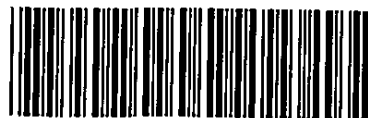


L.D.C. TRUST MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

REGISTERED NUMBER: 1234879

16/03/2011

WEDNESDAY



AVHH0SOJ

A25

23/03/2011

234

COMPANIES HOUSE

L.D.C. TRUST MANAGEMENT LIMITED

DIRECTORS

C Smith (Chairman)
D M Anderson
M H Ashworth
C J Banzky
I K Bowden
A Cates
T M J Fullwood
A L Hills
J R Mason-Jebb

REGISTERED OFFICE

Fifth Floor
100 Wood Street
London EC2V 7EX

NOTICE OF MEETING

Notice is hereby given that the thirty-second annual general meeting of the company will be held on 18 March 2011 at Fifth Floor, 100 Wood Street, London EC2V 7EX for the following purposes

- 1 To consider and approve the report of the directors and the financial statements for the year ended 31 December 2010
- 2 To re-appoint BDO LLP the company's auditors and to authorise the directors to determine their remuneration

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member. Any instrument appointing a proxy must be received at the registered office before the time fixed for the meeting.

By order of the Board



Law Debenture Corporate Services Limited
Secretary
18 March 2011

L.D.C. TRUST MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present to the members their report and the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company administers the affairs of various group companies for which it receives management fees

There have not been any significant changes to the principal activities during the year. The directors are not aware at the date of the report of any likely changes in the company's activities in the next year. Turnover has increased by 14 % (2009 decreased 0.8%) and underlying profit before tax increased by 8.7 % (2009 decreased 23.4%). Net assets have been increased by £204,000 (2009 increased £1,641,000) as a result of the changes in the deficit of the pension plan.

PRINCIPAL RISKS AND UNCERTAINTIES

Changes to the assumptions used in the calculation of the liabilities of the pension plan can have a significant impact upon the net assets and distributable reserves of the company. Details of the assumptions are provided in note 23 to the accounts.

The directors do not believe that there are any significant risks and uncertainties arising from the provision of administrative services to group companies.

RESULTS

The profit after taxation for the year was £7,254,000 (2009 £6,662,000). After allowing for the dividends declared by the directors together totalling £5,450,000 for 2010 (2009 £6,450,000) a profit of £1,804,000 (2009 profit £212,000) has been transferred to accumulated revenue reserves. A final dividend of £500,000 was proposed and approved on 23 December 2010 (2009 £1,500,000).

FINANCIAL INSTRUMENTS

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

L.D.C. TRUST MANAGEMENT LIMITED

DIRECTORS

The directors of the company during the financial year were as follows

C Smith (Chairman)
D M Anderson
M H Ashworth
C J Banszky
I K Bowden
A Cates
T M J Fullwood
A L Hills
J R Mason-Jebb

During the year, the company maintained liability insurance for the benefit of directors and other officers

DIRECTORS' INTERESTS

No director has a beneficial interest in the share capital of the company

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, BDO LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

By order of the Board



Law Debenture Corporate Services Limited
Secretary
18 March 2011

L.D.C. TRUST MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 UK Accounting Standards 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. They 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.

L.D.C. TRUST MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L.D.C. TRUST MANAGEMENT LIMITED.

We have audited the financial statements of L D C Trust Management Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

L.D.C. TRUST MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
18 March 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

L.D.C. TRUST MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER**

	Notes	2010 £'000	2009 £'000
TURNOVER	2	13,269	13,080
Income from shares in group undertakings		6,019	5,170
ADMINISTRATIVE EXPENSES			
Administrative expenses	3 & 4	(11,846)	(11,130)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		7,442	7,120
Bank deposit interest		191	1
Interest from group undertakings		54	74
Interest paid to group undertakings		-	(123)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		7,687	7,072
Taxation	6	(433)	(410)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,254	6,662

Income and result on ordinary activities before taxation relate exclusively to continuing operations

The annexed notes form part of these financial statements

L.D.C. TRUST MANAGEMENT LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER**

	Notes	2010	2009
		£'000	£'000
Profit for financial year		7,254	6,662
Foreign exchange		24	14
Pension cost actuarial gain	23	283	2,279
Taxation on pension		(79)	(638)
Total gains and losses relating to year		7,482	8,317

L.D.C. TRUST MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER

		2010		2009	
	Notes	£'000	£'000	'000	£'000
FIXED ASSETS					
Tangible assets	8		275		360
Investments in subsidiaries	9		49,280		48,909
Other investments	10		43		43
Deferred tax assets	13		703		935
			<u>50,301</u>		<u>50,247</u>
CURRENT ASSETS					
Debtors	11	11,419		7,102	
Cash at bank and in hand		<u>73</u>		<u>59</u>	
		11,492		7,161	
CREDITORS: Amounts falling due within one year	12	<u>(43,281)</u>		<u>(39,944)</u>	
NET CURRENT LIABILITIES			<u>(31,789)</u>		<u>(32,783)</u>
TOTAL ASSETS			<u>18,512</u>		<u>17,464</u>
LESS CURRENT LIABILITIES					
			<u>18,512</u>		<u>17,464</u>
Provision for liabilities and charges	14		(1,151)		(1,083)
NET ASSETS EXCLUDING PENSION LIABILITY			<u>17,361</u>		<u>16,381</u>
Pension liability	23		<u>(876)</u>		<u>(1,928)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>16,485</u>		<u>14,453</u>
CAPITAL AND RESERVES					
Share capital	15		-		-
Share based payment reserve			201		201
Profit and loss account	16		16,373		14,365
Foreign exchange reserve			<u>(89)</u>		<u>(113)</u>
SHAREHOLDERS' FUNDS (all equity interests)	17		<u>16,485</u>		<u>14,453</u>

Approved and authorised for issue by the Board on 18 March 2011

C J Banzky *C. J. Banzky*)
 T M J Fullwood *T. M. J. Fullwood*) Directors

The annexed notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. STATEMENT OF ACCOUNTING POLICIES

- i) **Convention:** The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards
- ii) **Basis of consolidation:** The company is exempt from the obligation to prepare and deliver group financial statements, as it is a wholly owned subsidiary within The Law Debenture Corporation p l c Group a company registered in England & Wales which prepares group financial statements
- iii) **Recognition of income and expenses:** Recurring fees receivable, management fees, administration expenses and interest charges and dividends receivable are accounted for on an accruals basis, where expenses are recoverable from third parties, the recoveries and expenses are included in turnover and expenses
- iv) **Tangible fixed assets:** Tangible fixed assets are recorded at historic purchase cost less accumulated depreciation Depreciation has been calculated to write off the cost of all tangible fixed assets over the estimated useful lives of the relevant assets as follows

Leasehold improvements	over the lease period
Office furniture and equipment	3-10 years
- v) **Investments:** Investments in subsidiaries, associates, and other investments are valued at cost Provision is made where there has been a permanent impairment in value
- vi) **Deferred taxation:** Deferred taxation is provided for using the full provision method following the adoption of Financial Reporting Standard No 19 Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date Deferred tax balances are not discounted
- vii) **Cash flow statement:** The company is a wholly owned subsidiary within The Law Debenture Corporation p l c Group (a company incorporated in England and Wales) and is included in the consolidated financial statements of that company whose financial statements are publicly available Consequently, the company has taken advantage of the exceptions from preparing a cash flow statement under the terms of FRS1 (revised 1996)
- viii) **Operating leases:** Rentals under operating leases are charged on a straight line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

ix) **Foreign currencies:** Transactions recorded in foreign currencies during the year are translated into sterling at the exchange rate ruling on the date of the transaction. Results of overseas subsidiaries are translated into sterling at the balance sheet rates. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date.

x) **Pensions Costs:** The company operates a defined benefit pension plan. The cost of providing benefits is determined using the project unit credit method, with independent actuarial calculations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. Past service cost is recognised immediately to the extent that benefits are already vested, and otherwise amortised on a straight – line basis over the average period until the benefits become vested.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs.

xi) **Dividend distribution:** Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

xii) **Employee benefits:** Executives have been awarded share options and deferred bonuses in the form of shares. Share based payments are measured at fair value, and in the case of options using an appropriate options valuation technique. The fair value is expensed over the vesting period.

2. TURNOVER

The company administers the affairs of various group companies for which it receives management fees. Turnover is represented by the following:

	2010 £'000	2009 £'000
Management fees charged to group undertakings	13,183	13,003
Overseas dividend	86	77
	<u>13,269</u>	<u>13,080</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

3. ADMINISTRATIVE EXPENSES

Administrative expenses include

	2010	2009
	£'000	£'000
Salaries including directors remuneration	7,256	7,405
Social security costs	851	850
Other pensions costs	614	(307)
Other staff costs	339	375
Operating lease – land and buildings	908	908
Auditor's remuneration	39	43
Recovery of costs from other group companies	(680)	(662)
Depreciation - property, plant and equipment	216	296
Impairment of investment in subsidiary undertaking	-	31
Foreign exchange	2	(127)

No other fees were paid to the auditors during the year (2009 £Nil)

The average number of employees during the year was 76 (2009 - 80)

4. EMPLOYEE INFORMATION AND DIRECTORS' EMOLUMENTS

The Directors' emoluments, which are included within administrative expenses, comprise the following

	2010	2009
	£'000	£'000
Directors' remuneration	1,928	1,748

All directors were remunerated for their services to the group as a whole by L D C Trust Management Limited which acts as the employing company for the group. In respect of those directors who were also directors of The Law Debenture Corporation p l c , an allocation of a proportion of their emoluments has been included above. For the remaining directors, all of their emoluments are included above.

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

	2010	2009
	£'000	£'000

The emoluments of the highest paid director after apportionment

530	476
------------	------------

Seven directors of the company are members of the pension plan. One is a life and deferred member (2009 1)

The entitlement under the pension plan for the highest paid director

Increase in accrued pension during 2010 £ pa	Accumulated total accrued pension at 31 December 2010 £ pa	Transfer value as at 31 December 2009 £000	Transfer value as at 31 December 2010 £000	Increase in transfer value £000
(118)	8,176	147	157	10

5. AGREEMENT WITH HOLDING COMPANY

A supplemental agreement dated 5 September 2008 changed the payment basis of the supplemental agreement dated 24 September 1996 from 15% of trustee fees assigned to the company from The Law Debenture Corporation p l c to nil

6. (a) ANALYSIS OF TAXATION CHARGE

	2010	2009
	£'000	£'000

Current tax

UK Corporation tax

280	292
------------	------------

Adjustment in respect of prior periods

-	(112)
----------	--------------

Total current tax (Note (b))

280	180
------------	------------

Deferred tax

153	230
------------	------------

433	410
------------	------------

L.D.C. TRUST MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010****(b) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	7,687	7,072
Profit on ordinary activities multiplied by the standard rate of UK Corporation tax at 28% (2009 28 %)	2,152	1,980
Effects of		
Non taxable inter company dividends	(1,685)	(1,448)
Non taxable overseas dividend	(24)	-
Recovery of overseas tax	-	(10)
Expenses not deductible for tax purposes	9	17
Other differences	(19)	(17)
Adjustments to tax in respect of prior periods	-	(112)
Current tax charge for year (Note (a))	433	410

(c) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company expects that a substantial portion of its future income will continue to be made up of inter company dividends which constitute non taxable income. It may also receive group relief from its parent. On this basis the group tax charge is expected to remain significantly below the standard rate of UK corporation tax.

L.D.C. TRUST MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010**

7. DIVIDEND	2010	2009
	£'000	£'000

The dividend comprises the following

First Interim 30 March 2010 £176,785 per share (2009 £176,785)	1,237	1,237
Second Interim 30 June 2010 £176,785 per share (2009 £176,785)	1,237	1,237
Third interim 30 September 2009 £176,785 per share (2009 176,785)	1,238	1,238
Fourth interim 30 December 2010 £176,785 per share (2009 £176,785 per share)	1,238	1,238
Final dividend £71,429 per share paid 31 December 2010 (2009 £214,286)	500	1,500
	5,450	6,450

8. TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS	OFFICE FURNITURE AND EQUIPMENT	TOTAL
COST	£'000	£'000	£'000
Balance at 1 January 2010	524	798	1,322
Additions at cost	-	131	131
At 31 December 2010	524	929	1,453
ACCUMULATED DEPRECIATION			
Balance at 1 January 2010	415	547	962
Charge for the year	32	184	216
At 31 December 2010	447	731	1,178
NET BOOK VALUE at 31 December 2010	77	198	275
NET BOOK VALUE at 31 December 2009	109	251	360

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

9. INVESTMENTS IN SUBSIDIARIES	2010	2009
Cost	£'000	£'000
As at 1 January	48,994	49,869
Investment in year	371	25
Adjustment to contingent consideration	-	(900)
As at 31 December	49,365	48,994

ACCUMULATED IMPAIRMENT	2010	2009
	£'000	£'000
As at 1 January	(85)	(54)
Impairment in year	-	(31)
As at 31 December	(85)	(85)
Net Asset value		
At 31 December	49,280	48,909

PRINCIPAL SUBSIDIARIES

The company or a subsidiary thereof, owns all the issued share capital of the following principal subsidiaries. All subsidiaries are registered in England and Wales unless otherwise stated. All the subsidiaries are engaged in providing independent fiduciary services.

The Law Debenture Trust Corporation p l c

Law Debenture Trustees Limited

Law Debenture Corporate Services Limited

The Law Debenture Pension Trust Corporation p l c

Law Debenture Asset Backed Solutions Limited

Law Debenture Guarantee Limited

Law Debenture Governance Services Limited

The Law Debenture Trust Corporation (Cayman) Limited (incorporated in the Cayman Islands)

The Law Debenture Trust Corporation (Channel Islands) Limited (incorporated in Jersey)

Law Debenture Trust (Asia) Limited (incorporated in Hong Kong)

Law Debenture (Hong Kong) Limited

Law Debenture Holding Co Inc (incorporated in New York)

†The Law Debenture Trust Corporation Inc (incorporated in New York)

†Law Debenture Corporate Services Inc (incorporated in New York)

†Delaware Corporate Services Inc (incorporated in Delaware)

LDC DR Trustees Limited

LDC (NCS) Limited

The Law Debenture Intermediary Corporation p l c

Safecall Limited

†ICI Pensions Trustee Limited

†AstraZeneca Pensions Trustee Limited (formerly Zeneca Pensions Trustee Ltd)

†Shares held by a subsidiary company

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

All the above mentioned subsidiaries operate in the United Kingdom with the exception of those subsidiaries incorporated overseas which operate in their country of incorporation

During the year the company purchased Law Debenture (Hong Kong) Limited

10. OTHER INVESTMENTS	2010	2009
	£'000	£'000
Cost at 1 January	<u>43</u>	<u>43</u>
Cost at 31 December	<u>43</u>	<u>43</u>

Investments comprise of the following

Norsk Tillitsmann AS (incorporated in Norway)

In 1993, the company acquired 4,470 registered shares of NOK 100 each fully paid in Norsk Tillitsmann AS for a cash consideration of £42,908 (6.0% of the issued share capital). The directors believe this investment is worth at least the current carrying value in the financial statements.

This company operates in its country of incorporation.

11. DEBTORS: amounts falling due within one year	2010	2009
	£'000	£'000
Amounts due from group undertakings	10,562	6,294
Other debtors	-	170
Accruals	<u>857</u>	<u>638</u>
	<u>11,419</u>	<u>7,102</u>
12. CREDITORS: amounts falling due within one year	2010	2009
	£'000	£'000
Amounts due to group undertakings	40,199	36,941
Other creditors	2,804	2,656
Other Taxes	209	179
Corporation tax	<u>69</u>	<u>168</u>
	<u>43,281</u>	<u>39,944</u>

The directors have been informed that the amount due to group undertakings will not be called unless sufficient funds are also available to repay other creditors in full.

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

13. DEFERRED TAX

A deferred tax asset has been established in respect of the current deficit in the group's pension scheme (see note 23)

	2010	2009
	£000	£000
As at 1 January	540	1,534
Charge in the year	(216)	(356)
Transfer to reserves	(79)	(638)
As at 31 December	245	540

A deferred tax asset has been established in respect of accelerated capital allowances and other timing differences

	2010	2009
	£000	£000
As at 1 January	395	269
Credit in the year	63	126
As at 31 December	458	395
Total	703	935

14. PROVISIONS FOR LIABILITIES AND CHARGES

Provision for deferred bonuses

	2010	2009
	£000	£000
At 1 January	1,083	840
Charge for the year	530	537
Releases in year	(461)	(294)
At 31 December	1,151	1,083

Shares awarded under the deferred share bonus plan are released to executives on the third anniversary of the grant of the award. Awards are made on the basis of performance in the previous financial year. The market value of the shares awarded is provided over three years.

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

15. ISSUED SHARE CAPITAL	2010	2009
	£	£
Allotted and fully paid share capital		
7 ordinary shares of £1 each	<u>7</u>	<u>7</u>
 16. PROFIT AND LOSS ACCOUNT	 2010	 2009
	£000	£000
Balance at 1 January	14,365	12,512
Pension actuarial gains/(losses) net of tax	204	1,641
Profit for the year	<u>7,254</u>	<u>6,662</u>
	21,823	20,815
Dividends (note 7)	<u>(5,450)</u>	<u>(6,450)</u>
Retained revenue at 31 December	<u>16,373</u>	<u>14,365</u>
The profit and loss account balance has been reduced by the net pension deficit of £631,000 (2009 - £1,388,000) see note 23		
 17. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS	 2010	 2009
	£000	£000
Shareholders' funds at 1 January	<u>14,453</u>	<u>12,586</u>
Total gains and losses for the year	7,482	8,317
Dividends paid	<u>(5,450)</u>	<u>(6,450)</u>
Shareholders' funds at 31 December	<u>16,485</u>	<u>14,453</u>

L.D.C. TRUST MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

18. LEASE COMMITMENTS

At 31 December the company had annual commitments under non cancellable operating leases which will expire as follows

	LEASEHOLD PROPERTY	TOTAL	2009
	2010	2010	
	£000	£000	£000
Over 5 Years	908	908	908
Total as at 31 December	908	908	908

19. ULTIMATE HOLDING COMPANY

All the issued share capital of the company is owned by Law Debenture Holdings Limited, a company registered in England and Wales. The ultimate holding company is The Law Debenture Corporation plc, a company registered in England and Wales. Copies of the group financial statements of The Law Debenture Corporation plc can be obtained from The Secretary, The Law Debenture Corporation plc, Fifth Floor, 100 Wood Street, London EC2V 7EX.

20. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of The Law Debenture Corporation plc, the company has taken advantage of the exemption contained within Financial Reporting Standard No 8 (Related Party Transactions) not to disclose related party transactions with other members of the group.

21. CONTINGENT LIABILITIES

In order to facilitate the activities of a US subsidiary, a subsidiary of the company has provided a guarantee in the amount of US\$50 million. The company has an equivalent investment in that UK subsidiary.

The company's subsidiary undertakings from time to time are party to legal proceedings and or claims, which arise in the ordinary course of the independent fiduciary services business. The directors do not believe that the outcome of any of the above proceedings and or claims either individually or in aggregate, will have a material effect on the company's financial position.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010**22. SHARE BASED PLANS**

The company participates in the group share option scheme for certain executive directors and senior members of staff. The options are over shares in the company's ultimate parent The Law Debenture Corporation plc.

The company has made a charge for all grants of equity instruments made after 7 November 2002.

Share-options are measured at fair value at the date of grant, which is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

	Share options 2010 Number	Weighted average price 2010 pence	Share options 2009 Number	Weighted average price 2009 Pence
Outstanding at 1 January	191,017	197.04	297,558	191.66
Exercised during the year	(154,567)	291.62	(106,541)	182.19
Outstanding at 31 December	36,450	210.07	191,017	197.04
Exercisable at 31 December	36,450	210.07	191,017	197.04
			2010 Pence	2009 Pence
Weighted average share price at date of exercise			291.62	270.99

Inputs into the Black-Scholes model are as follows:

	2010	2009
Expected volatility	20%	20%
Interest rate	5%	5%
Expected life (years)	3	3

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

22 SHARE BASED PLANS (CONTINUED)

Expected volatility was determined by using the Barra number for annual volatility of the group's share price. The expected life used in the model has been adjusted based on the management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

The company recognised total expenses of £Nil (2009: £NIL) in respect of share based payment transactions.

The group has established a Deferred Share Bonus Plan and awards to employees in respect of 178,758 (2009: 252,923) shares were made with a market value of £510,124 (2009: £497,849). These will be released to executives in March 2013. The shares are held in a trust and the cost of the shares is being charged to the income statement over the vesting period.

23 PENSION COMMITMENTS

The company operates a funded, defined benefit pension plan ("The Law Debenture Pension Plan") with pension benefits related to final pensionable pay. The assets of the plan are held in a separate trustee administered fund.

Actuarial gains and losses are recognised in full in the period in which they occur. The group has adopted FRS 17 in respect of pension costs. Actuarial gains and losses are recorded outside profit and loss and presented in the statement of recognised income and expense. The liability recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit method.

At 31 December 2010, the expected rate of return on assets is 6.4% pa (2009: 6.5% pa). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at 31 December 2010.

The estimated employer and employee contributions expected to be paid to the plan during 2011 is £1.0 million.

The major assumptions in the 31 December 2010 valuation under FRS 17 are shown below and are applied to membership data supplied at that date. This shows the net pension assets and liabilities.

L.D.C. TRUST MANAGEMENT LIMITED

23 PENSION COMMITMENTS (CONTINUED)

	2010	2009
	%	%
Principal actuarial assumptions		
Retail Price Inflation	3.5	3.5
Discount rate	5.3	5.5
5% LPI Pension increases in payment	3.4	3.4
General salary increases	5.0	5.0
Expected return on assets	6.4	6.5
Life expectancy of male aged 65 in 2009	23.1	22.3
Life expectancy of male aged 65 in 2028	26.2	24.2

Expected rates of return on plan assets	2010	2009	2008
Equities	7.5%	7.4%	7.4%
Bonds	5.2%	5.3%	5.0%
Gilts	4.0%	4.3%	3.8%
Pensioner annuities	5.3%	5.5%	5.2%
Other	4.2%	4.4%	3.8%
Total	6.4%	6.5%	6.2%

	2010	2009
	£000	£000
Present value of defined benefit obligation	33,525	30,717
Fair value of plan assets	(32,649)	(28,789)
Deficit in balance sheet	876	1,928
Less deferred tax (note 13)	(245)	(540)
	631	1,388

The pension deficit and future obligations to meet payments to the pension plan have been guaranteed by The Law Debenture Corporation plc

	2010	2009
	£000	£000
Amounts recognised in profit and loss account are as follows		
Employer's part of current service cost	354	400
Interest costs	1,681	1,517
Expected return on plan assets	(1,872)	(1,486)
Gain on curtailments	-	(694)
Total expense/(gain) recognised in profit and loss account	163	(263)

L.D.C. TRUST MANAGEMENT LIMITED**23 PENSION COMMITMENTS (CONTINUED)**

	Allocation	2010	Allocation	2009
The current allocation of plan assets is as follows		£000		£000
Equities	65%	21,373	66%	19,019
Bonds	9%	2,877	9%	2,531
Gilts	23%	7,408	22%	6,298
Pensioner annuities	3%	847	3%	878
Other	-	144	-	63
Total	100%	32,649	100%	28,789
<hr/>				
		2010		2009
Reconciliation of present value of defined benefit obligation		£000		£000
Opening defined benefit obligation		30,717		29,244
Employer's part of current service cost		354		400
Interest cost		1,681		1,517
Contributions by plan participants		69		90
Actuarial losses		1,451		804
Benefits paid		(747)		(644)
Curtailments		-		(694)
Closing defined benefit obligation		33,525		30,717
<hr/>				
Reconciliation of fair value of plan assets				
Opening fair value of plan assets		28,789		23,766
Expected return on plan assets		1,872		1,486
Actuarial gains		1,734		3,083
Contributions by the employer		932		1,008
Contributions by plan participants		69		90
Benefits paid		(747)		(644)
Closing fair value of plan assets		32,649		28,789

L.D.C. TRUST MANAGEMENT LIMITED**23 PENSION COMMITMENTS (CONTINUED)**

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Principal actuarial assumptions					
Present value of defined benefit obligation	33,525	30,717	29,244	26,968	25,440
Fair value of plan assets	(32,649)	(28,789)	(23,766)	(26,711)	(24,367)
Deficit	876	1,928	5,478	257	1,073
Experience adjustments on plan assets					
Amount of gain/(loss)	1,734	3,083	(5,351)	(252)	816
Percentage of plan assets	5%	11%	(23%)	1%	3%
Experience adjustments on plan liabilities					
Amount of gain/(loss)	(61)	691	7	326	39
Percentage of the present value of the plan liabilities	-	2%	-	1%	-
Changes in actuarial assumptions	(1,390)	(1,495)	(688)	(648)	2,264
Percentage of the present value of the plan liabilities	-	-	-	-	9%
Expense to be recognised immediately outside profit or loss	-	-	-	-	-
Actuarial (gains) and losses	283	2,279	6,032	(26)	(3,119)