

Company number: 04177132

**Derwent Valley Employee Trust Limited**  
**Directors' report and financial statements**  
**31 December 2019**



# Derwent Valley Employee Trust Limited

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## Directors

C I Arney  
S Fraser

## Secretary and registered office

D A Lawler  
25 Savile Row  
London  
W1S 2ER

## Company number

04177132

## Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

# Derwent Valley Employee Trust Limited

## Directors' report

### Principal activities and future developments

Derwent Valley Employee Trust Limited (the 'Company') is a subsidiary of Derwent London plc (the 'Group'). The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER. The Directors foresee no material change in the nature of the Company's activities.

Since 2004 the Company has acted as the corporate trustee in the operation of the performance share plan of Derwent London plc. In addition, the trust holds, on behalf of senior management of Derwent London plc, deferred bonus shares which have been earned but, under the terms of the Annual Bonus Plan, cannot be immediately released. The Company does not have a beneficial interest in these deferred bonus shares. Details of both plans can be found in the Annual Report and Accounts of Derwent London plc.

### Financial review and dividends

During the financial years ended 31 December 2019 and 31 December 2018, the Company did not receive income and incurred no expenditure. As a result, the Company did not generate any profit or loss or any other comprehensive income. The Directors do not recommend payment of a dividend (2018: £nil).

### Going concern

There is a risk that the impact of COVID-19 on its business, stakeholders and on the economy in general could have a material adverse effect on the Company. The extent of the impact will depend on future developments, which are highly uncertain and cannot be predicted. Notwithstanding this, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis due to the Company's financial position and in the knowledge that the ultimate parent company is well placed to navigate through this uncertainty as it focuses on maintaining a strong liquidity position.

### Political contributions

There were no political contributions in the year (2018: £nil).

### Directors

The Directors who held office during the year and up to the date of signing were as follows:

C I Arney  
S Fraser

None of the above Directors has an interest in the ordinary share capital of the Company. The interests of the Directors in the share capital of Derwent London plc, the Company's parent company, are disclosed in the financial statements of that company.

### Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

### Independent Auditors

PricewaterhouseCoopers LLP have expressed a willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as Auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

# Derwent Valley Employee Trust Limited

Directors' report - continued

## Statement of Directors' responsibilities

The Directors are responsible for preparing the accounts 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## Small companies' exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Directors' report has been approved by the Board of Directors and signed on its behalf by:



D A Lawler  
Secretary  
25 Savile Row  
London  
W1S 2ER

18 September 2020

# ***Independent auditors' report to the members of Derwent Valley Employee Trust Limited***

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

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### **Opinion**

In our opinion, Derwent Valley Employee Trust 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 result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of changes in equity for the year ended 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **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.

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### **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.

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### **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 Directors' report, 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.

### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report 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 Directors' report.

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## **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](http://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.

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## **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.

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### **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.



Diane Walmsley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 September 2020

# Derwent Valley Employee Trust Limited

Company no. 04177132

## Balance sheet as at 31 December

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	4	1	1
		<hr/>	<hr/>
Net assets		1	1
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	1	1
		<hr/>	<hr/>
Total equity		1	1
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 18 September 2020 and were signed on its behalf by:



C I Arney

The notes on pages 7 to 10 form part of these financial statements.

# Derwent Valley Employee Trust Limited

## Statement of changes in equity for the year ended 31 December

	Called up share capital £	Total equity £
At 1 January 2019	1	1
<b>At 31 December 2019</b>	<b>1</b>	<b>1</b>
At 1 January 2018	1	1
At 31 December 2018	1	1

The notes on pages 7 to 10 form part of these financial statements.



# Derwent Valley Employee Trust Limited

## Notes to the financial statements

### 1. Basis of preparation

The principal accounting policies applied 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.

The financial statements of Derwent Valley Employee Trust Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company is a qualifying entity for the purpose of FRS 101. Note 7 gives details of the Company's ultimate parent company and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

### Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

As at the date of signing the financial statements, the Directors have assessed the possible impact of the ongoing COVID-19 pandemic and have prepared the financial statements on a going concern basis as a result of the Company's financial position and in view of both the financial position of the ultimate parent company and its focus on maintaining a strong liquidity position.

### Changes in accounting policies

#### New standards adopted during the year

The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Company's 31 December 2019 year end and had no material impact on the financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments;  
IFRS 9 (amended) – Prepayment Features with Negative Compensation and modifications of financial liabilities;  
IAS 28 (amended) – Long-term interests in Associates and Joint Ventures;  
IAS 19 (amended) – Plan Amendment, Curtailment or Settlement; and  
Annual Improvements to IFRSs (2015 – 2017 cycle).

#### IFRS 16 Leases (effective 1 January 2019)

IFRS 16, which replaces IAS 17 and SIC-15, removes the distinction between operating and finance leases for lessees and results in almost all leases being recognised on balance sheet. The Company adopted IFRS 16 on 1 January 2019, using the modified retrospective approach under which comparatives are not restated and there has been no financial impact on adoption.

# Derwent Valley Employee Trust Limited

## Notes to the financial statements - continued

### 1. Basis of preparation - continued

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not to reassess whether contracts entered into before the transition date were leases, or contained leases, at the date of initial application and instead have relied on their initial assessment made when applying IAS 17 and IFRIC 4 'Determining whether an Arrangement Contains a Lease'.

#### Standards and interpretations in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting year and have not been adopted early. Based on the Company's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Company.

References to Conceptual Framework in IFRSs (amended);

IFRS 17 – Insurance Contracts; and

IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an investor and its Associate or Joint Venture.

#### Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company's significant accounting policies are stated in note 2. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. There were no significant judgments, key assumptions and estimates made during the year.

# Derwent Valley Employee Trust Limited

## Notes to the financial statements – continued

### 2. Accounting policies

#### Financial assets

- (i) Cash and cash equivalents – Cash comprises cash in hand and on-demand deposits less overdrafts. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- (ii) Trade receivables – Trade receivables are recognised and carried at the original transaction value. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.
- (iii) Intercompany receivables – Intercompany receivables are recognised and carried at the original transaction value. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

#### Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

#### Dividends

Dividends payable on the ordinary share capital are recognised in the year in which they are declared.

### 3. Operating result

During the financial years ended 31 December 2019 and 31 December 2018, the Company did not receive income and incurred no expenditure. As a result, the Company did not generate any profit or loss or any other comprehensive income.

On 13 March 2019, a subscription request was made to the Company to subscribe for 100,029 5p ordinary shares in order to satisfy the vesting Performance Share Plan 2016 Awards in accordance with the share supply agreement. Subscription monies were provided to the Company by way of a gift amounting to £5,001 from the parent company.

Audit fees of £250 (2018: £250) have been incurred by Derwent London plc on behalf of the Company.

The Company has no employees (2018: nil). Group employees are held in and remunerated by other Group companies.

The Company's Directors were not remunerated for their services to the Company, but instead received emoluments for their services to the other Group companies. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of other Group companies.

### 4. Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Amounts due from Group undertakings	1	1
	<u>1</u>	<u>1</u>

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 4.32% (2018: 4.46%).

# Derwent Valley Employee Trust Limited

## Notes to the financial statements – continued

### 5. Called up share capital

	2019	2018
	£	£
<b>Allotted, called up and fully paid</b>		
1 (2018: 1) ordinary shares of £1 each	1	1

### 6. Post balance sheet event

The impact of the COVID-19 pandemic has not been reflected in the carrying value of the assets in the financial statements because the Directors consider it to be a non-adjusting post balance sheet event.

### 7. Parent company

The Company's immediate and ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated Group financial statements can be obtained from this address.