


**LAW DÉBENTURE FINANCE P.L.C.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**REGISTERED NUMBER: 03832429**

WEDNESDAY  
F  
T

		
*ACA1EPI1*		
A25	16/08/2023	#12
COMPANIES HOUSE		
*AC9730II*		
A19	04/08/2023	#164
COMPANIES HOUSE		
7		
A09	06/07/2023	#67
COMPANIES HOUSE		

## **Law Debenture Finance p.l.c.**

### **Strategic report**

The Directors present to the members the Strategic report of the Company, Law Debenture Finance p.l.c., for the year ended 31 December 2022.

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

The Company is a public company, but its shares are not publicly traded.

The Company acts as a finance vehicle for the Law Debenture group ("the Group") by the issue of a debenture which is listed on the London Stock Exchange. The debt provided additional cash for the group to fund investments. The debenture has a 35-year term which matures in 2034. The fixed annual interest rate is 6.125%.

The Company's key performance indicators are profit on ordinary activities before taxation and total assets, which are detailed further in the 'Results and dividend' section below.

#### **Business review**

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

In 2022, administrative expenses increased from £6,926 to £11,482. Underlying profit on ordinary activities before tax has increased from £74,996 to £236,430, this was due to an increase in administrative expenses and adjustments made to the carrying value of the debenture under the effective interest rate ("EIR") method.

#### **Results and dividend**

The Company's profit on ordinary activities before taxation was £236,430 (2021: £74,996). The retained deficit carried forward after tax is £423,330 (2021: £659,760). Total assets at year-end were £39,750,002 (2021: £39,644,764), an increase of 0.27%. The Directors do not recommend the payment of a dividend (2021: nil).

The Company's principal source of income is loan interest on the intercompany balance of £39 million received from its ultimate parent, The Law Debenture Corporation p.l.c. income has remained largely unchanged from the prior year.

#### **The debenture**

Interest costs are fixed, and administrative expenses were unchanged from the prior year.

#### **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. 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.

**Strategic report (continued)**

**Going concern**

The Directors have taken note of the cumulative shareholders' 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. The Law Debenture Corporation p.l.c. has formally confirmed its willingness to provide financial support should it be required for twelve months from the date of signing the financial statements.

As part of this going concern assessment, the Company reviewed the net assets and liquidity of its parent, as the intercompany debtor, in order to fulfil obligations due to the bondholders. The parent's assets consist of cash and securities that are readily realisable, providing confidence around the Company's ability to service the debenture interest as it falls due. This forms part of the Group-wide assessment of going concern whereby a balance sheet assessment was undertaken.

The Directors have also considered the ongoing impact of Covid-19 and the Russian - Ukraine war and have concluded that there is no impact of either development the Company's ability to operate as a going concern.

The Directors are therefore satisfied that the Company can continue on a going concern basis for at least twelve months from the date of these financial statements.

**Principal risks and uncertainties**

The principal risks of the business relate to its investment activities and the associated liquidity and credit risks. The debenture is a fixed interest rate therefore there is no interest rate risk.

*Covenant compliance*

The Company is required to comply with covenants laid out in the Trust Deed. Failure to comply with covenants could result in breach of the requirements of the Deed, which could result in a requirement for debentures to be repaid. In order to mitigate this risk, management and the Directors monitor that the company has not breached the requirements of the Deed on a monthly basis.

*Liquidity risk*

Liquidity risk is the risk arising from any difficulty in realising assets or raising funds to meet commitments associated with the Company's debenture. Failure to meet commitments associated with the debenture could result in default and insolvency. To minimise this risk, the Directors obtain comfort from the parent that financial support will be provided if required; and the strategy of the Company's parent largely limits investments to equities and fixed interest securities quoted in major financial markets. In addition, cash balances are maintained commensurate with likely future settlements. Annual assurance is provided by the parent company that in the case of financial difficulties, it will provide additional funds as required.

*Credit risk*

Credit risk is the risk arising from the failure of another party to perform according to the terms of their contract. The principal credit risk to which the Company is exposed is the intercompany loan with its parent. The Company mitigates this risk by reviewing the parent's net asset, net current asset, and cash positions. The parent minimises credit risk through policies which restrict deposits in its ultimate parent. The Company's maximum exposure to credit risk arising from financial assets is £39.8 million (2021: £39.6 million).

## Law Debenture Finance p.l.c.

### Strategic report (continued)

#### 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 Law Debenture Corporation p.l.c.'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.

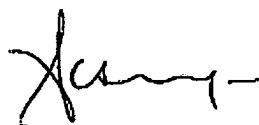
As part of its deliberations and decision-making process, the Board would specifically consider the (i) likely consequences of any decision in the long-term; (ii) maintaining its reputation for high standards of business conduct; and (iii) the impact of any of its decisions on its bondholders. Due to the Company's principal activity and business model, it has no direct suppliers (other than professional advisers), and no physical or direct impact on the environment. The Directors engage with suppliers of the Group regularly throughout the period. As such, 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 2022 Annual Report and Accounts on pages 46-48.

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

Stakeholders	Engagement
Parent company	Periodic attendance by Directors of the Company at Group board meetings to discuss the performance of the corporate trust business 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.
Bondholders	Timely delivery of annual report to the bondholders and payment of semi-annual interest to bondholders, in accordance with contracted duties.

Depending on the nature of the issue in question, the relevance of each stakeholder group may differ. The Board acknowledges however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

By order of the Board



**Law Debenture Corporate Services Limited**  
Secretary  
30 June 2023

## **Law Debenture Finance p.l.c.**

### **Directors' report**

The directors present their annual report on the affairs of Law Debenture Finance p.l.c. ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2022.

### **Financial instruments**

The Company is the issuer of a debenture (see note 7) 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. The risks arising from the use of financial instruments are discussed further in the Strategic Report.

### **Directors and Secretary**

The Directors of the Company during the financial year and up to the signing of the accounts were as follows:

D. Jackson  
L.D.C. Corporate Director No. 1 Limited  
L.D.C. Corporate Director No. 2 Limited

The Secretary is Law Debenture Corporate Services Limited.

### **Directors' indemnities**

During the year, the Company maintained liability insurance for the benefit of Directors and other officers and up to the date of this report.

### **Directors' interests**

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

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2021 £nil).

### **Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

## **Law Debenture Finance p.l.c.**

### **Director's report (continued)**

#### **Strategic information**

Future developments, including the macroeconomic environment and wider geopolitical tensions, including the Russian-Ukraine war and principal business risks and uncertainties have been disclosed in the Strategic report, as permitted by section 414C of the Companies Act 2006.

#### **Auditors**

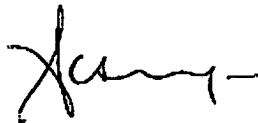
The auditors, Deloitte LLP, were appointed during 2021 and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board



**Law Debenture Corporate Services Limited**  
Secretary  
30 June 2023

**Statement of Directors' responsibilities**

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

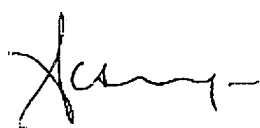
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), comprising FRS 101 'Reduced Disclosure Framework 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 United Kingdom Accounting Standards, comprising FRS 101 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.

By order of the Board



**Law Debenture Corporate Services Limited**

Secretary

30 June 2023

---

**Law Debenture Finance p.l.c.**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAW  
DEBENTURE FINANCE P.L.C**

**Report on the audit of the financial statements**

**1. Opinion**

In our opinion the financial statements of Law Debenture Finance p.l.c. (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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).

**2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Summary of our audit approach**

---

<b>Key audit matters</b>	The key audit matter that we identified in the current year was the valuation of debentures.
--------------------------	--

---



## Law Debenture Finance p.l.c.

Materiality	The materiality that we used in the current year was £397,500 (2021: £396,500) which was determined as 1% of total assets (2021: 1% of total assets).
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	No significant change in our audit approach from last year.

## 4. 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.

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the recoverability of the company's intercompany receivable, based on the net asset and net current asset position of the counterparty;
- Evaluating the borrowing facilities held by the Company and the future plans in respect of these;
- Considering the provisions contained in the Deed of Undertaking and evaluating whether it presents sufficient evidence that there is intent to make good any losses;
- Obtaining evidence from the Company's parent that it is willing to provide support should it be required, and evaluating the commercial rationale for such support; and
- Assessing the appropriateness of the going concern disclosures included within the financial statements.

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.

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 5.1. Valuation of debentures

Key audit matter description	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 debentures were issued by the Company in October 1999 and are guaranteed by the Company's
------------------------------	---

parent undertaking, The Law Debenture Corporation p.l.c.

The nominal tranche of £40 million 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 closing valuation of the debentures as at 31 December 2022 was £39.5 million (2021: £39.7 million).

The debentures represent the most quantitatively significant financial statement line item on the statement of financial position. Additionally, the valuation calculation is prepared manually on spreadsheets, and there is a risk that an error in one or more inputs to the calculation could result in a material misstatement.

Please see the accounting policy in note 3 of the Financial Statements and also see notes 7, 11 and 12 of the financial statements.

---

<b>How the scope of our audit responded to the key audit matter</b>	We have performed the following procedures to test the valuation of debentures at 31 December 2022:
---	---

- obtained the signed Trust Deed and evidence of the debenture issuance at inception to agree the opening balance sheet position;
- obtained an understanding of the relevant controls for valuation of debentures;
- obtained and inspected management's schedule of interest and payments and traced repayments recorded by management during the year to bank statements;
- recalculated interest payable on debentures during the year;
- reviewed board minutes and public filings for any alterations to the debentures which may have been erroneously omitted from the financial statements; and
- compared the expected closing balance to the amounts recorded in the general ledger.

---

<b>Key observations</b>	Based on the work performed we concluded that the valuation of debentures is appropriate.
-------------------------	---

---

## 6. Our application of materiality

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

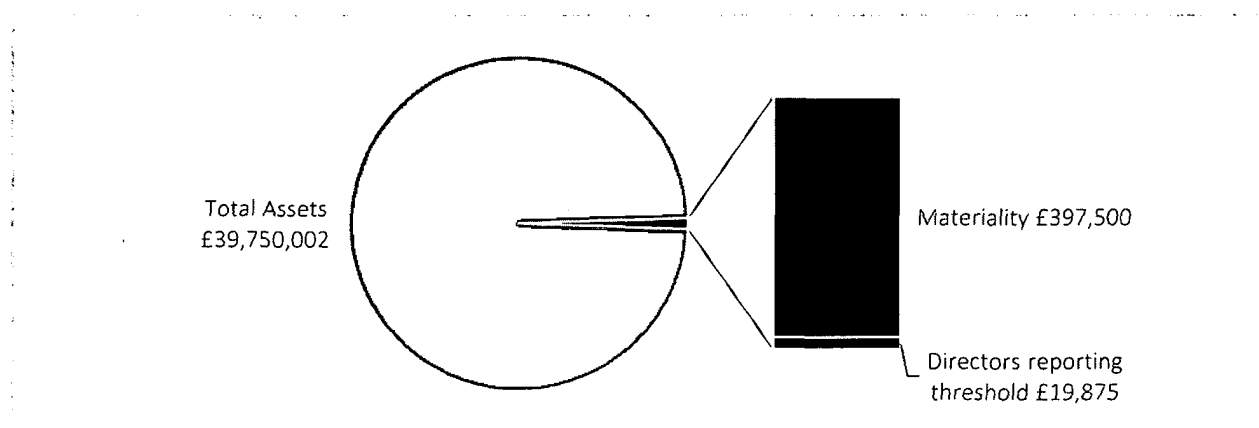
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

## Law Debenture Finance p.l.c.

Materiality £397,500 (2021: £396,500)

Basis for determining materiality for 1% of total assets (2021: 1%)

Rationale for the benchmark applied Total assets represent the value of the debentures issued by the Company, which have been subsequently loaned to other group companies. Users of the financial statements are likely to be most interested in the recoverability of the debt in order to facilitate repayment of the debentures in due course.



### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered our assessment of the Company's overall control environment, the nature, volume and size of misstatements (corrected and uncorrected) in the previous audit, and the size and complexity of the entity.

### 6.3. Error reporting threshold

We agreed with the Directors that we would report to them all audit differences in excess of £19,875 (2021: £19,825), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7. An overview of the scope of our audit

### 7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control and assessing the risks of material misstatement through quantitative and qualitative factors relating to each account balance, class of transactions and disclosure. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

## **Law Debenture Finance p.l.c.**

### **7.2. Our consideration of the control environment**

Management maintains the books and records of the Company centrally. Our audit included obtaining an understanding of the relevant controls at the Company, in particular those over the financial reporting process and the valuation of debentures.

## **8. Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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.

## **9. Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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.

## **10. Auditor's responsibilities for the audit of the financial statements**

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

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

## **Law Debenture Finance p.l.c.**

### **11. Extent to which the audit was considered 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.

#### **11.1. Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, group internal audit and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

#### **11.2. Audit response to risks identified**

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

## Law Debenture Finance p.l.c.

- enquiring of management, the Directors and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance ; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Report on other legal and regulatory requirements

### 12.Opinions 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 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 any material misstatements in the strategic report or the Directors' report.

### 13.Matters on which we are required to report by exception

#### 13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

#### 13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

## **Law Debenture Finance p.l.c.**

### **14. Other matters which we are required to address**

#### **14.1. Auditor tenure**

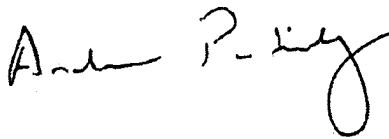
Following the recommendation of the Audit and Risk Committee of the Company's parent company, we were appointed by the Directors on 1 October 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 December 2021 to 31 December 2022.

#### **14.2. Consistency of the audit report with the additional report to the Directors**

Our audit opinion is consistent with the additional report to the Directors we are required to provide in accordance with ISAs (UK).

### **15. 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.



Andrew Partridge (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
30 June 2023

## Law Debenture Finance p.l.c.

### Profit and loss account

For the year ended 31 December

		2022 £	2021 £
<b>Administrative expenses</b>			
Administrative expenses	6	(11,482)	(6,926)
<b>Operating loss</b>		<u>(11,482)</u>	<u>(6,926)</u>
Interest receivable and similar income	5	2,557,839	2,558,719
Interest payable and similar charges	7	<u>(2,309,927)</u>	<u>(2,476,797)</u>
<b>Profit before taxation</b>		236,430	74,996
Tax on profit or loss	9	-	-
<b>Profit for the financial year</b>		<u>236,430</u>	<u>74,996</u>

There are no other comprehensive income/expense items in the current or prior years, therefore the profit for these years represents the comprehensive income.

All amounts relate to continuing operations.

The annexed notes form part of these financial statements.



**Law Debenture Finance p.l.c.****Balance Sheet**

as at 31 December 2022

	Note	2022 £	2021 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	3,482	3,482
Debtors: amounts falling due after more than one year	10	39,700,002	39,641,282
Cash at bank and in hand		50,000	50,000
		<u>39,750,002</u>	<u>39,644,764</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(603,471)</u>	<u>(595,471)</u>
<b>Net current assets</b>		<b>39,146,531</b>	<b>39,049,293</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(39,519,861)</b>	<b>(39,659,053)</b>
<b>Net liabilities</b>		<u><b>(373,330)</b></u>	<u><b>(609,760)</b></u>
<b>Equity</b>			
Called up share capital	13	50,000	50,000
Profit and loss account		(423,330)	(659,760)
<b>Total shareholders' deficit</b>		<u><b>(373,330)</b></u>	<u><b>(609,760)</b></u>

Approved and authorised for issue by the Board on 30 June 2023 and signed on its behalf by


**D. Jackson**  
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

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2021	50,000	(734,756)	(684,756)
Profit for the year	-	74,996	74,996
Balance as at 31 December 2021	50,000	(659,760)	(609,760)
Balance as at 1 January 2022	50,000	(659,760)	(609,760)
Profit for the year	-	236,430	236,430
Balance as at 31 December 2022	50,000	(423,330)	(373,330)

The annexed notes form part of these financial statements.

**Notes to the financial statements for the year ended 31 December 2022**

**1. General information**

Law Debenture Finance p.l.c. (the 'Company') is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 24.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

**2. New standards, amendments, IFRIC interpretations and new relevant disclosure requirements**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

**3. Significant accounting policies**

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.

**Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a historical cost basis, and in accordance with the Companies Act 2006. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

**Summary of disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Certain comparative information as required by paragraph 38 of IAS 1, 'Presentation of financial statements';
- Certain disclosures regarding the Company's capital;
- IAS 7, 'Statement of cash flows';
- The effect of future accounting standards not yet adopted as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors';
- The disclosure of the remuneration of key management personnel required by IAS 24, 'Related party disclosures'; and
- Disclosure of related party transactions with other wholly owned members of the group headed by The Law Debenture Corporation p.l.c. as required by IAS 24, 'Related party disclosures'.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**3. Significant accounting policies (continued)**  
**Summary of disclosure exemptions (continued)**

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 IFRS 7 'Financial instruments'.

**Basis of consolidation**

The company is a wholly owned subsidiary of within The Law Debenture Corporation p.l.c group. It is included in the consolidated financial statements of The Law Debenture Corporation p.l.c. group, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 8th Floor, 100 Bishopsgate, London EC2N 4AG.

The financial statements of The Law Debenture Corporation p.l.c. can be obtained as described in note 15.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3 along with principal risks and uncertainties. In assessing the going concern status, the directors have taken into account the above factors, including the financial position of the Company and the accumulated net shareholders' deficit.

As at year-end, the Company has net liabilities and net current liabilities. However, the Directors believe that provisions contained in the Deed of Undertaking dated 20 September 2000 between the Company and its parent put in place adequate resources to make good any losses. The Directors have also obtained formal assurances from the Company's parent that financial support will be provided by the Company's parent should it be required over the twelve month period from the date of these financial statements.

The Directors have also reviewed the net assets and liquidity of its parent, as the intercompany debtor, in order to fulfil obligations due to the bondholders. The parent's assets consist of cash and securities that are readily realisable, providing confidence around the Company's ability to service the debenture interest as it falls due. This forms part of the Group-wide assessment of going concern whereby a balance sheet assessment was undertaken.

Having assessed the principal risks, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The Directors have also given regard to the ongoing impact of the macroeconomic environment and wider geopolitical tensions, including the Russian-Ukraine war and have concluded that there are no going concern issues as a result of any event.

After making appropriate enquiries and considering the above factors, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future, being at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**3. Significant accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

*Initial recognition*

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Classification and subsequent measurement*

*Financial assets*

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. In the current and prior period, the classification of financial assets is "amortised cost" as they are intercompany receivables relating to solely payments of principal and interest.

*Financial liabilities*

Long-term borrowings are recognised initially at fair value, which are generally the proceeds net of transaction costs incurred. The difference between the proceeds net of transaction costs and the redemption value will continue to be recognised in the income statement over the term of the borrowings using the effective interest rate method.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**3. Significant accounting policies (continued)**  
**Financial instruments (continued)**

*Amortised cost and effective interest method (continued)*

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item (note 5).

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

**Amounts due from / to group undertakings**

Intercompany debtor and creditor balances are presented on a net basis to reflect the intercompany netting arrangement in place for the year ended 31st December 2022. In 2021 these balances were presented on a gross basis.

Notes to the financial statements for the year ended 31 December 2022 (continued)

**4. Critical accounting judgements and key sources of estimation uncertainty**

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:

In applying the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates.

In preparing these financial statements, the Directors have concluded there are no critical accounting judgements and no key sources of estimation uncertainty.

**5. Interest receivable and similar income**

	2022 £	2021 £
Interest from group undertakings	<u>2,557,839</u>	<u>2,558,719</u>

**6. Administrative expenses**

No management fee has been charged (2021: £Nil). Audit fees for the year amounted to £8,000 (2021: £7,000). Non-audit fees paid to the auditors during the year amounted to £Nil (2021: £Nil).

**7. 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.

**8. Employee information and Directors' emoluments**

There were no employees during the year (2021: Nil).

The Directors received no emoluments from the Company in respect of their services to the Company during the year (2021: £Nil).

## Law Debenture Finance p.l.c.

### Notes to the financial statements for the year ended 31 December 2022 (continued)

9. Taxation	2022	2021
(a) Analysis of taxation charge	£	£
Current tax:		
UK corporation tax	-	-
Total current tax (Note (b))	-	-

#### (b) Factors affecting the tax charge for the year

The standard rate of corporation tax applied to reported profit is 19 per cent (2021: 19 per cent).

The applicable rate has changed following the substantive enactment of the Finance Act 2022.

The charge for the year can be reconciled to the profit before tax as follows:

Differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	73,043	74,996
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2021: 19.00%)	13,878	14,249
Group relief	(13,878)	(14,249)
Current tax charge for year (Note (a))	-	-

#### (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.

10. Debtors	2022	2021
	£	£
<b>Amounts falling due within one year</b>		
Other accrued income and prepaid expenses	-	3,482
<b>Amounts falling due after more than one year</b>		
Amounts due from group undertakings	39,700,002	39,641,282
<b>Total debtors</b>	<b>39,700,002</b>	<b>39,644,763</b>

The carrying value represents receivables which are not impaired.

The amounts due from group undertakings are in relation to servicing the debenture interest. The Company does not expect credit losses from these undertakings based on the creditworthiness of the parent, including its accessible cash through high liquidity levels. Therefore, there are no expected credit losses. Amounts due from group undertakings are unsecured, and bear interest at a markup of 5% over the interest charge on the debenture. In addition, they have no fixed date of repayment, but repayment is expected to mirror the maturity of the debenture.



Notes to the financial statements for the year ended 31 December 2022 (continued)

<b>11. Creditors:</b> amounts falling due within one year	<b>2022</b>	<b>2021</b>
	£	£
Debenture interest payable	554,899	553,899
Amounts due to group undertakings	48,572	38,090
Other creditors	-	3,482
	<u>603,471</u>	<u>595,471</u>

<b>12. Creditors:</b> amounts falling due after more than one year	<b>2022</b>	<b>2021</b>
	£	£
Debenture (redeemable 12 October 2034)	40,000,000	40,000,000
Debenture issue costs (see note 7)	(314,151)	(340,947)
Amortisation	(165,988)	-
	<u>39,519,861</u>	<u>39,659,053</u>

Following a review in the current period, it was determined that the carrying value of the debenture issued by the company should be corrected to reflect amortised cost under the effective interest rate ("EIR") method, resulting in an additional adjustment amounting to £165,988.

<b>13. Share capital</b>	<b>2022</b>	<b>2021</b>
	£	£
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>

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 (2021: no reclassifications).

**14. Financial instruments**

At 31 December the Company held the following categories of financial assets and liabilities.

	<b>2022</b>	<b>2021</b>
	£	£
<b>Financial assets</b>		
Amounts due from group undertakings	39,700,002	39,641,282
<b>Financial liabilities</b>		
Trade and other payables	554,899	557,381
Amounts due to group undertakings	48,572	38,090
Debenture	39,519,861	39,659,053

**15. Ultimate controlling party**

One issued share is owned by Law Debenture Corporate Services Limited, a company registered in England, United Kingdom. The remaining issued share capital of the Company is owned by The Law Debenture Corporation p.l.c., the ultimate controlling party, 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, Law Debenture Corporate Services Limited, 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**16. Related party transactions**

As a wholly owned subsidiary of The Law Debenture Corporation p.l.c. and Law Debenture Corporate Services Limited, 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.

**17. Post Balance Sheet Events**

There were no post balance sheet events.

## **Law Debenture Finance p.l.c.**

### **Directors**

D. Jackson  
L.D.C. Corporate Director No 1 Limited  
L.D.C. Corporate Director No 2 Limited

### **Registered office**

8<sup>th</sup> Floor  
100 Bishopsgate  
London  
EC2N 4AG

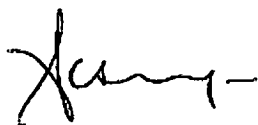
### **Notice of meeting**

Notice is hereby given that the twenty-third annual general meeting of Law Debenture Finance p.l.c. ("the Company") will be held on 30 June 2023 at 8<sup>th</sup> 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 2022.
2. To reappoint Deloitte 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 June 2023