

**J. Rothschild Assurance Property Services Limited**

**Annual report  
for the year ended 31 December 1998**

**Registered no: 2608806**



# **J. Rothschild Assurance Property Services Limited**

## **Annual report for the year ended 31 December 1998**

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## **J. Rothschild Assurance Property Services Limited**

### **Directors and advisers**

#### **Executive directors**

Mr M S Wilson  
Mr H J Gladman  
Mr S P Williams

#### **Auditors**

PricewaterhouseCoopers  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

#### **Secretary and registered office**

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

#### **Solicitors**

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

#### **Bankers**

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

## **J. Rothschild Assurance Property Services Limited**

### **Directors' report for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

#### **Principal activities**

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

#### **Results and business review**

During the year the company made a loss after taxation of £77,454 (1997: loss of £487,909).

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

The directors do not recommend a dividend and have transferred the loss for the year to the company's reserves.

#### **Future developments**

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.

#### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 7 to the financial statements. The property has been revalued at 31 December 1998. Administrative expenses for the year comprise a release of the provision for maintenance of the property.

#### **Directors**

The directors of the company, all of whom held office throughout the year, are listed on page 2.

## J. Rothschild Assurance Property Services Limited

### Directors' report for the year ended 31 December 1998 (continued)

#### Directors' interests

The interests of Mr M S Wilson are disclosed in the consolidated financial statements of St James's Place Capital plc. The interests of Messrs H J Gladman and S P Williams are detailed below.

#### Executive Share Option Scheme

Director	Options held at 1 January 1998	Granted in Year	Options held at 31 December 1998	Exercise Price	Date From which exercisable	Expiry Date
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
S Williams	49,000	-	49,000	0.57p	1 Jan 1998	25 Feb 2004
	140,000	-	140,000	1.71p	14 Feb 2000	19 Jan 2006
	200,000	-	200,000	£1.33	1 Jul 2001	13 Jul 2007

Note: The exercise price corresponds with the share price on the date the options were granted. As at 31 December 1998 the share price was £2.89½. The range of prices between 1 January 1998 and 31 December 1998 was £3.83 to £1.67½.

#### SAYE Share Option Scheme

Director	Options held at 1 January 1998	Granted in Year	Options held at 31 December 1998	Exercise Price	Date From which exercisable	Expiry Date
H Gladman	16,121	-	16,121	£1.07	1 Sept 2002	1 Mar 2003
S Williams	16,121	-	16,121	£1.07	1 Sept 2002	1 Mar 2003

#### Shareholdings

Director	31 December 1998 Ordinary Shares of 15 pence each		31 December 1997 Ordinary Shares of 15 pence each	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
S Williams	15,000	30,050	32,400	32,400

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

**J. Rothschild Assurance Property Services Limited**  
**Directors' report**  
**for the year ended 31 December 1998 (continued)**

**Employees**

The company has no employees.

**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) Code of Practice on supplier payments. The company's average number of days purchases outstanding in respect of trade creditors at 31 December 1998 was 28 days (1997: 25 days).

**Taxation status**

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

**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.

**Auditors**

Following the merger between Price Waterhouse and Coopers & Lybrand, PricewaterhouseCoopers were appointed to fill the casual vacancy that arose following Price Waterhouse's resignation as auditors. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the next general meeting at which accounts are laid before the meeting.

By order of the Board.



J. Rothschild Administration Limited  
Secretary

28 June 1999

## **J. Rothschild Assurance Property Services Limited**

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

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

## **J. Rothschild Assurance Property Services Limited**

### **Auditors' report to the members of J. Rothschild Assurance Property Services Limited**

We have audited the accounts on pages 8 to 15, 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, including as described on page 6 the financial statements. Our responsibilities, as independent auditors, are established 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 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 directors' report and financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

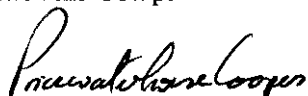
#### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

28 June 1999

## **J. Rothschild Assurance Property Services Limited**

### **Profit and loss account for the year ended 31 December 1998**

	Notes	1998 £	1997 £
<b>Turnover</b>	2	201,000	203,842
Cost of sales		(739,317)	(89,388)
		<hr/>	<hr/>
<b>Gross (loss)/profit</b>		(538,317)	114,454
Administrative expenses		500,000	(500,000)
		<hr/>	<hr/>
<b>Operating loss</b>		(38,317)	(385,546)
Interest receivable		3,510	2,842
Interest payable and similar charges	3	(22,667)	(48,649)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	4	(57,474)	(431,353)
Tax on loss on ordinary activities	6	(19,980)	(56,556)
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(77,454)	(487,909)
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>		(77,454)	(487,909)
		<hr/>	<hr/>

All activities are continuing.

There are no other material recognised gains and losses other than the retained loss of £77,454 for the year to 31 December 1998 (1997: retained loss £487,909).

Movements on reserves are set out in note 14.

The notes on pages 10 to 15 form an integral part of these accounts.

## J. Rothschild Assurance Property Services Limited

### Balance sheet as at 31 December 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	7	800,000	1,527,806
<b>Current assets</b>			
Debtors	8	-	56,044
Cash at bank in hand		14,981	44,069
		14,981	100,112
<b>Creditors: amounts falling due within one year</b>	9	(1,258,672)	(1,460,528)
<b>Net current liabilities</b>		(1,243,691)	(1,360,416)
<b>Total assets less current liabilities</b>		(443,691)	167,390
<b>Creditors: amounts falling due after more than one year</b>	10	-	(507,030)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	11	(24,772)	(51,369)
<b>Net assets</b>		(468,463)	(391,009)
<b>Capital and reserves</b>			
Equity interests:			
Called up share capital	12	100	100
Profit & loss account	13	(468,564)	(391,110)
		(468,464)	(391,010)
Non equity interests:			
Called up share capital	12	1	1
<b>Total shareholders' funds</b>		(468,463)	(391,009)

The financial statements on pages 8 to 15 were approved by the Board of Directors on 28 JUNE 1999 and were signed on its behalf by:

Director



The notes on pages 10 to 15 form an integral part of these accounts.

## **J. Rothschild Assurance Property Services Limited**

### **Notes to the financial statements for the year ended 31 December 1998**

#### **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 1997) not to prepare a cashflow statement.

##### **Tangible fixed assets**

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
Freehold improvements	10

##### **Turnover**

Turnover, which excludes value added tax, represents the invoiced value of rental income.

##### **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 Turnover**

##### **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.

## **J. Rothschild Assurance Property Services Limited**

### **Notes to the financial statements for the year ended 31 December 1998 (continued)**

#### **3 Interest payable and similar charges**

	1998 £	1997 £
On bank loan	22,667	48,649

#### **4 Loss on ordinary activities before taxation**

	1998 £	1997 £
<b>Loss on ordinary activities before taxation is stated after crediting:</b>		
Rent receivable	201,000	201,000
Release/(establishment) of building maintenance provision	500,000	(500,000)
<b>And after charging:</b>		
Depreciation of tangible assets	82,701	82,701
Diminution in value of tangible assets	645,105	-
Auditors' remuneration	3,000	3,000

#### **5 Directors emoluments**

No director received emoluments during the year (1997: nil).

The number of directors to whom retirement benefits are accruing is 3 (1997: 3).

The number of directors who exercised share options during the year is nil (1997: 1).

#### **6 Tax on loss on ordinary activities**

	1998 £	1997 £
Corporation tax at 31% (1997: 31.5%)		
- Current year	153,652	41,509
- Adjustment in respect of prior years	(41,483)	(225)
Group relief		
- Adjustment in respect of prior years	(65,594)	-
Deferred taxation		
- Current year	(25,025)	16,913
- Adjustment in respect of prior years	(1,570)	(1,641)
	19,980	56,556

## J. Rothschild Assurance Property Services Limited

### Notes to the financial statements for the year ended 31 December 1998 (continued)

#### 7 Tangible fixed assets

	Freehold Land and Buildings £	Freehold improvements £	Total £
<b>Cost</b>			
At 1 January 1998	1,448,957	537,217	1,986,174
Additions	-	-	-
<b>At 31 December 1998</b>	<b>1,448,957</b>	<b>537,217</b>	<b>1,986,174</b>
<b>Depreciation</b>			
At 1 January 1998	(173,874)	(284,494)	(458,368)
Charge for year	(28,979)	(53,722)	(82,701)
Diminution in value	(645,105)	-	(645,105)
<b>At 31 December 1998</b>	<b>(847,958)</b>	<b>(338,216)</b>	<b>(1,186,174)</b>
<b>Net book value</b>			
At 31 December 1997	1,275,083	252,723	1,527,806
<b>At 31 December 1998</b>	<b>600,999</b>	<b>199,001</b>	<b>800,000</b>

The freehold property was valued as at 31 December 1998 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.

## **J. Rothschild Assurance Property Services Limited**

### **Notes to the financial statements for the year ended 31 December 1998 (continued)**

#### **8 Debtors**

	1998 £	1997 £
Amounts owed by group undertakings	-	56,044

#### **9 Creditors: amounts falling due within one year**

	1998 £	1997 £
Amounts owed to group undertakings:		
Loan from immediate parent undertaking	860,000	860,000
Other amounts	187,728	-
Other creditors	57,292	59,045
Building maintenance provision	-	500,000
Corporation tax	153,652	41,483
	<u>1,258,672</u>	<u>1,460,528</u>

The loan from the immediate parent undertaking is unsecured, interest free and repayable within three months of notice being given by either party.

#### **10 Creditors: amounts falling due after more than one year**

	1998 £	1997 £
Mortgage	-	507,030

## **J. Rothschild Assurance Property Services Limited**

### **Notes to the financial statements for the year ended 31 December 1998 (continued)**

#### **11 Deferred taxation**

	1998 £	1997 £
Brought forward	51,369	36,097
Charged to profit and loss account	(26,597)	15,272
	<hr/>	<hr/>
Deferred taxation at end of year	24,772	51,369
	<hr/>	<hr/>

Deferred tax has been provided at 31% on the timing difference between the depreciation of assets and capital allowances received.

#### **12 Called up share capital**

	1998 £	1997 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
1 Special rights redeemable £1 preference share	1	1
	<hr/>	<hr/>
	101	101
	<hr/>	<hr/>
 <b>Allotted, called up and fully paid</b>	 1998 £	 1997 £
Equity interests:		
100 Ordinary shares of £1 each	100	100
Non equity interests:		
1 Special rights redeemable £1 preference share	1	1
	<hr/>	<hr/>
	101	101
	<hr/>	<hr/>

The special rights preference share may be redeemed at par by the shareholder at any time by giving notice to the company.

## **J. Rothschild Assurance Property Services Limited**

### **Notes to the financial statements for the year ended 31 December 1998 (continued)**

#### **13 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Loss for the financial year	(77,454)	(487,909)
Net reduction to shareholders' funds	(77,454)	(487,909)
Opening shareholders' funds	(391,010)	96,900
Closing shareholders' funds	(468,464)	(391,010)

#### **14 Reserves**

<b>Profit and loss account: equity interests</b>	£
At 1 January 1998	(391,110)
Retained loss for the year	(77,454)
At 31 December 1998	(468,564)

#### **15 Ultimate parent undertaking**

The parent undertaking of the smallest and largest group to consolidate the accounts of the company is St. James's Place Capital plc, a company registered in England and Wales, which is also the ultimate parent undertaking.

Copies of the group accounts of St. James's Place Capital plc may be obtained from the Company Secretary, St. James's Place Capital plc, J. Rothschild House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.

#### **16 Financial support**

An intermediate parent undertaking, J Rothschild Assurance Holdings plc has signified its present intention to provide the Company with such financial support as is necessary to enable it to meet its liabilities as they fall due.

#### **17 Related party transactions**

Advantage has been taken of the exemption from disclosure of related party transactions on the grounds that 90 per cent of the company's voting rights are controlled within the St James's Place Capital plc group.