St. James's Place UK plc

Annual Report and Financial Statements

For the year ended 31 December 2018

Registered number 02628062

Company information

Directors
I Cornish*
A M Croft
I D MacKenzie
C F B Woodd

*independent non-executive director

Company secretary
St. James's Place Corporate Secretary Limited

Registered number
02628062

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

Contents

Strategic Report
for the year ended 31 December 2018

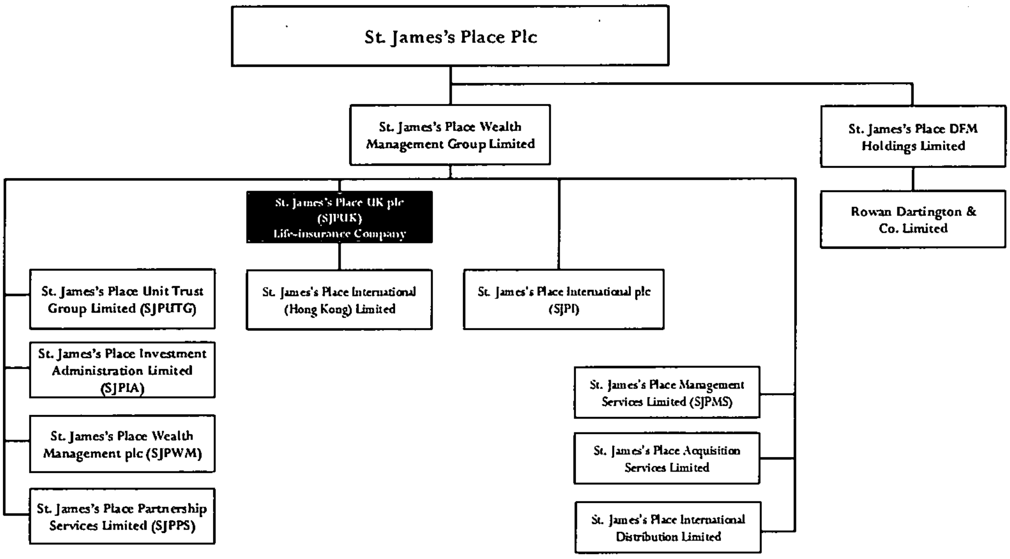
St. James's Place UK plc (the "Company" or "SJPUK") is a wholly-owned subsidiary of St. James's Place Wealth Management Group Limited, which in turn is a wholly-owned subsidiary of St. James's Place plc ("SJP plc"), the ultimate parent company of the St. James's Place Group (the "Group" or "St. James's Place").

The Company is authorised and regulated by the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") to transact Long-Term Insurance Business in the United Kingdom.

The Company is a public limited company, incorporated and domiciled in the United Kingdom, and registered in England and Wales.

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 Group's 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 clients.

Financial advice is complemented and supported by the 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 an independent committee of experts from the global population of fund managers.

Strategic Report (continued)

Group overview (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
	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's 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.

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 Company's financial business model is straightforward: to attract and then retain funds under management (FUM) on which an annual management fee is received. This is the principal source of income for the Company, out of which the overheads of the business are met, and investment is made in acquiring new FUM. As the level of annual management fee income received is dependent on the value of FUM, growth in FUM is a strong positive indicator of future growth in profits.

In 2018 the Company's gross inflow of FUM was £10.4 billion (2017 - £9.2 billion), a 13% increase year-on-year, with net inflow of FUM being £7.0 billion (2017 - £6.0 billion), a 17% increase year-on-year. Driven by the strong net inflows during the year, offset by falls in markets, the Company's total FUM as at 31 December 2018 was £61.3 billion (2017 - £57.5 billion), an increase of 7%.

Strategic Report (continued)

Business review (continued)

Analysis of the development of the funds under management is provided in the following tables:

Year Ended 31 December 2018	**Investment**	**Pension**	**Total**
	£'Million	**£'Million**	**£'Million**
Opening funds under management	21,321	36,147	57,468
Gross inflows	1,641	8,757	10,398
Net investment return	(1,243)	(1,976)	(3,219)
Regular income withdrawals and maturities	(430)	(1,117)	(1,547)
Surrenders and part surrenders	(720)	(1,092)	(1,812)
Closing funds under management	20,569	40,719	61,288
Net inflows	**491**	**6,548**	**7,039**
Implied surrender rate as a percentage of average funds under management	**3.4%**	**2.8%**	**3.1%**

Year Ended 31 December 2017	**Investment**	**Pension**	**Total**
	£'Million	**£'Million**	**£'Million**
Opening funds under management	19,613	28,251	47,864
Gross inflows	1,906	7,258	9,164
Net investment return	1,163	2,732	3,895
Regular income withdrawals and maturities	(489)	(957)	(1,446)
Surrenders and part surrenders	(731)	(967)	(1,698)
Matching strategy disinvestment	(141)	(170)	(311)
Closing funds under management	21,321	36,147	57,468
Net inflows	**686**	**5,334**	**6,020**
Implied surrender rate as a percentage of average funds under management	**3.6%**	**3.0%**	**3.2%**

Driven by year-on-year increases in FUM, the profit before tax for the financial year increased from £160,239k in 2017 to £192,005k for 2018.

The number of clients at the end of the year was 411,250 (2017 – 375,502). This shows a 10% increase in a key metric which measures the Company's growth.

As part of the continual exercise to offer a comprehensive and wide range of products and services which meets the varied client demands, two new funds were launched on 8 October 2018: St. James's Place (UK) Diversified Assets (FAIF) Net and St. James's Place (UK) Diversified Assets (FAIF) Exempt. These funds are investing into an equivalent unit trust, created and managed by St. James's Place Unit Trust Group Limited.

Back office administration of the Company, and fund administration of the underlying investments, is outsourced to third parties. In 2014 the Group initiated a back-office infrastructure development programme to upgrade the Group's administration to support its future business goals. The Company's Retirement Account launched on the new Bluedoor platform during 2016, with the majority of new pension business now being administered on the new system. The migration of the Company's existing pension business to Bluedoor began in May 2018 with 89% now being administered on Bluedoor.

Strategic Report (continued)

Business review (continued)
The Company's result for the year was adversely impacted by the cost of the Bluedoor development. Similarly, whilst this programme will provide cost savings in the future, there are currently additional administration expenses being incurred to run the legacy system and Bluedoor in parallel.

Governance
Iain Cornish was appointed as a Non-Executive Director on 28 November 2018 and took over the role of Chair on appointment.

The St. James's Place Group Audit Committee acts as the audit committee for the Company in addition to its group role. Its activities include review of the annual report and accounts and regulatory returns.

From 10 December 2018 the Company became subject to the Senior Manager & Certification Regime for dual-regulated insurers. In response, the Company has:

(a) allocated Senior Management Functions and Prescribed Responsibilities to its senior managers;
(b) provided full training, with the right level of engagement, to such senior managers;
(c) identified and trained a small certification population;
(d) produced an updated Group Management Responsibilities Map which includes an appendix for SJPUK;
(e) produced key documents, such as updated employment terms for senior management functions, Statements of Responsibility & Job Descriptions for senior manager functions; and
(f) produced policy and process documentation including Handover Policy, Fitness & Propriety Policy, Breach Reporting & Regulatory References Policies for SJPUK.

Future developments
The Company intends to continue offering predominantly unit-linked savings and pensions business, transacted as Long-Term Insurance Business in the United Kingdom with authorisation from the PRA and FCA.

The Directors expect the Company will continue to increase its volume of new business (and therefore overall FUM) as a result of increases in the scale of the Group's distribution operation, the St. James's Place Partnership.

As part of the core operations of the IMA, it is expected that changes will be made to fund managers and the range of funds during 2019 and in future years, to ensure the Group continues delivering for clients.

As noted in the business review above, the Group entered into a back-office infrastructure development programme in 2014. Plans are in place to complete the migration in 2019, transferring the Company's remaining pension business and investment bond business administration from the legacy system onto the Bluedoor platform in 2019, as well as launching an updated investment bond proposition on the new system.

In addition to the above, the political environment, including Brexit, is an area of increasing uncertainty and therefore a principal risk to our business through investor sentiment and the wider economy. We believe that the direct impact on the Company's operations, and the wider Group, will be limited due to the Group's business model. In particular the Group has minimal exposure to market risk as a result of our matching strategy, and in addition, investments are globally diverse. More generally, across the Group we have considered and made appropriate arrangements where potential operational issues following a no-deal Brexit could occur, although the Group has a very minimal operational exposure.

The indirect impact on the economy, and therefore investor sentiment, cannot be determined with any precision because of the current uncertainties both around Brexit and the wider political environment. It is these indirect outcomes which could impact upon the Company and the Group. Stress and scenario testing has been performed which demonstrates that both the Group and the Company are highly resilient to changes in the domestic economy.

Strategic Report (continued)

Future developments (continued)

We are focused on understanding the degree to which the various outcomes might impact the business. For instance, understanding how market uncertainty and volatility could impact client decisions and behaviours. This allows us to consider how they might be mitigated. We continually monitor the changing environment, to ensure our analysis and scenario testing remains current. However, we also consider worst case scenarios to facilitate planning for all eventualities. Although scenarios of political change, including Brexit, can drive changes in risk, the potential impacts on the Company would manifest through changes to the risks disclosed in the tables on the following pages.

Principal risks and uncertainties

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

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

NON-FINANCIAL RISKS

Risk	Description	Management and controls
Outsourcing failure	The Company's business model involves the outsourcing of administration and custodial services to third parties. Poor service from, or failure of, one of these third parties could lead to disruption of services to clients, reputational damage and profit impacts.	The Company maintain close working relationships with our outsourcing partners, who are central to our business model. This enables us to work effectively and efficiently together. Service level agreements are in place and performance is monitored against these. With any significant migration programme such as the Bluedoor administration system, implementation is backed up with a project focus on outcomes and an understanding of associated operational risks. Group Risk and Internal Audit work closely with the programme teams, with the Executive Board overseeing project readiness risk assessments and audits along with contingency plans. The Company also works closely with its outsourcing business partners to understand any material changes to their businesses which may impact us, with regular reviews including monitoring of the outsourced company's financial strength. In the extreme event, all our relationships are governed by formal agreements with notice periods. The business continuity arrangements of each outsourcer are also regularly tested and improved, and scenario analysis is carried out.
Cyber Risk	Cyber risk, which could include loss of data, system control or system availability, continues to be one of the top risks facing individuals and organisations. A successful cyber attack could result in disruption or distress for clients as well as resulting in reputational damage and regulatory censure.	The leading cause of information security incidents are individuals unknowingly or inadvertently enabling the attack, so awareness is the most effective defence. The Company maintains an active and on-going awareness programme on information security threats and how to prevent or respond to them for employees. This is supported by system maintenance and vulnerability testing, as well as an incident reporting system to ensure rapid response if an incident does occur. The Company also ensure the third-party providers have robust information security programmes in place and use secure means for transmitting data to and from these organisations

Strategic Report (continued)

Principal risks and uncertainties (continued)

NON-FINANCIAL RISKS (continued)

Competition and charge pressure	The competitive environment in which the Company operates continues to evolve with the need for dependable wealth management advice increasing whilst regulation and technology changing the nature and accessibility of available information. Competitor activity in the adviser based wealth management market may result in a reduction in new business volumes, reduced retention of existing business with the resulting impact to ongoing advice fees, pressure on margins for both new and existing business, and the potential loss of Advisers and key employees.	This risk is mitigated through ensuring the business is run efficiently, being responsive to the needs of clients and seeking continual improvements to processes. Charges are benchmarked against competitors and competitor activity is monitored allowing action to be taken in a timely manner if required. The Group offers a diversified product range, including manufactured and third-party products. We have a proven track record in Adviser and employee acquisition and retention. Our more established Advisers often have significant equity stakes in their practices and their ability to access these is structured to aid retention. Similarly, variable remuneration of key employees is structured to aid retention.
Regulatory, legislative and tax environment	The nature of the Company is such that it falls under the influence of regulators and legislators. Transformative regulatory, or indeed political changes, could impact adversely on our current business model. The Company could face a fine or regulatory censure from failure to comply with current and/or future regulations, with increased supervisory intrusion, disruption to business and potential for changes to the business model.	Regulatory and legislative change is largely a risk which cannot be mitigated, although the Group seeks to engage with regulators and policy makers in an open and constructive manner, with the aim that key issues impacting the Company are taken into consideration in the drafting of changes. The Group's governance structures, management committees and compliance monitoring activities seek to ensure the Company remains compliant with regulation.
Group support	The Company benefits from services supplied from a different Group company for the benefit of the Group as a whole. These services include: the investment management approach; the provision of human resources; maintenance of the St. James's Place brand; and maintenance of the distinctive culture. A failure in any of the above could lead to a loss of clients and a loss of key personnel.	These risks are reviewed and controlled at a Group level. The controls around the Group's risks can be found 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.

Strategic Report (continued)

Principal risks and uncertainties (continued)

FINANCIAL RISKS

Risk	Description	Management and controls
Market risk – Loss of Annual Management Charge (AMC) income	A reduction in funds under management owing to market shocks, poor market performance or currency and exchange rate movements would reduce future AMC income, and hence future profits.	The Company accepts the risk of reduced future profits as a result of market shocks, poor market performance, adverse movement in credit spreads or currency movements. This risk is mitigated to an extent by the diversified fund range.
Insurance risk	A reduction in funds under management owing to poor retention would reduce future AMC income. This may arise from factors such as changes in the economic climate, poor investment performance, competitor activity, or reputational damage to the Group. Adverse mortality or disability experience, in particular higher death claims following an incident or widespread illness, or longer-term increases in mortality rates, would reduce future profits.	Retention risk is managed through the long-term relationships between Advisers and clients. In particular, Advisers keep clients informed during periods of market volatility, and lower risk funds and portfolios are available, with no charges for switching. The Investment Management Approach involves monitoring of fund manager performance, and changes are made where appropriate. Mortality and disability risk is substantially reduced through the use of reassurance with low retention. Mortality risk benefit on investment products are generally limited to 1% of invested assets. Most risk deductions are reviewable and an increase in reassurance rates would be passed on to clients through increases to charges and/or premiums on a regular basis. Experience analysis is performed.
Expense risk	Increased expenses, in particular higher than expected administration costs, would reduce future profits.	Expenses are controlled through contracts with third party administrators and expense controls at Group level, so that growth in average per policy expenses is broadly aligned to the rate of increase in the average weekly earnings index. Administration charges are reviewable. Clients meet investment management fees directly through the product, with changes, both positive and negative also passed on.
Interest rate and credit risks	Changes in interest rates or the failure of a counterparty may reduce the value of fixed interest assets held by the Company. Key counterparties include reassurers, banks, money market funds, issuers of fixed interest securities, and other debtors.	Generally, the Company's funds are invested in high credit rating and highly liquid cash and cash equivalent investments, and only highly rated reinsurers are used.
Liquidity risk	Liquidity issues may arise from client requests to switch or withdraw money from unit-linked funds, and through events that may require immediate recourse to shareholder funds.	Client funds are invested in deep and liquid markets and, where investments are less liquid, contractual terms are included, allowing the flexibility to defer withdrawals. Sizeable balances of liquid shareholder assets are maintained, and the emergence of cash profits is monitored.

Strategic Report (continued)

Principal risks and uncertainties (continued)

FINANCIAL RISKS (continued)

Solvency risk	Falls in capital levels may restrict reinvestment in the business and or trigger heightened levels of regulatory scrutiny or calls for additional capital	The Company is well capitalised, supported by the adoption of the Group Capital Management Policy and active monitoring by management. Annually the Company's ORSA includes quantitative analysis of the capital required to protect the sustainability of the Company and how it might develop over our planning period.

Capital and Solvency

The Company manages its statement of financial position prudently to ensure solvency is maintained safely through the economic cycle. This is important not only for the safeguarding of client's assets, but also to maintain the level of returns to shareholders.

Solvency is assessed against the Solvency II capital requirement: see note 15 for further information.

		2018	2017
		£'Million	£'Million
Solvency II own funds (post dividend)	(A)	2,609.8	2,512.7
Solvency capital requirement ("SCR")	(B)	2,259.4	2,284.7
Solvency II free assets (post dividend)	(A – B)	350.4	228.0
Solvency capital requirement ratio	(A / B)	116%	110%

With free assets in excess of SCR, the Company's solvency position remains strong.

More information can be found about the Solvency II valuation in the Group's Solvency and Financial Condition Report ("SFCR") available on the Group's website.

Strategic Report (continued)

Key Performance Indicators ("KPIs")

The Directors of SJP plc manage the Group's operations on a Group-wide basis. The KPIs used to monitor the development, performance and position of Group, which includes the Company, are discussed in the Group's Annual Report and Accounts, copies of which can be obtained from the address shown in note 22. The Group's KPIs are divided into four sections, being those that relate to Clients, the Partnership, Funds and Financial metrics. Partnership KPIs relate to distribution and are relevant to St. James's Place Wealth Management plc, the Group's dedicated distribution company, only. In each of the other three sections, there are Group-wide KPIs which are relevant to the Company. These are as follows, with the metrics given for the Company:

Non-financial key performance indicators:

	2018	2017
	£'Million	£'Million
Funds		
FUM	61,288	57,468
Gross inflows of FUM	10,398	9,164
Net inflows of FUM	7,039	6,020

	2018	2017
Clients		
Client numbers (Number)	411,250	375,502
Client retention (Percentage)	97%	97%

Financial key performance indicators:

	2018	2017
Dividends for the current financial year (Pence per share)	191	286

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 long-term insurance company for a period of not less than 12 months from the date of signing of the financial statements.

This Strategic report was approved by the Board on 26 February 2019 and signed on its behalf on the same date by.

A M Croft
Director

Directors' Report
for the year ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Principal Activities
During the year the Company was authorised by the PRA to transact Long-Term Insurance Business in the United Kingdom. The product range of the Company includes single premium investment bonds, protection business (including whole of life, term assurance and standalone critical illness) and pensions business.

Results and dividends
The profit after tax, being profit for the financial year amounted to £154,542k (2017 - £127,365k).

Dividends totalling £315,000k (2017 - £280,000k) were paid during the year. The Directors propose the payment of a final dividend of £210,000k (2017 - £315,000k).

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

A M Croft	
C G Gentle	(Appointed 1 January 2018 and Resigned 28 November 2018)
I D MacKenzie	
J N McMahon	(Resigned 28 November 2018)
C F B Woodd	
I Cornish	(Appointed 28 November 2018)

Employees
The Company has no employees (2017 - NIL).

Directors' indemnity and insurance
SJP plc has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors or officers of SJP plc or its subsidiaries. All members of the Board of SJP plc 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 plc 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 and financial risk management are both referred to in the Strategic Report set out on pages 4 to 12 of the Annual Report and Financial Statements. Further information on financial risk management can be found in note 20.

Directors' Report (continued)

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 that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 26 February 2019 and signed on its behalf on the same date by:

A M Croft
Director

Directors' Responsibilities Statement for the year ended 31 December 2018

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 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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 UK plc

Report on the audit of the financial statements

Opinion

In our opinion, St. James's Place UK plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 101 "Reduced Disclosure Framework", 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 2018; 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.
Our opinion is consistent with our reporting to the Audit Committee.

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, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview

Materiality	• Overall materiality: £11.0 million (2017: £15.7 million), which represents 5.3% of underlying cash generated in the year.
Audit scoping	• The company is a standalone UK life insurance entity and therefore we did not apply group scoping and we audited 100% of material financial statement line items.
Key audit matters	• Valuation of investments with a judgemental valuation, being investment property and derivatives.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Independent auditors' report to the members of St. James's Place UK plc (continued)

Capability of the audit in detecting irregularities, including fraud
Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the financial statements of the Company such as the Companies Act 2006 and the UK tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates specifically investments with a judgmental valuation, being investment property and derivatives (see Key Audit Matter). Audit procedures performed by the engagement team included (note: where performed at a St. James's Place plc group ("Group") level we also specifically consider the Company):

- Enquiries of compliance, risk, internal audit, and the Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Testing of the whistleblowing email address and discussion with the whistleblowing champion; and;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board, Audit Committee and Risk Committee;
- Reviewing data regarding policyholder complaints and the Group's register of litigation and claims, in so far as they related to non-compliance with laws and regulations and fraud;
- Procedures relating to the valuation of investments with a judgmental valuation, being investment property and derivatives described in the related key audit matter below;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Testing disclosure note 15 affected by the regulatory solvency requirements of the Prudential Regulation Authority.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of St. James's Place UK plc

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investments with a judgemental valuation, being investment property and derivatives The financial statements include £61.0 billion of investments. The investments are mostly straight forward instruments and as such do not require judgement in calculating the valuation of the holdings. However £1.8 billion of the investments are in derivatives and investment properties, which require management to use estimates and judgements in order to calculate the year end valuation. Due to the magnitude of these balances and the level of judgement involved, this was an area of focus for our audit. SJP outsources investment valuation activities for financial assets, including derivatives, to State Street. The investment property portfolio is managed by Orchard Street, with title deeds held by DLA Piper and regular valuations are performed by CBRE.	*Financial assets including derivatives* Our audit procedures focused on the evidence available over the processes outsourced to State Street. We obtained and read the International Standard on Assurance Engagements ('ISAE') 3402 'Assurance Reports on Controls at a Service Organisation' for State Street's Global Fund Accounting and Custody operations, which provided a description of the systems and controls in place and the results of testing of the operational effectiveness of those controls. We placed reliance on the controls described in the ISAE 3402 report over the valuation of the financial investments within the portfolio. We independently re-priced a sample of investments, including derivatives as at the year end. We compared our independent prices to those provided by State Street. *Investment properties:* We reconciled the listing of properties valued by CBRE to details provided by Orchard Street and also agreed the total valuation to that recorded by St. James's Place. We engaged our in house real estate valuation experts to review the methodology and key assumptions used by CBRE in valuing the property portfolio. We also agreed factual inputs to the calculations, such as rental income, to tenancy agreements on a sample basis. From the evidence obtained we found the assumptions and methodology used to value investments to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is a standalone UK life insurance entity and therefore we did not apply group scoping and we audited all of the material financial statement line items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£11.0 million (2017: £15.7 million).
How we determined it	5.3% of underlying cash generated in the year.
Rationale for benchmark applied	The engagement team concluded that £11.0 million is the most appropriate figure when setting an overall materiality on the 2018 engagement. The quantum of £11.0m was determined by considering the various benchmarks available to us as auditors, our experience of auditing the Company and the business performance during 2018. £11.0m represents 5.3% of underlying cash generated in the year.

Independent auditors' report to the members of St. James's Place UK plc (continued)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.55 million (2017: £0.77 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

In accordance with guidance on the audit of insurers issued in the United Kingdom issued by the Financial Reporting Council we have applied a higher materiality of £351.95 million solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities.

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 on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and, in common with other companies, it is difficult to evaluate all of the potential implications on the company's business, clients, suppliers and the wider economy, in general terms.

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.

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 2018 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.

Independent auditors' report to the members of St. James's Place UK plc (continued)

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, 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.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 7 December 2009 to audit the financial statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 December 2009 to 31 December 2018.

Jeremy Jensen

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 February 2019

Statement of Comprehensive Income
for the year ended 31 December 2018

Long-Term Business Technical Account

	Note	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Gross premiums written		25,534	27,827
Outward reinsurance premiums		(20,690)	(20,983)
Earned premiums, net of reinsurance	3	4,844	6,844
Investment income	4	2,571,236	2,385,592
Unrealised (losses)/gains on investments		(5,291,278)	2,684,003
Other technical income, net of reinsurance	5	267,858	677,015[1]
Net (expense)/income		**(2,447,340)**	**5,753,454**
Claims paid, gross amount		(36,752)	(37,056)
Claims paid, reinsurers' share		14,900	17,249
		(21,852)	(19,807)
Change in provision for claims, gross amount		(258)	1,382
Change in provision for claims, reinsurers' share		999	(99)
		741	1,283
Claims incurred, net of reinsurance		**(21,111)**	**(18,524)**
Change in long-term business provision, gross amount		610	(1,947)
Change in long-term business provision, reinsurers' share		(20)	2,325
		590	378
Change in technical provisions for linked liabilities – insurance contracts		25,397	(1,627)
Change in other technical provisions, net of reinsurance		**25,987**	**(1,249)**
Change in investment contract benefits	6	2,771,721	(5,024,936)[1]
Net operating expenses	7	(361,642)	(335,633)
Investment expenses and charges	4	(78,468)	(58,390)
Tax attributable to the long-term business	9	263,441	(187,630)
Net claims and expenses		**2,599,928**	**(5,626,362)**
Balance on the long-term business technical account		**152,588**	**127,092**

[1] Other technical income, net of reinsurance and change in investment contract benefits have been represented in the comparative to reclassify the impact of DIR. There has been no impact on the reported balance on the long-term business technical account. See note 6 change in investment contract benefits for further information.

Statement of Comprehensive Income (continued)
for the year ended 31 December 2018

Non-Technical Account

	Note	Year ended 31 December 2018	Year ended 31 December 2017
		£000	£000
Balance on the long-term business technical account		**152,588**	**127,092**
Tax credit attributable to balance on long-term business technical account	9	39,264	33,119
Shareholders' pre-tax profit from long-term business		191,852	160,211
Investment income		153	28
Profit before tax		**192,005**	**160,239**
Income tax	9	(37,463)	(32,874)
Profit after tax, being profit for the financial year		**154,542**	**127,365**

All amounts relate to continuing operations.

Neither gains and losses of an insurance group arising on the holding or disposal of investments; nor the effect of fair value accounting for financial instruments are required to be included in a note of historical profits and losses.

There are no material differences between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 26 to 59 form part of these financial statements.

Statement of Financial Position

as at 31 December 2018

	Note	31 December 2018	31 December 2017
		£000	£000
ASSETS			
Investments			
Investments in Group undertakings and participating interests	11	17,125	17,125
Deposits with credit institutions		835,260	923,337
Other financial investments		51,131	7,269[1]
		903,516	**947,731**
Assets held to cover linked liabilities	12	**60,972,694**	**57,446,405**
Reinsurers' share of technical provision			
Long-term business provision		82,781	82,803
Claims outstanding		3,392	2,394
		86,173	**85,197**
Receivables			
Receivables arising out of direct insurance operations:			
- Policyholders		16,462	56,481
- Intermediaries		57,656	51,235
Other receivables	13	32,992	117,240[1]
		107,110	**224,956**
Cash at bank and in hand		**104,207**	**116,258**
Prepayments and accrued income			
Deferred acquisition costs	18	377,749	426,488
Other prepayments and accrued income		26,966	34,263
		404,715	**460,751**
Total assets		**62,578,415**	**59,281,298**

[1] Other receivables have been represented in the comparative to reclassify other financial investments. See note 13 other receivables for further information.

Statement of Financial Position (continued)
as at 31 December 2018

	Note	31 December 2018	31 December 2017
		£000	£000
LIABILITIES			
Technical provisions			
Long-term business provision	14	90,546	91,156
Claims outstanding		5,661	5,403
		96,207	**96,559**
Technical provisions for linked liabilities			
Insurance contracts		145,856	171,253
Investment contracts		61,126,602	57,404,396
		61,272,458	**57,575,649**
Provisions for other risks and charges	16	**37,799**	**374,451**
Payables			
Payables arising out of direct insurance operations		112,381	152,986
Other payables including corporation tax and social security	17	243,948	129,333
		356,329	**282,319**
Accruals and deferred income	18	**380,358**	**356,598**
Total liabilities		**62,143,151**	**58,685,576**
Net Assets		**435,264**	**595,722**
EQUITY			
Share capital	19	110,000	110,000
Retained earnings		325,264	485,722
Total shareholders' funds		**435,264**	**595,722**

The financial statements on pages 21 to 59 were approved by the Board of Directors on 26 February 2019 and signed on its behalf on the same date by:

A M Croft
Director

The notes on pages 26 to 59 form part of the financial statements.

Statement of Changes in Equity

	Share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
At 1 January 2017	110,000	638,357	748,357
Profit for the year	-	127,365	127,365
Dividends: Equity capital	-	(280,000)	(280,000)
At 31 December 2017	110,000	485,722	595,722
Profit for the year	-	154,542	154,542
Dividends: Equity capital	-	(315,000)	(315,000)
At 31 December 2018	**110,000**	**325,264**	**435,264**

The notes on pages 26 to 59 form part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of FRS 101 that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

1.2 Adoption of amended accounting standards

As at 31 December 2018, the following amended standards, which the Company adopted as of 1 January 2018, have not had any material impact on the Company's financial statements. New accounting standards which were adopted as of 1 January 2018 are covered in the section below.

- Annual Improvements 2014-2016 Cycle
- IAS 40 Amendment – Transfers of Investment Property

1.3 Adoption of new accounting standards

The following new accounting standards were adopted as of 1 January 2018:

- IFRS 9 Financial Instruments (and associated amendments to various other standards)
- IFRS 15 Revenue from Contracts with Customers (including subsequent IFRS 15 clarification and associated amendments to various other standards)

The impact of these new accounting standards on the Company's financial statements are set out below.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.3 Adoption of new accounting standards (continued)

IFRS 9

On 1 January 2018, the Company adopted IFRS 9 'Financial Instruments' as issued in July 2014. IFRS 9 incorporates new classification and measurement requirements for financial assets and liabilities, the introduction of an expected credit loss impairment model, new hedge accounting requirements and enhanced disclosures in the financial statements. For the Company, adopting IFRS 9 resulted in changes to accounting policies and the reclassification certain financial assets. In accordance with the transition provisions of IFRS 9, comparative figures have not been restated.

Classification and measurement of financial instruments

On the date of initial application of IFRS 9, being 1 January 2018, receivables arising out of direct insurance operations from policyholders of £56,481k, receivables arising out of direct insurance operations from intermediaries of £51,235k, other receivables of £117,240k and cash at bank and in hand of £116,258k were reclassified from the loans and receivables measurement category under IAS 39, to amortised cost under IFRS 9.

The business model for these assets is to hold and collect or sell, and the contractual cash flows consist solely of payments of principal and interest. There was no difference between the previous carrying amount under IAS 39 and the revised carrying amount under IFRS 9, no change to the underlying accounting treatment and the reclassification had no impact on the Company's equity.

No reclassifications were required for financial liabilities.

IFRS 15

The adoption of IFRS 15 had no impact on the Company, as the way that the Company's fee and commission income was accounted for under the previous accounting standard, IAS 18, satisfies the requirements of IFRS 15 with no changes required to existing accounting policies. This conclusion was reached following a detailed assessment of revenue recognised by the Company in the context of the IFRS 15 five-step revenue recognition model.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.4 *Financial reporting standard 101 – reduced disclosure exemptions*

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

1.5 *Product classification*

The Company's products are classified for accounting purposes as either insurance contracts or investment contracts.

(i) Insurance contracts

Insurance contracts are contracts that transfer significant insurance risk. The Company's product range includes a variety of term assurance and whole of life protection contracts involving significant insurance risk transfer.

(ii) Investment contracts

Contracts that do not transfer significant insurance risk are treated as investment contracts. The majority of the business written by the Company is unit-linked investment business and is classified as investment contracts.

1.6 *Premiums*

For unit-linked insurance contracts, premiums are recognised as revenue when the liabilities arising from them are recognised. Non unit-linked insurance premiums are accounted for when due for payment. All insurance contract premiums are recognised as gross premiums written in the statement of comprehensive income.

Investment contract premiums are not included in the statement of comprehensive income but are reported as deposits to investment contract liabilities in the statement of financial position. They are recognised when the liabilities arising from the premiums are recognised.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.7 Reinsurance

Outward reinsurance premiums are accounted for when due for payment. The resinsurers' share of claims paid are accounted for in the same period as the related claim.

Reinsurers' share of technical provisions represent amounts recoverable from reinsurers in respect of outstanding claims and insurance contract liabilities, net of any future reinsurance premiums payable.

1.8 Other technical income

Investment management fees relate to services provided on an on-going basis, and revenue is recognised on an on-going basis to reflect the nature of the performance obligations being discharged.

When initial product charges do not relate to a distinct performance obligation satisfied at inception of a contract, the income is deferred and amortised over the anticipated period in which the services will be provided.

1.9 Investment return

Investment return comprises investment income including dividends, interest, realised investment gains and losses and related expenses. Dividends are included as investment income on the date that shares become quoted ex-dividend. Interest and expenses are included on an accruals basis. Realised investment gains and losses are calculated as the difference between net sales proceeds and the purchase price.

1.10 Unrealised investment gains and losses

Unrealised investment gains and losses represent the difference between the fair valuation of investments at the statement of financial position date and their original cost or, if they have been previously fair valued, their fair valuation at the last statement of financial position date.

1.11 Claims

For insurance contracts, death claims are accounted for on notification of death. Critical illness claims are accounted for when admitted. All other insurance claims and surrenders are accounted for when payment is due.

For investment contracts, benefits paid are not included in the statement of comprehensive income but are instead deducted from investment contract liabilities. The movement in investment contract benefits principally represents the investment return credited to policyholders.

Explicit advice charges are payable to a St. James's Place distribution company by most clients who wish to receive advice with their investment in a St. James's Place UK retail investment product. The Company facilitates the payment of these charges for the client by arranging withdrawals from the client's policy.

1.12 Net operating expenses

Operating expenses comprise costs incurred in the ordinary activities of the Company, which include regulatory fees, recharges from another Group company and other third-party expenses, charged to the statement of comprehensive income on an accruals basis.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.13 Investment expenses and charges

Investment expenses comprise costs incurred in the ordinary activities of the Company, which includes investment advisory fees, administration fees and custody fees, charged to the statement of comprehensive income on an accruals basis.

1.14 Deferred Acquisition costs

For investment contracts, only directly attributable acquisition costs, which vary with and are related to securing new contracts and renewing existing contracts are deferred, and only to the extent that they are recoverable out of future revenue. These deferred acquisition costs, which represent the contractual right to benefit from providing investment management services, net of any impairment losses, are amortised to net operating expenses in the statement of comprehensive income on a straight-line basis over the expected lifetime of the Company's investment contracts. All other costs are recognised as expenses when incurred.

1.15 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the profit and loss account. The Company's functional currency is pounds Sterling.

1.16 Investments in Group undertakings

Investments in Group undertakings are recorded at cost less any provision for impairment. Impairment reviews are performed by the Directors on an annual basis and when there has been an indication of potential impairment.

1.17 Deposits with credit institutions

Deposits with credit institutions represents our investment in money market funds. These are initially, and subsequently, recognised at fair value.

All changes in fair value are recognised within investment income in the statement of comprehensive income.

1.18 Other financial investments

Other financial investments represent managements holdings in the SJPUK funds. These are initially, and subsequently, recognised at fair value.

All changes in fair value are recognised within investment income in the statement of comprehensive income.

1.19 Assets held to cover linked liabilities

Assets held to cover linked liabilities are initially, and subsequently, recognised at fair value. Investments consist of fixed interest securities, equities, investments in collective investment schemes (including units in authorised unit trusts), investment properties and deposits. The Company uses derivative financial instruments within some unit linked funds, with each contract initially and subsequently recognised at fair value, based on observable market prices.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.19 Assets held to cover linked liabilities (continued)

The fair values of financial investments are based on current bid prices. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow models or option pricing models. The decision by the Company to designate its investments at fair value through the profit and loss account reflects the fact that the investment portfolio is managed, and its performance evaluated, on a fair value basis. Deposits are included at cost.

All realised and unrealised gains and losses on investments held within the long-term business fund are dealt with in the technical account. Unrealised and realised gains and losses on all other investments are included in profit before taxation in the non-technical account. All changes in fair value are recognised within unrealised losses/gains in the statement of comprehensive income.

The Company recognises its purchases and sales of investments on trade date. The costs associated with investment transactions are included within investment expenses and charges in the technical account.

1.20 Receivables

Receivables are initially recognised at fair value and subsequently held at amortised cost less impairment losses.

1.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term hghly liquid investments, and bank overdrafts to the extent that they are integral part of the Company's cash management.

Cash and cash equivalents held within unit linked funds are classified at fair value through profit and loss, as management have made an irrevocable decision to designate them as such in order to align the measurement of these financial assets with the measurement of their associated unit linked liabilities. Therefore, these cash and cash equivalents are initially and subsequently recognised at fair value through profit and loss, with gains and losses recognised within investment income in the statement of comprehensive income.

All other cash and cash equivalents are classified at amortised cost. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

1.22 Prepayments and accrued income (excluding DAC)

Prepayments are recognised where services are paid for in advance of being received. The prepayment reduces, and an expense is recognised in the statement of comprehensive income, as the service is received. Accrued income is recognised as services are rendered.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.23 Technical provisions

Technical provisions fall into one of two categories:

(i) Technical provisions for insurance contracts, comprising the long-term business provision, claims outstanding and the technical provision for unit linked liabilities: insurance contracts

These are determined following an annual actuarial investigation of the long-term fund in accordance with regulatory requirements. The provisions are calculated on the basis of current information and using the gross premium valuation method.

Insurance contract liabilities can never be definitive as to their timing nor the amount of claims and are therefore subject to subsequent reassessment on a regular basis.

(ii) Technical provision for investment contracts

Investment contracts consist of unit-linked contracts. Unit-linked liabilities are measured at fair value by reference to the value of the underlying net asset value of the Company's unitised investment funds, determined on a bid value, at the statement of financial position date. An allowance for deductions due to (or from) the Company in respect of policyholder tax on capital gains (and losses) in the life assurance funds is also reflected in the measurement of unit-linked liabilities. Investment contract liabilities are recognised when units are first allocated to the policyholder; they are derecognised when units allocated to the policyholder have been cancelled.

The decision by the Company to designate its unit-linked liabilities as fair value through the profit and loss account reflects the fact that the underlying investment portfolio is managed, and its performance evaluated, on a fair value basis.

1.24 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.25 Accruals and deferred income

Accruals are recognised as services are provided and an expense recognised in the statement of comprehensive income.

The initial margin on financial instruments is deferred and recognised on a straight-line basis over the expected lifetime of the financial instrument, which is 6 to 14 years.

1.26 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the statement of financial position date, except as otherwise required by IAS 12. Deferred tax is recognised within the statement of financial position within provision for other risks and charges. To the extent that

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.26 Taxation (continued)

the technical provision for linked liabilities has regard to the timing of tax obligations the effects of this are excluded from the determinants of deferred tax.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are stated without discounting.

2. Accounting estimates and judgements

2.1 Judgements

The primary areas in which the Company has applied judgement in applying accounting policies are as follows:

2.1.1 Classification of contracts between insurance and investment business

Contracts with a significant degree of insurance risk are treated as insurance. All other contracts are treated as investment contracts. It is this classification that management considers to be a critical judgement; however, due to the carrying value of the insurance contract liabilities within the statement of financial position, management does not consider insurance business to be significant to the Company.

2.2 Estimates

Critical accounting estimates are those which give rise to a significant risk of material adjustment to the balances recognised in the financial statements within the next twelve months. The Company's critical accounting estimates are:

- Determining the value of insurance contract liabilities;
- Determining the fair value of investment property; and

Estimates are also applied in determining the amount of deferred tax asset recognised on unrelieved expenses and the value of other provisions.

Notes to the Financial Statements (continued)

2. Accounting estimates and judgements (continued)

2.2.1 Measurement of insurance contract liabilities

The assumptions used in the calculation of insurance contract liabilities that have an effect on the statement of comprehensive income of the Company are:

- The lapse assumption, which is set prudently based on an investigation of experience during the year;
- The level of expenses, which is based on actual expenses in 2018 and expected rates in 2019 and the long-term;
- The mortality and morbidity rates, which are based on the results of an investigation of experience during the year; and
- The assumed rate of investment return, which is based on current gilt yields.

Greater detail on the assumptions applied is shown in Note 14.

Whilst the measurement of insurance contract liabilities is considered to be a critical accounting estimate for the Company, the vast majority of non-unit-linked insurance business written is reinsured. As a result, the impact of a change in estimate in determining the value of insurance contract liabilities would be mitigated to a significant degree by the impact of the change in estimate in determining the value of reinsurance assets.

2.2.2 Determining the fair value of investment property

In accordance with IAS 40, the Company initially recognises investment properties at cost, and subsequently re-measures its portfolio to fair value in the statement of financial position. Fair value is determined monthly by professional external valuers. It is based on anticipated market values for the properties in accordance with the guidance issued by The Royal Institution of Chartered Surveyors, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants.

The valuation of investment property is inherently subjective as it requires among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. As such, investment properties are classified as level 3 in the IFRS 13 fair value hierarchy because they are valued using techniques which are not based on observable inputs. Further details of the valuation of investment properties are described in Note 20.

Notes to the Financial Statements (continued)

3. Premiums written

The Company writes only direct insurance and has no material business other than the underwriting of contracts within the United Kingdom. This is detailed below. The Directors consider this information to be the appropriate segmental analysis of the Company's business.

	Year ended 31 December 2018			Year ended 31 December 2017		
	Life	**PHI**	**Total**	**Life**	**PHI**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross premiums written	17,236	8,298	25,534	19,018	8,809	27,827
Outwards reinsurance premiums	(11,441)	(9,249)	(20,690)	(11,142)	(9,841)	(20,983)
Earned premiums, net of reinsurance	**5,795**	**(951)**	**4,844**	**7,876**	**(1,032)**	**6,844**

4. Investment income and Investment expenses and charges – technical account

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Investment income:		
Income from listed investments	913,615	760,122
Income from other investments	100,561	86,226
Net gains on realisation of investments	906,518	994,210
Unit-linked funds cross holding investment income	650,542	545,034
	2,571,236	2,385,592
Investment expenses and charges:		
Investment management expenses	(78,468)	(58,390)
Net investment income and investment expenses and charges – technical account	**2,492,768**	**2,327,202**

Notes to the Financial Statements (continued)

5. Other technical income, net of reinsurance

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Wealth management fees	378,994	335,997
Investment management fees	78,468	58,390
Fund tax deductions [1]	(285,581)	183,474
Fee and commission income before DIR amortisation	**171,881**	**577,861**
Amortisation of DIR	95,977	99,154
Total fee and commission income	**267,858**	**677,015**

(1) Fund tax deductions represent amounts deducted from, or credited to, the underlying funds to match policyholder tax charges or credit. This arises because the UK tax regime includes a policyholder tax element within the Company's tax arrangements. The amount of tax attributed to policyholders reflects investment return in the underlying funds. During 2018, market falls led to a significant policyholder tax credit, hence a credit of £285.6 million to the funds. In contrast, during 2017 market gains led to a significant policyholder tax charge, hence £190.0 million of deductions were made from the funds.

6. Change in investment contract benefits

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
(Decrease)/Increase in investment contract benefits	(2,771,721)	5,024,936

The impact of DIR was £1,561k at 31 December 2017, which was recognised within change in investment contract benefits, impact of DIR is now presented within other technical income to better reflect the nature of the income/expense.

The movement in technical provisions for linked liabilities – investment contracts can be explained as:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
(Decrease)/Increase in investment contract benefits	(2,771,721)	5,024,936
Change in investment contract benefits due to fund deductions	(277,468)	(677,544)
Investment premiums	10,576,164	9,113,090
Investment claims	(3,804,769)	(3,521,694)
Movement in technical provisions for linked liabilities – investment contracts	**3,722,206**	**9,938,788**

Notes to the Financial Statements (continued)

7. Net operating expenses

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Acquisition expenses	120,205	116,688
Change in deferred acquisition costs	48,738	46,325
Acquisition commission (pre-RDR)	494	754
Acquisition costs incurred	169,437	163,767
Renewal commission (pre-RDR)	112,946	104,144
Administrative expenses	79,259	67,722
Total net operating expenses	**361,642**	**335,633**
Fees payable to the Company's auditors and its associates for the audit of the Company's financial statements	106	103

The fees payable to the Company's auditors and its associates was paid on behalf of the Company by another Group company, St. James's Place Management Services Limited. There were no non-audit services during 2018 provided to the company.

8. Directors' remuneration

The emoluments received by the Directors in respect of their services to the Company for the year were:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Aggregate remuneration	1,252	872
Pension contribution	147	76
Amounts receivable under long term incentive schemes	502	565
Aggregate emoluments	**1,901**	**1,513**

The aggregate emoluments of the highest paid Director in the year were £833,905 (2017 - £725,054), and cash supplement in lieu of their defined contribution pension scheme was £69,290 (2017 - £37,200). The number of options the highest paid Director exercised over the shares in SJP plc was 61,837 (2017 - 75,366), and the number of shares receivable by them in respect of qualifying service was 26,955 (2017 - 24,556).

At 31 December 2018, the number of Directors to whom retirement benefits are accruing including those receiving a cash supplement in lieu of their defined contribution pension scheme is 3 (2017 - 4), including the highest paid Director. Retirement benefits are accruing in money purchase schemes for 1 (2017 - 4) Directors at the year end.

Notes to the Financial Statements (continued)

8. Directors' remuneration (continued)

The number of Directors who exercised options over the shares in SJP plc during the year is 3 (2017 - 3). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is 3 (2017 - 3).

The Directors are employed by another Group company, St. James's Place Management Services Limited, which recharges the costs of their emoluments across the companies to whom they provide services.

9. Income tax

Analysis of charge for taxation in the long-term business technical account is as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Current tax		
Current tax on profit for the year	98,904	246,908
Adjustments in respect of prior periods	1,086	(1,495)
Total current tax	99,990	245,413
Irrecoverable overseas taxes deducted at source	3,516	4,834
Deferred tax		
Valuation of tax losses	3,938	4,470
Unrealised capital losses	(359,171)	(55,609)
Deferred acquisition costs	(11,395)	(11,794)
Deferred income	29	662
Other	(348)	(346)
Total deferred tax	(366,947)	(62,617)
Tax attributable to the long-term business	**(263,441)**	**187,630**

Notes to the Financial Statements (continued)

9. Income tax (continued)

Analysis of charge for taxation in the non-technical account is as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Current tax		
Current tax on income for the year	(29,701)	(12,132)
Adjustments in respect of prior years	(2,391)	(1,098)
Tax charge attributable to balance on the long-term technical account	39,264	33,119
Total current tax charge	7,172	19,889
Deferred tax		
Shareholder capital losses - current year	27,900	12,132
Shareholder capital gains - prior year	2,391	853
Total deferred tax credit	30,291	12,985
Income tax	**37,463**	**32,874**

The tax assessed for the year is lower (2017 - lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017 – 19.25%). The differences are explained below:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Tax reconciliation		
Profit before taxation	192,005	160,239
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	36,481	30,846
Effects of:		
Deferred tax	30,291	12,986
Use of capital losses		
- Utilisation in the year	(29,701)	(12,132)
- Adjustment in respect of prior periods	(2,391)	(1,098)
Adjustments to tax charge in respect of prior periods	2,812	2,278
Other differences	(29)	(6)
Total tax	37,463	32,874
Less deferred tax in the non-technical accounts	(30,291)	(12,985)
Total current tax charge (see above)	**7,172**	**19,889**

Notes to the Financial Statements (continued)

9. Income tax (continued)

It is expected that capital losses will be fully utilised over the next 4 - 6 years, albeit the actual rate of utilisation will depend on business growth and external factors, particularly investment market conditions. The rate of utilisation has been tested for sensitivity to experience and it is resilient to a range of reasonably foreseeable scenarios. There has been a small reassessment in the value of capital losses in the period of £1,801k (2017 - £244k), however £32,092k (2017 - £13,230k) of deferred tax assets relating to capital losses have been utilised.

The impact of the announced future corporation tax reduction effective from 1 April 2020 to 17% was fully reflected during the year ended 31 December 2016.

10. Dividends

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Dividend paid in respect of previous financial year	315,000	280,000
Proposed dividend in respect of current financial year	210,000	315,000

The proposed dividend for the financial year is equivalent to £1.91 per share (2017 - £2.86 per share)

11. Investments in Group undertakings and participating interests

	Total
	£000
Cost	
At 1 January 2018	17,125
At 31 December 2018	17,125
Provisions	
At 1 January 2018	-
At 31 December 2018	-
Net book value	
At 31 December 2018	**17,125**
At 31 December 2017	**17,125**

Subsidiary undertakings

St. James's Place UK plc owns 100% of the equity share capital of St. James's Place International (Hong Kong) Limited 22079694, a company incorporated in Hong Kong at the address, 1/F Henley Building, 5 Queen's Road Central, Hong Kong. St. James's Place International (Hong Kong) Limited commenced trading as a Long-Term Insurance Business in March 2017.

Notes to the Financial Statements (continued)

12. Assets held to cover linked liabilities

Assets held to cover linked liabilities comprise the following:

	31 December 2018 £000	31 December 2017 £000
Market value		
Investment property	1,820,690	1,630,941
Equities	4,504,874	5,695,286
Fixed income securities	266,684	261,530
Holdings in Collective Investment Schemes	53,952,989	49,094,180
Deposits	305,870	888,291
Derivative financial instruments	(4,356)	5,559
Other assets	385,512	244,623
Other liabilities	(259,569)	(374,005)
Total	**60,972,694**	**57,446,405**
Historic cost	**49,990,423**	**42,545,312**

13. Other receivables

	31 December 2018 £000	31 December 2017 £000
Amounts owed by Group undertakings	1,722	3,781
Amounts due from policyholders	-	90,496
Corporation tax debtor	16,328	-
Other receivables	14,942	22,963
Total	**32,992**	**117,240**

The fair value of loans and receivables included in other receivables is not materially different from amortised cost.

All balances within other receivables are current.

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

Amounts of £7,269k which were recognised as other receivables at 31 December 17 were reclassified to other financial investments in the current year to better represent the nature of the investments.

Notes to the Financial Statements (continued)

14. Long-term business technical provision

	31 December 2018	31 December 2017
	£000	£000
Actuarial provisions	**90,546**	**91,156**

The long-term business provision is determined in consultation with the Chief Actuary following their annual investigation of the long-term business. The assumptions underlying the calculation of the long-term business provision for modified statutory solvency basis purposes have been determined in accordance with industry accepted actuarial techniques. The principal sensitive assumptions used in calculating the provisions for linked and non-linked policies are noted herein together with details of the sensitivity of these assumptions.

Linked insurance policies

The long-term provision consists of reserves designed to cover any future cash flows without recourse to additional capital. The cash flows are projected assuming:

- unit growth rates of 1.8% per annum (2017 - 1.8%) depending on the type of contract;
- a projection of current expenses assuming inflation at 3.5% (2017 - 3.3%);
- mortality and morbidity costs, which are derived from actual company and industry experience and the rates charged by reinsurers. Mortality is based on company experience and is set at 72% of the TM/F92 tables with an additional loading for smokers. There has been no change since 2006. Sample annual morbidity rates for a male non-smoker are:

	Rate	
Age	**2018**	**2017**
25	0.000760	0.000760
35	0.001334	0.001334
45	0.003189	0.003189
55	0.009189	0.009189

- withdrawal rates which are derived from actual company experience. Sample annual rates are:

		Withdrawals		
2017 & 2018	**Years 1–5**	**Years 6–10**	**Years 11–15**	**Years 16–20**
Level Term	10%	8%	7%	7%

The cash flows are discounted using rates of interest of 0.9% (2017 - 0.9%), to calculate the reserves.

Non-linked policies

The long-term provisions are calculated using the gross premium valuation method. The assumed rate of interest is 1.3% (2017 - 1.2%). Mortality rates are based on recognised mortality tables suitably adjusted to reflect actual experience. Morbidity rates are derived from actual company and industry experience and the rates charged by reinsurers. Withdrawal rates are derived from actual company experience.

Notes to the Financial Statements (continued)

14. Long-term business technical provision (continued)

Sensitivity analysis

The table below sets out the sensitivity of the profit and net assets to key assumptions. The analysis reflects the change in the variable / assumption shown while all other variables / assumptions are left unchanged. In practice variables / assumptions may change at the same time as some may be correlated (for example, an increase in interest rates may also result in an increase in expenses if the increase reflects higher inflation). It should also be noted that in some instances sensitivities are non-linear.

Sensitivity analysis	Change in assumption	Change in profit on ordinary activities before tax 2018	Change in profit on ordinary activities before tax 2017	Change in net assets 2018	Change in net assets 2017
	%	£000	£000	£000	£000
Withdrawal rates	-10%	-2.0	-2.6	-2.0	-2.6
Expense assumptions	-10%	-10.0	-11.1	-10.0	-11.1
Mortality / morbidity	-5%	0.0	0.0	0.0	0.0

Profit shows little sensitivity to variations in withdrawal rates or mortality/morbidity as the protection book is wholly reassured as a result of the Swiss Re treaty agreed in 2013.

A change in interest rates or unit growth rates will have no material impact on insurance profit or net assets.

The provision includes an amount to reflect the tax charges taken from the unit-linked policyholders but not yet due and payable to the UK tax authorities in respect of deemed gains on holdings in unit trusts.

Notes to the Financial Statements (continued)

15. Capital statement

The Company is required to hold sufficient capital to meet the capital requirements under the Solvency II Directive. The Company held capital is substantially in excess of these requirements as shown below:

	31 December 2018	31 December 2017
	£000	£000
Total shareholders' funds	**435,264**	**595,722**
Adjustments to regulatory basis:		
Technical reserves	2,638,346	2,508,345
Deferred acquisition costs	(377,749)	(426,488)
Deferred income reserve	321,564	308,951
Deferred tax impact	(184,837)	(159,761)
Other	(12,791)	891
Own funds	**2,819,797**	**2,827,660**
Solvency Capital Requirement	**2,259,434**	**2,284,696**
Solvency Capital Requirement ratio	125%	124%
Proposed dividend	(210,000)	(315,000)
Free assets post dividend	**350,363**	**227,964**
Revised Solvency Capital Requirement ratio	116%	110%

Under Solvency II, the technical provisions comprise a Best Estimate Liability (BEL) and a Risk Margin (RM). The Solvency II valuation methodology is outlined in the Group's Solvency and Financial Condition Report (SFCR) available on the Group's website.

Notes to the Financial Statements (continued)

16. Provisions for other risks and charges

Deferred taxation	2018	2017
	£000	£000
At beginning of year	374,451	424,083
Provisions utilised in the year	(336,652)	(49,632)
At end of year	**37,799**	**374,451**

The year-end deferred taxation liability is analysed as follows:

Deferred taxation	Utilisation period	31 December 2018	31 December 2017
	years	£000	£000
Deferred tax on expenses available for relief against future profits	6	(42,482)	(46,420)
Deferred acquisition costs	14	48,566	59,960
Deferred income	14	(37)	(66)
Unrealised capital gains on unit-linked assets	6	86,304	445,470
Shareholder capital losses	6	(55,732)	(86,022)
Other		1,180	1,529
		37,799	**374,451**

Appropriate investment income, gains or profits are expected to arise against which the tax assets can be utilised. Whilst the actual rates of utilisation will depend on business growth and external factors, particularly investment market conditions, they have been tested for sensitivity to experience and are resilient to a range of reasonably foreseeable scenarios.

17. Other payables including corporation tax and social security

	31 December 2018	31 December 2017
	£000	£000
Amounts owed to Group undertakings	11,179	12,731
Amounts due to policyholders	229,956	-
Corporation tax	-	115,149
Other payables	2,813	1,453
	243,948	**129,333**

All balances within other payables are current.

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

Notes to the Financial Statements (continued)

18. Accruals, deferred acquisition costs and deferred income

DAC and DIR developed over the current year as follows:

	DAC	DIR
	£000	£000
Cost		
At 1 January 2017	983,595	(908,562)
Additions	21,659	(100,714)
At 31 December 2017	1,005,254	(1,009,276)
At 1 January 2018	**1,005,254**	**(1,009,276)**
Additions	**18,748**	**(108,590)**
At 31 December 2018	**1,024,002**	**(1,117,866)**
Accumulated Amortisation		
At 1 January 2017	510,782	(601,171)
Charge for the year	67,984	(99,154)
At 31 December 2017	578,766	(700,325)
At 1 January 2018	**578,766**	**(700,325)**
Charge for the year	**67,487**	**(95,977)**
At 31 December 2018	**646,253**	**(796,302)**
Net book value		
At 1 January 2017	472,812	(307,390)
At 31 December 2017	426,488	(308,951)
At 31 December 2018	**377,749**	**(321,564)**
Current	**66,170**	**(105,509)**
Non-current	**311,579**	**(216,055)**
	377,749	**(321,564)**

As at the year end the balances were:

	31 December 2018	31 December 2017
	£000	£000
Deferred acquisition cost		
Deferred acquisition costs	377,749	426,488
Accruals and deferred income		
Deferred income	321,564	308,951
Accruals	58,794	47,646
	380,358	356,598

All balances within accruals are current.

Notes to the Financial Statements (continued)

19. Share capital

	31 December 2018	31 December 2017
	£000	£000
Allotted, called up and fully paid		
110 million (2017 - 110 million) Ordinary shares of £1 each	**110,000**	**110,000**

20. Financial risk

Risk management objectives and risk policies
The Company adopts a risk-averse approach to financial risk with a stated policy of not actively pursuing and accepting financial risk except when necessary to support other objectives. The Company seeks to manage risk through the use of unit-linking for policyholder benefits and investing shareholder assets only in highly rated investments.

The Company's exposure to credit, liquidity and market risks is set out below in the following paragraphs. The process for accepting, measuring, monitoring and controlling these risks is set out in the Group's Risk and Risk Management Report within the Group's Annual Report and Accounts.

Categories of financial assets and financial liabilities
The categories and carrying values of the financial assets and financial liabilities held in the Company's statement of financial position are summarised in the table below:

31 December 2018

	Assets at fair value through profit and loss(1)	Financial assets at amortised cost(2)	Financial liabilities at fair value through profit and loss(1)	Financial liabilities measured at amortised cost	Total
	£000	£000	£000	£000	£000
Financial assets:					
Deposits with credit institutions(3)	835,260	-	-	-	835,260
Other financial investments	51,131	-	-	-	51,131
Assets held to cover linked liabilities(4)	58,724,547	691,382	(4,356)	(259,569)	59,152,004
Receivables	-	107,112	-	-	107,112
Cash and cash equivalents	-	104,207	-	-	104,207
Total financial assets	**59,610,938**	**902,701**	**(4,356)**	**(259,569)**	**60,249,714**
Financial liabilities:					
Investment contract benefits	-	-	61,126,602	-	61,126,602
Payables	-	-	-	126,373	126,373
Total financial liabilities	-	-	**61,126,602**	**126,373**	**61,252,975**

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Categories of financial assets and financial liabilties

The categories and carrying values of the financial assets and financial liabilities held in the Company's statement of financial position are summarised in the table below:

31 December 2017

	Assets at fair value through profit and loss(1)	Financial assets at amortised cost(2)	Financial liabilities at fair value through profit and loss(1)	Financial liabilities measured at amortised cost	Total
	£000	£000	£000	£000	£000
Financial assets:					
Deposits with credit institutions(3)	923,337	-	-	-	923,337
Other financial investments(4)	7,269	-	-	-	7,269
Assets held to cover linked liabilities(5)	55,056,555	1,132,914	-	(374,005)	55,815,464
Receivables	-	134,461	-	-	134,461
Cash and cash equivalents	-	116,258	-	-	116,258
Total financial assets	**55,987,161**	**1,383,633**	**-**	**(374,005)**	**56,996,789**
Financial liabilities:					
Investment contract benefits	-	-	57,404,396	-	57,404,396
Payables	-	-	-	167,170	167,170
Total financial liabilities	**-**	**-**	**57,404,396**	**167,170**	**57,571,566**

(1) All financial assets and liabilities at fair value through profit and loss are designated as such upon initial recognition.

(2) Other receivables includes receivables arising out of direct insurance operations and other receivables except for amounts due from policyholder as these relate to corporation taxation amounts due which are not considered financial assets. These financial assets were previously classified as loans and receivables and were reclassified to financial assets at amortised cost upon transition to IFRS 9 on 1 January 2018.

(3) Deposits with credit institutions are holdings of high quality, highly liquid Money Market funds, containing assets which are cash and cash equivalents.

(4) Other financial investments represent management holdings in the funds

(5) Assets held to cover linked liabilities as disclosed in the tables above exclude £1,820,690k investment properties (31 December 2017: £1,630,941k), which are not financial assets. Investment properties are included within the assets held to cover linked liabilities line in the statement of financial position.

The carrying value of the investment contract liabilities may differ from the amount contractually required to pay at maturity. This is as a result of the variable maturity values of the financial liabilities as a consequence of future policyholder investments and withdrawals as well as investment return. The contractual value required to be paid to the policyholder as at 31 December 2018 would not be materially different from the investment contract benefits value in the table above.

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Income, expense, gains and losses arising from financial assets, investment properties and financial liabilities

The income, expense, gains and losses arising from financial assets, investment properties and financial liabilities are summarised in the table below:

31 December 2018

	Financial assets at fair value through profit and loss(1)	Financial assets at amortised cost(2)	Financial liabilities at fair value through profit and loss(1)	Financial liabilities measured at amortised cost	Total
	£000	£000	£000	£000	£000
Financial Assets and investment properties:					
Deposits with credit institutions	4,433	-	-	-	4,433
Assets held to cover linked liabilities(3)	(2,792,307)	-	-	-	(2,792,307)
Investment properties	60,517	-	-	-	60,517
Cash and cash equivalents	-	556	-	-	556
Total financial assets	**(2,727,357)**	**556**	**-**	**-**	**(2,726,801)**
Financial Liabilities:					
Investment contract benefits	-	-	(2,771,720)	-	(2,771,720)
Total financial liabilities	**-**	**-**	**(2,771,720)**	**-**	**(2,771,720)**

31 December 2017

	Financial assets at fair value through profit and loss(1)	Financial assets at amortised cost(2)	Financial liabilities at fair value through profit and loss(1)	Financial liabilities measured at amortised cost	Total
	£000	£000	£000	£000	£000
Financial Assets and investment properties:					
Deposits with credit institutions	2,066	-	-	-	2,066
Assets held to cover linked liabilities	4,912,423	-	-	-	4,912,423
Investment properties	154,700	-	-	-	154,700
Cash and cash equivalents	-	225	-	-	225
Total financial assets	**5,069,189**	**225**	**-**	**-**	**5,069,414**
Financial Liabilities:					
Investment contract benefits	-	-	5,024,936	-	5,024,936
Total financial liabilities	**-**	**-**	**5,024,936**	**-**	**5,024,936**

(1) None of the change in the fair value of financial liabilities at fair value through profit and loss is attributable to changes in their credit risk.

(2) These financial assets were previously classified as loans and receivables and were reclassified to financial assets at amortised cost upon transition to IFRS 9 on 1 January 2018.

(3) Income, expense, gains and losses arising from assets held to cover linked liabilities includes income, expenses, gains and losses from managements holdings in the funds

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Fair value estimation

Financial assets and liabilities, which are held at fair value in the statement of financial position, are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's assets and liabilities measured at fair value are shown below:

31 December 2018	Level 1	Level 2	Level 3	Total balance
	£000	£000	£000	£000
Financial assets and investment properties:				
Deposits with credit institutions	835,260	-	-	835,260
Other financial investments	51,131	-	-	51,131
Assets held to cover linked liabilities				
- Investment properties	-	-	1,820,690	1,820,690
- Equities	4,504,874	-	-	4,504,874
- Fixed income securities	264,522	2,162	-	266,684
- Investment in Collective Investment Schemes	53,952,989	-	-	53,952,989
- Derivative financial instruments	-	(4,356)	-	(4,356)
Total financial assets and investment properties	**59,608,776**	**(2,194)**	**1,820,690**	**61,427,272**
Financial liabilities:				
Investment contract benefits	-	61,126,602	-	61,126,602
Total financial liabilities	**-**	**61,126,602**	**-**	**61,126,602**

Fair value estimation

The Company's assets and liabilities measured at fair value are shown below:

31 December 2017	Level 1	Level 2	Level 3	Total balance
	£000	£000	£000	£000
Financial assets and investment properties:				
Deposits with credit institutions	923,337	-	-	923,337
Other financial investments	7,269	-	-	7,269
Assets held to cover linked liabilities				
- Investment properties	-	-	1,630,941	1,630,941
- Equities	5,695,286	-	-	5,695,286
- Fixed income securities	261,416	114	-	261,530
- Investment in Collective Investment Schemes	49,094,180	-	-	49,094,180
Derivative financial instruments	-	5,559	-	5,559
Total financial assets and investment properties	**55,981,488**	**5,673**	**1,630,941**	**57,618,102**
Financial liabilities:				
Investment contract benefits	-	57,404,396	-	57,404,396
Total financial liabilities	**-**	**57,404,396**	**-**	**57,404,396**

The fair value of financial instruments traded in active markets is based on quoted bid prices at the statement of financial position date, as described in Note 1 to these financial statements. These instruments are included in Level 1.

Notes to the Financial Statements (continued)

20. Financial risk (continued)

The Company closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgement.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value Level 2 financial assets and liabilities include:

- The use of observable prices for identical current arm's length transactions.

Specific valuation techniques used to value Level 3 financial assets and liabilities include:

- The use of unobservable inputs, such as expected rental values and equivalent yields;
- Other techniques, such as discounted cash flow and historic lapse rates, are used to determine fair value for the remaining financial instruments.

Should it be assessed that an active market no longer exists, a transfer between Level 1 and Level 2 fair value measurement hierarchies will be considered. There were no transfers between Level 1 and Level 2 during the year.

Transfers into and out of Level 3 portfolios

Transfers out of Level 3 portfolios arise when inputs that could have a significant impact on the instrument's valuation become market observable; conversely, transfers into the portfolios arise when consistent sources of data cease to be available.

The following table presents the movement in investment properties during the year, which are the only assets classified in Level 3 of the fair value hierarchy:

	2018	2017
	£000	£000
Opening balance	1,630,941	1,462,449
Additions during the year	277,344	95,551
Disposed during the year	(64,682)	(6,232)
(Losses)/gains recognised in the statement of comprehensive income	(22,913)	79,173
Closing balance	**1,820,690**	**1,630,941**

There were no transfers into or out of Level 3 during the year from other levels in the fair value hierarchy.

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Total gains on investment properties recognised in the statement of comprehensive income for the year are split between realised and unrealised gains as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£000	£000
Realised losses	13,375	(1,175)
Unrealised (losses)/gains	(36,288)	80,348
(Losses)/gains recognised in the income statement	**(22,913)**	**79,173**

Gains/(losses) recognised in the statement of comprehensive income are included within investment return.

Investment property is initially measured at cost including related acquisition costs and subsequently valued monthly by professional external valuers at their respective fair values at each reporting date. The fair values derived are based on anticipated market values for the properties in accordance with the guidance issued by The Royal Institution of Chartered Surveyors, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants.

The valuation of investment property is inherently subjective as it requires among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. The following table sets out the unobservable inputs utilised in the valuation of the investment properties:

	Investment property classification			
	Office	**Industrial**	**Retail & leisure**	**All**
31 December 2018				
Gross ERV (per sq ft)*				
Range	£14.66 - £99.97	£4.00 - £29.39	£4.50 - £159.96	£4.00 - £159.96
Weighted average	£34.03	£8.17	£15.92	£14.89
True equivalent yield				
Range	4.1% - 8.6%	4.2% - 6.7%	4.6% - 13.7%	4.1% - 13.7%
Weighted average	5.2%	4.9%	6.2%	5.5%
31 December 2017				
Gross ERV (per sq ft)*				
Range	£14.66 - £96.50	£3.50 - £15.75	£4.50 - £427.84	£3.50 - £427.84
Weighted average	£32.02	£7.28	£15.51	£14.12
True equivalent yield				
Range	3.9% - 8.4%	4.2% - 6.7%	4.6% - 13.8%	3.9% - 13.8%
Weighted average	5.3%	5.3%	6.0%	5.6%

* Equivalent rental value (per square foot)

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Sensitivity of Level 3 valuations

The following table sets out the effect of applying reasonably possible alternative assumptions to the valuation of the investment properties. Any change in the value of investment property is matched by the associated movement in the policyholder liability and therefore would not impact on the shareholder net assets.

			Effect of reasonable possible alternative assumptions	
Investment Property	**Significant unobservable inputs**	**Carrying Value £000**	**Favourable changes £000**	**Unfavourable changes £000**
31 December 2018	Expected rental value / Relative yield	1,820,690	1,994,900	1,665,200
31 December 2017	Expected rental value / Relative yield	1,630,941	1,794,294	1,506,338

Credit risk

The Company's exposure to credit risk is mitigated by a number of policies. Shareholders' funds are invested in AAA rated unitised money market funds and deposits with approved banks, in accordance with the Group's Credit Policy, with a view to minimising credit and market risk. Maximum counterparty limits are set for each company within the Group and aggregate limits are also set at a group level.

Non-linked liabilities are matched by fixed interest securities with minimum AA credit ratings; maximum counterparty limits are again set for each company within the Group and at an aggregate group level.

Reinsurance credit risk is managed in accordance with the Group's Reinsurance Policy with credit ratings of potential reinsurers required to meet or exceed minimum specified levels. Consideration is also given to size, risk concentrations / exposures and ownership in the selection of reinsurers. The Group also seeks to diversify its reinsurance credit risk through the use of a range of reinsurers.

The amount due from reinsurers relates primarily to three (2017 - three) AA-rated reassurers, as set out in the credit risk tables below.

Notes to the Financial Statements (continued)

20. Financial risk (continued)

The credit risk exposure and ratings of financial and other assets which are most susceptible to credit risk are set out in the following tables:

31 December 2018	AAA	AA	A	BBB	Unrated	Unit-linked funds	Total
	£000	£000	£000	£000	£000	£000	£000
Deposits with credit institutions	835,260	-	-	-	-	-	835,260
Other financial investments	-	-	-	-	-	51,131	51,131
Assets held to cover linked liabilities	-	-	-	-	-	60,972,694	60,972,694
Reinsurer's share of technical provision:							
- Long-term business provision	-	82,781	-	-	-	-	82,781
- Claims outstanding	-	3,392	-	-	-	-	3,392
Total amount due from reassurers	-	86,173	-	-	-	-	86,173
Receivables	-	-	-	-	107,112	-	107,112
Cash and cash equivalents	-	22,860	77,249	-	4,098	-	104,207
Total	**835,260**	**109,033**	**77,249**	**-**	**111,210**	**61,023,825**	**62,156,577**

31 December 2017	AAA	AA	A	BBB	Unrated	Unit-linked funds	Total
	£000	£000	£000	£000	£000	£000	£000
Deposits with credit institutions	923,337	-	-	-	-	-	923,337
Other financial investments						7,269	7,269
Assets held to cover linked liabilities	-	-	-	-	-	57,446,405	57,446,405
Reinsurer's share of technical provision:							
- Long-term business provision	-	82,801	-	-	-	-	82,801
- Claims outstanding	-	2,395	-	-	-	-	2,395
Total amount due from reassurers	-	85,195	-	-	-	-	85,195
Receivables	-	-	-	-	134,461	-	134,461
Cash and cash equivalents	-	2,557	95,955	1,680	16,066	-	116,258
Total	**923,337**	**87,753**	**95,955**	**1,680**	**150,527**	**57,453,674**	**58,712,926**

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Financial assets that are either past due or impaired

There are no financial assets that are materially impaired, would otherwise be past due or impaired, whose terms have been renegotiated or are past due but not impaired.

Liquidity risk

The Company is subject to minimal liquidity risk since it maintains a high level of liquid assets to meet its liabilities.

The following table sets out the contractual maturity analysis exposure of the Company's financial assets and liabilities as at 31 December 2018:

	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Unit-linked funds[1]	Total
	£000	£000	£000	£000	£000	£000
Financial Assets :						
Deposits with credit institutions	835,260	-	-	-	-	835,260
Other financial investments	-	-	-	-	51,131	51,131
Assets held to cover linked liabilities	-	-	-	-	60,972,694	60,972,694
Receivables	-	-	-	107,112	-	107,112
Cash and cash equivalents	104,207	-	-	-	-	104,207
Total financial assets	**939,467**	**-**	**-**	**107,112**	**61,023,825**	**62,070,404**
Financial Liabilities:						
Investment contract benefits	-	-	-	-	61,126,602	61,126,602
Payables	-	-	-	126,373	-	126,373
Total financial liabilities	**-**	**-**	**-**	**126,373**	**61,126,602**	**61,252,975**

The table below sets out comparative contractual maturity analysis as at 31 December 2017:

	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Unit-linked funds[1]	Total
	£000	£000	£000	£000	£000	£000
Financial Assets:						
Deposits with credit institutions	923,337	-	-	-	-	923,337
Other financial investments	-	-	-	-	7,269	7,269
Assets held to cover linked liabilities	-	-	-	-	57,446,405	57,446,405
Receivables	-	-	-	134,461	-	134,461
Cash and cash equivalents	116,258	-	-	-	-	116,258
Total financial assets	**1,039,595**	**-**	**-**	**134,461**	**57,453,674**	**58,627,730**
Financial Liabilities:						
Investment contract benefits	-	-	-	-	57,404,396	57,404,396
Payables	-	-	-	167,170	-	167,170
Total financial liabilities	**-**	**-**	**-**	**167,170**	**57,404,396**	**57,571,566**

[1] Amounts included under unit-linked funds are deemed to have a maturity up to one year as they are repayable or transferable on demand.

Notes to the Financial Statements (continued)

20. Financial risk (continued)

Interest rate risk
This is not considered to be a material risk to the Company.

Currency risk
The Company is not subject to any significant currency risk since all material shareholder financial assets and financial liabilities are denominated in Sterling. However, since future profits are dependent on charges based on FUM, changes in FUM as a result of currency movements will impact future profits.

Market risk
The majority of the Company's business is unit-linked and the direct associated market risk is therefore borne by policyholders (although there is a secondary impact as shareholder income is dependent upon the markets). Financial assets and liabilities held outside unitised funds primarily consist of fixed interest securities, units in money market funds, cash and cash equivalents, and other assets and liabilities. The fixed interest securities are held to match non linked liabilities and the liability values move broadly in line with the matching asset values such that fair value interest rate risk is immaterial, although these is some residual risk due to imperfect matching. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Company's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the statement of financial position date in interest rates and equity values have an immaterial impact on the Company's profit after tax and equity. Future profits from annual management charges may be affected by movements in interest rates and equity values.

Notes to the Financial Statements (continued)

21. Related party balances

The Company's related parties include the key management personnel and companies within the St. James's Place Group.

Transactions with key management personnel are exempt from disclosure.

Other related parties

The total value of St. James's Place funds under management held by related parties of the Company as at 31 December 2018 was £25,233,698 (2017 - £36,517,081).

The amounts owed to Group companies as at 31 December are as follows:

	31 December 2018	31 December 2017
	£000	£000
Intra-Group receivables, net of provisions		
St. James's Place Unit Trust Group Limited	144	3,781
St. James's Place Investment Administration Limited	1,578	-
Total	**1,722**	**3,781**
Intra-Group payables		
St. James's Place (Hong Kong) Limited	-	29
St. James's Place International Limited	121	119
St. James's Place Management Services Limited	2,145	2,412
St. James's Place (Singapore) Private Limited	29	32
St. James's Place Wealth Management plc	8,884	10,138
St. James's Place Wealth Management (Shanghai) Limited	-	1
Total	**11,179**	**12,731**

Notes to the Financial Statements (continued)

21. Related parties (continued)

In addition, the Company invests in the following unit trust, all of which are registered in England and Wales. The registered address of the unit trust manager, St. James's Place Unit Trust Group Limited, is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP. The Company's holdings in unit trusts managed by St. James's Place Unit Trust Group Limited are:

	31 December 2018	31 December 2017
	£000	£000
St. James's Place Allshare Income Unit Trust	492,449	627,586
St. James's Place Alternative Assets Unit Trust	878,324	785,665
St. James's Place Balanced Managed Unit Trust	4,288,545	3,936,178
St. James's Place Continental European Unit Trust	272,936	297,623
St. James's Place Corporate Bond Unit Trust	1,005,691	1,058,244
St. James's Place Diversified Assets (FAIF) Unit Trust	46,255	-
St. James's Place Diversified Bond Unit Trust	903,189	683,664
St. James's Place Emerging Markets Equity Unit Trust	476,805	369,601
St. James's Place Equity Income Unit Trust	1,011,857	1,092,882
St. James's Place Ethical Unit Trust	146,013	150,322
St. James's Place Asia Pacific Unit Trust	1,325,964	1,197,584
St. James's Place Gilts Unit Trust	160,462	134,268
St. James's Place Global Emerging Markets Unit Trust	525,734	521,590
St. James's Place Global Equity Income Unit Trusts	1,330,921	1,410,008
St. James's Place Global Equity Unit Trust	7,111,030	6,987,007
St. James's Place Global Growth Unit Trust*	322,059	37,700
St. James's Place Global Unit Trust	1,253,904	1,520,595
St. James's Place Greater European Progressive Unit Trust	572,619	443,965
St. James's Place Global Smaller Companies Unit Trust	296,886	265,400
St. James's Place Index Linked Gilts Unit Trust	130,812	104,888
St. James's Place International Corporate Bond Unit Trust	1,463,150	1,409,729
St. James's Place International Equity Unit Trust	3,767,338	3,004,125
St. James's Place Investment Grade Corporate Bond Unit Trust	1,486,723	1,228,499
St. James's Place Japan Unit Trust	158,036	34,849
St. James's Place Managed Growth Unit Trust	4,697,918	4,349,997
St. James's Place Money Market Unit Trust	201,643	304,678
St. James's Place Multi Asset Unit Trust	3,334,815	2,611,549
St. James's Place North American Unit Trust	965,493	826,394
St. James's Place Strategic Income Unit Trust	3,088,239	2,348,591
St. James's Place Strategic Managed Unit Trust	4,725,192	4,475,171
St. James's Place UK & General Progressive Unit Trust	848,144	787,103
St. James's Place UK & International Income Unit Trust	1,122,005	1,274,853
St. James's Place UK Absolute Return Unit Trust	391,371	390,960
St. James's Place UK Growth Unit Trust	127,222	145,231
St. James's Place UK Income Unit Trust	219,735	274,284
St. James's Place Worldwide Income Unit Trust	323,338	183,395
St. James's Place Worldwide Opportunities Unit Trust	3,363,463	3,490,890
	52,836,280	**48,765,068**

*The St. James's Place Global Growth Unit Trust has holdings in the Equity A Unit Trust, Equity B Unit Trust, Equity C Unit Trust and the International Equity Unit Trust.

During the year the total value of net transactions with related unit trusts was £3.4 billion (2017 - £5.1 billion).

Notes to the Financial Statements (continued)

22. 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 Secretary 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.