

LAW DEBENTURE FINANCE P.L.C.
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
REGISTERED NUMBER: 03832429

FRIDAY



L68PVOTS

LD6

16/06/2017

#87

COMPANIES HOUSE

Law Debenture Finance p.l.c.

Director

M.C. Adams
L.D.C. Corporate Director No. 1 Limited
L.D.C. Corporate Director No. 2 Limited

Registered office

Fifth Floor
100 Wood Street
London EC2V 7EX

Notice of meeting

Notice is hereby given that the seventeenth annual general meeting of Law Debenture Finance p.l.c ("the Company") 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 Company's auditors and 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

Law Debenture Finance p.l.c.

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

Strategic report

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

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

The Company acts as a finance vehicle for the Law Debenture group by the issue of a debenture which is listed on the London Stock Exchange.

The Corporations single key performance indicator is profit on ordinary activities before taxation and this is detailed in the Results sections below.

Business review

There have not been any significant changes to the principal activities during the year.

Results

The Company's profit on ordinary activities before taxation was £78,805 (2015: £79,102). The retained deficit carried forward after tax is £1,041,890 (2015: £1,120,695).

Future developments

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

Principal risks and uncertainties

The principal risks of the business relate to its investment activities and include liquidity risk, interest rate risk and credit risk.

By order of the Board



Law Debenture Corporate Services Limited

Secretary

30 March 2017

Law Debenture Finance p.l.c.

Directors' report

The directors present to the members their report and the financial statements of the company for the year ended 31 December 2016.

Financial instruments

The Company has a debenture (see note 5) which pays interest at a fixed rate of 6.125%, half yearly. The cash raised from the debenture has been loaned to group companies and is repayable on demand. Interest is payable at a rate sufficient to ensure that the Company can meet its future costs and the timing of the group interest received is such that the Company can meet its own interest payments.

Directors

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

M.C. Adams (appointed 31 August 2016)

C.J. Banszky (resigned 31 August 2016)

L.D.C. Corporate Director No. 1 Limited

L.D.C. Corporate Director No. 2 Limited

Directors' interests

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

Going concern

The directors have taken note of the deficit incurred to date but believe that provisions contained in the Deed of Undertaking dated 20 September 2000 between Law Debenture Finance p.l.c. and The Law Debenture Corporation p.l.c. put in place adequate resources to make good any losses.

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 Company's auditors are unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company'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

30 March 2017

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 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.

Law Debenture Finance p.l.c.

Independent Auditor's report to the Members of Law Debenture Finance p.l.c.

We have audited the financial statements of Law Debenture Finance 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 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.

Opinion on 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 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 to the Members of Law Debenture Finance p.l.c. (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 OC305127).

Law Debenture Finance p.l.c.

Income statement

for the year ended 31 December

	Note	2016 £	2015 £
Administrative and amortisation expenses			
Administrative expenses	4	(6,925)	(6,829)
Amortisation of debenture issue costs	5	<u>(26,797)</u>	<u>(26,796)</u>
Loss on ordinary activities before interest		(33,722)	(33,625)
Interest receivable	3	2,562,527	2,562,727
Debenture stock interest	5	<u>(2,450,000)</u>	<u>(2,450,000)</u>
Profit on ordinary activities before taxation		78,805	79,102
Taxation	7	-	(2,069)
Profit on ordinary activities after taxation		<u>78,805</u>	<u>77,033</u>

There are no recognised gains or losses other than the result for the year as shown above, and therefore no separate statement of total recognised gains or losses has been presented.

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

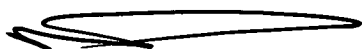
The annexed notes form part of these financial statements.

Law Debenture Finance p.l.c.

Statement of financial position
as at 31 December

	Note	2016 £	2015 £
Current assets			
Debtors	8	<u>39,108,149</u>	<u>39,001,616</u>
Creditors: Amounts falling due within one year	9	<u>(574,971)</u>	<u>(574,040)</u>
Net current assets		38,533,178	38,427,576
Creditors: Amounts falling due after more than one year	10	<u>(39,525,068)</u>	<u>(39,498,271)</u>
Net liabilities		<u>(991,890)</u>	<u>(1,070,695)</u>
Capital and reserves			
Called up share capital	11	50,000	50,000
Retained earnings		(1,041,890)	(1,120,695)
Shareholders' funds (all equity interests)		<u>(991,890)</u>	<u>(1,070,695)</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.

Law Debenture Finance p.l.c.

Statement of changes in equity
for the year ended 31 December

	Share capital £	Profit and loss account £	Total £
Equity at 1 January 2015	50,000	(1,197,728)	(1,147,728)
Profit for the period	-	77,033	77,033
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	77,033	77,033
Dividend relating to 2015	-	-	-
Total equity at 31 December 2015	50,000	(1,120,695)	(1,070,695)
Equity at 1 January 2016	50,000	(1,120,695)	(1,070,695)
Profit for the period	-	78,805	78,805
Other comprehensive income for the period	-	-	-
Total comprehensive income	-	78,805	78,805
Dividend relating to 2016	-	-	-
Total equity at 31 December 2016	50,000	(1,041,890)	(991,890)

The annexed notes form part of these 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 company 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 financial statements have been prepared on a historical cost basis. 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 otherwise required by EU Endorsed 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;
- fair value measurements; or
- impairment of assets.

2. Statement of accounting policies

- (i) **Recognition of income and expenses:** Interest receivable, administrative expenses and interest charges are accounted for on an accruals basis.
- (ii) **Cash flow statement:** The company is a wholly owned subsidiary of The Law Debenture Corporation p.l.c. (a company incorporated in England and Wales) and is included in the consolidated financial statements of that company whose financial statements are publicly available. Consequently, the company has taken advantage of the exceptions from preparing a cash flow statement allowed in accordance with FRS 101 by virtue of IAS 7.
- (iii) **Recognition and de-recognition of assets:** Assets are derecognised only when substantially all the risks and rewards from the financial assets expire, or the transfer otherwise qualifies for de-recognition in accordance with IAS 39.
- (iv) **Fair value:** The estimated fair value of the debenture is based on the redemption yield of a reference gilt plus a margin derived from the spread of A-rated UK corporate bond yields over UK gilt yields.
- (v) **Financial assets:** In applying FRS 101 the Company has made an accounting policy choice by applying the recognition and measurement requirements to IAS 39. and accordingly the loan to group companies is classified as loans and receivables and is initially recognised at fair value and then carried at amortised cost. The measurement is under IAS 39, but the presentation is under FRS 101. Financial assets are initially recognised after deduction of relevant costs at their fair value.
- (vi) **Financial liabilities:** In applying FRS 101 the Company has made an accounting policy choice by applying the recognition and measurement requirements to IAS 39 and accordingly the Debenture issued is also initially recognised at fair value and subsequently measured at amortised cost. The measurement is under IAS 39 but the presentation is under FRS 101. Financial liabilities are initially recognised after deduction of relevant costs at their fair value.
- (vii) **Going concern:** The directors have taken note of the deficit incurred to date but believe that provisions contained in the Deed of Undertaking dated 20 September 2000 between Law Debenture Finance p.l.c. and The Law Debenture Corporation p.l.c. put in place adequate resources to make good any losses

Notes to the financial statements - 31 December 2016

3. Interest Receivable

	2016 £	2015 £
Interest from group undertakings	<u>2,562,527</u>	<u>2,562,727</u>

4. Administrative expenses

No management fee has been charged (2015: £Nil). Audit fees for the year amounted to £3,000 (2015: £2,950). Non-audit fees paid to the auditors during the year amounted to £ 0 (2015: £0)

5. Debenture

The 6.125% bonds were issued by the Company in October 1999 and are guaranteed by The Law Debenture Corporation p.l.c. The £40 million nominal tranche produced proceeds of £39.1 million and is constituted by a Trust Deed dated 12 October 1999 securing a floating charge on the undertaking and assets of The Law Debenture Corporation p.l.c. The stock is redeemable at its nominal value on 12 October 2034. Interest is payable semi-annually in equal instalments on 12 April and 12 October in each year. The finance costs of borrowing are allocated to future periods of its term at a constant rate on the carrying amount.

6. Employee information and Directors' emoluments

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

The directors received no emoluments from the Company in respect of their services to the Company during the year (2015: £Nil).

7. Taxation

(a) Analysis of taxation charge

Current tax:

	2016 £	2015 £
UK Corporation tax	-	2,069
Total current tax (Note (b))	<u>-</u>	<u>2,069</u>

(b) Factors affecting the tax charge for the year

Differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	78,805	79,102
Profit on ordinary activities multiplied by the standard rate of UK Corporation tax at 20.0% (2015: 20.25%)	15,761	16,018
Small companies relief	-	(26)
Group relief	<u>(15,761)</u>	<u>(13,923)</u>
Current tax charge for year (Note (a))	<u>-</u>	<u>2,069</u>

(c) Factors that may affect future tax charges

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

Notes to the financial statements - 31 December 2016

8. Debtors	2016	2015
	£	£
Amounts due from group undertakings	39,105,049	38,998,575
Other accrued income and prepaid expenses	3,100	3,041
	<u>39,108,149</u>	<u>39,001,616</u>
9. Creditors: amounts falling due within one year	2016	2015
	£	£
Debenture interest payable	543,699	543,699
Corporation tax	-	2,069
Amounts due to group undertakings	28,272	25,322
Other creditors	3,000	2,950
	<u>574,971</u>	<u>574,040</u>
10. Creditors: amounts falling due after more than one year	2016	2015
	£	£
Debenture	40,000,000	40,000,000
Debenture issue costs (see note 5)	(474,932)	(501,729)
	<u>39,525,068</u>	<u>39,498,271</u>
11. Share capital	2016	2015
	£	£
Allotted and fully paid share capital: 50,000 ordinary shares of £1 each fully paid	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
12. Financial Instruments		
At 31 December the company held the following categories of financial assets and liabilities.		
	2016	2015
Financial assets	£	£
Amounts due from group undertakings	39,105,049	38,998,575
Financial liabilities		
Trade and other payables	546,699	546,649
Amounts due to group undertakings	28,272	25,322
Debenture	39,525,068	39,498,271

12. Financial Instruments (continued)

Fair values

The debenture is stated in the statement of financial position at book value. The estimated fair value is £58.6 million (2015: £52.2million) and is based on the redemption yield of reference gilts plus a margin derived from the spread of A rated UK corporate bond yields over UK gilt yields (2015: A).

The fair value of all other financial assets and liabilities are considered to be equal to their book values.

13. Risk management and control

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

Liquidity risk:

The Company maintains sufficient cash and liquid resources commiserate with likely future settlements. Amounts due from group entities are payable on demand.

Interest rate risk:

Arising from movements in interest rates on inter company loan balances.

Credit risk:

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

Capital management

The company has no externally imposed capital requirements.
Capital is represented by the corporations net liabilities.

14. 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. 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.

15. 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.