stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As part of a vertically integrated financial services group (the "Group"), the Company's stakeholders are entirely aligned with the key stakeholders of the wider Group, being the workforce, clients, Partners, fund managers, third party administrators, regulators, community and other suppliers, although some of those are more prominent for us as a subsidiary than others.

As is normal for organisations, authority for day-to-day management of this Company and the Group's other wholly-owned subsidiaries is delegated to executives. The boards of each company then engage management in setting, approving and overseeing execution of the business strategy and related policies, where relevant to that company. Throughout the year we, as a Board, review matters such as financial and operational performance, key risks, governance and regulatory compliance and the impact of decisions and policies affecting our key stakeholders.

The views of and the impact of the Company's activities on the key stakeholders are an important consideration for the Directors when making relevant decisions. Our governance framework is designed to provide opportunities for the Board to consider and discuss reports and decision-making papers which are sent in advance of each periodic Board meeting. The information contained therein, together with presentations to the Board, provide the insight necessary to understand the interests and concerns of key stakeholders and other relevant factors when making decisions. An example from 2019 that illustrates how this has contributed to our compliance with our section 172 duty to promote the success of the company is set out below.

Example	Consideration
Clients, Partners, Regulators, Shareholders	The Company's function is to transact Unit Trusts in the United Kingdom. During 2019 the Board determined that it should terminate its mandate with one of its investment managers, Woodford Investment Management (WIM). The views of Management and the Group's Investment Committee provided helpful context and ultimately the Board made the decision to terminate the mandate with WIM to protect the interests of the Company and, in particular clients.

While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the some of the engagement that takes place with the Company's stakeholders so as to encourage the Directors to understand the issues to which they must have regard please see the Section 172(1) Statement in the St. James's Place plc 2019 Annual Report.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

GOING CONCERN

Going concern has been evaluated by the Directors of the Company. They concluded that it was reasonable to expect the Company to continue as a unit trust management company for a period of not less than 12 months from the date of signing the financial statements.

This report was approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:

A handwritten signature in black ink, appearing to read 'C G Gentle', with a stylized flourish at the end.

C G Gentle
Director

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company acts as a unit trust manager.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £86.8m (2018 - £75.6m).

Dividends totalling £84.5m (2018 - £48.0m) were paid during the year. The Directors do not recommend the payment of final dividend (2018 - £NIL).

DIRECTORS

The Directors who served during the year and up to the date of the signing of the financial statements were:

T C Beal (appointed 25 September 2019)
A M Croft (resigned 5 August 2019)
R J Gardner (appointed 23 May 2019)
I S Gascoigne (resigned 5 August 2019)
C G Gentle
E Griffin (appointed 20 February 2020)
D Hyams (appointed 30 September 2019)
D J Lamb (resigned 26 February 2019)
S M Meech (appointed 5 August 2019)
R P Yates (appointed 30 September 2019)

EMPLOYEES

The Company has no employees (2018 - NIL).

DIRECTORS' INDEMNITY AND INSURANCE

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

MATTERS COVERED IN THE STRATEGIC REPORT

Future developments, financial risk management and going concern are all referred to in the Strategic Report set out on pages 1 to 6 of the financial statements in accordance with Section 414c(11) of the Companies Act 2006.

A summary of how the Directors' have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year is set out in the Strategic Report within the Section 172 (1) Statement on page 5.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:

A handwritten signature in black ink, appearing to read 'C G Gentle', with a stylized, cursive script.

C G Gentle
Director

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 United Kingdom Accounting Standards, comprising FRS 102, 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Report on the audit of the financial statements

Opinion

In our opinion, St. James's Place Unit Trust Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

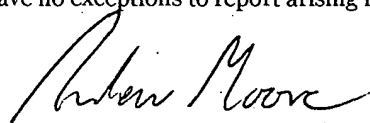
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Moore (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 February 2020

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	2	291,062	265,525
Cost of sales		(20,229)	(20,432)
GROSS PROFIT		270,833	245,093
Administrative expenses		(164,242)	(152,060)
OPERATING PROFIT		106,591	93,033
Interest receivable and similar income		465	302
Interest payable and similar expenses		-	(81)
PROFIT BEFORE TAXATION		107,056	93,254
Income tax	6	(20,281)	(17,683)
PROFIT AND TOTAL COMPREHENSIVE INCOME		86,775	75,571

All amounts relate to continuing operations.

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on pages 15 to 22 form part of these financial statements.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED
REGISTERED NUMBER: 00947644

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
CURRENT ASSETS			
RECEIVABLES: Amounts falling due within one year	8	258,570	208,389
Other investments	9	30,234	54,834
Cash and cash equivalents		40,200	12,679
		<u>329,004</u>	<u>275,902</u>
PAYABLES: Amounts falling due within one year	10	(278,933)	(228,106)
NET CURRENT ASSETS		<u>50,071</u>	<u>47,796</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,071</u>	<u>47,796</u>
NET ASSETS		<u>50,071</u>	<u>47,796</u>
EQUITY			
Share capital	11	2,000	2,000
Retained earnings		48,071	45,796
TOTAL SHAREHOLDERS' FUNDS		<u>50,071</u>	<u>47,796</u>

The financial statements on pages 12 to 22 were approved by the Board of Directors on 26 February 2020 and signed on its behalf on the same date by:



C G Gentle
Director

The notes and information on pages 15 to 22 form part of these financial statements.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2019	2,000	45,796	47,796
Profit for the financial year	-	86,775	86,775
Dividends: Equity capital	-	(84,500)	(84,500)
At 31 December 2019	2,000	48,071	50,071

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2018	2,000	18,225	20,225
Profit for the financial year	-	75,571	75,571
Dividends: Equity capital	-	(48,000)	(48,000)
At 31 December 2018	2,000	45,796	47,796

The notes and information on pages 15 to 22 form part of these financial statements.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 General information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom.

The address of the Company's registered office is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with Financial Reporting Standard 102 (FRS 102), 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. No significant accounting judgements have been made.

The principal accounting policies of the Company, which have been applied consistently throughout the year, are set out below.

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b) and 12.29A provided disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the Group in which the entity is consolidated; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of St. James's Place plc as at 31 December 2019 and these financial statements may be obtained from the secretary at St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Turnover

Turnover represents annual fees receivable by the Company from the management of the Company's unit trusts, less the net dealing loss incurred at the point of sale of units in the Company's range of unit trusts.

Management fees are calculated daily based on the level of funds under management on each working day and are recognised on an accruals basis.

1.5 Cost of sales

Cost of sales represents pre-RDR fund related commission charged to the Statement of Comprehensive Income on an accruals basis.

1.6 Administrative expenses

Administrative expenses represent costs incurred in the ordinary activities of the Company, which include regulatory fees and other third-party expenses, which are charged to the Statement of Comprehensive Income on an accruals basis. This also includes a recharge from a fellow Group company for services provided to the Group as a whole, apportioned to the Company using internal metrics.

1.7 Income tax

Tax is recognised in the Statement of Comprehensive Income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom, where the Company operates and generates income.

1.8 Other investments

A stock of units are held by the Company as box positions to ensure that the funds are operated in an efficient manner, and are valued at the lower of cost and net realisable value. Whilst the units held in the box belong to the Company, it does not seek to profit from these units. Investment in Collective Investment Schemes refers to holdings of high quality, highly liquid Money Market funds, containing assets which are cash and cash equivalents.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument, in accordance with IFRS 9. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies its financial assets at either fair value through profit or loss, or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

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

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours, excluding money market fund investments, which are presented within Current asset investments as short-term deposits.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. TURNOVER

	2019 £000	2018 £000
Net management fee income	294,973	269,414
Retained initial charge and dealing profit/(loss)	(3,911)	(3,889)
	<u>291,062</u>	<u>265,525</u>

All turnover arose within the United Kingdom.

3. COST OF SALES

	2019 £000	2018 £000
Commission expense	<u>20,229</u>	<u>20,432</u>

4. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Aggregate remuneration	568	825
Amounts receivable under long-term incentive schemes	167	685
Pension contributions	63	105
	<u>798</u>	<u>1,615</u>

The aggregate emoluments of the highest paid Director in the year were £207,809 (2018 - £1,197,642), and cash supplements in lieu of their defined contribution pension scheme totalled £14,646 (2018 - £77,078). The number of options the highest paid Director exercised over the shares in St. James's Place plc was NIL (2018 - 61,861), and the number of shares receivable by them in respect of qualifying service was NIL (2018 - 26,955).

At 31 December 2019, the number of Directors to whom retirement benefits are accruing, including those receiving cash supplements in lieu of their defined contribution pension scheme, is 4 (2018 - 4), including the highest paid Director. Retirement benefits are accrued in money purchase schemes for 4 (2018 - 1) of those Directors at the year-end.

The number of Directors who exercised options over the shares in St. James's Place plc during the year while acting as Directors of this Company is 2 (2018 - 3). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is 4 (2018 - 3).

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. AUDITORS' REMUNERATION

The statutory audit fee of £40,026 (2018 - £25,760) was paid on behalf of the Company by another Group company, St. James's Place Management Services Limited, and subsequently recharged back to the Company.

The Company has taken advantage of the exemption from disclosing amounts paid for non-audit services, as these are disclosed in the Group Report and Accounts of the ultimate parent company.

6. INCOME TAX

	2019 £000	2018 £000
Current tax		
UK corporation tax on profit for the year	20,283	17,683
Adjustments in respect of prior periods	(2)	-
Total current tax	20,281	17,683

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	107,056	93,254
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	20,341	17,718
Effects of:		
Adjustments to tax charge in respect of prior periods	(2)	-
Transfer pricing adjustments	(58)	(35)
Total tax charge for the year	20,281	17,683

Future tax changes

It was previously announced, that the standard rate of UK corporation tax would reduce to 17% with effect from 1 April 2020. This was substantively enacted in the Finance Act 2016.

In November 2019, the UK Prime Minister pledged to postpone this reduction in the corporation tax rate to 17%. This change has yet to be substantively enacted.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. DIVIDENDS

	2019 £000	2018 £000
Interim dividends paid on Ordinary shares	<u>84,500</u>	<u>48,000</u>

The total interim dividends for the financial year is equivalent to £42.25 per share (2018 - £24.00 per share).

8. RECEIVABLES: Amounts falling due within one year

	2019 £000	2018 £000
Trade receivables	220,703	174,490
Amounts owed by Group undertakings	433	473
Other receivables	446	144
Prepayments and accrued income	<u>36,988</u>	<u>33,282</u>
	<u>258,570</u>	<u>208,389</u>

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

9. OTHER INVESTMENTS

	2019 £000	2018 £000
Stock of units	4,034	1,762
Investment in Collective Investment Schemes	<u>26,200</u>	<u>53,072</u>
	<u>30,234</u>	<u>54,834</u>

Stock of units is box holdings within St. James's Place Unit Trusts.

Investment in Collective Investment Schemes refers to holdings of high quality, highly liquid Money Market funds, containing assets which are cash and cash equivalents.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. PAYABLES: Amounts falling due within one year

	2019 £000	2018 £000
Trade payables	220,603	174,527
Amounts owed to Group undertakings	26,525	9,895
Corporation tax	6,783	14,785
Other payables	12,872	13,442
Accruals and deferred income	12,150	15,457
	<u>278,933</u>	<u>228,106</u>

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

11. SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
2,000,000 (2018 - 2,000,000) ordinary shares of £1.00 each	<u>2,000</u>	<u>2,000</u>

12. RELATED PARTY BALANCES

The Company's related parties include key management personnel, the unit trusts that it manages and companies within the St. James's Place Group.

Transactions with key management personnel are exempt from disclosure.

The Unit trusts

During the year, the Company entered into the following transactions with the unit trusts that it manages:

	2019 £000	2018 £000
Net annual management fees	294,973	269,414
Creation of units	15,254,642	14,898,609
Liquidation of units	5,375,266	6,158,890
	<u>20,924,881</u>	<u>21,326,913</u>

At the year-end, the Company held a stock of £4,034,381 (2018 - £1,762,153) of units in the Unit Trusts that it manages.

The total value of St. James's Place funds under management held by related parties of the Company as at the year end was £28,819,052 (2018 - £24,962,951).

The total value of St. James's Place funds under management held by other companies within the St. James's Place Group as at the year end was £75,189,698,031 (2018 - £59,324,668,730).

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. RELATED PARTY BALANCES (continued)

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

At 31 December, the following amounts were outstanding:

	2019 £000	2018 £000
Intra-Group receivables, net of provision		
St. James's Place International plc	433	350
Rowan Dartington Holdings Limited	-	16
Rowan Dartington & Co Limited	-	85
St. James's Place (Hong Kong) Limited	-	22
	<u>433</u>	<u>473</u>
	2019 £000	2018 £000
Intra-Group payables		
St. James's Place Investment Administration Limited	6,855	5,655
St. James's Place Management Services Limited	10,461	2,775
St. James's Place UK plc	6,974	144
St. James's Place Wealth Management plc	1,945	1,270
St. James's Place Acquisition Services Limited	152	-
St. James's Place (Hong Kong) Limited	14	-
St. James's Place Wealth Management (Shanghai) Limited	-	1
St. James's Place International (Hong Kong) Limited	123	38
St. James's Place (Singapore) Private Limited	1	12
	<u>26,525</u>	<u>9,895</u>

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regarded by the Directors as the immediate parent company is St. James's Place Wealth Management Group Limited, a company registered in England and Wales.

The company regarded by the Directors as the ultimate parent company is St. James's Place plc, a company registered in England and Wales. It is also the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of the consolidated financial statements of St. James's Place plc may be obtained from the Company Secretariat at St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

In the opinion of the Directors, St. James's Place plc is considered to be the ultimate controlling party.