

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

Annual report
for the year ended 31 December 2000

Registered no: 2661044



St. James's Place Management Services Limited

Annual report for the year ended 31 December 2000

	Page
Directors and advisers	2
Directors' report	3
Statement of directors' responsibilities	6
Auditors' report	7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

St. James's Place Management Services Limited

Directors and advisers

Executive directors

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

Auditors

KPMG Audit Plc
1 Canada Square
London
E14 5AG

Secretary and registered office

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

Solicitors

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

Bankers

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

St. James's Place Management Services Limited

Directors' report for the year ended 31 December 2000

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

Principal activities

The principal activity of the company is the provision of management services to other group companies and the sales force.

Results and business review

The financial statements for the year ended 31 December 2000 are set out on pages 8 to 17. The retained loss for the year is disclosed on page 8. The directors have transferred this to reserves without declaring a dividend.

Future developments

The directors expect the company to continue providing management services.

Change of name

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

Changes in fixed assets

The movements in fixed assets during the year are set out in note 8 to the financial statements.

Directors

The directors of the company are listed on page 2. All directors held office throughout the year.

Directors' interests

None of the directors have a beneficial interest in the shares of the company.

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

St. James's Place Management Services Limited

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

Directors' interests (continued)

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

Executive Share Option Scheme

Director	Options held at 1 January 2000	Options held at 31 December 2000	Exercise Price	Date From which exercisable	Expiry Date
H Gladman	70,000	70,000	0.57p	27 Dec 2000	27 Dec 2004
	148,750	148,750	1.71p	19 Jan 2001	19 Jan 2006
	200,000	200,000	£1.33	1 Jul 2001	13 Jul 2007
A Croft	8,400	8,400	0.57p	29 Mar 2000	9 Sep 2003
	14,000	14,000	1.71p	14 Feb 2000	14 Feb 2005
	75,000	75,000	£1.33	1 Jul 2001	13 Jul 2007
S P Williams	49,000	49,000	0.57p	1 Jan 1998	25 Feb 2004
	140,000	140,000	1.71p	14 Feb 2000	19 Jan 2006
	200,000	200,000	£1.33	1 Jul 2001	13 Jul 2007

Note: The exercise price corresponds with the share price on the date the options were granted. As at 31 December 2000 the share price of SJPC plc was £4.24. The range of prices between 1 January 2000 and 31 December 2000 was £1.79 to £4.24.

All Employee Share Option Scheme

Director	Options held at 1 January 2000	Options held at 31 December 2000	Exercise Price	Date From which exercisable	Expiry Date
H Gladman	16,121	16,121	£1.07	1 Sept 2002	1 Mar 2003
A Croft	16,121	16,121	£1.07	1 Sept 2002	1 Mar 2003
S Williams	16,121	16,121	£1.07	1 Sept 2002	1 Mar 2003

Shareholdings

Director	1 January 2000 Ordinary Shares of 15 pence each		31 December 2000 Ordinary Shares of 15 pence each	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
A Croft	9,554	-	1,804	-
S Williams	7,500	19,700	2,577	7,756

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

The directors had no beneficial interests in the shares of the ultimate parent company, Halifax Group plc, as at 31 December 2000.

St. James's Place Management Services Limited

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

Employees

The company has no employees.

Payment policy for creditors

It is St. James's Place Management Services Limited's policy to pay creditors in accordance with the Confederation of British Industry (CBI) Better Practice Payment Code on supplier payments. The company's average number of days purchases outstanding in respect of trade creditors at 31 December 2000 was 34 days (1999: 31 days).


Economic Monetary Union

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

Auditors

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

By order of the Board.



St. James's Place Administration Limited
Corporate Secretary

15 February

2001

St. James's Place Management Services Limited

Statement of directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements on pages 8 to 17.

Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
London

15 February 2001

St. James's Place Management Services Limited

Profit and loss account for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	2	107,910	4,554
Cost of sales		(105,304)	(3,488)
		<hr/>	<hr/>
Gross profit		2,606	1,066
Administrative expenses	4	(4,298)	(133)
		<hr/>	<hr/>
Operating (loss)/profit		(1,692)	933
Interest receivable		261	-
Interest payable and similar charges	3	-	(970)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	5	(1,431)	(37)
Tax on loss on ordinary activities	6	(1,013)	(195)
		<hr/>	<hr/>
Loss on ordinary activities after taxation, being profit for the financial year		(2,444)	(232)
		<hr/>	<hr/>
Retained loss for the year	13	(2,444)	(232)
		<hr/>	<hr/>

All activities are continuing United Kingdom operations.

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

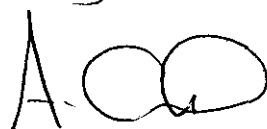
The notes on pages 10 to 17 form an integral part of these financial statements.

St. James's Place Management Services Limited

Balance sheet as at 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	5,894	5,445
		<hr/>	<hr/>
Current assets			
Debtors	9	59,999	29,989
Cash at bank and in hand		3,500	8,501
		<hr/>	<hr/>
		63,499	38,490
Creditors: amounts falling due within one year	10	(68,842)	(40,940)
		<hr/>	<hr/>
Net current liabilities		(5,343)	(2,450)
		<hr/>	<hr/>
Total assets less current liabilities, being net assets		551	2,995
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	7,000	7,000
Profit and loss account	13	(6,449)	(4,005)
		<hr/>	<hr/>
Shareholders' funds - equity interests		551	2,995
		<hr/>	<hr/>

The financial statements on pages 8 to 17 were approved by the Board of Directors on 15 February 2001 and were signed on its behalf by:



Director

The notes on pages 10 to 17 form an integral part of these financial statements.

St. James's Place Management Services Limited

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

1 Principal accounting policies

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

Basis of accounting

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

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

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values over the expected useful economic lives of the assets concerned.

The methods and annual rates used for this purpose are:

Motor vehicles	At a rate of 25% on a straight line basis.
Computer equipment	At a rate of 33 $\frac{1}{3}$ % on a straight line basis.
Fixtures and fittings	At a rate of 20% on a straight line basis.
Office Equipment	At a rate of 20% on a straight line basis.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied accounted for on a receivable basis.

St. James's Place Management Services Limited

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

1 Principal accounting policies (continued)

Deferred taxation

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

Operating Leases

Operating lease income, representing invoiced rentals less the cost of depreciating the leased asset, is recognised on a straight line basis over the lease term.

2 Segmental analysis by class of business and geographical area

In the opinion of the directors, the company has only carried on one class of business and has supplied markets that do not differ substantially from each other.

3 Interest payable and similar charges

	2000 £'000	1999 £'000
On bank loans and overdrafts repayable on demand	-	970

4 Exceptional items

The acquisition of 60% of the share capital of St. James's Place Capital ("SJPC"), the parent company, by the Halifax Group was completed on 2 June 2000 and resulted in the occurrence of a number of one-off transaction and re-branding costs. These amounted to £4,150,000 and are included within administrative expenses.

5 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after crediting:-		
Operating lease income	449	576
And after charging:-		
Depreciation for the year:		
Tangible owned fixed assets	2,629	1,999
Auditors' remuneration	20	18

St. James's Place Management Services Limited

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

6 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Corporation tax at 30% (1999: 30.25%)		
- current year	906	165
- prior year	107	(55)
Group relief		
- adjustment in respect of prior years	-	85
	<hr/>	<hr/>
	1,013	195
	<hr/>	<hr/>

7 Directors' emoluments

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

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

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

St. James's Place Management Services Limited

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

8 Tangible fixed assets

	Motor vehicles £'000	Computer equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost				
1 January 2000	3,129	4,415	10,651	18,195
Additions	1,158	821	1,250	3,229
Disposals	(720)	-	-	(720)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2000	3,567	5,236	11,901	20,704
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 January 2000	1,357	3,256	8,137	12,750
Charge for year	1,113	649	867	2,629
Disposals	(569)	-	-	(569)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2000	1,901	3,905	9,004	14,810
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	1,772	1,159	2,514	5,445
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	1,666	1,331	2,897	5,894
	<hr/>	<hr/>	<hr/>	<hr/>

Included in computer equipment is a net book value of £477,437 (1999: £486,026) in respect of assets which have been held for leasing under operating leases.

St. James's Place Management Services Limited

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

9 Debtors

	2000 £'000	1999 £'000
Amounts owed by fellow subsidiary undertakings	34,688	8,994
Other debtors	23,760	20,716
Prepayments and accrued income	1,551	279
	<hr/>	<hr/>
	59,999	29,989
	<hr/>	<hr/>

Included in other debtors are amounts falling due in more than one year of £12,594,000 (1999: £11,033,000).

10 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Bank loans and overdrafts	3,893	4,692
Amounts owed to parent undertaking	14,215	11,562
Amounts owed to fellow subsidiary undertakings	28,191	23,007
Other creditors including taxation and social security	2,336	1,081
Accruals and deferred income	20,207	598
	<hr/>	<hr/>
	68,842	40,940
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Bank loans and overdrafts

The bank overdraft is unsecured, repayable on demand and is subject to normal commercial overdraft rates of interest.

St. James's Place Management Services Limited

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

11 Called up share capital

	2000 £	1999 £
Authorised		
7,000,001 (1999: 7,000,000) Ordinary shares of £1 each	7,000,001	7,000,000
Nil (1999: 1) Special rights redeemable £1 preference share	-	1
	<u>7,000,001</u>	<u>7,000,001</u>
 Allotted, called up and fully paid	 2000 £	 1999 £
Equity interests		
7,000,001 (1999: 7,000,000) Ordinary shares of £1 each	7,000,001	7,000,000
Non equity interests		
Nil (1999: 1) Special rights redeemable £1 preference share	-	1
	<u>7,000,001</u>	<u>7,000,001</u>

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

St. James's Place Management Services Limited

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

12 Reconciliation of movement in equity shareholders' funds

	2000 £'000	1999 £'000
Loss for financial year	(2,444)	(232)
Net reduction to shareholders' funds	(2,444)	(232)
Opening shareholders' funds	2,995	3,227
Closing shareholders' funds	551	2,995

13 Profit and loss account

	£'000
At 1 January 2000	(4,005)
Loss for the year	(2,444)
At 31 December 2000	(6,449)

14 Ultimate parent undertaking

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

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

The parent undertaking of the smallest group to consolidate the accounts of the company is St. James's Place Capital plc, a company registered in England and Wales, copies of whose consolidated accounts may be obtained from the Company Secretary, St James's Place Capital plc, J. Rothschild House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ.

St. James's Place Management Services Limited

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

15 Related Party Transactions

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

16 Registered Office

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