

**THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**REGISTERED NUMBER: 03267461**



**THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.**

**DIRECTORS**

C.J. Bańszky  
M.H. Ashworth  
S.J. Balmont  
J.R. Bloxsome  
M.A. Chatterton  
G.P. Degaute  
I.S. Dhingra  
D.M. Felder  
P.J. Gillett  
R.J. Jagelman  
H. James  
D. P. Kidd  
A.P. Macwhinnie  
R.M. Main  
C.P. Morgan  
J. Nestor  
A.J. Parker  
S.J. Timbrell

**REGISTERED OFFICE**

Fifth Floor  
100 Wood Street  
London EC2V 7EX

**NOTICE OF MEETING**

Notice is hereby given that the sixteenth annual general meeting of The Law Debenture Pension Trust Corporation p.l.c. ("the Corporation") will be held on 31st March 2015 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 2014.
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

31 March 2015

***THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.***

**STRATEGIC REPORT**

**BUSINESS MODEL, OBJECTIVE, KEY PERFORMANCE INDICATORS (KPI's)**

The Corporation is engaged in providing pension trustee services.

The Corporation's key performance indicators are turnover and profit before tax and these are detailed below.

Our pension trusteeship service had a good year in a changing market environment. An increased focus on defined contribution schemes and the continued refinement of the needs of final salary schemes provided an increasing demand for our services.

The performance of our sole trusteeship services, where we act as the sole trustee of final salary schemes and deliver one-stop governance cost effectively, continues to show progress. This positive development, alongside the requirement for the providers of workplace personal pensions to establish Independent Governance Committees, has generated new opportunities for us.

Turnover has increased by 8.0% (2013: 1.1% increase) and profit before tax decreased by 3.8% (2013:4.1% decreased).

**RESULTS**

The Corporation's profit after taxation for the year was £2,161,809 (2013: £2,247,807).

**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 company's activities in the next year.

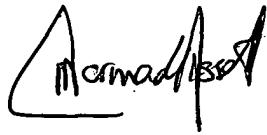
**PRINCIPAL RISKS AND UNCERTAINTIES**

In its role as independent trustee the company 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.

**STRATEGIC REPORT (CONTINUED)**

By order of the Board

A handwritten signature in black ink, appearing to read 'M. Marshall', is written over a large, stylized capital letter 'A'.

**Law Debenture Corporate Services Limited**

Secretary

31 March 2015

**DIRECTORS' REPORT**

**FINANCIAL INSTRUMENTS**

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

**DIRECTORS**

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

|                                     |                                    |
|-------------------------------------|------------------------------------|
| M.H. Ashworth                       | C.P. Morgan                        |
| S.J. Balmont                        | J. Nestor                          |
| C.J. Banszky                        | A.J. Parker                        |
| J.R. Bloxsome                       | E.S. Thomas (Resigned 03/11/ 2014) |
| M.A. Chatterton                     | S.J. Timbrell                      |
| G.P. Degaute (Appointed 01/01/2014) |                                    |
| I.S. Dhingra (Appointed 07/10/2014) |                                    |
| D.M. Felder                         |                                    |
| P.J. Gillett                        |                                    |
| R.J. Jagelman                       |                                    |
| H. James                            |                                    |
| D.P. Kidd                           |                                    |
| A.P. Macwhinnie                     |                                    |
| R.W. Main                           |                                    |

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 £2,000,000 (2013: £2,247,807), which was proposed by the directors and approved by the shareholder on 18 December 2014.

There are £161,809 accumulated reserves carried forward (2013: Nil).

***THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.***

**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**  
Secretary  
31 March 2015

**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 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## ***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 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 2014 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.



***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. (CONTINUED).**

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the strategic report and directors' report for the financial year 2014 for which the financial statements are prepared is consistent with the financial statements

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*BDO LLP*

Daniel Taylor (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom  
31 March 2015

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.**

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

|  | Notes | 2014<br>£          | 2013<br>£   |
|--|-------|--------------------|-------------|
| <b>TURNOVER</b>  | 2     | <b>7,648,415</b>   | 7,079,372   |
| Cost of sales  |       | <b>(367,994)</b>   | (137,085)   |
| <b>GROSS PROFIT</b>                                      |       | <b>7,280,421</b>   | 6,942,287   |
| <b>ADMINISTRATIVE EXPENSES</b>                           | 3 & 4 | <b>(5,123,847)</b> | (4,703,250) |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE INTEREST</b> |       | <b>2,156,574</b>   | 2,239,037   |
| Dividend from subsidiary undertaking                     |       | -                  | 4,000       |
| Bank interest receivable                                 |       | <b>7,378</b>       | 6,913       |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |       | <b>2,163,952</b>   | 2,249,950   |
| Taxation   | 5     | <b>(2,143)</b>     | (2,143)     |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION</b>  | 11    | <b>2,161,809</b>   | 2,247,807   |

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

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

The annexed notes form part of these financial statements.

**THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.**

| <b>BALANCE SHEET - 31 DECEMBER</b>                  |              | <b>2014</b>                    | <b>2013</b>                    |
|---|--------------|--------------------------------|--------------------------------|
|   | <b>Notes</b> | <b>£</b>                       | <b>£</b>                       |
| <b>FIXED ASSETS</b>                                 |              |                                |                                |
| Investments   | 7            | <u>250,231</u>                 | <u>250,231</u>                 |
| <b>CURRENT ASSETS</b>                               |              |                                |                                |
| Debtors   | 8            | 3,850,268                      | 5,112,800                      |
| Short term cash deposits & cash at bank and in hand |              | <u>1,520,200</u>               | <u>2,257,052</u>               |
|   |              | <b>5,370,468</b>               | <b>7,369,852</b>               |
| <b>CREDITORS</b>                                    |              |                                |                                |
| Amounts falling due within one year                 | 9            | (458,890)                      | (2,620,083)                    |
| <b>NET CURRENT ASSETS</b>                           |              | <u><b>4,911,578</b></u>        | <u><b>4,749,769</b></u>        |
| <b>NET ASSETS</b>                                   |              | <u><u><b>5,161,809</b></u></u> | <u><u><b>5,000,000</b></u></u> |
| <b>CAPITAL AND RESERVES</b>                         |              |                                |                                |
| Called up share capital                             | 10           | 5,000,000                      | 5,000,000                      |
| Profit & Loss Account                               | 11           | 161,809                        | -                              |
| <b>SHAREHOLDERS' FUNDS (all equity interests)</b>   | 12           | <u><u><b>5,161,809</b></u></u> | <u><u><b>5,000,000</b></u></u> |

Approved and authorised for issue by the Board on 31 March 2015  
And signed on its behalf by

C.J. Banszky



M. Chatterton



Directors

The annexed notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

**1. STATEMENT OF ACCOUNTING POLICIES**

- (i) **Basis of accounting:** The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention and in accordance with applicable accounting standards..
- (ii) **Basis of consolidation:** The Corporation is exempt from the obligation to prepare and deliver group financial statements, as it is a wholly owned subsidiary of The Law Debenture Corporation p.l.c. a company registered in England & Wales which prepares group financial statements. The information presented within these financial statements is for the individual entity and not for the group.
- (iii) **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.
- (iv) **Deferred income:** Trustee fees received in respect of periods subsequent to the balance sheet date are carried forward as deferred income.
- (v) **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 under the terms of FRS1.
- (vi) **Deferred taxation:** Deferred taxation is provided for using the full provision method following the adoption of Financial Reporting Standard No. 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted.
- (vii) **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.
- (viii) **Investments:** Investments are held at cost. Provision is made where there has been a permanent impairment in value.

**2. TURNOVER**

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

**3. MANAGEMENT FEE AND 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 £4,950,000 (2013: £4,700,000). Audit fees paid during the year amounted to £7,350 (2013 £7,200).

Non-audit fees paid to the auditors during the year amounted to £0 (2013:£ 0 )

**4. EMPLOYEE INFORMATION AND DIRECTORS' EMOLUMENTS**

There were no employees during the year (2013: Nil).

The directors received no emoluments in respect of their services to the Corporation during the year (2013: £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.

**5. (a) ANALYSIS OF TAXATION CHARGE**

|                       | <b>2014</b>         | <b>2013</b>  |
|-----------------------|---------------------|--------------|
|                       | <b>£</b>            | <b>£</b>     |
| Current tax:          |                     |              |
| UK Corporation tax    | <b>2,143</b>        | 2,143        |
| Total tax (Note (b) ) | <u><b>2,143</b></u> | <u>2,143</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:

|   | <b>2014</b>         | <b>2013</b>  |
|---|---------------------|--------------|
|   | <b>£</b>            | <b>£</b>     |
| Profit on ordinary activities before tax  | <b>2,163,952</b>    | 2,249,950    |
| Profit on ordinary activities multiplied by the standard rate of UK Corporation tax at 21.50% (2013:23.25%) | <b>465,250</b>      | 523,113      |
| Effects of:   |                     |              |
| Group relief  | <b>(462,946)</b>    | (519,692)    |
| Untaxed UK dividend   | -                   | (930)        |
| Small companies relief  | <b>(161)</b>        | (348)        |
| Tax charge for year (Note (a) )   | <u><b>2,143</b></u> | <u>2,143</u> |

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

**(c) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The company expects that it will continue to receive group relief. On this basis the tax charge will remain below the 21% standard rate of UK corporation tax.

|   |                         |                         |
|---|-------------------------|-------------------------|
| <b>6. DIVIDEND</b>  | <b>2014</b>             | <b>2013</b>             |
|   | <b>£</b>                | <b>£</b>                |
| Dividend per ordinary share comprises the following:<br>Approved final dividend of 40.00p per share<br>(2013: 46.95p per share) | <u><b>2,000,000</b></u> | <u><b>2,247,807</b></u> |

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b>7. INVESTMENTS</b>                                       | <b>2014</b>           | <b>2013</b>           |
|   | <b>£</b>              | <b>£</b>              |
| (a) Subsidiary companies<br>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>2014</b>      | <b>2013</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>2014</b>           | <b>2013</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> |

**THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

|   |                         |                         |
|---|-------------------------|-------------------------|
| <b>8. DEBTORS</b>   | <b>2014</b>             | <b>2013</b>             |
|   | <b>£</b>                | <b>£</b>                |
| Amounts due from group undertakings                                       | <b>1,437,725</b>        | 3,090,260               |
| Other debtors   | <b>667,180</b>          | 327,607                 |
| Trustee expenses recoverable  | <b>71,010</b>           | 24,997                  |
| Prepayments and accrued income  | <b>1,674,353</b>        | 1,669,936               |
|   | <b><u>3,850,268</u></b> | <b><u>5,112,800</u></b> |
| <b>9. CREDITORS</b>   | <b>2014</b>             | <b>2013</b>             |
|   | <b>£</b>                | <b>£</b>                |
| Amounts due to group undertakings   | <b>250,000</b>          | 2,497,807               |
| Corporation tax   | <b>1,143</b>            | 2,143                   |
| Trustee expenses payable  | <b>71,700</b>           | 13,790                  |
| Other creditors   | <b>95,337</b>           | 64,355                  |
| Deferred income   | <b>40,710</b>           | 41,988                  |
|   | <b><u>458,890</u></b>   | <b><u>2,620,083</u></b> |
| <b>10. SHARE CAPITAL</b>  | <b>2014</b>             | <b>2013</b>             |
|   | <b>£</b>                | <b>£</b>                |
| Allotted and fully paid share capital:<br>5,000,000 ordinary shares of £1 |                         |                         |
|   | <b><u>5,000,000</u></b> | <b><u>5,000,000</u></b> |
| <b>11. PROFIT AND LOSS ACCOUNT</b>  | <b>2014</b>             | <b>2013</b>             |
|   | <b>£</b>                | <b>£</b>                |
| At 1 January  | -                       | -                       |
| Profit on ordinary activities after taxation                              | <b>2,161,809</b>        | 2,247,807               |
| Dividend (note 6)   | <b>(2,000,000)</b>      | (2,247,807)             |
| Balance at 31 December  | <b><u>161,809</u></b>   | <b><u>-</u></b>         |

**THE LAW DEBENTURE PENSION TRUST CORPORATION p.l.c.**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

| <b>12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b> | <b>2014<br/>£</b>       | <b>2013<br/>£</b>       |
|--|-------------------------|-------------------------|
| Profit for the year available for distribution               | <b>2,161,809</b>        | 2,247,807               |
| Approved dividend (note 6)                                   | <b>(2,000,000)</b>      | <b>(2,247,807)</b>      |
| Net movement in shareholders' funds                          | <b>161,809</b>          | -                       |
| Shareholders' funds at 1 January                             | <b>5,000,000</b>        | 5,000,000               |
| Shareholders' funds at 31 December                           | <b><u>5,161,809</u></b> | <b><u>5,000,000</u></b> |

**13. ULTIMATE CONTROLLING PARTY**

Following a group restructuring during the year 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 contained within Financial Reporting Standard No. 8 (Related Party Transactions) not to disclose related party transactions with other members of the group.