L.D.C. TRUST MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

REGISTERED NUMBER: 01234879

The Directors present to the members the strategic report and the Directors' report, together with the audited financial statements of the Company for the year ended 31 December 2020.

Strategic report

Business model, objective, key performance indicators (KPI's)

The Company continues to provide the resources necessary to enable the affairs of various group companies to be managed, for which it receives management fees.

The Company administers the affairs of those various companies within the Law Debenture Group under the parent company Law Debenture Corporation plc. The Company receives management fees from members of the Group in respect of expenses incurred during the course of business.

The Company's single key performance indicator is profit on ordinary activities before tax and this is detailed below.

Business review

There have not been any changes to the activity of the Company in the year.

Turnover has decreased by 8% (2019: increased 28.6%). Turnover is from the recharge of management fees to Group companies. In 2020 the management fee policy was revised to represent allocation of costs in a manner more representative of a standalone business, including an allocation of costs incurred for central support functions.

In 2020, administrative expenses increased from £16,147,000 to £17,357,000, driven by a rise in staff costs related to a higher average number of employees during the year of 105 (2019: 91). Underlying profit on ordinary activities before tax has decreased from £4,012,000 to £1,110,000, driven by higher staff remuneration costs from increase in the number of employees.

Results, dividend, and reserves

The profit on ordinary activities after tax for the year was £630,000 (2019: £3,087,000). No dividend was proposed for the year by the Directors (2019: £3,000,000).

There is £2,034,000 accumulated deficit carried forward (2019: £2,601,000 accumulated reserves).

Future developments

The Directors are not aware at the date of the report of any likely changes in the Company's activities in the next year.

Strategic report (continued)

COVID-19

The Directors have also considered the wider operational consequences and ramifications of the COVID-19 pandemic. That expectation factors in the current and expected impact of COVID-19. The Company's business infrastructure has proved resilient in protecting the safety of our employees and maintaining our high levels of client service as the vast majority of Group staff work from home. There has been no significant change to work absences.

As part of this going concern assessment, the Company performed a stress test review to December 2022 under two stretched scenarios whereby cashflow was restricted. At this stage, no major issues have been identified in terms of clients withdrawing business or being unable to pay for services.

The Company's income is through charging intercompany management fees to other Group companies. There is no history of credit losses from this revenue. The income covers the costs of the Company, which incurs costs on behalf of the Group.

There are no material uncertainties that call into question the Company's ability to continue to be a going concern for at least 12 months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt a going concern basis in preparing the financial statements.

Brexit

During the course of 2020, the UK went through the transition period and came to a trade deal for good with the EU. Given this, the Directors continue to believe that the UK's decision to leave the EU does not present a threat to the Company's business model or its ability to continue producing accounts on a going concern basis.

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 20 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.

The sensitivity to changes in assumptions and conditions which are significant to the calculation of the deficit has been considered and the following is an illustration of the potential impact.

Strategic report (continued)

Principal risks and uncertainties (continued)

The plan closed to future accrual of benefits on 31 December 2016 and benefits now increase broadly in line with inflation.

	Increase/(decrease) In asset **At 31 December 2020** **£000**	Increase/(decrease) In asset At 31 December 2019 £000
Discount rate + 0.1%	**(1,200)**	(1,100)
Inflation assumptions + 0.1%	**1,000**	900
Life expectancy at 65 + 1 year	**(2,900)**	(2,000)
RPI/CPI gap 0.1% increase in wedge between RPI and CPI at all durations (2019: 1.0% instead of 0.8%)	**300**	600

The Directors take advice from an actuary when selecting assumptions.

By order of the Board

A Skerritt
Law Debenture Corporate Services Limited Secretary
27 April 2021

Directors' report

Directors
The Directors of the Company during the financial year were as follows:

D. Jackson
P. Houston (Appointed 11 September 2020)
H. Scotton (Appointed 11 September 2020)
K. Thorpe (Resigned 11 September 2020)
K. Stobbs-Miller (Appointed 11 September 2020)

The Secretary is Law Debenture Corporate Services Limited.

During the year, the Company maintained liability insurance for the benefit of Directors and other officers.

Directors' interests
No Director, nor the Secretary, has a beneficial interest in the share capital of the Company.

Statement as to disclosure of information to auditors
All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Financial instruments
The Company does not actively use financial instruments as part of its financial risk management. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Strategic information
Future developments, COVID-19, Brexit and business risks have been upgraded for disclosure in the strategic report.

Auditors
BDO LLP, having indicated a willingness to continue in office, will be deemed to be reappointed as auditor under section 487 (2) of the Companies Act 2006.

By order of the Board

A Skerritt
Law Debenture Corporate Services Limited Secretary
27 April 2021

L.D.C. Trust Management Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, the strategic 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; 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 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.

By order of the Board

A Skerritt
Law Debenture Corporate Services Limited Secretary
27 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L.D.C. TRUST MANAGEMENT LIMITED

Opinion on the 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 2020 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.

We have audited the financial statements of L.D.C. Trust Management Limited ("the Company") for the year ended 31 December 2020, which comprise the income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LDC TRUST MANAGEMENT LIMITED

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LDC TRUST MANAGEMENT LIMITED

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which the company operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and relevant accounting standards.

We considered compliance with this framework through discussions with management and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with Management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LDC TRUST MANAGEMENT LIMITED

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- Testing of journal postings made during the year to identify potential management override of controls
- Review of minutes of board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 27 April 2021

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

Income statement
for the year ended 31 December

	Note	2020 £000	2019 £000
Turnover	3	**18,455**	20,120
Administrative expenses	4 & 5	**(17,357)**	(16,147)
Profit on ordinary activities before interest		**1,098**	3,973
Bank deposit interest		**12**	39
Profit on ordinary activities before tax		**1,110**	4,012
Taxation	7	**(480)**	(925)
Profit on ordinary activities after taxation		**630**	3,087

All amounts relate to continuing operations.

The annexed notes form part of these financial statements.

Statement of comprehensive income

for the year ended 31 December

	Note	**2020**	2019
		£000	£000
Profit on ordinary activities after tax		**630**	3,087
Pension cost actuarial loss	20	**(6,500)**	(648)
Taxation on pension		**1,235**	-
(Loss)/profit and total comprehensive income on ordinary activities after taxation		**(4,635)**	2,439

Statement of financial position
as at 31 December

	Note	2020 £000	2019 £000
Non-current assets			
Tangible assets	9	**1,077**	48
Intangible assets	15	**-**	-
Right-of-use assets	15	**5,091**	453
Deferred tax asset	10	**715**	-
		6,883	501
Current assets			
Debtors	11	**26,705**	20,271
Cash at bank and in hand		**939**	6,932
		27,644	27,203
Creditors: Amounts falling due within one year	12	**(27,699)**	(26,646)
Net current assets		**(55)**	557
Total assets less current liabilities		**6,828**	1,058
Creditors: Amounts falling due after more than one year			
Lease liabilities	15	**(5,263)**	-
Provision for liabilities and charges	13	**(759)**	(841)
Deferred tax liability	10	**-**	(316)
Net assets excluding pension (liability)/asset		**806**	(99)
Retirement benefit asset	20	**(2,840)**	2,700
Net assets/(liability) including pension asset		**(2,034)**	2,601
Capital and reserves			
Share capital	14	**-**	-
Retained earnings		**(2,034)**	2,601
Shareholders' funds		**(2,034)**	2,601

Approved and authorised for issue by the Board on 27 April 2021 and signed on its behalf by

D. L

D. Jackson
Director

The annexed notes form part of these financial statements.

Statement of changes in equity
for the year ended 31 December

	Share capital £000	Retained earnings £000	Total £000
Equity at 1 January 2019	-	3,162	3,162
Profit for the period	-	3,087	3,087
Actuarial gain on pension scheme (net of tax)	-	(648)	(648)
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	2,439	2,439
Dividend relating to 2019	-	(3,000)	(3,000)
Total equity at 31 December 2019	-	2,601	2,601
Equity at 1 January 2020	**-**	**2,601**	**2,601**
Profit for the period	**-**	**630**	**630**
Actuarial loss on pension scheme	**-**	**(5,265)**	**(5,265)**
Other comprehensive income for the period	**-**	**-**	**-**
Total comprehensive income	**-**	**(4,635)**	**(4,635)**
Dividend relating to 2020	**-**	**-**	
Total equity at 31 December 2020	**-**	**(2,034)**	**(2,034)**

The annexed notes form part of these financial statements.

1. Accounting polices

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Certain comparative information as required by IFRS;
- Certain disclosures regarding the Company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of the group headed by The Law Debenture Corporation p.l.c.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosure is included in the consolidated financial statements of The Law Debenture Corporation p.l.c. These financial statements do not include certain disclosures in respect of:

- Business combinations;
- Share based payments;
- Financial instruments; and
- Impairment of assets.

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.

The financial statements of The Law Debenture Corporation p.l.c. can be obtained as described in note 17.

1. Accounting polices (continued)

Going concern

The Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

The Company's income is through charging intercompany management fees to the other Group companies. There is no history of credit losses from this revenue.

As part of this going concern assessment, the Company performed a stress test review to December 2022 under two stretched scenarios whereby cashflow was restricted, taking into account the industry sector of each client and the likely impact of the pandemic on their respective businesses. At this stage no major issues have been identified in terms of clients withdrawing business or being unable to pay for services. The Directors are satisfied that the Company can continue on a going concern basis based on this review.

2. Critical accounting estimates, judgements and policies

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates; examples include any provisions, impairments and estimated useful lives. It also requires the Company's Directors to exercise judgements and estimates in preparing the financial statements. The estimates, judgements and policies of the Directors are discussed below:

i) **Recognition of income**

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.

ii) **Tangible non-current assets**

Tangible assets are recorded at historic purchase cost less accumulated depreciation. Depreciation has been calculated to write off the cost of all tangible 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

Critical accounting estimates, judgements and policies (continued)

iii) **Right-of-use assets**
Right-of-use assets are measured at cost less accumulated depreciation. The carrying amount is adjusted for any re-measurement of the lease liability.

Depreciation has been calculated to write off the cost of the right-of use asset over the lease period.

iv) **Investments**
Investments in subsidiaries, associates, and other investments are valued at cost. Provision is made where there has been a permanent impairment in value.

v) **Deferred taxation**
Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

vi) **Cash flow statement**
The Company is a wholly owned subsidiary of The Law Debenture Corporation p.l.c. (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 allowed in accordance with FRS 101 by virtue of IAS 7.

vii) **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.

viii) **Pensions costs**
The Company operates a defined benefit pension plan, which was closed to new members and future accruals on 31 December 2016. 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 through other comprehensive income.

The asset 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.

ix) **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.

2. Critical accounting estimates, judgements and policies (continued)

x) **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.

xi) **Financial instruments**

The Company's financial instruments comprise equity investments, cash and other liquid resources, and various items, such as debtors and creditors that arise directly from its operations. Further details are set out in note 16.

The Company accounts to financial instruments under IFRS 9.

The classification of financial assets is "fair value through profit and loss".

Impairment is assessed under a forward looking 'expected credit loss' model replacing the 'incurred loss' model in IAS 39.

3. Turnover

The Company provides the resources necessary to enable the affairs of various group companies to be managed, for which it receives management fees. Turnover is represented by the following:

	2020	2019
	£000	£000
Management fees charged to group undertakings	**18,454**	20,120
Other income	**1**	-
	18,455	20,120

4. Administrative expenses

Administrative expenses include:

	2020 £000	2019 £000
Salaries, including Directors' remuneration	**11,324**	10,389
Social security costs	**1,180**	1,273
Other pensions costs	**963**	722
Other staff costs	**975**	697
Auditor's remuneration	**118**	112
Recovery of costs from other group companies	**(775)**	(675)
Depreciation - property, plant and equipment	**47**	101
Depreciation – right-of-use asset (note 15)	**900**	856
Foreign exchange	**8**	9

No other fees were paid to the auditors during the year (2019: £Nil).

The average number of employees during the year was 105 (2019: 91).

5. Employee information and Directors' emoluments

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

	2020 £000	2019 £000
Directors' remuneration	**1,094**	1,290

All Directors were remunerated for their services to the group as a whole by the Company which acts as the employing company for the group. In respect of the Director who was also a Director 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.

	2019 £000	2018 £000
The emoluments of the highest paid Director after apportionment	**554**	643

In the beginning of the year, the two appointed Directors (2019: 2) of the Company were active members of the pension plan. During the year, one of the directors resigned and three were appointed, leaving four active Directors at the end of 2020 were members of the pension plan.

6. 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.

7. Taxation

(a) Analysis of taxation charge

	2020 £000	2019 £000
Current tax:		
UK corporation tax	**284**	735
Total current tax	**284**	735
Deferred tax	**715**	190
Total tax (Note (b))	**999**	925

(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.

	2020 £000	2019 £000
Profit on ordinary activities before tax	**1,110**	4,012
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2019: 19.00 %)	**211**	762
Effects of:		
Deferred tax (change in provisions)	**196**	190
Adjustments to profit	**(267)**	(23)
Taxable losses	**-**	(4)
Group relief	**340**	-
Current tax charge for year (Note (a))	**480**	925

(c) Factors that may affect future tax charges

The Company's future effective tax rate will depend on the extent to which there is group relief available to claim from other group companies.

8. Dividend

	2020	2019
	£000	£000
The dividend comprises the following:		
Final dividend	-	3,000
	-	3,000

9. Tangible assets

Cost	Leasehold Improvements £000	Office Furniture And Equipment £000	Total £000
Balance at 1 January 2020	152	1,824	1,976
Additions at cost	-	1,081	1,081
Disposals	(152)	(788)	(940)
At 31 December 2020	-	2,117	2,117
Accumulated depreciation			
Balance at 1 January 2020	152	1,776	1,928
Charge for the year	-	47	47
Disposals in the year	(152)	(782)	(935)
At 31 December 2020	-	1,040	1,040
Carrying amount At 31 December 2019	-	48	48
Carrying amount At 31 December 2020	-	1,077	1,077

10. Deferred tax

A deferred tax liability has been established in respect of the defined benefit pension scheme (see note 20).

	2020 £000	2019 £000
As at 1 January	**(513)**	(475)
Credit to other comprehensive income	**1,235**	152
(Charge) to income	**(190)**	(190)
As at 31 December	**532**	(513)

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

	2020 £000	2019 £000
As at 1 January	**197**	197
(Charge) in the year	**(14)**	-
As at 31 December	**183**	197
Total	**715**	(316)

11. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Amounts due from group undertakings	**25,679**	19,586
Prepayments and accrued income	**1,026**	685
	26,705	20,271

Contract assets and contract liabilities are included within "prepayments and accrued income" in the statement of financial position.

12. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts due to group undertakings	**23,990**	21,665
Trade and other payables	**3,037**	3,517
Leasehold liability	**-**	460
Other taxes	**479**	313
Corporation tax	**193**	691
	27,699	26,646

The Directors consider that the carrying value of trade and other payables approximates to their fair value, due to their age.

Leasehold liability is explained further in note 15.

13. Provisions for liabilities and charges

	2020 £000	2019 £000
Provision for deferred bonuses		
At 1 January	**842**	632
Charge for the year	**500**	482
Releases in year	**(583)**	(272)
At 31 December	**759**	842

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 cost of the shares awarded is provided over three years.

14. Share capital

	2020 £	2019 £
Allotted and fully paid share capital 35 ordinary shares of £0.20 each	**7**	7

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. No shares were reclassified during the year (2019: no reclassifications).

15. Leases

The Company determines at contract inception whether an arrangement contains a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company leases an office property. Rental contracts are typically made for fixed periods of 1 to 2 years and lease terms are negotiated on an individual basis.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets (under £5,000); and
- Leases with a duration of 12 months or less.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the Group's borrowing rate which is 4.589% as of 1 January 2020.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change to future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under the residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Leases (continued)

Right-of-use asset

Additional information on the right-of-use assets is as follows:

	Right-of-use asset	Total
Opening balance at 1 January	**£000**	**£000**
Balance at 1 January 2020	**1,308**	**1,308**
Additions at cost	**5,538**	**5,538**
Disposals at cost	**(1,696)**	**(1,696)**
At 31 December 2020	**5,150**	**5,150**
Depreciation		
Balance at 1 January 2020	**855**	**855**
Disposals at cost	**(1,696)**	**(1,696)**
Charge for the year	**900**	**900**
At 31 December 2020	**59**	**59**
Carrying amount		
At 31 December 2019	453	453
Carrying amount		
At 31 December 2020	**5,091**	**5,091**

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

for the year ended 31 December	**2020**	2019
	£000	£000
Current	**-**	460
Non-Current	**5,263**	-
Total Leasehold Liability	**5,263**	460

Leases signed in the year

During the year the Group signed a 10-year lease for its new London Headquarters at 100 Bishopsgate. On the lease commencement date the Group recognised a right-of-use asset of £5,157,000 and leasehold liability of £5,263,000. The right-of-use asset is recognised at leasehold liability (£5,263,000), plus capitalized direct costs (£233,000), estimated costs of removal and restoring (£180,000) less landlord lease incentives received (£519,000).

Notes to the financial statements - 31 December 2020 (continued)

16. Financial instruments

At 31 December the Company held the following categories of financial assets and liabilities.

	2020	2019
	£000	£000
Financial assets		
Amounts due from group undertakings	**25,679**	19,586
Cash and cash equivalent	**939**	6,932
Financial liabilities		
Amounts due to group undertakings	**23,991**	21,665
Provision for deferred bonuses	**1,386**	842
Trade and other payables	**3,037**	3,517

A description of the principal risk relating to financial instruments are their relevance to the Company and how they are managed is given below:

Liquidity risk
The Company maintains sufficient cash and liquid resources. Cash flow forecasts are reviewed on a regular basis to determine whether the Company has sufficient resources to meet obligations under financial liabilities as and when they fall due.

Currency risk
Foreign currency risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company has minimal currency risk exposure since most of its assets and transactions are denominated in sterling.

Credit risk
The Company is exposed to the usual credit risk and cash flow risk associated with selling on credit. The Company manages this through credit control procedures.

Capital management
The Company has no externally imposed capital requirements.

17. Ultimate controlling party

Following the group restructuring during the year all the issued share capital of the Company is owned by The Law Debenture Corporation p.l.c., a company registered in England and Wales. Copies of the group financial statements of The Law Debenture Corporation p.l.c. can be obtained from the Secretary, Law Debenture Corporate Services Limited, 8^{th} Floor, 100 Bishopsgate, London, EC2N 4AG.

18. Related party transactions

As a wholly owned subsidiary of The Law Debenture Corporation p.l.c., the Company has taken advantage of the exemption under paragraph 8(k) of FRS101, not to disclose transactions with other wholly owned members of the group.

19. Share based plans

The Company recognised total expenses of £Nil (2019: £Nil) in respect of share based payment transactions.

The group has established a Deferred Share Bonus Plan and awards to employees in respect of 112,199 (2019: 106,513) shares were made with a market value of £654,000 (2019: £633,000). These will be released to executives in March 2023. The shares are held in a trust and the cost of the shares is being charged to the income statement over the vesting period.

20. Pension commitments

For some employees, the Group operates a funded pension plan providing benefits for its employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. The Company has appointed an independent sole trustee to oversee the governance of the fund. The plan closed to future accrual of benefits on 31 December 2016 and benefits now increase broadly in line with inflation.

Under the defined benefit pension plan, each member's pension at retirement is related to their pensionable service and final pensionable emoluments. The weighted average duration of the expected benefit payments from the plan is around 20 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Group and is overseen by an independent sole trustee who ensures the plan's rules are strictly followed.

These figures were prepared by an independent qualified actuary in accordance with IAS19 (revised) and are based on membership data as at 31 December 2020. The funding target is for the plan to hold assets equal in value to the accrued benefits based on projected pensionable emoluments. If there is a shortfall against this target, then the Group and the Trustee will agree deficit contributions to meet this deficit over a period.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to reduce any deficit that arises.

Contributions are set based upon funding valuations carried out every three years; the next valuation in respect of 31 December 2020 is currently underway. The estimated amount of total employer contributions expected to be paid to the plan during 2020 is £1.0m (2019 actual: £0.9m).

Actuarial gains and losses are recognised immediately through other comprehensive income.

The major assumptions in the 31 December 2020 disclosure under IAS19 (revised) are shown below and are applied to membership data supplied at that date. This shows the net pension assets and liabilities.

20. Pension commitments (continued)

Significant actuarial assumptions	**2020 %**	2019 %
Retail Price Inflation	**2.8**	2.9
Consumer Price Inflation	**2.2**	2.1
Discount rate	**1.3**	2.1
5% Limited RPI Pension increases in payment	**n/a**	n/a
General salary increases	**n/a**	n/a
Life expectancy of male/female aged 65 in 2020	**23.7/25.5**	23.6/25.4
Life expectancy of male/female aged 65 in 2040	**25.5/27.0**	25.4/26.9
Weighted average duration	**19.1**	19.3

Plan assets and obligations	**2020 £000**	2019 £000
Present value of defined benefit obligation	**57,800**	57,800
Fair value of plan assets	**(60,500)**	(60,500)
(Asset)/deficit in balance sheet	**(2,700)**	(2,700)
Less deferred tax (note 10)	**513**	513
	(2,187)	(2,187)

The pension deficit and future obligations to meet payments to the pension plan have been guaranteed by The Law Debenture Corporation p.l.c.

	2020 £000	2019 £000
Amounts recognised in the income statement are as follows:		
Interest income	**(100)**	(100)
Past service cost	**-**	-
Total (income)/expense recognised in the income statement	**(100)**	(100)

20. Pension commitments (continued)

The current allocation of plan assets is as follows:	**Allocation**	**2020 £000**	Allocation	2019 £000
Equities	**41%**	**25,800**	50%	30,000
Bonds	**9%**	**5,900**	9%	5,600
Gilts	**24%**	**15,000**	25%	14,900
Pensioner annuities	**1%**	**800**	1%	700
Diversified growth funds	**13%**	**8,300**	13%	8,100
Infrastructure	**10%**	**6,000**		
Other	**2%**	**1,200**	2%	1,200
Total	**100%**	**63,000**	100%	60,500

- The Plan holds a number of pensioner annuities which have been valued consistently with the defined benefit obligation using membership data as at 1 January 2021.
- At the time of writing, the value of the JP Morgan infrastructure fund on 31 December 2020 is unavailable. Therefore, the value of £6.0m used is at an effective date of 1 October 2020.
- The Plan's non-annuity assets are invested in pooled funds, which are not themselves quoted. However the pooled funds are invested in assets with prices quoted and traded on public exchanges. The exception to this is the JP Morgan infrastructure fund, where underlying investments are not quoted.

Reconciliation of present value of defined benefit obligation	**2020 £000**	2019 £000
Opening defined benefit obligation	**57,800**	51,600
Employer's part of current service cost	**-**	-
Interest cost	**1,200**	1,500
Actuarial losses/(gains) due to:		
Experience in benefit obligations	**(400)**	(100)
Changes in financial assumptions	**9,100**	6,200
Changes in demographic assumptions	**-**	-
Benefits paid	**(1,600)**	(1,400)
Update to 31 December 2020 membership data (gain)/loss	**(300)**	-
Closing defined benefit obligation	**65,800**	57,800

20. Pension commitments (continued)

Reconciliation of fair value of plan assets	2020 £000	2019 £000
Opening fair value of plan assets	**60,500**	54,100
Interest on plan assets	**1,200**	1,600
Actuarial returns	**1,900**	5,300
Contributions by the employer	**1,000**	900
Benefits paid	**(1,600)**	(1,400)
Closing fair value of plan assets	**63,000**	60,500

The pension plan is exposed to investment risk, (the movement of the discount rate used against the value of the plans assets,) interest rate risk (decreases/ increases in the discount rate which will increase/ decrease the defined benefit obligation) and longevity risk (changes in the estimation of mortality rates of members).

Movement in the net defined benefit obligations	2020 £000	2019 £000
(Asset)/deficit at 1 January	**(2,700)**	(2,500)
Expense charged to profit and loss	**-**	(100)
Amount recognised outside of profit and loss	**6,500**	800
Employer contributions	**(1,000)**	(900)
Closing net (asset) at 31 December	**(2,800)**	(2,700)

20. Pension commitments (continued)

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Plan assets and obligations and principal actuarial assumptions					
Present value of defined benefit obligation	**65,800**	57,800	51,600	57,300	56,000
Fair value of plan assets	**(63,000)**	(60,500)	(54,100)	(57,600)	(53,700)
(Asset)/deficit	**(2,800)**	(2,700)	(2,500)	(300)	2,300

Over the year to 31 December 2020, the balance sheet deteriorated from a surplus of £2.7m to a deficit of £2.8m.

This is driven by:

- a significant decrease in the discount rate during the year, which increases the value of the pension obligations.

This was partially offset by:

- investment returns on assets being higher than anticipated; and
- deficit reduction contributions paid by the Company of £1.0m during the year.

21. Post Balance Sheet Events

There were no post balance sheet events.