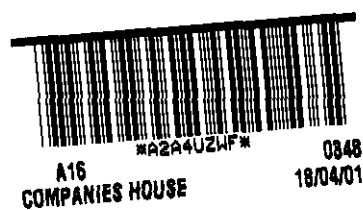


St. James's Place Property Services Limited
(formerly J. Rothschild Assurance Property Services Limited)

Annual report
for the year ended 31 December 2000

Registered no: 2608806



St. James's Place Property Services Limited

Annual report for the year ended 31 December 2000

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St. James's Place Property Services Limited

Directors and advisers

Executive directors

Mr M S Wilson
Mr H J Gladman
Mr S P Williams
Mr D C Bellamy
Mr M D Moule

Auditors

KPMG Audit Plc
1 Canada Square
London
E14 5AG

Secretary and registered office

St. James's Place Administration Limited
J. Rothschild House
Dollar Street
Cirencester
Gloucestershire
GL7 2AQ

Solicitors

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

Bankers

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

St. James's Place Property Services Limited

Directors' report for the year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

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

Results and business review

The financial statements for the year ended 31 December 2000 are set out on pages 8 to 15. The retained profit for the year is disclosed on page 8. The directors have transferred this to reserves without declaring a dividend.

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.

Change of name

With effect from 14 September 2000, the company changed its name from J. Rothschild Assurance Property Services Limited to St. James's Place Property Services Limited.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 7 to the financial statements. The property was revalued at 31 December 1999.

Directors

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

St. James's Place Property Services Limited

Directors' report for the year ended 31 December 2000 (continued)

Directors' interests

The interests of Messrs Wilson, Moule and Bellamy in the shares of the parent company, St. James's Place Capital plc ("SJPC plc"), are disclosed in the consolidated financial statements of SJPC plc.

The SJPC Executive and All Employee Share Option schemes were replaced on 8 June 2000 under the terms of the Halifax Partial Offer. Further information is provided on a group basis in the consolidated financial statements of SJPC plc. The interests of those directors who are not also directors of SJPC plc are detailed below:-

Executive Share Option Scheme

Director	Options held at 1 January 2000	Options held at 31 December 2000	Exercise Price	Date From which exercisable	Expiry Date
H Gladman	70,000	70,000	0.57p	27 Dec 2000	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 2000 the share price of St. James's Place Capital plc was £4.24. The range of prices between 1 January 2000 and 31 December 2000 was £1.79 to £4.24.

All Employee Share Option Scheme

Director	Options held at 1 January 2000	Options held at 31 December 2000	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	1 January 2000 Ordinary Shares of 15 pence each		31 December 2000 Ordinary Shares of 15 pence each	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
S Williams	7,500	19,700	2,577	7,756

The register of directors' interests for St. James's Place Capital plc, which is open to inspection, contains full details of directors' shareholdings and options to subscribe.

The directors have no beneficial interests in the shares of the ultimate parent company, Halifax Group plc.

St. James's Place Property Services Limited

Directors' report for the year ended 31 December 2000 (continued)

Employees

The company has no employees.

Payment policy for creditors

The payment of supplier invoices is made on the company's behalf by St. James's Place Management Services Limited ("SJPMs"), a fellow subsidiary company.

It is SJPMs'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 2000 was 34 days (1999: 31 days).

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

KPMG Audit Plc was appointed to fill the casual vacancy that arose following the resignation of PricewaterhouseCoopers as auditors. KPMG Audit Plc has indicated its willingness to continue in office. The company has elected, by way of an elective resolution dated 16 August 1995, to dispense with the need to appoint auditors annually.

By order of the Board.



St. James's Place Administration Limited
Corporate Secretary

15 February 2001

St. James's Place Property Services 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 or 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 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditor to the members of St. James's Place Property Services Limited (formerly J. Rothschild Assurance Property Services Limited).

We have audited the financial statements on pages 8 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 with the company is not disclosed.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
London

15 February

2001

St. James's Place Property Services Limited

Profit and loss account for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	201,000	201,000
Cost of sales		(83,857)	(95,492)
		<hr/>	<hr/>
Gross profit		117,143	105,508
Revaluation of tangible assets	1	107,701	432,701
		<hr/>	<hr/>
Operating profit		224,844	538,209
Interest payable and similar charges	3	(56)	(6,095)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	224,788	532,114
Tax on profit on ordinary activities	6	(50,248)	(49,922)
		<hr/>	<hr/>
Profit on ordinary activities after taxation, being profit for the financial year		174,540	482,192
		<hr/>	<hr/>
Retained profit for the financial year		174,540	482,192
		<hr/>	<hr/>

All activities relate wholly to continuing United Kingdom operations.

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

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

St. James's Place Property Services Limited

Balance sheet as at 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	1,175,000	1,150,000
Current assets			
Cash at bank in hand		-	1,566
Creditors: amounts falling due within one year	8	(976,059)	(1,119,954)
Net current liabilities		(976,059)	(1,118,388)
Total assets less current liabilities		198,941	31,612
Provisions for liabilities and charges			
Deferred taxation	9	(10,672)	(17,883)
Net assets		188,269	13,729
Capital and reserves			
Equity interests:			
Called up share capital	10	101	100
Profit & loss account	12	188,168	13,628
		188,269	13,728
Non equity interests:			
Called up share capital	10	-	1
Total shareholders' funds		188,269	13,729

The financial statements on pages 8 to 15 were approved by the Board of Directors on 15 February 2001 and were signed on its behalf by:


Director

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

St. James's Place Property Services Limited.

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

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

Basis of accounting

The company has taken advantage of the exemption permitted under FRS1 (Revised) not to prepare a cashflow statement as it is a wholly owned subsidiary of St. James's Place Capital plc, which prepares a consolidated cash flow statement dealing with the cashflows of the group.

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

The freehold building has been revalued during the year. In accordance with accepted practices of insurance groups, the movement in valuation in the year has been recognised in the profit and loss account.

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.

Interest payable

Interest payable is accounted for on a payable 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.

St. James's Place Property Services Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

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.

3 Interest payable and similar charges

	2000 £	1999 £
Other interest	56	6,095

4 Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	201,000	201,000
Release of building maintenance provision	-	-
Revaluation of tangible assets	107,701	432,701
And after charging:		
Depreciation of tangible assets	82,701	82,701
Diminution in value of tangible assets	-	-
Auditors' remuneration	-	1,175

5 Directors emoluments

None of the directors received any emoluments in respect of their services to the company for the year (1999: nil).

The number of directors to whom retirement benefits are accruing is 5 (1999: 5). The benefits are accrued in the pension scheme of J. Rothschild Assurance plc, a fellow subsidiary company.

The number of directors who exercised options over the shares in SJPC plc during the year is one (1999: nil).

St. James's Place Property Services Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

6 Tax on loss on ordinary activities

	2000 £	1999 £
Corporation tax at 30% (1999: 30.25%)		
- Current year	57,459	56,811
- Adjustment in respect of prior years	-	(31,130)
Group relief		
- Adjustment in respect of prior years	-	31,130
Deferred taxation		
- Current year	(7,122)	(6,889)
- Adjustment in respect of prior years	(89)	-
	<hr/> 50,248	<hr/> 49,922

7 Tangible fixed assets

	Freehold Land and Buildings £	Freehold improvements £	Total £
Cost			
At 1 January 2000	1,448,957	537,217	1,986,174
Additions	-	-	-
	<hr/> 1,448,957	<hr/> 537,217	<hr/> 1,986,174
At 31 December 2000	<hr/> 1,448,957	<hr/> 537,217	<hr/> 1,986,174
Depreciation			
At 1 January 2000	(444,236)	(391,938)	(836,174)
Charge for year	(28,979)	(53,722)	(82,701)
Revaluation	107,701	-	107,701
	<hr/> (365,514)	<hr/> (445,660)	<hr/> (811,174)
At 31 December 2000	<hr/> (365,514)	<hr/> (445,660)	<hr/> (811,174)
Net book value			
At 31 December 1999	1,004,721	145,279	1,150,000
	<hr/> 1,004,721	<hr/> 145,279	<hr/> 1,150,000
At 31 December 2000	<hr/> 1,083,443	<hr/> 91,557	<hr/> 1,175,000

The freehold property was valued as at 31 December 2000 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.

St. James's Place Property Services Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

8 Creditors: amounts falling due within one year

	2000 £	1999 £
Amounts owed to group undertakings:		
Loan from immediate parent undertaking	860,000	860,000
Other amounts	1,790	144,275
Other creditors	-	58,868
Corporation tax	114,269	56,811
	<hr/>	<hr/>
	976,059	1,119,954
	<hr/>	<hr/>

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

9 Deferred taxation

	2000 £	1999 £
Brought forward	17,883	24,772
Charged to profit and loss account	(7,211)	(6,889)
	<hr/>	<hr/>
Deferred taxation at end of year	10,672	17,883
	<hr/>	<hr/>

Deferred tax has been provided at 30% (1999: 30.25%) on the timing difference between the depreciation of assets and capital allowances received.

St. James's Place Property Services Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

10 Called up share capital

	2000 £	1999 £
Authorised, allotted, called up and fully paid		
101 (1999: 100) Ordinary shares of £1 each	101	100
Nil (1999: 1) Special rights redeemable £1 preference share	-	1
	<u>101</u>	<u>101</u>

On 20 December 2000, a resolution was passed to transfer the Special Rights Redeemable Preference share from the J. Rothschild Name Company Limited and to convert it into an Ordinary share of £1.

11 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit for the financial year	174,540	482,192
Net increase to shareholders' funds	174,540	482,192
Issue of ordinary shares	1	-
Opening shareholders' funds/(deficit) on shareholders funds	13,728	(468,464)
Closing shareholders' funds	<u>188,269</u>	<u>13,728</u>

12 Profit and loss account

	£
At 1 January 2000	13,628
Retained profit for the year	174,540
At 31 December 2000	<u>188,168</u>

St. James's Place Property Services Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

13 Ultimate parent undertaking

The ultimate parent undertaking is Halifax Group plc, a company registered in England and Wales, which is the parent of the largest group in which the results of the company are consolidated. Copies of the consolidated accounts of Halifax Group plc may be obtained from Trinity Road, Halifax, West Yorkshire, HX1 2RG.

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

The parent undertaking of the smallest group to consolidate the accounts of the company is St. James's Place Capital plc, a company registered in England and Wales, copies of whose consolidated accounts may be obtained from the Company Secretary, St James's Place Capital plc, 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 companies within the group whose parent company is St. James's Place Capital plc on the grounds that 90 per cent of the company's voting rights are controlled within the group.

15 Registered office

The address of the registered office is J. Rothschild House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.