

**Registered number: 01604930**

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the Period ended 31 December 2017**



# **TRAFALGAR HOUSE TRUSTEES LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

Mr J O Froeshaug  
Mr R M Bartley  
Mr D J E Day  
Mrs M R A Ellis  
Mr A J Gemmell  
Mrs L J Inward  
Mr N C Jensen  
Mr D G Moorhouse  
Mr J M Sampson

### **SECRETARY**

Mr G Wake

### **COMPANY NUMBER**

1604930

### **REGISTERED OFFICE**

2<sup>nd</sup> Floor (South West)  
Cheapside House  
138, Cheapside  
London  
EC2V 6BJ

### **AUDITORS**

Crowe Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

# TRAFALGAR HOUSE TRUSTEES LIMITED

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# **TRAFALGAR HOUSE TRUSTEES LIMITED**

## **STRATEGIC REPORT For the period ended 31 December 2017**

The Directors present the Strategic Report of the company (THTL) for the period ended 31 December 2017.

During the period the directors agreed that THTL change its accounting reference date from 31 December 2017.

### **REVIEW OF THE BUSINESS IN THE PERIOD**

The Group's principal activity in the period, has been the provision of pension administration and Trustee secretarial services to a portfolio of clients including the Trustee of the Trafalgar House Pension Trust (the "Trust"), for whom investment related services are also provided.

During the period, these services were provided by Trafalgar House Serviceco Limited ("THSL"), a wholly owned subsidiary of the Company. On 19<sup>th</sup> December 2017, this company changed its name from Trafalgar House Pension Services Ltd ("THPA") to Trafalgar House Serviceco Limited ("THSL").

### **PENSIONS AND EMPLOYEE MATTERS**

Pension benefits are provided for Group staff through a Group Personal Pension scheme, which was set-up in July 2014. Death-in-service and incapacity benefits for group staff are provided by external insurers.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group faces a variety of risks in the operation of its business. These risks are actively monitored and managed at multiple levels by the Risk & Compliance Manager and Senior Managers within THSL, THSL Executive Directors, and the wider Boards of both THSL and THTL.

#### **The Trust**

THSL is the responsible employer for the Trust. A liability would only crystallise if an insolvency event occurs. The risk to the Company is therefore not relevant to its ongoing trading.

#### **Employee Retention Risk**

Our long-term retention of staff is one of our principal assets, which enables us to deliver first-class service to our clients. We have a core team of permanent staff and we add to this with short-term contract positions to cover peak workloads or specific projects.

Staff turnover across the business is very low. The turnover percentage of permanent staff across the whole business for the last three calendar years totals 6.22%.

#### **Liquidity and cash flow risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group retains sufficient cash, invested in short term deposits, to meet its foreseeable needs over the next year, subject to projected cash flows from trading.

#### **Exchange risk**

The Group has no assets held in foreign currencies.

#### **Interest rate risk**

The Group has no bank borrowings or finance and continues to operate its working capital with positive cash reserves. Accordingly, the Group's exposure to interest rate fluctuations on its cash deposits is managed by the use of current accounts and short term deposits. This maximises interest earned on the cash which is surplus to current needs.

# **TRAFALGAR HOUSE TRUSTEES LIMITED**

## **STRATEGIC REPORT**

**For the period ended 31 December 2017**

### **Credit risk**

The Group's principal financial assets are bank deposits, cash and trade debtors. The credit risk associated with the bank deposits is limited and therefore the principal credit risk arises from trade debtors.

In order to manage credit risk the Directors set limits for customers based on a regular review of debt ageing and collection history. For new customers with a limited history, checks are carried out, and payment can be required in advance of services being provided.

Formal agreements are in place with all customers, which determine the underlying bases for payment terms.

### **FINANCIAL KEY PERFORMANCE INDICATORS**

The Directors consider the key performance indicators to be systems development, employee retention, the profit for the period and debtor collection period. They specifically do not regard Group turnover as a key performance indicator as it is highly variable depending upon amounts paid out on behalf of the Trust in various fees.

The turnover for the Group for the period ended 31 December 2017 was £6,667,401 (31 March 2017: £8,767,233).

The profit for the period and debtor collection period is comparable with the prior year and is considered satisfactory.

The profit for the period, before taxation, was £460 (31 March 2017: £177,303). This is reflective of our Third-Party business and bank interest. The profit for the period, after taxation, was £460 (31 March 2017: £141,185).

This report was approved by the board on 17 April 2018 and signed on its behalf.



**Mrs M R A Ellis**  
**Director**

# **TRAFALGAR HOUSE TRUSTEES LIMITED**

## **DIRECTORS' REPORT** **For the period ended 31 December 2017**

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

### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments 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 or Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **GOING CONCERN**

The Directors are satisfied that it is appropriate to adopt the Going Concern basis when preparing the financial statements since the Group is expected to continue to be able to meet its day to day working capital requirements through the cash generated by its principal activities.

### **DIVIDEND**

The Directors do not recommend the payment of any dividend to shareholders at this time. Profits are retained to support business' growth.

### **RESEARCH AND DEVELOPMENT**

During the period, the Group continued to keep its operating model and underlying administration systems under review to ensure that it delivers ongoing efficiencies, enhancements and functionality required by its clients and their members. Investment was made in member related website development to further improve the member experience whilst simultaneously creating operation efficiencies.

THSL attained the ICAEW AAF 01/06 Type 2 accreditation as at October 2017, for the second consecutive year, following the Type 1 accreditation being achieved in September 2015.

During the period, investment continued in member related website development to further improve the member experience whilst simultaneously creating operation efficiencies.

### **FUTURE DEVELOPMENTS**

We continue to focus on opportunities to grow the business and to develop the operating model and services, for both existing and new clients, seeking to deliver a first-class service to all. The forthcoming year is expected to be an exciting and challenging one for THSL as it looks to build on the investment made in our operating model with a focus on the member experience and outcomes

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **DIRECTORS' REPORT**

**For the period ended 31 December 2017**

#### **POST BALANCE SHEET EVENTS**

On 1 January 2018 the pension administration and trustee secretarial services division within THSL was sold to a newly created group company, owned by the Trust, as part of an intra-company reorganisation, which included the transfer of the THPA name to the new company.

From 1 January 2018, THSL will continue to provide General management and Trustee Management Services to the other entities within the Group, with the new company (THPA) providing pension administration and trustee secretarial services to third-party clients, including the Trust.

#### **DIRECTORS' INSURANCE**

During the period, the Group paid for Pension Trustee Liability insurance for the Directors.

#### **DIRECTORS**

The Directors who served during the period were:

Mr J O Froeshaug  
Mr R M Bartley  
Mr D J E Day  
Mrs M R A Ellis  
Mr A J Gemmell  
Mrs L J Inward  
Mr N C Jensen  
Mr D G Moorhouse  
Mr J M Sampson

#### **MATTERS COVERED IN THE STRATEGIC REPORT**

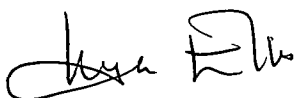
As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors report have been omitted as they are included in the strategic report on pages 4 and 5. These matters relate to the review of the business, principal risks and uncertainties and financial key performance indicators.

#### **PROVISION OF INFORMATION TO AUDITORS**

So far as each of the Directors is aware, at the time the report is approved:

- there is no relevant audit information of which the Group's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the board on 17 April 2018 and signed on its behalf.



**Mrs M R A Ellis**  
Director

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAFALGAR HOUSE TRUSTEES LIMITED**

#### **Opinion**

We have audited the financial statements of Trafalgar House Trustees Limited (the "parent company") and its subsidiaries (the "group") for the period ended 31 December 2017 which comprise the Consolidated Statement of Profit & Loss & Other Comprehensive Income; the Consolidated Statement of Financial Position; the Company Statement of Financial Position; the Consolidated Statement of Cash Flow; the Consolidated Statement of Changes in Equity; the Company 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 group 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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's or the parent 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.

#### **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.



## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAFALGAR HOUSE TRUSTEES LIMITED**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our 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.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAFALGAR HOUSE TRUSTEES LIMITED**

**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Matthew Stallabrass  
Senior Statutory Auditor  
For and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
St Brides House  
10 Salisbury Square  
London  
EC4Y 8EH

24 May 2018

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the period ended 31 December 2017**

		31 December 2017 £	31 March 2017 £
	Note		
<b>TURNOVER</b>	5	6,667,401	8,767,233
Administrative expenses		<u>(6,667,401)</u>	<u>(8,608,558)</u>
<b>OPERATING PROFIT</b>	6	-	158,675
Interest receivable		460	18,628
<b>PROFIT BEFORE TAXATION</b>		<u>460</u>	<u>177,303</u>
Tax on profit	9	-	(36,118)
<b>PROFIT AFTER TAXATION</b>		<u>460</u>	<u>141,185</u>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>460</u></u>	<u><u>141,185</u></u>

All amounts relate to continuing operations.

The related notes 1 to 24 form part of the financial statements.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**31 December 2017**

**Company number: 01604930**

		<b>31 December 2017</b>	<b>31 March 2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>			
Intangible fixed assets	11	273,369	163,916
Tangible fixed assets	12	504,928	543,260
		<hr/> 778,297	<hr/> 707,176
<b>CURRENT ASSETS</b>			
Work in progress		11,339	7,123
Debtors	13	1,958,625	2,709,090
Cash at bank		2,382,820	2,296,860
		<hr/> 4,352,784	<hr/> 5,013,073
<b>CREDITORS:</b> amounts falling due within one year	14	(1,712,208)	(2,303,187)
<b>NET CURRENT ASSETS</b>		<hr/> 2,640,576	<hr/> 2,709,886
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 3,418,873	<hr/> 3,417,062
<b>PROVISIONS FOR LIABILITIES</b>	15	(155,367)	(154,016)
<b>NET ASSETS</b>		<hr/> <u>3,263,506</u>	<hr/> <u>3,263,046</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	2,600,100	2,600,100
Profit and loss account		663,406	662,946
<b>SHAREHOLDERS' FUNDS</b>		<hr/> <u>3,263,506</u>	<hr/> <u>3,263,046</u>

The related notes 1 to 24 form part of the financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April 2018.

**Mrs M R A Ellis**  
Director



**Mr G Wake**  
Secretary



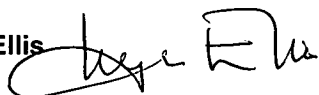
**TRAFALGAR HOUSE TRUSTEES LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**31 December 2017**  
**Company number: 01604930**

		31 December 2017 £	31 March 2017 £
	Note		
<b>FIXED ASSETS</b>			
Investments	10	<u>2,600,011</u>	<u>2,600,011</u>
<b>CURRENT ASSETS</b>			
Debtors - Other		<u>100</u>	<u>100</u>
<b>NET CURRENT ASSETS</b>		<u>100</u>	<u>100</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,600,111</u>	<u>2,600,111</u>
<b>NET ASSETS</b>		<u><u>2,600,111</u></u>	<u><u>2,600,111</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	2,600,100	2,600,100
Profit and loss account		11	11
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2,600,111</u></u>	<u><u>2,600,111</u></u>

The related notes 1 to 24 form part of the financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April 2018.

Mrs M R A Ellis  
Director



Mr G Wake  
Secretary



**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended 31 December 2017

	31 December 2017 £	31 March 2017 £
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for financial period</b>	460	141,185
Adjustments for:		
Amortisation of intangible fixed assets	33,906	27,066
Depreciation of tangible fixed assets	72,606	65,303
Loss on disposal of tangible fixed assets	-	804
Interest received	(460)	(18,628)
Taxation	-	36,118
Decrease /(Increase) in trade and other debtors	774,941	(291,068)
(Increase) in work in progress	(4,216)	11,908
(Decrease) in trade and other creditors	(612,167)	216,624
<b>Cash flows from Operations</b>	<b>265,070</b>	<b>189,312</b>
Income taxes paid	(1,936)	(22,124)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>263,134</b>	<b>167,188</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible and intangible fixed assets	(177,634)	(579,152)
Purchase of investment in subsidiary undertaking	-	(1)
Interest received	460	18,628
<b>Net cash flow from investing activities</b>	<b>(177,174)</b>	<b>(560,525)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>85,960</b>	<b>(393,337)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,296,860</b>	<b>2,690,197</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>2,382,820</u></b>	<b><u>2,296,860</u></b>

The related notes 1 to 24 form part of the financial statements.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the period ended 31 December 2017

	Called up Share Capital	Profit and loss Account	Total
	£	£	£
<b>At 1 April 2016</b>	2,600,100	521,761	3,121,861
Profit for the year	-	141,185	141,185
<b>At 1 April 2017</b>	2,600,100	662,946	3,263,046
Profit for the period	-	460	460
<b>At 31 December 2017</b>	<u>2,600,100</u>	<u>663,406</u>	<u>3,263,506</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
For the period ended 31 December 2017

	Called up Share Capital	Profit and loss Account	Total
	£	£	£
<b>At 1 April 2016</b>	2,600,100	11	2,600,111
Profit for the year	-	-	-
<b>At 1 April 2017</b>	2,600,100	11	2,600,111
Profit for the period	-	-	-
<b>At 31 December 2017</b>	<u>2,600,100</u>	<u>11</u>	<u>2,600,111</u>

The related notes 1 to 24 form part of the financial statements.

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

#### **1. COMPANY INFORMATION**

The Company is a private limited company (limited by shares), incorporated in England and Wales.

The Company's registered address and principal place of business is: 2<sup>nd</sup> Floor (South West), Cheapside House, 138 Cheapside, London, EC2V 6BJ

The Group's principal activity in the period has been the provision of pension administration and trustee secretarial services to a portfolio of clients, including the parent, the Trustees of the Trafalgar House Pension Trust (the "Trust"), to whom investment related services are also provided.

#### **2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The Company's profit for the period was £Nil (31 March 2017: £Nil).

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes, as any such statement would reflect no cash movements.

#### **Going concern**

The Directors are satisfied that it is appropriate to adopt the Going Concern basis when preparing the financial statements since the Group is expected to continue to be able to meet its day to day working capital requirements through the cash generated by its principal activities. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **3. SIGNIFICANT JUDGEMENTS AND ESTIMATES**

Preparation of the financial statements requires management to make significant judgements and estimates. The principal items in the financial statements where such judgments and estimates have been made are:

Judgements:

THSL, a wholly owned subsidiary of the company is legally the responsible employer of the Trafalgar House Pension Trust defined benefit scheme. In the opinion of the directors the accounting for this relationship is a significant accounting judgement. As set out in note 20 this has been treated as a contingent liability in accordance with Section 21 of FRS 102 and the defined benefit scheme liability has not been recognised on the balance sheet.



## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2017

#### Estimates:

The Group has made provision for the expected cost of dilapidations arising at the end of its property lease (see note 15). The lease terminates during May 2026 and any dilapidations payable will be subject to negotiation.

The Group has estimated that the useful economic life ("UEL") of its core computer software capitalised is five years (see notes 4.3 and 11). This is based on the long term client contracts in place which are serviced by the software. The UEL of non-core software is reviewed on a project by project basis, with a three year UEL typically being applied. This policy is subject to continual review by the Group to ensure appropriate capitalisation periods are maintained.

#### 4. PRINCIPAL ACCOUNTING POLICIES

##### 4.1 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately before goodwill.

##### 4.2 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the company's individual financial statements.

##### 4.3 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged at the point the asset is ready for use so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2017

Core software development costs	5 years
Acquired or non-core software	3 years or the relevant licence period, if less

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

#### 4.4 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

Leasehold property improvements	over the term of the lease
Furniture Fixtures and Fittings	5 years
Computer Equipment	3 years
Office Equipment	3 years

#### 4.5 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 4.6 Work in progress

Work in progress represents work undertaken on behalf of clients which is not yet due to be invoiced. Work in progress is measured at the lower of cost and net realisable value.

#### 4.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 4.8 Creditors

Short term creditors are measured at the transaction price.

#### 4.9 Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### 4.10 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

#### **4.11 Taxation**

Current tax is recognised for the amount of Corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

#### **4.12 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Turnover includes revenue earned from the rendering of services.

##### **Rendering of services**

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract can be estimated reliably.

#### **4.13 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

#### **4.14 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 twenty four hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

**5. TURNOVER**

Turnover analysed geographically between markets, was as follows:

	<b>31 December 2017 £</b>	<b>31 March 2017 £</b>
Europe	<b><u>6,667,401</u></b>	<b><u>8,767,233</u></b>

Turnover analysed by category, was as follows:

Direct recharge of costs to Trust	<b>3,719,684</b>	<b>4,715,687</b>
Total Rendering of Services	<b><u>2,947,717</u></b>	<b><u>4,051,546</u></b>
	<b><u>6,667,401</u></b>	<b><u>8,767,233</u></b>

**6. OPERATING PROFIT**

	<b>31 December 2017 £</b>	<b>31 March 2017 £</b>
Operating profit is stated after charging:		
Auditors' remuneration:		
- Audit of the company's annual accounts	<b>4,100</b>	<b>4,000</b>
- Audit of accounts of subsidiaries	<b>21,753</b>	<b>20,100</b>
- Tax compliance services	<b>11,032</b>	<b>24,155</b>
Operating lease rentals:- land and buildings	<b><u>216,352</u></b>	<b><u>350,563</u></b>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2017

**7. STAFF COSTS**

Staff costs including remuneration of Directors, during the period were as follows:

	<b>31 December</b>	<i>31 March</i>
	<b>2017</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>2,355,482</b>	<i>2,756,732</i>
Social security costs	<b>265,367</b>	<i>310,466</i>
Pension costs - defined contribution scheme	<b>139,383</b>	<i>164,446</i>
	<b><u>2,760,232</u></b>	<i><u>3,231,644</u></i>

The average monthly number of employees, including the Directors, during the period was as follows:

	<b>31 December</b>	<i>31 March</i>
	<b>2017</b>	<i>2017</i>
	<b>No.</b>	<i>No.</i>
Business Development and Administration staff	<b>20</b>	<i>18</i>
Finance and Investment staff	<b>8</b>	<i>8</i>
Projects, Operations & Other staff	<b>13</b>	<i>11</i>
	<b><u>41</u></b>	<i><u>37</u></i>

**8. DIRECTORS' REMUNERATION**

During the period, £42,886 (31 March 2017: £22,260) was payable to the Directors of Trafalgar House Trustees Limited, for Directors' fees in respect of THSL. All Trustee Directors' fees were paid by THSL and reimbursed by Trafalgar House Pensions Trust. No Directors received pension contributions in either the current or previous year.

**9. TAXATION**

	<b>31 December</b>	<i>31 March</i>
	<b>2017</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
<b>ANALYSIS OF TAX CHARGE IN THE PERIOD</b>		
<b>CURRENT TAX</b>		
UK corporation tax charge on profits for the period	<b>(9,186)</b>	<i>1,936</i>
Adjustment for (over)/under provision in prior year	<b><u>(15,291)</u></b>	<i><u>890</u></i>
<b>TOTAL CURRENT TAX</b> (see note below)	<b><u>(24,477)</u></b>	<i><u>2,826</u></i>
<b>DEFERRED TAX</b> (see note 15)		
Origination and reversal of timing differences	<b>24,477</b>	<i>33,292</i>
<b>TAX ON PROFIT</b>	<b><u>-</u></b>	<i><u>36,118</u></i>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

**9. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD**

	<b>31 December 2017 £</b>	<b>31 March 2017 £</b>
Profit before tax	<u>460</u>	<u>177,303</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (31 March 2017: 20%)	87	35,460
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	15,059	1,653
Other timing differences	-	379
Capital allowances in excess of depreciation	145	(2,264)
Adjustment for (over)/under provision in prior years	(15,291)	890
<b>CURRENT TAX CHARGE FOR THE PERIOD</b>	<u>-</u>	<u>36,118</u>

**10. FIXED ASSET INVESTMENTS: INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

	<b>£</b>
Cost and net book value at 31 December 2017	<u>2,600,011</u>
Cost and net book value at 31 March 2017	<u>2,600,011</u>

At 31 December 2017 the Company had interests in the following subsidiaries:

<b>Subsidiaries</b>	<b>Nature of business</b>
Trafalgar House Serviceco Limited	Pensions Administration
Trafalgar House Pensions Administration Limited	Dormant
Trafalgar House Investco Limited	Dormant
Trafalgar House Holdings Limited	Dormant

The Company's subsidiary undertakings have the same registered office as the Company, are 100% owned (all ordinary shares) and are all incorporated in the United Kingdom.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2017

**11. INTANGIBLE FIXED ASSETS**

The Group	Computer Software	Total
	£	£
<b>COST</b>		
At 1 April 2017	666,891	666,891
Additions	143,359	143,359
At 31 December 2017	810,250	810,250
<b>DEPRECIATION</b>		
At 1 April 2017	502,975	502,975
Charge for the period	33,906	33,906
At 31 December 2017	536,881	536,881
<b>NET BOOK VALUE</b>		
At 31 December 2017	273,369	273,369
At 31 March 2017	163,916	163,916

**12. TANGIBLE FIXED ASSETS**

The Group	Leasehold Improvement	Furniture, Fixtures & Fittings	Computer Equipment	Office Equipment	Total
	£	£	£	£	£
<b>COST</b>					
At 1 April 2017	462,846	94,883	72,733	43,879	674,341
Additions	-	6,246	28,029	-	34,275
Disposals	-	-	-	-	-
At 31 December 2017	462,846	101,129	100,762	43,879	708,616
<b>DEPRECIATION</b>					
At 1 April 2017	26,799	44,294	48,946	11,042	131,081
Charge for the period	34,714	13,865	10,969	13,059	72,607
Disposals	-	-	-	-	-
At 31 December 2017	61,713	58,159	59,915	24,101	203,688
<b>NET BOOK VALUE</b>					
At 31 December 2017	401,333	42,970	40,847	19,778	504,928
At 31 March 2017	436,047	50,589	23,787	32,837	543,260

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

**13. DEBTORS**

	<b>The Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	273,600	273,600
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	174,178	165,704
Amounts owed by parent undertaking	247,207	273,284
Amounts paid and accrued but not yet invoiced to parent undertaking	826,575	1,592,210
Corporation tax	24,477	-
Other debtors	99,009	156,577
Prepayments and accrued income	313,579	247,715
	<u>1,958,625</u>	<u>2,709,090</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>The Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	53,360	44,865
Corporation tax	-	1,936
Social security and other taxes	148,925	126,561
Other creditors	7,460	34,334
Accruals and deferred income	1,502,463	2,095,491
	<u>1,712,208</u>	<u>2,303,187</u>



**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2017**

**15. PROVISIONS FOR LIABILITIES**

**The Group**

	<b>Obligations arising from property lease £</b>	<b>Deferred taxation £</b>	<b>Leave pay £</b>	<b>Total £</b>
At 1 April 2017	78,128	35,828	40,060	<b>154,016</b>
Movement	-	24,477	(23,126)	<b>1,351</b>
At 31 December 2017	<u>78,128</u>	<u>60,305</u>	<u>16,934</u>	<u><b>155,367</b></u>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current year and which employees are entitled to carry forward for 3 months. The provision is measured as the salary cost payable for the period of absence.

The Group has made a provision for the cost of dilapidations in accordance with the refurbishment clauses and reinstating alterations given in the 10 year lease of the Company's premises.

The deferred tax provision is analysed as follows:

	<b>The Group</b>	
	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>19,535</b>	<b>2,536</b>
Short term timing difference	<b>40,770</b>	<b>33,292</b>
	<u><b>60,305</b></u>	<u><b>35,828</b></u>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2017**

**16. SHARE CAPITAL**

	<b>31 December 2017</b>	<b>31 March 2017</b>
	<b>£</b>	<b>£</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
2,600,100 Ordinary shares of £1 each	<u><b>2,600,100</b></u>	<u><b>2,600,100</b></u>

**17. PENSION COMMITMENTS**

Pension benefits are provided for Group staff through a Group Personal Pension scheme.

In relation to the Money Purchase Section, the assets of the scheme are held separately from those of the Group.

The pension cost charge, representing contributions payable by the Group to the Group Personal Pension scheme amounted to £139,383 (31 March 2017: £164,446) for the period.

Contributions totalling £Nil (31 March 2017: £27,768) were outstanding as at the balance sheet date and are included in creditors.

**18. OPERATING LEASE COMMITMENTS**

The Group's future minimum operating lease payments are as follows :

	<b>31 December 2017</b>	<b>31 March 2017</b>
	<b>£</b>	<b>£</b>
Within 1 year	<u><b>304,000</b></u>	<u><b>304,000</b></u>
Between 2 and 3 years	<u><b>684,000</b></u>	<u><b>912,000</b></u>

In addition to the rental commitment recorded above, the Group has a commitment to pay related service charges and insurance.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2017

**19. RELATED PARTY TRANSACTIONS**

	31 December 2017 £	31 March 2017 £
<b>The Group</b>		
Sales to THPT	2,315,416	2,985,881
Costs reimbursed by THPT	3,719,684	4,967,623
Trade debtor amounts due from THPT	247,207	273,284
Accrued income amounts due from THPT	826,575	1,592,210
Key management personnel THSL	591,426	478,483
Key management personnel THTL	432,745	453,117
	<hr/>	<hr/>
	31 December 2017 £	31 March 2017 £
<b>The Company</b>		
Trade debtor amounts due from THPT	100	100
Reimbursed costs incurred by ultimate parent undertaking	4,100	4,000
	<hr/>	<hr/>

During the period, as well as providing pension administration services to Third Party clients, THSL provided services on behalf of the Trust; the group's ultimate controlling party. The group charged the Trust £2,315,416 (31 March 2017: £2,985,881) for the provision of these services.

In addition to this, the Group bore pension scheme related costs such as investment management, legal, actuarial and other adviser expenses totalling £3,719,684 (31 March 2017: £4,967,623) on behalf of the Trust.

At the period end, the Trust owed the group £1,065,348 (31 March 2017: £1,865,494), which includes paid and accrued costs of £826,575 (31 March 2017: £1,592,210) relating to December 2017, which had not been invoiced to the Trust as at 31 December 2017.

During the period, an amount of £432,745 (31 March 2017: £453,117) was paid by THSL to the Directors of Trafalgar House Trustees Limited, the immediate parent undertaking, for Trustee Directors' fees in respect of the Company. All Trustee Directors' fees are reimbursed by the Trust.

The amount payable and due to Trustee Directors, who are also Directors of the company, is disclosed in note 8.

Niels Jensen, one of the Company Directors, is a partner in Absolute Return Partners. With effect from 6 December 2016, Absolute Return Partners were appointed as an investment manager to the Trafalgar House Trust.

During the period the net fee paid on behalf of the Trust to Absolute Return Partners was £475,000 (31 March 2017: £645,000). Accrued fees held on the Balance Sheet as at 31 December 2017 was £107,000 (31 March 2017: £54,000).

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2017

#### 20. CONTINGENT LIABILITY

Based on legal advice obtained by the Group, as THSL is the responsible employer in relation to the Trafalgar House Pension Trust; the Directors understand that THSL could be liable to the Trust for deficit reduction contributions.

Whilst legally THSL is the responsible employer in relation to the Trafalgar House Pension Trust, it has never participated in the defined benefit plan and only ever provided money purchase benefits to its employees. Consequently, in accordance with FRS 102, the Trust is not recognised on the balance sheet although a contingent liability is disclosed.

The last formal review of financial position was obtained as at 31 December 2016 and this concluded that the Trust, with assets of £1,916m, was 88.2% funded on a technical provisions basis. Whilst the formal recovery plan produced by the Trust shows that it expects to achieve full funding of its liabilities by June 2024, and this does not rely on any contributions being made by THSL, the potential does exist for THSL to be legally required to make further contributions to the Trust over and above those obligations provided for within the financial statements.

#### 21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking and ultimate controlling party is the Trust. The entire issued share capital of the Company is held as nominee by the Directors Mrs M R A Ellis and Mr J O Froeshaug, on behalf of the Trust.

#### 22. FINANCIAL RISK MANAGEMENT

The Group has exposure to one main area of risk – customer credit exposure.

The Group may offer credit terms to its customers which allow payment of the debt after delivery of services rendered. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The risk is mitigated by the strong on-going customer relationships.

#### 23. FINANCIAL INSTRUMENTS

	31 December 2017 £	31 March 2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,612,135</u>	<u>2,461,374</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>209,847</u>	<u>205,861</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed to group undertakings and other debtors. Financial liabilities measured at amortised cost comprise trade creditors, social security and other taxes and other creditors.

#### 24. POST BALANCE SHEET EVENTS

On 1 January 2018 the pension administration and trustee secretarial services division within THSL was sold to a newly created group company, owned by the Trust, as part of an intra-company reorganisation, which included the transfer of the THPA name to the new company.

From 1 January 2018, THSL will continue to provide General management and Trustee Management Services to the other entities within the Group, with the new company (THPA) providing pension administration and trustee secretarial services to third-party clients, including the Trust.