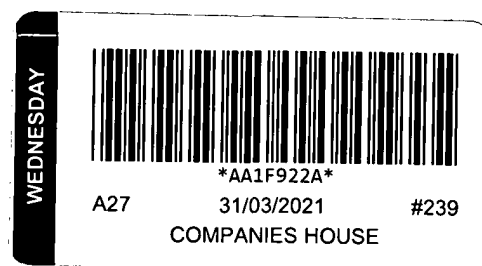


THE LAW DEBENTURE PENSION TRUST CORPORATION P.L.C.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

REGISTERED NUMBER: 03267461



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

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

Strategic report

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

The Company is engaged in providing pension trustee services.

The Company is a public company, but its shares are not publicly traded. It is a wholly owned subsidiary of The Law Debenture Corporation p.l.c. ("LDC"). References to Group within this report means LDC and its subsidiaries.

The Company's key performance indicators are generating turnover and to make a profit on ordinary activities before taxation, which is detailed below.

Business review

Our pensions business is now more than 50 years old and continues to grow from strength to strength. In the short-term, the stresses placed on the world economy by COVID-19 have further highlighted the need for best in class pensions governance. At precisely the same time that scheme assets and liabilities were experiencing extreme volatility, sponsoring employer covenants came under significant strain as operating conditions for many businesses were severely disrupted. With the need to rapidly move the administrative monthly payment of pensions to a robust and secure remote operating environment, the necessity for top quality scheme oversight was evident.

Over the medium-term, the Pensions Regulator's drive towards a smaller number of better governed defined benefit schemes continues to build momentum and plays to our strengths. Consolidation provides an opportunity for smaller schemes to enhance their governance. A larger asset base may well give a scheme the financial resources to employ a professional trustee.

While the negative effects of COVID-19 will hopefully only be temporary, the Pensions Regulator backed the expansion of stewardship definitions and the advancement of ESG investment agendas are looking increasingly permanent. Best in class standards are rapidly evolving. There is significant opportunity for us to help our clients stay ahead of the game as the investing world addresses the impact on the environment and on society in general.

A broad and stable set of foundations underpins the long-term growth potential of our pensions business. An aging population, a growing middle class, a relatively recent auto-enrolment regime and strong moves by regulators to professionalise the governance of schemes creates a sound platform on which to build. Our team is well placed to enable us to solve our clients' problems. Our reputation has been hard won over five decades. We will continue to invest in our people and nurture the next generation of problem solvers in this growing market.

Turnover has decreased by 4.1% (2019: 14.5% increase). Profit on ordinary activities before taxation decreased 38.1% (2019: 11.7% decrease) due to a revised approach to management fees for the year. Fees are allocated according to costs relevant to the specific entity and incorporate an allocation of costs incurred for central support functions.

Results

The Company's profit on ordinary activities after taxation for the year was £1,558,313 (2019: £2,516,622).

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

Future developments

There have not been any significant changes to the Company's 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.

COVID-19

The Directors have also considered the wider operational consequences and ramifications of the COVID-19 pandemic. That expectation factors in the current and expected impact of COVID-19. The Company's business infrastructure has proved resilient in protecting the safety of our employees and maintaining our high levels of client service as the vast majority of Group staff work from home.

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

The Company has no fixed costs. Costs for the Group are incurred by the Group's management company, L.D.C. Trust Management Limited. The management recharge is flexible, as is the policy for payment of dividends to the ultimate parent company.

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

Brexit

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

Principal risks and uncertainties

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 contribution was made negligently then claims could arise.

The Directors ensure that proper professional training is in place for all staff working for the Company under L.D.C. Trust Management Limited, which acts as the employing company for the Group, and ensure there is appropriate consultation and where necessary external legal, actuarial and financial advice is taken.

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

Section 172 statement

The Board is responsible for the overall strategy and management of the Company and ensuring that it is acting in accordance with its legal obligations. In discharging its responsibilities, and in addition to acting in the best interests of the Company, the Board takes into account the Group's strategy, purpose, value and culture and acts with the due skill and care that is most likely to promote the success of the Company and to maintain high standards of business conduct. Throughout the global pandemic, the Board has been flexible and continued to meet as scheduled, by hosting meetings virtually.

As part of its deliberations and decision making process, the Board specifically considers the (i) likely consequences of any decision in the long-term; (ii) maintaining its reputation for high standards of business conduct; and (iii) the impact of any of its decisions on the clients serviced by the business it operates. The impact of the Company's operations on suppliers, the community and the environment are considered on a Group basis. Further details of the Group's approach to its stakeholders can be found in its 2020 Annual Report and Accounts on pages 47-49.

It is the Board's view that the Company's main stakeholders are its clients, its parent and other entities within the Group. There is a high level of engagement between the business managed by the Company and the other business areas within the Group to ensure that any decisions made are in the best interests of the Company and its main stakeholders.

Stakeholders	Engagement
Clients	Continued focus on its role as a trusted advisor to its clients and obtaining regular feedback on its services. Moving from predominantly in person meetings to virtual trustee board meetings. Increased virtual client events and meetings. Increased social media presence.
Parent company	Periodic attendance by representatives of the business at Group board meetings to discuss the Company's performance and provide general updates. Reporting to the Group's Executive Risk Committee, where appropriate.
Other entities within the Group	Regular meetings with business heads of other business areas within the Group to discuss operational, performance and business development updates and opportunities.

During 2020, the Company introduced innovative ways to better meet clients' needs, through the channels it offers its services especially in light of the ongoing COVID-19 pandemic. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of the Company's engagement with stakeholders, the Board seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision-making. The Board acknowledges however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

Section 172 statement (continued)

The majority of decisions made by the Board during the year are deemed to be routine in nature. An example of a principal decision that took into consideration the interests of stakeholders was the approval of the payment of a dividend to its parent company. The timing of which required engagement with and consideration of both the parent company's interests and the longer-term interests of the Group. This decision was taken after careful consideration of the financial position of the company, its obligations under the Companies Act 2006 and the need to consider its longer-term relationship with its parent company.

By order of the Board



Alison Skerritt-Black
Law Debenture Corporate Services Limited
Secretary
29 March 2021

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

Directors' report

Directors and Secretary

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

M.H. Ashworth	D.P. Kidd
A. Baker	B.A. Kilpatrick (Resigned 8 June 2020)
D.W.D. Barlow (Appointed 6 April 2020)	E.G. Levy
E. J. Beverley (Appointed 11 February 2020)	S. Minchella (Appointed 4 May 2020)
S.A. Burnard	C.P. Morgan
M.A. Chatterton	V.C. Paramour
A. Creed	S.L. Pitt
D.F.E. Curtis	K. Scott
I.S. Dhingra (Resigned 30 September 2020)	R.H. Thomas
A.A. Eagles	V.H. Trayhurn
D.M. Felder (Resigned 30 September 2020)	N.M. Winterfrost (Appointed 20 December 2020)
A.W. Harrison	
M.I. Jaffe	

The Secretary is Law Debenture Corporate Services Limited.

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

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 providing professional services under 30-day credit terms which it manages through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Directors' interests

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

Dividend and accumulated reserves

During the year 2020, the Company paid a final dividend in relation to the year ended December 2019 of £5,500,000 (2019: £Nil).

There are £1,618,584 (2019: £5,560,271) accumulated reserves carried forward at 31 December 2020 and the Directors are recommending that a dividend of £1,550,000 is paid in relation to 2020.

Statement as to disclosure of information to auditors

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

Strategic information

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

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

Directors' report (continued)

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 489 of the Companies Act 2006.

Stakeholder engagement

It is the Board's view that the Company's main stakeholders are its clients, its parent and other entities within the Group. There is a high level of engagement between the business managed by the Company and the other businesses in the Group to ensure that any decisions made are in the best interests of the Company, the clients serviced by the Company's operations and the Group as a whole. This includes periodic attendance by representatives of the business at Group board meetings and regular senior management meetings.

By order of the Board



Alison Skerritt-Black

Law Debenture Corporate Services Limited

Secretary

29 March 2021

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

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company, which includes taking reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board



Alison Skerritt-Black
Law Debenture Corporate Services Limited
Secretary
29 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAW DEBENTURE PENSION TRUST CORPORATION P.L.C

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC

Use of our report

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

BDO LLP

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

Date: 29 March 2021

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

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

Income statement

for the year ended 31 December

	Note	2020 £	2019 £
Turnover	3	9,828,009	10,248,861
Cost of sales		<u>(101,626)</u>	<u>(259,894)</u>
Gross profit		9,726,383	9,988,967
Administrative expenses	4 & 5	<u>(8,177,841)</u>	<u>(7,513,528)</u>
Profit on ordinary activities before dividend and interest		1,548,542	2,475,439
Bank interest receivable		<u>9,771</u>	<u>41,183</u>
Profit on ordinary activities before taxation		1,558,313	2,516,622
Taxation	6	-	-
Profit and total comprehensive income on ordinary activities after taxation		<u>1,558,313</u>	<u>2,516,622</u>

All amounts relate to 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	2020 £	2019 £
Fixed assets			
Investments	8	<u>250,231</u>	<u>250,231</u>
Current assets			
Debtors	9	6,827,858	4,660,591
Short term cash deposits & cash at bank and in hand		<u>598,421</u>	<u>6,353,696</u>
		7,426,279	11,014,287
Creditors	10	<u>(1,057,926)</u>	<u>(704,247)</u>
Net current assets		<u>6,368,353</u>	<u>10,310,040</u>
Net assets		<u>6,618,584</u>	<u>10,560,271</u>
Capital and reserves			
Called up share capital	11	5,000,000	5,000,000
Retained earnings		<u>1,618,584</u>	<u>5,560,271</u>
Shareholders' funds		<u>6,618,584</u>	<u>10,560,271</u>

Approved and authorised for issue by the Board on 29 March 2021 and signed on its behalf by

Mark Ashworth

M.H. Ashworth
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

	Share capital £	Retained earnings £	Total £
Equity at 1 January 2019	5,000,000	3,043,649	8,043,649
Profit for the period	-	2,516,622	2,516,622
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	2,516,622	2,516,622
Dividend relating to 2019	-	-	-
Total equity at 31 December 2019	5,000,000	5,560,271	10,560,271
Equity at 1 January 2020	5,000,000	5,560,271	10,560,271
Profit for the period	-	1,558,313	1,558,313
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	1,558,313	1,558,313
Dividend relating to 2019	-	(5,500,000)	(5,500,000)
Dividend relating to 2020	-	-	-
Total equity at 31 December 2020	5,000,000	1,618,584	6,618,584

The annexed notes form part of the financial statements.

Notes to the financial statements - 31 December 2020

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

- Certain comparative information as required by IFRS;
- Certain disclosures regarding the Company's capital;
- A statement of 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; and
- Impairment of assets.

Going concern

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

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

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

2. Critical accounting estimates, judgements and policies

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

i) Recognition of income and expenses:

Interest income

Interest income is accrued on a time basis using the effective interest rate applicable.

Independent Professional Services income (IPS)

The Company has disaggregated the IPS revenue into various categories below which depict the nature, amount, timing, and uncertainty of revenue and cash flows.

Annual income

Annual income is derived from the provision of annual trustee services rendered net of any value added tax based on a contracted fee amount. The performance obligations are services provided in the creation of the trust or the structure and the obligations set out in the trust deed or service agreement. The substance of these performance obligations is to "stand ready" to serve the customer and is satisfied over time with revenue recognised straight-line over the time lapsed. Revenue is recognised over the period of service where amounts which are not recognised in the financial period are deferred. Amounts are mostly billed and paid on a quarterly basis.

Pension income

Pension income is the total revenue charged to schemes based on the number of billable hours recorded at a contracted chargeable rate. The performance obligations are to provide the time of professional trustees to the pension trust and the timing of transfer of goods and services are at that point in time. The revenue is recognised in the accounting period in which the time has been recorded with amounts mostly billed and paid on a quarterly basis.

Acceptance fee income

Revenues are derived from acceptance of new business based on the fee charged, which is considered to be the transaction price. The timing of transfer of goods and services is at that point of time, with revenue recognised in the accounting period the transaction occurs net of any value added tax. Amounts are billed and paid on a quarterly basis.

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

- ii) **Investments**
Investments are held at cost. Provision is made where there has been a permanent impairment in value.
- iii) **Basis of consolidation**
The Company 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.
- iv) **Dividend distribution**
Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.
- v) **Financial instruments**
The Company accounts for financial instruments under IFRS 9.

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

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

3. Turnover

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

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

4. Administrative expenses

Resources necessary for the administration of the Company are provided by a Law Debenture group company (L.D.C. Trust Management Limited) for which it has been charged a management fee of £8,006,504 (2019: £7,485,000). In 2020 the Group revised its approach to management fees whereby fees are allocated according to costs relevant to the specific entity and incorporate an allocation of costs incurred for central support functions. Audit fees paid during the year amounted to £19,000 (2019: £17,000).

Non-audit fees paid to the auditors during the year amounted to £Nil (2019: £Nil).

5. Employee information and Directors' emoluments

There were no employees during the year (2019: Nil).

The Directors received no emoluments in respect of their services to the Company during the year (2019: £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	2020	2019
(a) Analysis of taxation charge	£	£
Current tax:		
UK corporation tax	-	-
Total tax (Note (b))	<u>-</u>	<u>-</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:

	2020	2019
	£	£
Profit on ordinary activities before tax	<u>1,558,313</u>	<u>2,516,622</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2019: 19.00%)	296,079	478,158
Effects of:		
Bad debt provision	28,853	2,186
Group relief	<u>(324,932)</u>	<u>(480,344)</u>
Tax charge for year (Note (a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The Company 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.

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

7. Dividend	2020 £	2019 £
Dividend per ordinary share comprises the following: A dividend of 110p per share is approved for 2020 (2019: no dividend)	<u>(5,500,000)</u>	<u>-</u>

8. Investments	2020 £	2019 £
(a) Subsidiary companies as at 1 January and 31 December	<u>250,205</u>	<u>250,205</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 Specialty Chemicals Pensions Trustee Limited. The Directors believe these investments are worth at least the current carrying value in the financial statements.

All subsidiaries are incorporated and have their registered office in the United Kingdom at 8th Floor, 100 Bishopsgate, London EC2N 4AG.

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) Other	2020 £	2019 £
As at 1 January	<u>26</u>	<u>26</u>
As at 31 December	<u>26</u>	<u>26</u>

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

(c) Total investments	2020 £	2019 £
As at 1 January	<u>250,231</u>	<u>250,231</u>
As at 31 December	<u>250,231</u>	<u>250,231</u>

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

9. Debtors	2020	2019
	£	£
Amounts due from group undertakings	2,564,464	890,371
Trade and other receivables	2,003,028	1,447,175
Prepayments and accrued income	2,260,366	2,323,046
	<u>6,827,858</u>	<u>4,660,592</u>

The carrying value represents trade and other receivables which are not impaired. The Directors consider that the carrying value approximates to the fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses trade receivables are grouped based on similar risk characteristics including business area and ageing.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified gross domestic product (GDP) and unemployment trends act as key economic indicators which may impact our customers' future ability to pay debt. At 31 December 2020 the provision in relation to IFRS 9 resulting from credit loss rates is £207,866 (2019: £56,008).

The total specific and IFRS 9 credit loss provision at 31 December 2020 is £209,741 (2019: £57,833). Specific provisions relate to balances 91+ days overdue.

Contract assets and contract liabilities are included within "other accrued income and prepaid expenses" and "deferred income" respectively on the face of the statement of financial position. They arise from where the business enters into contracts that can take more than one year to complete.

10. Creditors	2020	2019
	£	£
Amounts due to group undertakings	555,058	250,000
Trade and other payables	486,275	430,103
Deferred income	16,593	24,144
	<u>1,057,926</u>	<u>704,247</u>

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

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

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

11. Share capital	2020 £	2019 £
Allotted and fully paid share capital:		
5,000,000 ordinary shares of £1	<u>5,000,000</u>	<u>5,000,000</u>

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

12. Capital management

The Company 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 company. The Company reviews this on a regular basis.

13. Ultimate controlling party

All the issued share capital of the Company is owned by The Law Debenture Corporation p.l.c. a company registered in England and Wales (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, Law Debenture Corporate Services Limited, 8th Floor, 100 Bishopsgate, London EC2N 4AG.

14. Related party transactions

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

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

Directors

M.H. Ashworth
A. Baker
D.W.D. Barlow
E.J. Beverley
S.A. Burnard
M.A. Chatterton
A. Creed
D.F.E. Curtis
A.A. Eagles
A.W. Harrison
M.I. Jaffe
D.P. Kidd
E.G. Levy
S. Minchella
C.P. Morgan
V.C. Paramour
S.L. Pitt
K. Scott
R.H. Thomas
V.H. Trayhurn
N.M. Winterfrost

Registered Office

8th Floor
100 Bishopsgate
London
EC2N 4AG

Notice of Meeting

Notice is hereby given that the twenty-second annual general meeting of The Law Debenture Pension Trust Corporation p.l.c. ("the Company") will be held on 30 March 2021 at 8th Floor, 100 Bishopsgate, London EC2N 4AG for the following purposes:

1. To consider and approve the report of the Directors, the strategic report and the audited financial statements for the year ended 31 December 2020.
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



Alison Skerritt-Black
Law Debenture Corporate Services Limited
Secretary
29 March 2021