

Registered number: 01604930

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2015**

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**TRAFALGAR HOUSE TRUSTEES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

Mr J O Froeshaug  
Mr R M Bartley  
Mr D J E Day  
Mrs M R A Ellis  
Mr A Gemmell  
Mr N C Jensen  
Mr D Moorhouse  
Mr J M Sampson

**SECRETARY**

Mr G Wake

**COMPANY NUMBER**

1604930

**REGISTERED OFFICE**

30 Coleman Street  
London  
EC2R 5AL

**AUDITORS**

Crowe Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

# TRAFALGAR HOUSE TRUSTEES LIMITED

## CONTENTS

	Page
<b>Strategic report</b>	4 - 5
<b>Directors' report</b>	6 - 7
<b>Independent auditors' report</b>	8 - 9
<b>Consolidated income statement</b>	10
<b>Consolidated statement of comprehensive income</b>	11
<b>Consolidated statement of financial position</b>	12
<b>Company statement of financial position</b>	13
<b>Consolidated statement of cash flows</b>	14
<b>Consolidated statement of changes in equity</b>	15
<b>Company statement of changes in equity</b>	15
<b>Notes to the financial statements</b>	16 - 30

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **STRATEGIC REPORT For the year ended 31 March 2015**

The directors present the Strategic Report of Trafalgar House Trustees Limited (THTL) for the year ended 31 March 2015.

#### **REVIEW OF THE BUSINESS IN THE YEAR**

The Group's principal activity in the year, and since its establishment on 16 October 2006, has been the provision of pension administration and Trustee secretarial services to a portfolio of third-party clients, including our parent, the Trustee of the Trafalgar House Pension Trust (the "Trust"), for whom investment related services are also provided. These services are provided by Trafalgar House Pensions Administration Ltd (THPA), the wholly owned subsidiary of THTL.

The Group continues to develop its third-party administration business, and building on the significant success that we have seen during the period. The underlying aim also remains of continually enhancing the quality of service to all clients and their members against which we have also seen progress during the year as follows:

- We were appointed by three new clients to provide administration services for initial contract periods of five years plus. We commenced providing services for these new clients respectively in July 2014, December 2014 and at the beginning of May 2015. These appointments bring the total number of third-party clients to fifteen by the close of the year.
- As well as delivering the ongoing service to our increasing client base, a number of complex projects have been undertaken during the year resulting in the significant growth of project related income. Amongst other projects, we have continued to carry out member data analysis and cleanse work, GMP reconciliations and de-risking exercises for our clients, and we have upgraded member websites.
- The Group's ethic of providing a first class service to its clients and their members is supported by regular member questionnaires and other informal feedback. This year we also commissioned an independent face to face market insight analysis, interviewing both existing and prospective clients, as well as recognised industry thought leaders. The results of the exercise are being used to further define and shape our service offering going forward.

#### **PENSIONS AND EMPLOYEE MATTERS**

With effect from 30 June 2014 the Directors of THPA agreed that the Trust would cease to be used to provide future pension benefits for THPA staff. An alternative Group Personal Pension scheme was set-up from 1 July 2014.

The death-in-service and incapacity benefits for staff continue to be provided by the Trust and on the same basis as before. THPA makes monthly payments to the Trust, as calculated by the Actuary, in respect of these benefits.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group faces a variety of risks in the operation of its business. These risks are actively monitored and managed at multiple levels by our Risk & Compliance Manager, the Senior Managers within the business, the Executive Directors, and the wider Board.

##### **Employee Retention Risk**

Our long-term retention of staff is one of our principle assets, which enables us to deliver first-class service to our clients. We have a core team of stable permanent staff and we add to this with short-term contract positions to cover peak workloads or specific projects.

Staff turnover across the business is very low. The turnover percentage of permanent staff across the whole business for the last three calendar years totals 6.35%.

##### **Liquidity and cash flow risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group retains sufficient cash, invested in short term deposits, to meet its foreseeable needs over the next year, subject to projected cash flows from trading.

## TRAFALGAR HOUSE TRUSTEES LIMITED

### STRATEGIC REPORT For the year ended 31 March 2015

#### Exchange risk

The Group has no assets held in foreign currencies.

#### Interest rate risk

The Group has no bank borrowings or finance and continues to operate its working capital with positive cash reserves. Accordingly, the Group's exposure to interest rate fluctuations on its cash deposits is managed by the use of current accounts and short term deposits. This maximises interest earned on the cash which is surplus to current needs.

#### Credit risk

The Group's principal financial assets are bank deposits, cash and trade debtors. The credit risk associated with the bank deposits is limited and therefore the principal credit risk arises from trade debtors.

In order to manage credit risk the Directors set limits for customers based on a regular review of debt ageing and collection history. For new customers with a limited history, checks are carried out, and payment can be required in advance of services being provided.

Formal agreements are in place with all customers, which determine the underlying bases for payment terms.

#### FINANCIAL KEY PERFORMANCE INDICATORS

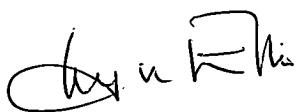
The Directors consider the key performance indicators to be systems development, employee retention, the profit for the year and debtor collection period. They specifically do not regard turnover as a key performance indicator as it is highly variable depending upon amounts paid out on behalf of the Trust in various fees.

The turnover for the Group for the year ended 31 March 2015 was £6,879,734 (2014: £9,625,565). The significant decrease in turnover from prior year is predominantly the result of a decrease in Trust expenditure in the current year, which is paid on its behalf by THPA and recharged as income.

The profit for the year and debtor collection period is comparable with the prior year and is considered satisfactory.

The profit for the year, before taxation, amounts to £134,203 (2014: £134,981). This is reflective of our Third-Party business as well as project work undertaken in the year. The profit for the year, after taxation, is £112,096 (2014: profit £130,972).

This report was approved by the board on 27 May 2015 and signed on its behalf.



**M R A Ellis**  
Director

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **DIRECTOR'S REPORT For the year ended 31 March 2015**

The directors present their report and the financial statements for the year ended 31 March 2015.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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 (Financial Reporting Standard 102 and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **GOING CONCERN**

The Directors are satisfied that it is appropriate to adopt the Going Concern basis when preparing the Financial Statements since the company is expected to continue to be able to meet its day to day working capital requirements through the cash generated by its principal activities.

#### **DIVIDEND**

The Directors do not recommend the payment of any dividend to shareholders at this time. Profits are retained to support the needs of the business' growth.

#### **RESEARCH AND DEVELOPMENT**

We continue to keep our operating model and the underlying administration systems under review to ensure that we deliver ongoing efficiencies, enhancements and functionality required by our clients and their members. We completed a number of operational development projects, the main one being the deployment of a virtual client monies facility for the management of client bank accounts. This facility allows us to standardise controls and processes across our treasury function and new clients to be taken on quickly and efficiently. Two projects which are now a focus of the business are STP (Straight Through Processing) - due for completion July 2015, which will substantially enhance our Defined Contribution offering and we are also working towards the AAF 01/06 accreditation, for which we expect the Type 1 report to be in place later in 2015.

#### **FUTURE DEVELOPMENTS**

We will continue to focus on winning opportunities to grow the business, and developing the operating model and services for both existing and new clients, delivering a first-class service to all. The forthcoming year is expected to be an exciting and challenging one for our business as we look to build on the strong progress made in previous years.

#### **POST BALANCE SHEET EVENTS**

There have been no significant post balance sheet events deemed to be significant.

#### **DIRECTOR'S INSURANCE**

During the year, the company paid for Pension Trustee Liability insurance for the directors.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**DIRECTOR'S REPORT**  
**For the year ended 31 March 2015**

**DIRECTORS**

The directors who served during the year were:

Mr J Froeshaug  
Mrs R Altmann  
Mr R M Bartley  
Mr D J E Day  
Mrs M R A Ellis  
Mr A Gemmell  
Mr N C Jensen  
Mr D G Moorhouse  
Mr J M Sampson

Mrs Altmann resigned as a director on 12 May 2015.

**MATTERS COVERED IN THE STRATEGIC REPORT**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors report have been omitted as they are included in the strategic report on pages 4 to 5. These matters relate to the review of the business, principal risks and uncertainties and financial key performance indicators.

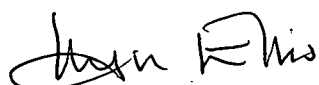
Across the strategic and directors' reports, all matters requiring disclosure have been disclosed and no disclosure exemptions have been taken.

**PROVISION OF INFORMATION TO AUDITORS**

So far as each of the directors is aware, at the time the report is approved:

- there is no relevant audit information of which the groups auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the board on 27 May 2015 and signed on its behalf.



**Mrs M R A Ellis**  
Director

## **TRAFALGAR HOUSE TRUSTEES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAFALGAR HOUSE TRUSTEES LIMITED**

We have audited the financial statements of Trafalgar House Trustees Limited for the year ended 31 March 2015 which have been set out pages 10 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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 read all the financial and non-financial information in the directors' report 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.

#### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 March 2015 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.



**TRAFALGAR HOUSE TRUSTEES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAFALGAR HOUSE TRUSTEES LIMITED**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been, 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.



Helen Clarke (Senior Statutory Auditor)

For and on behalf of

**Crowe Clark Whitehill LLP**

St Brides House

10 Salisbury Square

London

EC4Y 8EH

**27 May 2015**

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 31 March 2015**

	Note	2015 £	2014 £
<b>TURNOVER</b>	5	6,879,734	9,625,565
Administrative expenses		<u>(6,756,680)</u>	<u>(9,504,204)</u>
<b>OPERATING PROFIT</b>	6	123,054	121,361
Interest receivable		11,149	13,620
<b>PROFIT BEFORE TAXATION</b>		<u>134,203</u>	<u>134,981</u>
Tax on profit on ordinary activities	8	(22,107)	(4,009)
<b>PROFIT AFTER TAXATION</b>		<u><u>112,096</u></u>	<u><u>130,972</u></u>

All amounts relate to continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

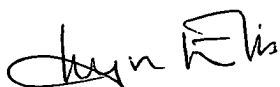
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2015**

	2015	2014
	£	£
<b>PROFIT FOR THE FINANCIAL YEAR</b>	-	-
Share of other comprehensive income of subsidiary	<u>112,096</u>	<u>130,972</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<u><u>112,096</u></u>	<u><u>130,972</u></u>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	<u><u>112,096</u></u>	<u><u>130,972</u></u>

**TRAFALGAR HOUSE TRUSTEES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2015**  
**Company number: 01604930**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	10		31,469		120,889
Tangible fixed assets	11		75,409		78,509
			<u>106,878</u>		<u>199,399</u>
<b>CURRENT ASSETS</b>					
Work in Progress	12		6,015		-
Debtors	13		1,513,733	1,195,637	
Cash at bank			<u>2,523,690</u>	<u>2,998,728</u>	
			4,043,438	4,194,365	
<b>CREDITORS: amounts falling due within one year</b>	14		<u>(1,080,129)</u>	<u>(1,426,386)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,963,309</u>		<u>2,767,978</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,070,187</u>		<u>2,967,377</u>
<b>PROVISIONS FOR LIABILITIES</b>	15		(58,045)		(67,330)
<b>NET ASSETS</b>			<u><u>3,012,142</u></u>		<u><u>2,900,047</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		2,600,100		2,600,100
Profit and loss account			412,042		299,946
<b>SHAREHOLDERS' FUNDS</b>			<u><u>3,012,142</u></u>		<u><u>2,900,046</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2015.



**Mrs M R A Ellis**  
Director



**Mr G Wake**  
Secretary

The notes on pages 16 to 30 form part of these financial statements.

**TRAFALGAR HOUSE TRUSTEES LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2015**  
**Company number: 01604930**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Investments	9		2,600,011		2,600,011
<b>CURRENT ASSETS</b>					
Debtors	13		100		100
Cash at bank			-		-
			<u>100</u>		<u>100</u>
<b>CREDITORS: amounts falling due within one year</b>					
	14		-		-
<b>NET CURRENT ASSETS</b>					
			<u>100</u>		<u>100</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			2,600,111		2,600,111
<b>PROVISIONS FOR LIABILITIES</b>					
	15		-		-
<b>NET ASSETS</b>					
			<u>2,600,111</u>		<u>2,600,111</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		2,600,100		2,600,100
Profit and loss account			11		11
<b>SHAREHOLDERS' FUNDS</b>					
			<u>2,600,111</u>		<u>2,600,111</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2015.



**Mrs M R A Ellis**  
Director



**Mr G Wake**  
Secretary

The notes on pages 16 to 30 form part of these financial statements

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2015

	2015	2014
	£	£
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit for financial year	112,096	130,972
Adjustments for:		
Amortisation of intangible assets	89,420	93,667
Depreciation of tangible assets	30,445	46,048
Interest received	(11,149)	(13,620)
Taxation	22,107	4,009
Increase in trade and other debtors	(318,096)	(141,950)
Increase in work in progress	(6,015)	-
(Decrease)/increase in trade and other creditors	(348,924)	594,784
<b>Cash flows from Operations</b>	<u>(430,116)</u>	<u>713,910</u>
Income taxes paid	(28,726)	(18,240)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(458,842)</u>	<u>695,670</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(27,345)	(74,199)
Interest received	11,149	13,620
Net cash flow from investing activities	<u>(16,196)</u>	<u>(60,579)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	-	-
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(475,038)</u>	<u>635,091</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,998,728</u>	<u>2,363,637</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>2,523,690</u></u>	<u><u>2,998,728</u></u>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 March 2015

	Called up Share Capital	Profit and loss Account	Amount attributable to owners of the parent	Non - controlling interests	Total
	£	£	£	£	£
<b>At 1 April 2013</b>	2,600,100	168,974	-	-	2,769,074
Adjustment for the introduction of Leave Accrual	-	(1,887)	-	-	(1,887)
Share of other comprehensive income from subsidiary (as previously reported)	-	132,859	-	-	132,859
<b>Profit for the year</b>	-	-	-	-	-
<b>At 31 March 2014</b>	2,600,100	299,946	-	-	2,900,046
Share of other comprehensive income from subsidiary	-	112,096	-	-	112,096
<b>Profit for the year</b>	-	-	-	-	-
<b>At 31 March 2015</b>	<u>2,600,100</u>	<u>412,042</u>	<u>-</u>	<u>-</u>	<u>3,012,142</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Called up Share Capital	Profit and loss Account	Total
	£	£	£
<b>At 1 April 2013</b>	2,600,100	11	2,600,111
<b>Profit for the year</b>	-	-	-
<b>At 31 March 2014</b>	2,600,100	11	2,600,111
<b>Profit for the year</b>	-	-	-
<b>At 31 March 2015</b>	<u>2,600,100</u>	<u>11</u>	<u>2,600,111</u>

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

#### 1. COMPANY INFORMATION

The company is a private limited company incorporated in England and Wales.

The registered address and principal place of business is:

30, Coleman Street  
London  
EC2R 5AL

The Company's principal activity during the year has been to act as Trustee for the Trafalgar House Pension Trust.

#### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 25 for an explanation of the effect of the transition.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Trafalgar House Trustees Limited and all its subsidiary undertakings drawn up to 31 March each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £Nil (2014: £Nil).

The individual accounts of Trafalgar House Trustees Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes, as any such statement would reflect no cash movements.

#### Going concern

Having considered the guidance given in the document "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" issued in October 2009 by the Financial Reporting Council, the Directors are satisfied that it is appropriate to adopt the Going Concern basis when preparing the Financial Statements since the company is expected to continue to be able to meet its day to day working capital requirements through the cash generated by its principal activities. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

#### 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

The group has made a provision for the cost of dilapidations over the ten year term of the lease, in accordance with the refurbishment clauses and re instating alterations given in the lease of the group's premises in Coleman Street.

As at 31 March 2015 it appears probable that a settlement payment relating to tax years 2008/09 to 2014/15 will be made to HMRC relating to the payment of directors' fees being made gross (with individuals responsible for paying tax) and not through PAYE. A provision has therefore been recognised for back payments of Income Tax and NIC attributable to directors' fees and expenses. The value of this provision as at 31 March 2015 is recorded as £nil since a payment on account of £150,000 was made to HMRC during the course of 2013 and is deemed by management to be sufficient.

#### 4. PRINCIPAL ACCOUNTING POLICIES

##### 4.1 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately before goodwill.

##### 4.2 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

##### 4.3 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

The technical feasibility of completing the software so that it will be available for use or sale.

The intention to complete the software and use or sell it.

The ability to use the software or to sell it.

How the software will generate probable future economic benefits.

The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.

The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	5 years
Acquired Software	5 years or the relevant licence period, if less

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

#### 4.4 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

Leasehold property improvements	5 years
Furniture Fittings and Equipment	5 years
Computer Equipment	3 years
Office Equipment	3 years

#### 4.5 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 4.6 Work in progress

Work in progress represents work undertaken on behalf of clients which is not yet due to be invoiced.

Work in progress is measured at the lower of cost and net realisable value.

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

#### 4.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 4.8 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 4.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group.

All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### 4.10 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

#### 4.11 Taxation

Current tax is recognised for the amount of Corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if, the company in which they arise has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to Corporation taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **4.12 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Turnover includes revenue earned from the rendering of services.

#### **Rendering of services**

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

#### **4.13 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**5. TURNOVER**

Turnover analysed geographically between markets, was as follows:

	2015	2014
	£	£

Europe	<u>6,879,734</u>	<u>9,625,565</u>
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Turnover analysed by category, was as follows:

Direct recharge of costs to Trust	2,944,819	5,807,608
Rendering of services	<u>3,934,915</u>	<u>3,817,957</u>
	<u>6,879,734</u>	<u>9,625,565</u>

**6. OPERATING PROFIT**

The profit on ordinary activities before taxation is stated after:

	2015	2014
	£	£

Auditors' remuneration:

Fees payable to the company's auditor for the audit of the company's annual accounts	3,900	3,850
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Fees payable to the company's auditor for other services:

Audit of accounts of subsidiaries	19,200	18,950
Tax compliance services	14,561	10,350

Other operating lease rentals:

- land and buildings	<u>138,519</u>	<u>143,893</u>
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**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**7. STAFF COSTS**

Staff costs including remuneration of the subsidiary entity's directors, during the year were as follows:

	2015	2014
	£	£
Wages and salaries	2,125,434	2,008,259
Social security costs	244,272	247,349
Other pension costs	150,952	132,794
	<u>2,520,658</u>	<u>2,388,402</u>
	2015	2014
	No.	No.
Business Development and Administration staff	16	16
Finance and Investment staff	8	9
Projects, Operations & Other staff	10	7
	<u>34</u>	<u>32</u>

**8. DIRECTORS' REMUNERATION**

During the year, £NIL was payable to the directors of Trafalgar House Trustees Limited, for Trustee Directors' fees in respect of Trafalgar House Trustees Limited. All Trustee Directors' fees were paid by THPA and reimbursed by Trafalgar House Pensions Trust.

**9. TAXATION**

	2015	2014
	£	£
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b>		
UK corporation tax charge on profits for the year	37,724	29,146
Adjustment for over- provision in prior year	(420)	(23,398)
<b>TOTAL CURRENT TAX</b> (see note below)	<u>37,304</u>	<u>5,748</u>
<b>DEFERRED TAX</b> (see note 17)		
Origination and reversal of timing differences	(15,197)	(1,739)
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>22,107</u>	<u>4,009</u>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**9. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

	2015 £	2014 £
Profit on ordinary activities before tax	<u>134,203</u>	<u>134,981</u>
Profit multiplied by standard rate of corporation tax in the UK of 21.00% (2014: 20.00%)	28,183	26,996
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	-	5,789
Other timing differences	(5,007)	-
Capital allowances in excess of depreciation	-	(4,017)
Depreciation in excess of capital allowances	15,957	-
Difference between the actual tax rate and the main corporate tax rate	(1,409)	-
Adjustment for over provision in prior years	(420)	(23,020)
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<u><u>37,304</u></u>	<u><u>5,748</u></u>

**10. FIXED ASSET INVESTMENTS**

	£
Cost and net book amount at 31 March 2015	<u>2,600,011</u>
Cost and net book amount at 31 March 2014	<u>2,600,011</u>
Total fixed asset investments comprise:	

**Interests in subsidiaries**

At 31 March 2015 the company had interests in the following subsidiaries:

Subsidiaries	Type of share held	Proportion held %	Country of incorporation	Nature of business
Trafalgar House Pension Administration Ltd	Ordinary	100%	United Kingdom	Pensions Administration
Trafalgar House Trust Ltd	Ordinary	100%	United Kingdom	Dormant

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**11. INTANGIBLE FIXED ASSETS**

The Group	Computer Software	Total
	£	£
<b>COST</b>		
At 31 March 2014	473,175	473,175
Additions	-	-
Disposals	-	-
At 31 March 2015	<u>473,175</u>	<u>473,175</u>
<b>DEPRECIATION</b>		
At 31 March 2014	352,286	352,286
Charge for the year	89,420	89,420
Disposals	-	-
At 31 March 2015	<u>441,706</u>	<u>441,706</u>
<b>NET BOOK VALUE</b>		
At 31 March 2015	<u>31,469</u>	<u>31,469</u>
At 31 March 2014	<u>120,889</u>	<u>120,889</u>

Amortisation of intangible fixed assets is included in administrative expenses.

**12. TANGIBLE FIXED ASSETS**

The Group	Leasehold Improvement	Furniture, Fixtures & Fittings	Computer Equipment	Office Equipment	Total
	£	£	£	£	£
<b>COST</b>					
At 31 March 2014	137,310	116,300	52,886	22,110	328,606
Additions	-	14,358	5,674	7,313	27,345
Disposals	-	-	(1,730)	-	(1,730)
At 31 March 2015	<u>137,310</u>	<u>130,658</u>	<u>56,830</u>	<u>29,423</u>	<u>354,221</u>
<b>DEPRECIATION</b>					
At 31 March 2014	129,810	81,548	18,685	20,054	250,097
Charge for the year	3,000	12,247	13,800	1,398	30,445
Disposals	-	-	(1,730)	-	(1,730)
At 31 March 2015	<u>132,810</u>	<u>93,795</u>	<u>30,755</u>	<u>21,452</u>	<u>278,812</u>
<b>NET BOOK VALUE</b>					
At 31 March 2015	<u>4,500</u>	<u>36,863</u>	<u>26,075</u>	<u>7,971</u>	<u>75,409</u>
At 31 March 2014	<u>7,500</u>	<u>34,752</u>	<u>34,201</u>	<u>2,056</u>	<u>78,509</u>



TRAFALGAR HOUSE TRUSTEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2015

13. WORK IN PROGRESS

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Work in Progress	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>-</u>

Work in progress represents time costs incurred on client-related activities that were not due to be invoiced as at 31 March 2015.

14. DEBTORS

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Other debtors	144,234	144,234	-	-
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	176,363	99,337	-	-
Amounts owed by parent undertaking	404,274	430,511	-	-
Amounts paid and accrued but not yet invoiced to parent undertaking	434,259	206,188	-	-
Other debtors	162,735	162,171	100	100
Deferred tax asset (Note 17)	3,808	-	-	-
Prepayments and accrued income	188,060	153,196	-	-
	<u>1,513,733</u>	<u>1,195,637</u>	<u>100</u>	<u>100</u>

Amounts owed by group undertakings represents accrued costs, invoiced by the company to the Trust ("the Trust"), which have not yet been paid to the company. Whilst cash payments are generally made by the Trust only when the actual costs are paid by the company, payments on account may be made during the year for material accrued items. These totalled £NIL as at 31 March 2015 (2014: £NIL).

Amounts paid and accrued but not yet invoiced, represents costs relating to March 2015, which remained un-invoiced to the Trust as at 31 March 2015.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	45,035	507,503	-	-
Corporation tax	37,724	29,146	-	-
Social security and other taxes	110,814	115,655	-	-
Other creditors	25,733	22,465	-	-
Accruals and deferred income	860,823	751,617	-	-
	<u>1,080,129</u>	<u>1,426,386</u>	<u>-</u>	<u>-</u>

**16. PROVISIONS FOR LIABILITIES**

The Group	Obligations arising from property lease	Deferred taxation (note 17) £	Leave pay £	Total £
At 1 April 2014	30,000	11,389	25,941	67,330
Additions	-	-	2,104	2,104
Origination and reversal of timing differences	-	(11,389)	-	(11,389)
	<u>30,000</u>	<u>-</u>	<u>28,045</u>	<u>58,045</u>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The group has made a provision for the cost of dilapidations over the ten year term of the lease, in accordance with the refurbishment clauses and reinstating alterations given in the lease of the company's premises in Coleman Street.

As at 31 March 2015 it appears probable that a settlement payment relating to tax years 2008/09 to 2014/15 will be made to HMRC relating to the payment of directors' fees being made gross (with individuals responsible for paying tax) and not through PAYE. A provision has therefore been recognised for back payments of Income Tax and NIC attributable to directors fees and expenses. The value of this provision as at 31 March 2015 is recorded as £nil since a payment on account of £150,000 was made to HMRC during the course of 2013 and is deemed by management to be sufficient.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**17. DEFERRED TAXATION**

	The Group
	£
At 1 April 2014	11,389
Charge for the year	(15,197)
At 31 March 2015	<u>(3,808)</u>

The provision for deferred taxation is made up as follows:

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	11,389	13,128	-	-
Amounts allowed when utilised	(15,197)	(1,739)	-	-
	<u>(3,808)</u>	<u>11,389</u>	<u>-</u>	<u>-</u>

**18. CALLED UP SHARE CAPITAL**

	2015	2014
	£	£
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
2,600,100 Ordinary shares of £1 each	<u>2,600,100</u>	<u>2,600,100</u>

**19. RESERVES**

Called up share capital – represents nominal value of shares that has been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

**20. PENSION COMMITMENTS**

The Money Purchase Section available to THPA staff, within the Trust, ceased to be used to provide future pension benefits with effect from 30 June 2014, with an alternative Group Personal Pension scheme being introduced for THPA employees from 1 July 2014.

In relation to the Money Purchase Section, the assets of the scheme are held separately from those of the Company. The pension cost charge, representing contributions payable by the Company to the Trust (to 30 June 2014) and the Group Personal Pension (from 1 July 2014) amounted to £150,952 (2014: £132,794) for the year. Contributions totalling £24,468 (2014: £22,564) were payable to the Group Personal Pension provider at the balance sheet date and are included in creditors.

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**21. OPERATING LEASE COMMITMENTS**

The group's future minimum operating lease payments are as follows:	<b>2015</b>	<b>2014</b>
	£	£
<b>EXPIRY DATE:</b>		
Within 1 year	<u>122,752</u>	<u>122,752</u>
Between 2 and 3 years	<u>61,376</u>	<u>184,128</u>

In addition to the rental commitment recorded above, the group has a commitment to pay related service charges and insurance.

**22. RELATED PARTY TRANSACTIONS**

	<b>2015</b>	<b>2014</b>
	£	£
<b>The Group</b>		
Sales to parent	3,279,354	3,318,002
Costs reimbursed by parent	2,944,819	5,807,608
Trade debtor amounts due from parent	404,274	430,511
Accrued income amounts due from parent	434,259	206,188
Key management personnel THPA	507,593	406,277
Key management personnel THTL	432,263	248,368
	<u>2015</u>	<u>2014</u>
	£	£
<b>The Company</b>		
Trade debtor amounts due from parent	100	100
Reimbursed costs incurred by ultimate parent company	<u>3,900</u>	<u>3,850</u>

During the year, as well as providing pension administration services to Third Party clients, THPA provided services on behalf of the Trust; the group's ultimate controlling party. The group charged the Trust £3,279,354 (2014: £3,318,002) for the provision of these services.

In addition to this, the group bore pension scheme related costs such as investment management, legal, actuarial and other adviser expenses totalling £2,944,819 (2014: £5,807,608) on behalf of the Trust.

At the year end, the Trust owed the group £838,533 (2014: £636,699), which includes paid and accrued costs of £434,259 relating to March 2014, which had not been invoiced to the Trust as at 31 March 2014.

During the year, an amount of £432,263 (2014: £248,368) was paid by THPA to the Directors of Trafalgar House Trustees Limited, the immediate parent undertaking, for Trustee Directors' fees in respect of Trafalgar House Trustees Limited. All Trustee Directors' fees are reimbursed by the Trust.

## TRAFALGAR HOUSE TRUSTEES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2015

#### 23. CONTINGENT LIABILITY

Based on legal advice obtained by the group, as THPA is the responsible employer in relation to the Trafalgar House Pension Trust, the directors understand that THPA could be liable to the Trust for contributions over and above the money purchase contributions that it is required to make in respect of its employees.

The last formal review of financial position was obtained as at 31 December 2014 and this concluded that the Trust was 86.6% funded on a technical provisions basis. While the formal recovery plan produced by the Trust shows that the Trust expects to achieve full-funding of its liabilities by February 2024, and this does not rely on any contributions being made by the company, the potential does exist for the company to be legally required to make further contributions to the Trust over and above those obligations provided for within the financial statements.

#### 24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent entity and ultimate controlling party is the Trust. The entire issued share capital of the company is held as nominee by the directors M R A Ellis and J O Froeshaug, on behalf of the Trust.

#### 25. FINANCIAL RISK MANAGEMENT

The group has exposure to one main area of risk – customer credit exposure.

The group may offer credit terms to its customers which allow payment of the debt after delivery of services rendered. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The risk is mitigated by the strong on-going customer relationships.

#### 26. TRANSITION TO FRS 102

The group has adopted FRS 102 for the year ended 31 March 2015 and has restated the comparative prior year amounts.

##### Explanations:

Changes for FRS 102 adoption:

- Computer software has been reclassified from tangible fixed assets.
- The group now applies a Leave Pay accrual.

##### Restated group statement of financial position:

	31 March 2014 £	1 April 2013 £
Original shareholders' funds	2,925,987	2,793,128
Leave pay provision	(25,941)	(24,054)
Restated shareholders' funds	<u>2,900,046</u>	<u>2,769,074</u>

**TRAFALGAR HOUSE TRUSTEES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2015**

**26. TRANSITION TO FRS 102 (Continued)**

**Restated group profit for the year ended 31 March 2014:**

	<i>31 March</i> <i>2014</i> £
Original profit on ordinary activities	136,868
Leave pay provision	(1,887)
Restated profit for the financial year	<u>134,981</u>

The adoption of FRS102 for the year ended 31 March 2015 has not caused any restatement of the company's comparative prior year amounts.