

**THE LAW DEBENTURE PENSION TRUST CORPORATION P.L.C.**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**REGISTERED NUMBER: 03267461**

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# **The Law Debenture Pension Trust Corporation p.l.c.**

## **Directors**

M.A. Adams  
M.H. Ashworth  
S.J. Balmont  
M.A. Chatterton  
D. Curtis  
G.P. Degaute  
I.S. Dhingra  
A. Eagles  
D.M. Felder  
M. Jaffe  
R.J. Jagelman  
D. P. Kidd  
C.P. Morgan  
V.C. Paramour  
A.J. Parker  
S.J. Timbrell  
V. Trayhurn

## **Registered Office**

Fifth Floor  
100 Wood Street  
London EC2V 7EX

## **Notice of Meeting**

Notice is hereby given that the eighteenth annual general meeting of The Law Debenture Pension Trust Corporation p.l.c. ("the Corporation") will be held on 30 March 2017 at Fifth Floor, 100 Wood Street, London, EC2V 7EX for the following purposes:

1. To consider and approve the report of the directors and the financial statements for the year ended 31 December 2016.
2. To re-appoint BDO LLP as the Corporation's auditors and to authorise the directors to determine their remuneration.

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

By order of the Board



**Law Debenture Corporate Services Limited**

Secretary

30 March 2017

## **The Law Debenture Pension Trust Corporation p.l.c.**

The directors present to the members the Strategic report, Directors' Report and financial statements of the Corporation for the year ended 31 December 2016.

### **Strategic report**

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

The Corporation is engaged in providing pension trustee services.

The Corporation is a public company, but its shares are not publically traded.

The Corporation's key performance indicators are turnover and profit on ordinary activities before taxation and these are detailed below.

#### **Business review**

Our pension trusteeship service had a good year, benefitting from the greater focus in government and the media on the quality of governance for pension schemes in the UK. The requirement to understand the increasingly complex issues that confront lay trustees has resulted in a growing demand for our services, especially as chair of trustees.

We continued to grow and develop our team with four new directors joining the department – bringing new skills, experience and long term commitment to serving our clients.

Our sole trusteeship services, where we act as the sole trustee of final salary schemes and deliver one-stop governance cost effectively, continue to evolve and attract new clients. We have confirmed our position at the forefront of developing best practice for independent governance committees for providers of workplace personal pensions. We are finding increased demand for scheme secretarial and effective implementation oversight services, as appreciation grows of the positive impact of a close collaboration with the trustee chairman on project management and costs of delivery. We continue to develop our team in response to this demand.

Turnover has increased by 0.9% (2015: 4.5% increase) and, profit on ordinary activities before taxation has remained materially unchanged (2015: 4.2% increase).

#### **Results**

The Corporation's profit on ordinary activities after taxation for the year was £2,254,657 (2015: £2,251,625).

#### **Future developments**

There have not been any significant changes to the principal activities during the year. The directors are not aware at the date of the report of any likely changes in the Corporation's activities in the next year.

#### **Principal risks and uncertainties**

In its role as independent trustee the Corporation contributes to the deliberations and responsibilities of pensions trustee boards. There is a risk that if this were contributed negligently then claims could arise.

The directors ensure that proper professional training is in place for all staff, there is appropriate consultation between our employees and where necessary external legal, actuarial and financial advice is taken.

By order of the Board



**Law Debenture Corporate Services Limited**

## **The Law Debenture Pension Trust Corporation p.l.c.**

Secretary

30 March 2017

### **Directors' report**

#### **Financial instruments**

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

#### **Directors**

The directors of the Corporation during the financial year to the year-end were as follows:

M.C. Adams	(appointed 31 August 2016)	P.J. Gillett	(resigned 30 April 2016)
M.H. Ashworth		M. Jaffe	(appointed 6 September 2016)
S.J. Balmont		R.J. Jagelman	
C.J. Banszky	(resigned 31 August 2016)	H. James	(resigned 30 June 2016)
M.A. Chatterton		D.P. Kidd	
D. Curtis	(appointed 7 June 2016)	A.P. Macwhinnie	(resigned 30 September 2016)
J.R. Bloxsome	(resigned 1 August 2016)	C.P. Morgan	
G.P. Degaute		V.C. Paramour	
I.S. Dhingra		A.J. Parker	
A. Eagles	(appointed 5 December 2016)	S.J. Timbrell	
D.M. Felder		V. Trayhurn	(appointed 5 December 2016)

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

#### **Directors' interests**

No director has a beneficial interest in the share capital of the Corporation.

#### **Dividend**

The Corporation's final dividend is £1,800,000 (2015: £2,161,808), which was proposed by the directors and approved by the shareholder on 21 December 2016.

There are £706,283 accumulated reserves carried forward (2015: £251,626).

#### **Statement as to disclosure of information to auditors**

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

#### **Auditors**

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

By order of the Board



**Law Debenture Corporate Services Limited**

## **Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

## **The Law Debenture Pension Trust Corporation p.l.c.**

### **Independent Auditor's report**

#### **To the Members of The Law Debenture Pension Trust Corporation p.l.c.**

We have audited the financial statements of The Law Debenture Pension Trust Corporation p.l.c. for the year ended 31 December 2016 which comprise the Income statement, Statement of financial position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Corporation'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 Corporation'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 Corporation and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

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

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 December 2016 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.

**Independent Auditor's report (continued)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Daniel Taylor (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom  
30 March 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305137).

**The Law Debenture Pension Trust Corporation p.l.c.**

**Income statement**

for the year ended 31 December

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>7,369,035</b>	7,305,840
Cost of sales		<u>(151,006)</u>	<u>(130,753)</u>
<b>Gross profit</b>		<b>7,218,029</b>	7,175,087
Administrative expenses	4 & 5	<u>(4,965,358)</u>	<u>(4,931,131)</u>
<b>Profit on ordinary activities before dividend and interest</b>		<b>2,252,671</b>	2,243,956
Dividend from subsidiary undertaking		-	4,000
Bank interest receivable		<u>1,986</u>	<u>5,738</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,254,657</b>	2,253,694
Taxation	6	-	(2,069)
<b>Profit on ordinary activities after taxation</b>		<u><b>2,254,657</b></u>	<u>2,251,625</u>

There are no recognised gains or losses other than the result for the year.

The Income statement has been prepared on the basis that all operations are continuing operations.

The annexed notes form part of these financial statements.

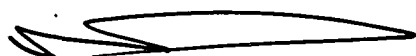


**The Law Debenture Pension Trust Corporation p.l.c.**

**Statement of financial position**  
as at 31 December

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	8	<u>250,231</u>	<u>250,231</u>
<b>Current assets</b>			
Debtors	9	4,947,174	5,408,848
Short term cash deposits & cash at bank and in hand		<u>1,061,578</u>	<u>228,350</u>
		<b>6,008,752</b>	<b>5,637,198</b>
<b>Creditors</b> Amounts falling due within one year	10	<u>(552,700)</u>	<u>(635,803)</u>
<b>Net current assets</b>		<u><b>5,456,052</b></u>	<u><b>5,001,395</b></u>
<b>Net assets</b>		<u><u><b>5,706,283</b></u></u>	<u><u><b>5,251,626</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	11	5,000,000	5,000,000
Retained earnings		<u>706,283</u>	<u>251,626</u>
<b>Shareholders' funds</b> (all equity interests)		<u><u><b>5,706,283</b></u></u>	<u><u><b>5,251,626</b></u></u>

Approved and authorised for issue by the Board on 30 March 2017 and signed on its behalf by



M.C. Adams  
Director

The annexed notes form part of these financial statements.

**The Law Debenture Pension Trust Corporation p.l.c.**

**Statement of changes in equity**  
for the year ended 31 December

	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Equity at 1 January 2015	5,000,000	161,809	5,161,809
Profit for the period	-	2,251,625	2,251,625
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	2,251,625	2,251,625
Dividend relating to 2015	-	(2,161,808)	(2,161,808)
Total equity at 31 December 2015	5,000,000	251,626	5,251,626
Equity at 1 January 2016	5,000,000	251,626	5,251,626
Profit for the period	-	2,254,657	2,254,657
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	2,254,657	2,254,657
Dividend relating to 2016	-	(1,800,000)	(1,800,000)
<b>Total equity at 31 December 2016</b>	<b>5,000,000</b>	<b>706,283</b>	<b>5,706,283</b>

The annexed notes form part of the financial statements

**1. Accounting policies**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework (FRS 101). The Corporation adopted FRS 101 for all periods presented. 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 presentation currency used is sterling and amounts have been presented in round pounds.

**Disclosure Exemptions**

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

- Certain comparative information as otherwise required by EU Endorsed IFRS;
- Certain disclosures regarding the Corporation's capital;
- A statement of cashflows;
- 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;
- financial instruments;
- impairment of assets.

## 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 Corporation'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 and expenses:** Bank deposit interest receivable, administrative expenses and interest payable are all accounted for on an accruals basis. Revenue comprises the fair value of the sales of services net of value added tax. Sales of services are recognised in the accounting period in which the services are rendered, provided that the outcome of the transaction can be estimated reliably. Where the outcome of a transaction can be estimated reliably, sales are assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where expenses are recoverable from third parties, the recoveries and expenses are included as income and expenditure.
- ii) **Deferred income:** Trustee fees received in respect of periods subsequent to the balance sheet date are carried forward as deferred income.
- iii) **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. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date.
- iv) **Investments:** Investments are held at cost. Provision is made where there has been a permanent impairment in value.
- v) **Basis of consolidation:** The Corporation is exempt from the obligation to prepare and deliver group financial statements as its ultimate holding company is The Law Debenture Corporation p.l.c. a company registered in England and Wales which prepares group financial statements. The information presented within these financial statements is for the individual entity and not for the group.
- vi) **Cash flow statement:** The Corporation 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 Corporation has taken advantage of the exceptions from preparing a cash flow statement allowed in accordance with FRS 101 by virtue of IAS 7.
- vii) **Dividend distribution:** Dividend distribution to the Corporation's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

# The Law Debenture Pension Trust Corporation p.l.c.

## Notes to the financial statements - 31 December 2016

### 3. Turnover

Turnover represents fees for services provided entirely within the United Kingdom.

### 4. Administrative expenses

Resources necessary for the administration of the Corporation are provided by a Law Debenture Group company (L.D.C. Trust Management Limited) for which it has been charged a management fee of £5,080,000 (2015: £4,930,000). Audit fees paid during the year amounted to £7,650 (2015: £7,500).

Non-audit fees paid to the auditors during the year amounted to £0 (2015:£0)

### 5. Employee information and Directors' emoluments

There were no employees during the year (2015: Nil).

The directors received no emoluments in respect of their services to the Corporation during the year (2015: £Nil), but they were remunerated for their services to the group as a whole by L.D.C. Trust Management Limited, which acts as the employing company for the group.

6. Taxation	2016	2015
(a) Analysis of taxation charge	£	£
Current tax:		
UK Corporation tax	-	2,069
Total tax (Note (b) )	<u>-</u>	<u>2,069</u>

#### (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:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>2,254,657</u>	<u>2,253,694</u>
Profit on ordinary activities multiplied by the standard rate of UK Corporation tax at 20.00% (2015:20.25%)	<u>450,931</u>	<u>456,373</u>
Effects of:		
Group relief	(450,931)	(453,468)
Untaxed UK dividend	-	(810)
Small companies relief	-	(26)
Tax charge for year (Note (a) )	<u>-</u>	<u>2,069</u>

#### (c) Factors that may affect future tax charges

The Corporation expects that it may continue to receive group relief. On this basis the tax charge will remain below the standard rate of UK corporation tax.

**The Law Debenture Pension Trust Corporation p.l.c.**

**Notes to the financial statements - 31 December 2016**

<b>7. Dividend</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>

Dividend per ordinary share comprises the following:

Approved final dividend of 36.00p per share

(2015: 43.24p per share)

<u><b>1,800,000</b></u>	<u><b>2,161,808</b></u>
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**8. Investments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(a) Subsidiary companies		
As at 1 January and 31 December	<u><b>250,205</b></u>	<u><b>250,205</b></u>

The investments comprise £250,000 in Syngenta Pensions Trustee Ltd, £100 in Henderson Administration Trustees Limited, £3 in Charter Pensions Trustee Limited, £1 in Law Debenture Trust for Charities, €1 in The Law Debenture Corporation (Deutschland) Limited and £100 in ICI Speciality Chemicals Pensions Trustee Limited. The directors believe these investments are worth at least the current carrying value in the financial statements.

These holdings constitute 100% of the nominal share capital of each company. Each company is a subsidiary and is incorporated in England and Wales and their principal activities are to act as pension trustee companies.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(b) Other		
As at 1 January	<u><b>26</b></u>	<u><b>26</b></u>
As at 31 December	<u><b>26</b></u>	<u><b>26</b></u>

The investment comprises 26% in Exel Trustees Limited which is a pension trustee company.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(c) Total investments		
As at 1 January	<u><b>250,231</b></u>	<u><b>250,231</b></u>
As at 31 December	<u><b>250,231</b></u>	<u><b>250,231</b></u>

<b>9. Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due from group undertakings	<b>2,192,142</b>	2,905,423
Trade and other receivables	<b>973,415</b>	743,451
Prepayments and accrued income	<u><b>1,781,617</b></u>	<u>1,759,974</u>
	<u><b>4,947,174</b></u>	<u><b>5,408,848</b></u>

<b>10. Creditors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due to group undertakings	<b>250,000</b>	250,000
Corporation tax	-	2,069
Trade and other payables	<b>279,178</b>	340,774
Deferred income	<u><b>23,522</b></u>	<u>42,960</u>
	<u><b>552,700</b></u>	<u><b>635,803</b></u>

# **The Law Debenture Pension Trust Corporation p.l.c.**

## **Notes to the financial statements - 31 December 2016**

<b>11. Share capital</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Allotted and fully paid share capital: 5,000,000 ordinary shares of £1	<b><u>5,000,000</u></b>	<b><u>5,000,000</u></b>

## **12. Capital management**

The Corporation is required to have a minimum capital of £250,000 (of which £100,000 has to be paid up) to maintain its status as a trust corporation. The Corporation reviews this on a regular basis.

## **13. Ultimate controlling party**

All the issued share capital of the Corporation is owned by The Law Debenture Corporation p.l.c. a company registered in England and Wales (and which is the ultimate controlling party), other than one share which is held by Law Debenture Corporate Services Limited as a nominee. Copies of the group financial statements of The Law Debenture Corporation p.l.c. can be obtained from The Secretary, The Law Debenture Corporation p.l.c., Fifth Floor, 100 Wood Street, London EC2V 7EX.

## **14. Related party transactions**

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