

Registered number: 00947644

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

A M Croft
I S Gascoigne
C G Gentle
D J Lamb

COMPANY SECRETARY

St. James's Place Corporate Secretary Limited

REGISTERED NUMBER

00947644

REGISTERED OFFICE

St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

CONTENTS

	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditors' Report	8 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 20

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

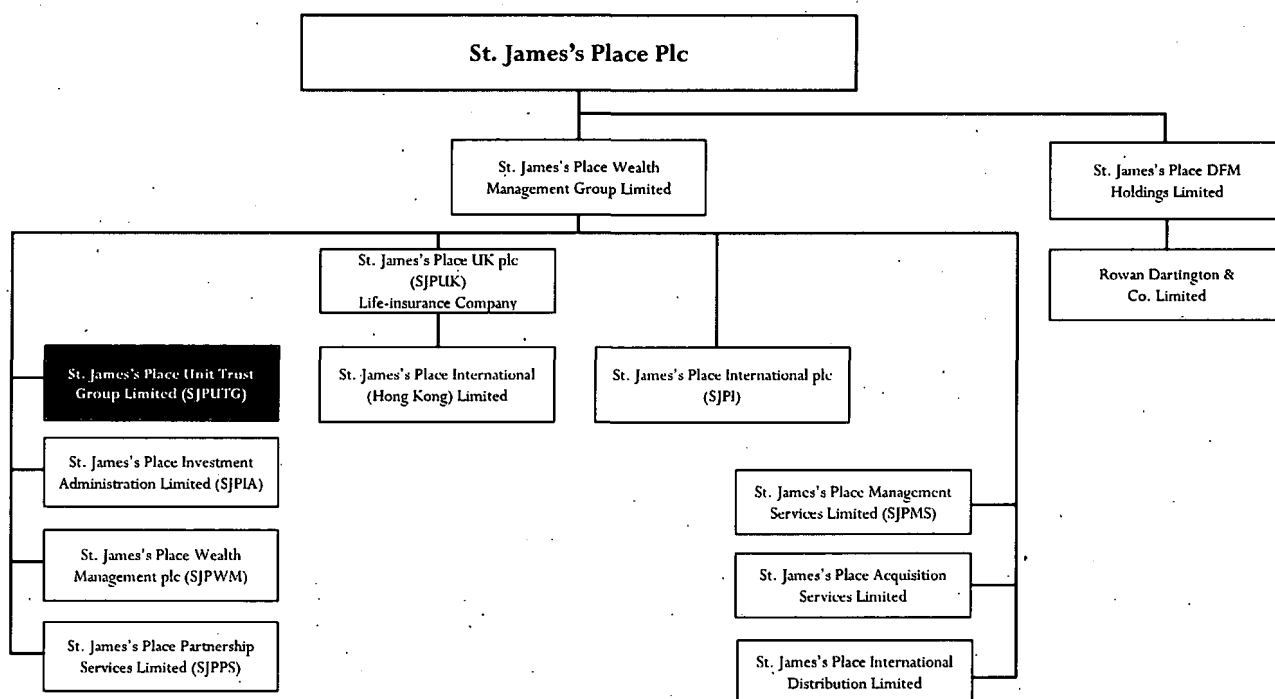
INTRODUCTION

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

The Company is a private limited company.

Group Overview

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



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

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION (continued)

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

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

In order to allow the IMA to be delivered consistently through all product wrappers, the majority of the unit-linked insurance investment ranges are facilitated through cross-investment into a core range of St. James's Place Unit Trusts (managed by St. James'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.

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

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

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

BUSINESS REVIEW

The profit for the financial year amounted to £56.8m (2016 - £65.6m).

In its capacity as a unit trust manager, the Company manages 47 different unit trusts (2016 - 36), of which 43 (2016 - 33) are classified under the Financial Conduct Authority's Collective Investment Scheme Sourcebook as UCITS funds and 4 (2016 - 3) as NURS funds.

The Company's growth in turnover of 24% arose principally through increased funds under management. The result for the year was adversely impacted by the recharge in back office infrastructure expenses from another Group company in connection with the development of the Bluèdoor Platform.

FUTURE DEVELOPMENTS

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

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

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 maintains close working relationships with the outsourcing partners, who are central to the Company's business model. This enables the Company, in seeking to work effectively and efficiently together, to deliver the best result. Service level agreements are in place and performance is monitored against these. In the extreme event, all the Company's relationships are governed by formal agreements with notice periods. The business continuity arrangements of each outsourcer are also continually 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 Group maintains an active and on-going awareness programme on information security threats and how to prevent or respond to them for employees and Partners. 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 Group also ensures that outsourcing partners have robust information security programmes in place and use secure means for transmitting data to and from these organisations.
Investment performance fails to meet client expectations	The Group's approach to investment management may fail to deliver expected returns to clients of the Group or the range of products and services offered may become inappropriate for client needs.	The Company offers a broad range of funds, which allows client diversification and mitigates persistency and market risks. The Company actively manages and monitors the performance of its investment managers through the Investment Committee, which is supported by respected independent investment research consultancies. Effective governance frameworks are in place in respect of manufactured and third-party products.
Regulatory, legislative and tax environment	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 Group 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.
Competition and charge pressure	The competitive environment in which the Company operates continues to evolve with the need for high quality products with competitive charges.	This risk is mitigated through ensuring the business is run efficiently, being responsive to the needs of clients and Partners 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.
Group support	The Company benefits from services supplied from another Group company for the benefit of the Group as a whole. These services include: the provision of human resources, the maintenance of the St. James's Place brand which includes its 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.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.
Outsourced Expense risk.	Increased expenses, in particular higher than expected administration costs, would reduce future profits.	Expenses are controlled through contracts with third party administrators.
Credit risks	The failure of a counterparty may reduce the value of assets held by the company. Counterparties include banks, Money market Funds, and other debtors.	Generally, the Company's funds are invested in high credit rating and highly liquid cash and cash equivalent investments.

FINANCIAL KEY PERFORMANCE INDICATORS

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

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

During the year, the net fee income earned from funds under management increased by 24.7% to £241.3m from £193.4m.

Funds under management as at 31 December 2017 were £82.6bn (2016 - £67.7bn).

GOING CONCERN

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

This report was approved by the Board of Directors on 27 February 2018 and signed on its behalf by:



C G Gentle
Director

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company acts as a unit trust manager.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £56.8m (2016 - £65.6m).

Dividends totaling £85.5m (2016 - £67.0m) were paid during the year. The Directors do not recommend the payment of a final dividend (2016 - £NIL).

DIRECTORS

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

D C Bellamy (resigned 31 December 2017)
A M Croft
I S Gascoigne
C G Gentle (appointed 1 January 2018)
D J Lamb

EMPLOYEES

The Company has no employees (2016 - NIL).

DIRECTORS' INDEMNITY AND INSURANCE

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

MATTERS COVERED IN THE STRATEGIC REPORT

Future developments and financial risk management are both referred to in the Strategic Report set out on pages 1 to 4 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 27 February 2018 and signed on its behalf by:

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

C. G Gentle
Director

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

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.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 group and 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.

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.

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED (CONTINUED)

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 2017 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 group and company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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.



Jeremy Jensen (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2018

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £000
Turnover		236,856	191,392
Cost of sales	3	(25,571)	(21,373)
GROSS PROFIT		211,285	170,019
Administrative expenses		(141,088)	(88,288)
OPERATING PROFIT	5	70,197	81,731
Interest receivable and similar income		163	306
Interest payable and similar expenses		(2)	(30)
PROFIT BEFORE TAXATION		70,358	82,007
Income tax	6	(13,513)	(16,379)
PROFIT FOR THE FINANCIAL YEAR		56,845	65,628

All amounts relate to continuing operations.

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes and information on pages 13 to 20 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
CURRENT ASSETS			
RECEIVABLES: Amounts falling due within one year	8	271,919	190,698
Other investments	9	34,966	65,320
Cash and cash equivalents		4,342	9,883
		<u>311,227</u>	<u>265,901</u>
PAYABLES: Amounts falling due within one year	10	(291,002)	(217,021)
NET CURRENT ASSETS		20,225	48,880
TOTAL ASSETS LESS CURRENT LIABILITIES		20,225	48,880
NET ASSETS		20,225	48,880
EQUITY			
Share capital	11	2,000	2,000
Retained earnings		18,225	46,880
TOTAL SHAREHOLDERS' FUNDS		20,225	48,880

The financial statements on pages 10 to 20 were approved by the Board of Directors on 27 February 2018, and were signed on its behalf by:



C G Gentle
 Director

The notes and information on pages 13 to 20 form part of these financial statements.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2017	2,000	46,880	48,880
Profit for the financial year	-	56,845	56,845
Dividends: Equity capital	-	(85,500)	(85,500)
At 31 December 2017	2,000	18,225	20,225

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2016	2,000	48,252	50,252
Profit for the financial year	-	65,628	65,628
Dividends: Equity capital	-	(67,000)	(67,000)
At 31 December 2016	2,000	46,880	48,880

The notes and information on pages 13 to 20 form part of these financial statements.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 General information

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

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

1.2 Basis of preparation of financial statements

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

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

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

1.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of St. James's Place plc as at 31 December 2017 and these financial statements may be obtained from the secretary at St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.4 Turnover

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

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

1.5 Cost of sales

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

1.6 Administrative expenses

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

1.7 Income tax

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

1.8 Other investments

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

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

Financial assets

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

Loans and receivables

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

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

Financial liabilities

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

At amortised cost

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

1.10 Cash and cash equivalents

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Net management fee income	241,267	193,421
Retained initial charge and dealing profit/(loss)	(4,411)	(2,029)
	<u>236,856</u>	<u>191,392</u>

All turnover is attributable to the management of Unit Trusts.

All turnover arose within the United Kingdom.

3. COST OF SALES

	2017 £000	2016 £000
Commission expense	25,504	21,373
Other	67	-
	<u>25,571</u>	<u>21,373</u>

4. DIRECTORS' REMUNERATION

	2017 £000	2016 £000
Aggregate remuneration	405	432
Amounts receivable under long-term incentive schemes	466	408
Pension contributions	44	47
	<u>915</u>	<u>887</u>

Pension contributions represent those made to defined contribution pension schemes. No amounts were prepaid or outstanding at the year-end in respect of defined contribution schemes (2016 - £NIL).

The aggregate emoluments of the highest paid Director in the year were £364,099 (2016 - £225,816), and pension contributions paid on their behalf were £18,113 (2016 - £17,599). The number of options the highest paid Director exercised over the shares in St. James's Place plc was NIL (2016 - 176,581), and the number of shares receivable by them in respect of qualifying service was 33,924 (2016 - 24,591).

The number of Directors to whom retirement benefits are accruing is 4 (2016 - 4). Retirement benefits are accruing in company money purchase schemes for all 4 (2016 - 4) Directors at the year-end.

The number of Directors who exercised options over the shares in St. James's Place plc during the year is 3 (2016 - 4). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is 4 (2016 - 4).

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. AUDITORS' REMUNERATION

The statutory audit fee of £25,000 (2016 - £26,000) was paid on behalf of the Company by another Group company, St. James's Place Management Services Limited.

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

6. INCOME TAX

	2017 £000	2016 £000
Current tax		
UK corporation tax on profits for the year	13,513	16,376
Adjustments in respect of prior periods	-	3
Total current tax	13,513	16,379

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit before taxation	70,358	82,007
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	13,544	16,401
Effects of:		
Adjustments to tax charge in respect of prior periods	-	3
Transfer pricing adjustments	(31)	(25)
Total tax charge for the year	13,513	16,379

Factors that may affect future tax charges

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. DIVIDENDS

	2017 £000	2016 £000
Interim dividends paid on Ordinary shares	<u>85,500</u>	<u>67,000</u>

The total interim dividends for the financial year is equivalent to £42.75 per share (2016 - £33.50 per share).

8. RECEIVABLES: Amounts falling due within one year

	2017 £000	2016 £000
Trade receivables	241,429	167,317
Amounts owed by Group undertakings	313	-
Other receivables	694	786
Prepayments and accrued income	29,483	22,595
	<u>271,919</u>	<u>190,698</u>

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

9. OTHER INVESTMENTS

	2017 £000	2016 £000
Stock of units	2,144	1,498
Investment in Collective Investment Schemes	32,822	63,822
	<u>34,966</u>	<u>65,320</u>

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

10. PAYABLES: Amounts falling due within one year

	2017 £000	2016 £000
Trade payables	242,040	170,679
Amounts owed to Group undertakings	12,372	8,133
Corporation tax	13,513	16,376
Other payables	15,569	15,022
Accruals and deferred income	7,508	6,811
	<u>291,002</u>	<u>217,021</u>

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

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. SHARE CAPITAL

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
2,000,000 (2016 - 2,000,000) ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

12. RELATED PARTY BALANCES

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

Transactions with key management personnel are exempt from disclosure.

The Unit trusts

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

	2017 £000	2016 £000
Net annual management fees	241,267	193,421
Creation of units	13,017,600	10,260,950
Liquidation of units	<u>3,978,734</u>	<u>4,680,436</u>

At the year-end, the Company held a stock of £2,143,666 (2016 - £1,497,827) of units in the Unit Trusts that it manages.

The total value of St. James's Place funds under management held by related parties of the Company as at the year end was £36,091,379 (2016 - £24,329,005).

ST. JAMES'S PLACE UNIT TRUST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. RELATED PARTY BALANCES (continued)

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

At 31 December, the following amounts were outstanding:

	2017 £000	2016 £000
Intra-Group receivables, net of provision		
St. James's Place International plc	301	-
St. James's Place International (Hong Kong) Limited	12	-
	<u>313</u>	<u>-</u>
	2017 £000	2016 £000
Intra-Group payables		
St. James's Place Investment Administration Limited	5,448	4,257
St. James's Place Management Services Limited	1,114	1,736
St. James's Place UK plc	3,781	-
St. James's Place Wealth Management plc	1,948	2,076
St. James's Place (Hong Kong) Limited	81	64
	<u>12,372</u>	<u>8,133</u>

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regarded by the Directors as the immediate parent company is St. James's Place Wealth Management Group Limited (formerly St. James's Place Wealth Management Group plc), 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.