LDC

LDC (GENERAL PARTNER) LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

MEMBER OF LLOYDS BANKING GROUP PLC

LDC (GENERAL PARTNER) LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

Registered office

One Vine Street, London W1J 0AH

Registered number

02495635

Directors

M J Draper
C R Hurley

Report of the Directors for the year ended 31 December 2019

LDC (General Partner) Limited ('the company') is a company limited by shares, domiciled and incorporated in the United Kingdom. Per the Companies Act 2006, the Directors have applied the small companies exemption in relation to presenting a strategic report for the financial year.

The company's immediate parent company is Lloyds Development Capital (Holdings) Limited ("LDC(H)"). The company's ultimate parent company and controlling party is Lloyds Banking Group plc ("LBG").

Business review and principal activities

The company's registered number is 02495635. Until 3 February 2014 the company acted as the General Partner for LDC Co-investment Plan 2000A, LDC Co-investment Plan 2000B, LDC Co-investment Plan 2001A, LDC Co-investment Plan 2001B, LDC Co-investment Plan 2002, LDC Co-investment Plan 2005, LDC Co-investment Plan 2006, OBS 2007, OBS 2008, OBS 2009, OBS 2010, LDC Opportunity Club 2009, LDC Opportunity Club 2010 and OBS 2011. General Partner activities were transferred to LDC GP LLP on 4 February 2014.

The results of the company are presented in the financial statements that follow along with the accompanying notes.

Dividends of £nil (2018: £nil) were paid in the year.

The results of the company show a loss before taxation of £16k (2018: £8k loss). The Statement of Financial Position on page 7 shows the company's financial position at the year end, in net asset terms, and has not significantly changed from the prior year.

Key performance indicators (KPIs)

Given the straightforward nature of the company's activity during the year, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the ability of the funds managed by the company to generate sufficient profits to settle management fees. This is ultimately dependent on the continued performance of the underlying portfolio companies.

In line with IFRS 7, the company has disclosed its financial risk management policy within Note 4 to the financial statements.

Report of the Directors for the year ended 31 December 2019 continued

Directors

The directors who were in office during the year and up to the point of signing the financial statements were M J Draper and C R Hurley.

There were no director appointments or resignations from the company in the period since the 2018 Report of the Directors.

Future outlook

To date, it has become clear that the spread of the COVID-19 virus will have a material impact on many economies globally, including the UK, both through the effects of the virus itself and the measures taken by governments to restrict its spread.

The company is monitoring the situation and is working closely with each investment company on the matter to mitigate risks identified during the course of this difficult period.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and have been re-appointed.

Report of the Directors for the year ended 31 December 2019 continued

Third party Indemnity

Lloyds Banking Group plc has granted to the directors of the company, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. Directors no longer in office but who served on the board of the company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a Director's period in office. The deed indemnifies the directors to the maximum extent permitted by law. The deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability Insurance cover which was in place throughout the financial year.

On behalf of the board,

CRHurley

C R Hurley
Director
26 August 2020

Independent auditors' report to the members of LDC (General Partner) Limited

Report on the audit of the financial statements

Opinion

In our opinion, LDC (General Partner) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements 2019 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Report of the Directors for the year ended 31 December 2019, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Darren Meek

Darren Meek (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 August 2020

Income Statement
For the year ended 31 December 2019

	Note	2019 £	2018 £
Management fees	2	-	-
Operating expenses	5	(16,000)	(7,853)
Operating profit		**(16,000)**	**(7,853)**
Interest Income		400	144
Loss before taxation		**(15,600)**	**(7,709)**
Taxation	7	-	-
Loss after taxation		**(15,600)**	**(7,709)**

Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Management fees receivable		485	5,485
Other receivables		-	-
Cash and cash equivalents	8	160,661	160,261
Total assets		**166,146**	**165,746**
Current liabilities			
Trade and other payables	9	104,102	93,102
Total liabilities		**104,102**	**93,102**
Equity			
Share capital		100	100
Retained earnings		56,944	72,544
Total equity		**57,044**	**72,644**
Total equity and liabilities		**166,146**	**165,746**

The financial statements on pages 7 to 18 have been signed on behalf of the board by

C R Hurley
Director
26 August 2020

The notes on pages 10 to 18 form part of these financial statements.
The registered number for the company is 02495635.

Statement of changes in equity
For the year ended 31 December 2019

	Number of shares	Issued Share capital	Retained earnings	Total Equity
		£	£	£
At 1 January 2019	1,000	100	72,544	72,644
Loss for the year	-	-	(15,600)	(15,600)
At 31 December 2019	**1,000**	**100**	**56,944**	**57,044**
At 1 January 2018	1,000	100	80,253	80,353
Loss for the year	-	-	(7,709)	(7,709)
At 31 December 2018	**1,000**	**100**	**72,544**	**72,644**

The company is 100% owned by Lloyds Development Capital (Holdings) Limited with all shares having equal voting and dividend distribution rights.

There are a total of 1,000 authorised £1 ordinary shares.

The share capital consists of £100 of ordinary shares that are called up and fully paid.

The company's objective in managing capital is to maintain share capital and retained earnings at an appropriate level to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for its shareholders.

The notes on pages 10 to 18 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities		
Loss before taxation	(15,600)	(7,709)
Adjustments for:		
Interest Income	(400)	(144)
Changes in working capital		
Management fee receivables	5,000	-
Changes in operational capital		
Other receivables	-	663
Trade and other payables	11,000	7,853
Cash generated from operations	**-**	**663**
Interest received	400	144
Cash flows from financing activities	**400**	**144**
Net increase in cash and cash equivalents	**400**	**807**
Cash and cash equivalents at beginning of year	**160,261**	**159,454**
Cash and cash equivalents at end of year	**160,661**	**160,261**

The notes on pages 10 to 18 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. General information

The company's immediate parent company is Lloyds Development Capital (Holdings) Limited ("LDC(H)"). The company's ultimate parent company is Lloyds Banking Group plc ("LBG"), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. As at 10 October 2017, LBG Equity Investments Limited is the parent undertaking of the smallest of such group of undertakings with previous parent undertaking being Lloyds Bank Plc. Copies of both financial statements may be obtained from the Company Secretary's Department, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The Company is reliant on funding provided by LDC(H). The directors are satisfied that it is the intention of LBG, that its subsidiaries including LDC(H) and the Company will continue to receive funding in the forseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets. A summary of the principal accounting policies is set out below.

b. Management estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. There are no individually significant assumptions where a reasonable alternative assumption would have a material impact on these financial statements. For fair value of financial instruments, please refer to note 2i. There are no critical accounting judgements where a reasonable alternative judgement would have a material impact on these financial statements.

c. Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

All cash or cash equivalent balances disclosed in the Statement of Financial Position are carried at nominal value and are available for use by the company.

d. Revenue recognition

Revenue is recognised in the statement of comprehensive income using the five steps approach. Revenue consists of management fees and investee company's' monitoring fees where investee companies is defined as the investment portfolio company in the funds under management. No revenue or revenue generating activity has been recognised for this entity.

Notes to the financial statements for the year ended 31 December 2019 continued

2. Accounting Policies continued

d. Revenue recognition continued

Management fees
Management fees are outlined in the Limited Partnership Agreement ('LPA') which serves as the contract between the company and its customer. Under the LPA the company is obligated to perform management services for the fund in return for an annual management fee. This is considered to be the performance obligation of the company.

The promised consideration as per the LPA, is a variable consideration which is dependent on the market and thus highly susceptible to factors outside the company's influence. Although the company has experience with similar contracts, that experience is of little predictive value in determining future performance of the market. Consequently concluding that the actual amount of the management fee can be included as revenue as the uncertainty is then resolved. The company concludes that it is not highly probable that a significant reversal in the cumulative amount of the revenue recognised would occur if the company included its actual amount of the management fee.

At each reporting date, the company will need to update its estimate of the transaction price. Consequently concluding that the actual amount of the management fee can be included as revenue as the uncertainty is then resolved.

At the end of each year, the company allocates the annual management fee to the distinct services provided during the year. The fee is considered to be related specifically to the company's efforts to transfer the services for that year, which are distinct from the services provided in other years and the resulting allocation will be consistent with the allocation objective of IFRS 15.

This assessment is performed for each new contract entered into by the company.

Monitoring fees
Monitoring fees are outlined in the Investment Agreement ('IA') which serves as the contract between the company and its customer. Under the IA the company is obligated to perform management services for the portfolio company in return for an annual monitoring fee. This is considered to be the performance obligation of the company.

The promised consideration is a fixed amount that is detailed in the IA.

At each reporting date, the company updates its estimate of the transaction price. Consequently concluding that the actual amount of the management fee can be included as revenue as the uncertainty is then resolved.

At the end of each year, the company allocates the annual monitoring fee to the distinct services provided during the year. The fee is considered to be related specifically to the company's efforts to transfer the services for that year, which are distinct from the services provided in other years and the resulting allocation will be consistent with the allocation objective of IFRS 15.

This assessment is performed for each new contract entered into by the company.

Notes to the financial statements for the year ended 31 December 2019 continued

2. Accounting Policies continued

e. Staff Costs

Some long-term benefits are calculated with reference to the annual performance of the company, and are conditional on staff members' continued employment at the point at which they become payable. Such benefits are recognised in the statement of comprehensive income and the statement of financial position until the date of payment.

f. Pensions and other post-retirement benefits

The company's ultimate parent company operates a number of group-wide defined contribution schemes for employees including those employees of the company.

The costs of the Company's defined contribution plans are charged to the income statement in the period in which they fall due.

g. Provisions for liabilities and charges

Provisions are valued at the best estimate required to settle a present obligation and are not discounted.

h. Property, plant and equipment

Property, plant and equipment comprises furniture, fittings and office equipment and are carried at cost less accumulated depreciation and any recognised impairment loss. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Fixtures, fittings and furnishings: 2-10 years
Office equipment (including computers): 3-6 years

At each end of the reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

While each asset's residual value and useful life is reviewed and changed if appropriate, at each end of the reporting period, as a result of the cost model being adopted, third party revaluations of property, plant and equipment will not be completed.

Notes to the financial statements for the year ended 31 December 2019 continued

2. Accounting Policies continued

i. Taxation

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date that are expected to apply when the related deferred tax asset is realised of the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effect of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

j. Financial instruments

In the current period, the company has adopted IFRS 9 Financial Instruments. See section 2b *IFRS 9 Financial Instruments* for an explanation of the impact. Comparative figures for the year ended 31 December 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Classification
In accordance with IFRS 9, the company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(i) Financial assets
The company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost
The company includes in this category non-financing receivables including intercompany receivables, fee debtors and other trade receivables.

Notes to the financial statements for the year ended 31 December 2019 continued

2. Accounting Policies continued

k. Financial instruments continued

Financial assets measured at fair value through profit or loss (FVPL)
A financial asset is measured at FVPL if:

(i) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
(ii) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
(iii) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on the on different bases.

The company includes in this category equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contacts in an asset position. The company currently does not hold any financial assets which would fall into this category.

(ii) Financial liabilities
The company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss as described below:

Financial liabilities measured at fair value through profit or loss (FVPL)
A financial liability is measured at FVPL if it meets the definition of held for trading. The company currently does not hold any financial liabilities which would fall into this category.

Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at FVPL. The company includes in this category intercompany payables and other short-term trade payables.

(iii) Recognition
The company recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument.

(iv) Initial measurement
Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measure initially at their fair value plus any attributable incremental costs of acquisition or issue.

(v) Subsequent measurement
After initial measurement, the company measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gains and losses on financial assets and liabilities at FVPL in the statement of comprehensive income.

Financial assets and financial liabilities which are classified as measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Notes to the financial statements for the year ended 31 December 2019 continued

2. Accounting Policies continued

I. Financial instruments continued

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(vi) Derecognition
A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its right to receive cash flows from an asset (or entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises and associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligation that the company retain.

The company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment

The company holds only trade and intercompany receivables with no financing component at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its intercompany receivables and trade receivables. Therefore, the company does not track changes in the credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The company has made an assessment based on historical observed loss rates when measuring ECLs on trade receivables. Provisions are based on historical observed loss rates over the expected life of the receivables and has been applied accordingly.

Notes to the financial statements for the year ended 31 December 2019 continued

3. Capital management

The company's objective in managing capital is to maintain share capital and retained earnings at an appropriate level to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to its shareholder.

4. Financial risk management

Liquidity risk, market risk and credit risk are minimal given the cash flow position and the support of the parent entity; receivables are primarily with relevant fund partnerships in relation to management fees. Payables are primarily with LCD(H), which is highly unlikely to demand payment.

5. Operating expenses

The operating expenses are stated after charging:

	2019	**2018**
	£	**£**
Auditors' remuneration - Statutory Audit	16,000	7,853

The company does not have any employees (2018: nil) and as such, there is no salary or pension expenditure incurred in the year to 31 December 2019 (2018: nil).

6. Key management compensation

The company's related parties include the immediate and ultimate parents, and fellow subsidiaries of the company's ultimate parent company and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors.

No remuneration was paid or is payable by the company to key management. Key management compensation was not borne by the company. The amounts received by the directors have been included and disclosed in the financial statements of LDC (Managers) Limited. None of the amounts received by the directors were earned from qualifying services to this entity.

Notes to the financial statements for the year ended 31 December 2019 continued

7. Taxation

	2019	2018
	£	£
Loss before taxation	(15,600)	(7,709)
Loss before taxation multiplied by the effective rate of corporation tax in the UK 19.00% (2018: 19.00%)	(2,964)	(1,465)
Unrecognised deferred tax asset	2,964	1,465
Total tax charge for the year	-	-

There was no tax charge for 2019 (2018: nil). Deferred tax asset on losses were not recognised due to the transfer of General Partner activities making future taxable profit inherently improbable.

8. Cash and Cash Equivalents

	At 1 January 2019	Cash flow	At 31 December 2019
	£	£	£
Cash and cash equivalent	160,261	400	160,661
	160,261	**400**	**160,661**

9. Trade and other payables

	2019	2018
	£	£
Sundry payables	16,000	7,853
Intercompany payables	88,102	85,249
	104,102	**93,102**

10. Related party transactions and balances

Ultimate Parent

LBG is the ultimate parent of the company and meet the IAS 24 definition of related parties. The company utilises the banking facilities of LBG, as at 31 December 2019 £160,661 (2018: £160,261) was held within LBG undertakings.

Notes to the financial statements for the year ended 31 December 2019 continued

10. Related party transactions and balances continued

Immediate Parent

LDC(H) is the immediate parent of the company and meets the definition of a related party. As at 31 December 2019, intercompany payable to LDC(H) amounted to £88,102 (2018: £85,249) and relates to expenses paid on behalf of the company.

Manager of Partnerships

As disclosed in Note 1 to the financial statements, the Company acted as a General Partner of LDC co-investment plans and LDC Opportunity Clubs until 3 February 2014. These entities meet the IAS definition of related parties. As at 31 December 2019, management fee of £485 (2018: £5,485) is recognised as a receivable in the Statement of Financial Position.

Key Management

Key management compensation is disclosed in Note 6.

11. Subsequent events

Since the year end, it has become clear that the spread of the Covid-19 coronavirus will have a material impact on many economies globally, including the UK, both through the effects of the virus itself and the measures taken by governments to restrict its spread.

Given the timing of the emergence and spread of the COVID-19 virus, this is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact.