

LDC (NCS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

REGISTERED NUMBER: 07384180



LDC (NCS) LIMITED

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

Strategic report

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

We act as trustee to enable British Airways to preserve its UK nationality for the purposes of certain international traffic rights, following its merger with Iberia.

Acting through a special purpose subsidiary, we hold British Airways B shares – which carry minimal economic rights – representing 50.1% of the total number of issued shares in BA, exercising the votes attaching to the shares in accordance with the terms of the trust (2018: 50.1%).

The Company's single key performance indicator is profit on ordinary activities before taxation, which is detailed below.

Business review

There have not been any changes to the activity of the Company in the year.

Turnover has increased by 22.4% (2019: increased 5.4%), and profit on ordinary activities before taxation decreased by 73.0% (2019: decrease 52.1%), as a result of higher discretionary management fees.

Results, dividend and reserves

The Company's profit on ordinary activities before taxation for the year was £7,665 (2019: £28,405). The Directors do not recommend a dividend this year (2019: nil).

There are £169,173 accumulated reserves carried forward (2019: £161,508).

COVID-19

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

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

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

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

LDC (NCS) LIMITED

Strategic report (continued)

The Company's primary activity is holding British Airways B shares that provide the right to vote at AGMs in order to retain a majority British ownership, thereby protecting British Airways' landing rights which is of significant importance for British Airways. The Company has no outstanding trade receivables at the time of signing.

Brexit

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

Principal risks and uncertainties

The principal risks of the business arise during the course of defaults, potential defaults and restructurings in the capital markets transactions where we have been appointed to provide trustee and related services. To mitigate these risks, we work closely with our legal advisers, both in the set up phase to ensure that we have as many protections as practicable and at all other stages whether or not there is a danger of default.

By order of the Board



A Skerritt

Law Debenture Corporate Services Limited

Secretary

20 April 2021

LDC (NCS) LIMITED

Directors' report

Directors and Secretary

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

D. Jackson
D.A. Levene (Resigned 30 November 2020)
E. Solarz (Appointed 30 November 2020)

The Secretary is Law Debenture Corporate Services Limited.

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

Directors' interests

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

Statement as to disclosure of information to auditors

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

Financial instruments

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

Future developments

There have not been any significant changes to the principal activities during the year. The Directors are not aware at the date of the report of any likely changes in the Company's activities in the next year.

Strategic information

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

Auditors

BDO LLP, having indicated a willingness to continue in office, will be deemed to be reappointed as auditors under section 487 (2) of the Companies Act 2006.

By order of the Board



A Skerritt
Law Debenture Corporate Services Limited
Secretary
20 April 2021

LDC (NCS) LIMITED

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

By order of the Board



A Skerritt
Law Debenture Corporate Services Limited
Secretary
20 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDC (NCS) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

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

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

LDC (NCS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDC (NCS) LIMITED

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDC (NCS) LIMITED

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

LDC (NCS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDC (NCS) LIMITED

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

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

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

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

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

Use of our report

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

BDO LLP

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

Date: 20 April 2021

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

LDC (NCS) LIMITED**Income statement**

for the year ended 31 December

| | Note | 2020 £ | 2019 £ |
|--|-------|------------------|-----------------|
| Turnover | 3 | 141,882 | 115,905 |
| Gross profit | | 141,882 | 115,905 |
| Administrative expenses | 4 & 5 | (134,217) | (87,500) |
| Profit on ordinary activities before taxation | | 7,665 | 28,405 |
| Taxation | 6 | - | - |
| Profit and total comprehensive income on ordinary activities after taxation | | 7,665 | 28,405 |

All amounts relate to continuing operations.

The annexed notes form part of these financial statements.

LDC (NCS) LIMITED**Statement of financial position**
as at 31 December

| | Note | 2020 £ | 2019 £ |
|---|------|----------------|----------------|
| Current assets | | | |
| Debtors | 7 | 341,223 | 275,846 |
| Creditors: Amounts falling due within one year | 8 | (172,049) | (114,337) |
| Net assets | | <u>169,174</u> | <u>161,509</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1 | 1 |
| Retained earnings | | 169,173 | 161,508 |
| Shareholders' funds | | <u>169,174</u> | <u>161,509</u> |

Approved and authorised for issue by the Board on 20 April 2021 and signed on its behalf by



D. Jackson
Director

The annexed notes form part of these financial statements.

LDC (NCS) LIMITED

Statement of changes in equity for the period ended 31 December

| | Share capital £ | Retained earnings £ | Total £ |
|---|-----------------------|---------------------------|----------------|
| Equity at 1 January 2019 | 1 | 133,103 | 133,104 |
| Profit for the period | - | 28,405 | 28,405 |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive income | - | 28,405 | 28,405 |
| Dividend relating to 2019 | - | - | - |
| Total equity at 31 December 2019 | 1 | 161,508 | 161,509 |
| Equity at 1 January 2020 | 1 | 161,508 | 161,509 |
| Profit for the period | - | 7,665 | 7,665 |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive income | - | 7,665 | 7,665 |
| Dividend relating to 2020 | - | - | - |
| Total equity at 31 December 2020 | 1 | 169,173 | 169,174 |

The annexed notes form part of these financial statements.

Notes to the financial statements - 31 December 2020

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The presentation currency used is sterling and amounts have been presented in round pounds.

Disclosure exemptions

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

- Certain comparative information as required by IFRS;
- Certain disclosures regarding the Company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of the group headed by The Law Debenture Corporation p.l.c.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosure is included in the consolidated financial statements of The Law Debenture Corporation p.l.c. These financial statements do not include certain disclosures in respect of:

- Business combinations;
- Financial instruments; and
- Impairment of assets.

Going concern

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

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

LDC (NCS) LIMITED

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

2. Critical accounting estimates, judgements and policies

i) Recognition of income:

Annual income

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

Recoverable expenses

Where expenses are recoverable from third parties, the recoveries and expenses are included in both the turnover and cost of sales line within the income statement.

ii) Financial instruments

The Company accounts for financial instruments under IFRS 9.

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

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

3. Turnover

All turnover arises from trustee fees.

4. Administrative expenses

Resources necessary for the administration of the Company are provided by L.D.C. Trust Management Limited for which it has charged a management fee of £131,717 (2019: £86,000). Audit fees paid in the year amounted to £2,500 (2019: £1,500). Non-audit fees paid to the auditors during the year amounted to £Nil (2019: £5,000).

5. Employee information and Directors' emoluments

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

The Directors received no emoluments in respect of their services to the Company during the year, but they were remunerated for their services to the group as a whole by L.D.C. Trust Management Limited which acts as the employing company for the group.

LDC (NCS) LIMITED

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

| 6. Taxation | 2020 | 2019 |
|---------------------------------|------|------|
| (a) Analysis of taxation charge | £ | £ |
| Current Tax: | | |
| UK company tax | - | - |
| Total current tax (Note (b)) | - | - |

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2020 | 2019 |
|--|---------|---------|
| | £ | £ |
| Profit on ordinary activities before tax | 7,665 | 28,405 |
| Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2019: 19.00%) | 1,456 | 5,397 |
| Effects of: | | |
| Tax paid at small companies' rate | - | - |
| Group relief | (1,456) | (5,397) |
| 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

LDC (NCS) LIMITED

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

| 7. Debtors | 2020 £ | 2019 £ |
|-------------------------------------|----------------|----------------|
| Amounts due from group undertakings | <u>341,223</u> | <u>275,846</u> |
| | <u>341,223</u> | <u>275,846</u> |

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

The Company has no trade receivables at 31 December 2020 (2019: Nil).

Amounts due from group undertakings represent intercompany loans which are interest-free and repayable on demand. There is no history of credit losses in relation to the intercompany debtors.

| 8. Creditors: amounts falling due within one year | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Amounts due from group undertakings | 53,773 | - |
| Deferred income | 114,265 | 112,826 |
| Other creditors | <u>4,011</u> | <u>1,511</u> |
| | <u>172,049</u> | <u>114,337</u> |

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

| 9. Share capital | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Allotted and fully paid share capital: | | |
| 5 ordinary shares of £0.20 each fully paid | 1 | 1 |
| (2019: 5 ordinary shares of £0.20 fully paid). | <u>1</u> | <u>1</u> |

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

LDC (NCS) LIMITED

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

10. 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, Law Debenture Corporate Services Limited, 8th Floor, 100 Bishopsgate, London EC2N 4AG.

11. 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.

12. Events after the reporting period

There were no post balance sheet events.