

Registered Number: 03981077

**LEGAL INDEMNITY OPERATIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2015**

Registered Office:

113 Chancery Lane  
London WC2A 1PL  
United Kingdom

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# LEGAL INDEMNITY OPERATIONS LIMITED

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## **LEGAL INDEMNITY OPERATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2015**

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The directors have pleasure in submitting their annual report, together with the audited financial statements, for the year ended 31 October 2015. This report has been prepared in accordance with special provisions relating to small companies within Part 15 of the Companies Act 2006.

In line with special provisions relating to small companies within Part 15 of the Companies Act 2006, the Company has chosen not to prepare a Strategic Report.

#### **Review of the Business**

In 2010 the Company entered into a business sale agreement to transfer its staff, assets and certain contracts to Vision Underwriting Limited. As the Company has no other business it has ceased trading. As part of the agreement entered into during 2010, Vision Underwriting Limited provides services to the Company in relation to the wind down of Legal Indemnity Operations Limited for the purposes of effecting a members voluntary winding up. During 2014, the terms of the agreement were amended to reflect a change in counterparty from Vision Underwriting Limited to Liberty Mutual Insurance Europe Limited (the parent company of Vision Underwriting Limited).

#### **Results and dividends**

The results for the year are set out in the accompanying profit and loss account. The result for the financial year was a loss of £928 (2014: £10,073).

#### **Directors**

The following were Directors during the year and up to the date of signing of the financial statements:

D. A. McIntosh (Chairman)  
D. Hudson (Retired 11 March 2015)  
G. Raubenheimer  
W. R. Treen  
R. Collins  
C. Dixon (Appointed 11 March 2015, retired 4 December 2015)  
T. Fothergill (Appointed 2 December 2015)

#### **Company secretary**

Andrew Darby

#### **Statement of Directors' responsibilities**

The directors are responsible for preparing the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **LEGAL INDEMNITY OPERATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2015 (continued)**

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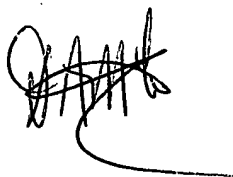
#### **Statement of Directors' responsibilities (continued)**

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.

#### **Statement of Disclosure of Information to Auditors**

In the case of each director in office at the date the Directors' report is approved under Section 418 of the Companies Act 2006, the following applies:

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



D A McIntosh  
24 March 2016

**Chairman**

## **LEGAL INDEMNITY OPERATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEGAL INDEMNITY OPERATIONS LIMITED**

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#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Legal Indemnity Operations Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2015 and of its loss 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.

##### **What we have audited**

Legal Indemnity Operations Limited's financial statements comprise:

- the Balance Sheet as at 31 October 2015;
- the Profit and Loss Account for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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 no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

##### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

## LEGAL INDEMNITY OPERATIONS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEGAL INDEMNITY OPERATIONS LIMITED (continued)

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#### Responsibilities for the financial statements and the audit

##### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on pages 2-3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Julian Jenkins (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

24 March 2016

**LEGAL INDEMNITY OPERATIONS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015**

		<b>31 October 2015</b>	<b>31 October 2014</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Administrative expenses		<b>(1,428)</b>	(10,402)
<b>Operating loss</b>		<b>(1,428)</b>	(10,402)
Interest receivable and similar income		<b>500</b>	329
Loss on ordinary activities before taxation	3	<b>(928)</b>	(10,073)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	9	<b>(928)</b>	(10,073)

The Company has no recognised gains or losses other than shown above. Accordingly, no statement of total recognised gains and losses has been presented.

The loss for the financial year is wholly in respect of discontinued activities.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 11 form part of these financial statements.

**LEGAL INDEMNITY OPERATIONS LIMITED****BALANCE SHEET AS AT 31 OCTOBER 2015**

		31 October 2015	31 October 2014
	Notes	£	£
<b>CURRENT ASSETS</b>			
Debtors	6	-	620
Cash at bank and in hand		342,202	347,510
		<u>342,202</u>	<u>348,130</u>
<b>CREDITORS: amounts falling due within one year</b>	7	-	(5,000)
<b>NET ASSETS</b>		<u>342,202</u>	<u>343,130</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	500,000	500,000
Profit and loss account	9	(157,798)	(156,870)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>342,202</u>	<u>343,130</u>

The financial statements on pages 6 to 8 were approved by the Board of Directors on 24 March 2016 and signed on its behalf by:



D A McIntosh

Chairman

The notes on pages 9 to 11 form part of these financial statements.

Registered Company Number: 3981077



**LEGAL INDEMNITY OPERATIONS LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 OCTOBER 2015**

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	<b>31 October 2015</b>	<b>31 October 2014</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	<b>343,130</b>	353,203
Loss for the financial year	<b>(928)</b>	(10,073)
<b>Closing shareholders' funds</b>	<b>342,202</b>	<b>343,130</b>

The notes on pages 9 to 11 form part of these financial statements.

## **LEGAL INDEMNITY OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015**

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#### **1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### **a) Basis of Presentation**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

##### **b) Expenses**

Expenses are recognised in the period to which the expenditure relates.

##### **c) Cash Flow Statement**

As the Company's financial statements are consolidated within the financial statements of The Law Society, which are available at 113 Chancery Lane, London, WC2A 1PL, the Company has taken advantage of the exemption contained in Financial Reporting Standard (FRS) 1 (Revised 1996) (Cash Flow Statements) not to present its own cash flow.

##### **d) Deferred Taxation**

Deferred taxation is recognised in respect of all timing differences (except those noted as exceptions in the accounting standard) that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing difference can be deducted.

#### **2. EMPLOYEES**

The company did not employ any staff in the current or previous year, following the transfer of staff to Vision Underwriting Limited in 2010.

#### **3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The audit fee for the current and prior year is borne by the Solicitors Indemnity Fund, a related entity.

#### **4. DIRECTORS' REMUNERATION**

No directors received any remuneration from Legal Indemnity Operations Limited nor had any retirement benefits accruing under a money purchase scheme (2014: Nil).

Any remuneration paid to the Directors in the current and prior year is borne by Solicitors Indemnity Fund and reflected within its financial statements.

**LEGAL INDEMNITY OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015**  
(continued)**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

There is no tax charge in the current year.

	31 October 2015	31 October 2014
	£	£
<b>a) Taxation on loss on ordinary activities</b>		
Analysis of tax charge in the year		
United Kingdom Corporation Tax	-	-
Tax charge on loss on ordinary activities	-	-
<b>b) Tax reconciliation</b>		
Loss on ordinary activities before taxation	(928)	(10,073)
Loss on ordinary activities at the small companies' rate of 20% (2014: 20%)	(186)	(2,015)
Expenses disallowed for tax purposes		1,000
Unutilised tax losses	186	1,015
<b>Total current tax charge for the year</b>	-	-

The company has unutilised tax losses amounting to £4,959 (2014: £4,773). Given that the company is dormant it is not expected that there will be future profits against which to utilise these losses, as such a deferred tax asset has not been recognised.

**6. DEBTORS**

	31 October 2015	31 October 2014
	£	£
Other debtors	-	620
	-	620

All amounts are considered due within one year.

**7. CREDITORS: Amounts falling due within one year**

	31 October 2015	31 October 2014
	£	£
Other creditors	-	5,000
	-	5,000

## LEGAL INDEMNITY OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR MONTHS ENDED 31 OCTOBER 2015 (Continued)

#### 8. CALLED UP SHARE CAPITAL

	31 October 2015	31 October 2014
	£	£
<b>Authorised, allotted and fully paid:</b>		
500,000 ordinary shares of £1 each (2014:		
500,000)	<u>500,000</u>	<u>500,000</u>

#### 9. PROFIT AND LOSS ACCOUNT

	31 October 2015	31 October 2014
	£	£
As at 1 November	(156,870)	(146,797)
Loss for the financial year	<u>(928)</u>	<u>(10,073)</u>
As at 31 October	<u>(157,798)</u>	<u>(156,870)</u>

#### 10. RELATED PARTIES

The company previously provided claims management and run-off administrative services to Solicitors Indemnity Fund Limited, a quasi-subsiary of The Law Society, under an agreement entered into between the Company, Solicitors Indemnity Fund Limited and The Law Society of England & Wales. This agreement was terminated in 2010.

There were no other material related party transactions.

#### 11. HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

The Company's shares are held by The Law Society of England & Wales. The Law Society is considered to be the company's parent entity. In the opinion of the Directors the ultimate controlling party is the Council of The Law Society by virtue of its governing control over that entity.

Consolidated financial statements including this company are prepared by The Law Society, which is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 October 2015.

Copies of the Law Society's consolidated financial statements can be obtained from The Law Society, Law Society Hall, 113 Chancery Lane, London, WC2A 1PL.