

Mr T Winnifrith

By email: tomat49@gmail.com

29 April 2021

Dear Mr Winnifrith

Complaint regarding the annual report and accounts of St James House plc

1. I am writing regarding your complaint dated 22 July 2019, sent by e-mail to the Financial Reporting Council ('the FRC'), relating to the annual report and accounts of St James House plc for the year ended 31 January 2019. The complaint included two articles published on your website.
2. The Conduct Committee of the FRC is a body authorised by the Secretary of State to review and investigate the annual accounts, strategic reports and directors' reports of public and large private companies for compliance with relevant reporting requirements. The Conduct Committee is also appointed to keep under review periodic reports produced by issuers of listed securities. In discharging our statutory responsibilities, our monitoring activity is designed to stimulate improvements in the quality of corporate reporting to increase trust by investors.
3. This reply has been considered in accordance with the Conduct Committee's Operating Procedures, a copy of which may be found on the FRC's website at <https://www.frc.org.uk/document-library/frc/gandl/glt-2021/conduct-committee-operating-procedures-effective-1>. In addition, I draw your attention to the page on frequently asked questions which can be found at <https://www.frc.org.uk/accountants/corporate-reporting-review/faqs/faqs-making-a-complaint-about-a-company%E2%80%99s-account>.
4. We have considered, by reference to the company's 2019 published accounts, the matters raised in your complaint. These included several matters where you questioned whether the carrying amount of certain assets was recoverable. Please note that we entered into correspondence with the company only where there was an indication from the annual report and accounts that the company may not have complied with IFRS and company law. Our correspondence is now closed. In closing, we considered the changes the company made to its 2020 annual report and accounts following our correspondence. We note that the company has included a reference to our enquiry in the Audit Committee Report and in note 3 to the consolidated financial statements, which describes a number of restatements of comparative figures at 31 January 2019.

Disclosure about the acquisition of Another Ops Limited

5. You drew our attention to disclosure about the acquisition of Another Ops Limited in May 2019, which referred to amounts in that company's management accounts. As you may be aware, Another Ops Limited filed amended accounts for the period to 31 July 2018 on 16 August 2019. We note that the amended net assets amount of £95,501 is similar to the amounts disclosed by St James House plc.

Carrying amounts of loan notes and receivables

6. You were concerned that the requirements of IFRS 9 'Financial Instruments' in respect of impairment had not been applied to loan notes with a nominal value of £2m issued by MDC Nominees Limited and £1,241,000 receivable from Phillite D UK Limited. Following our enquiry, the company has, in its 2020 annual report and accounts:
- a. reclassified the £2m loan notes as a financial asset held at fair value through profit and loss;
 - b. amended the discount rate used to determine the fair value of the £2m loan notes at the prior period end, restating the carrying amount as at 31 January 2019 to correct this prior period error, and the error in classification;
 - c. reassessed the expected credit loss for the receivable, taking account of the probability-weighted expected outcome as at 31 January 2020 in the light of further legal advice; and
 - d. provided additional disclosure about both this judgement and the estimation uncertainty involved in determining the carrying amounts of both these financial instruments.

Presentation of restricted cash

7. You noted that disclosures about the company's cash balance referred to an amount of £141,000 held in designated trust accounts for the benefit of clients of Prize Provision Services Limited. IAS 7 'Statement of Cash Flows', paragraph 49, requires disclosure of and management commentary on the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group. This does not require separate presentation of the relevant amount in the statement of financial position. We concluded that the disclosure in Note 18, to which you drew our attention, satisfies the requirement of IAS 7, paragraph 49.

Thank you for drawing these matters to our attention.

Yours sincerely



Carol Page

Director

Corporate Reporting Review Team

FRC Supervision

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