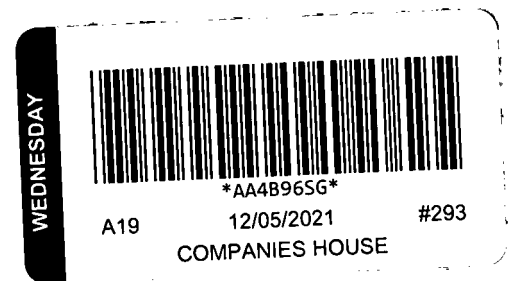


**THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



**Company number: 03277897**

## THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

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**THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R P Cunningham	
R M Grainger	Resigned 19 October 2020
R A A Harnal	
M Kellaway	
M G Lore	Resigned 19 October 2020
A Salim	

**COMPANY SECRETARY**

K P Halpenny

**REGISTERED OFFICE**

90 Fenchurch Street  
London  
EC3M 4ST

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

## THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Review of activities and future developments

The principal activity of the company is to provide insurance and risk management support for pension scheme trustees, internal administrators and sponsors. Most primary layer insurance is provided by Chubb. However in response to the hardening of the insurance market, we now have a panel of 9 underwriters who can write business on primary and excess layer terms and we have formed strategic partnerships with Marsh, Aon and Willis to access their panels.

Turnover for this year was £934,737 (2019 - £870,035). This increase due to a combination of new members, members taking up higher limits of indemnity leading to increased premiums as well as the release of discontinuance premiums in line with the rules of International Financial Reporting Standard 15 (IFRS 15) income recognition. The Occupational Pensions Defence Union Limited's ("OPDU's") policy is to defer a portion of discontinuance premium for six years. The COVID-19 pandemic while not having a material effect on the business has had the effect of delaying the discontinuance business and reducing the number of schemes in the pipeline.

The market for Financial Lines business continued to harden during the year and became a very hard market on the last 6 months of 2020 with some underwriters withdrawing from the market and others closing for new business.

All face to face marketing events and conferences were cancelled after February 2020 and moved to virtual format. The major Pension and Lifetime Savings Association ("PLSA") events have been moved to virtual format until 2022. OPDU participated in a wide range of events and held 2 virtual seminars in conjunction with Russell Investments and we held a number of technical training seminars for the major law firms' pensions teams. Our Independent Pension Trustee Liability ("IPTL") business has generated further leads resulting in Pension Trustees Liability ("PTL") and Discontinuance business.

For 2021, our aim is to continue to proactively manage the renewals process for clients and aim to keep turnover at 2020 levels i.e. £935,000.

#### Director's duties

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

As part of their induction, a new director of the company is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees all of whom are employed by Thomas Miller & Co. Limited, a fellow subsidiary undertaking. Thomas Miller & Co. Limited provides the personnel and other shared services to the company, for example premises, utilities, facilities management, information technology and human resources which are required for the conduct of the company's business, and charges the company accordingly. Further details can also be found in the Corporate Governance Report of the ultimate parent company Thomas Miller Holdings Ltd.

The following paragraphs summarise how the directors fulfil their duties:

#### Risk management

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see below.

#### Our people

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

#### Business relationships

Our strategy prioritises business growth and bringing new clients into the company. To do this, we need to develop and maintain strong client relationships. We value all of our suppliers and have multi-year contracts with our key suppliers.

## THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Director's duties (continued)

##### Community and environment

The company's approach to this area is set at a group level by the ultimate parent company, Thomas Miller Holdings Ltd. which from a position of strength creates a positive change for the people and communities with which it interacts. The group's expertise enables colleagues to support the communities around us.

##### Culture and values

The board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

##### Shareholders

The board is committed to regularly engaging with the board of our ultimate parent company, Thomas Miller Holdings Ltd. as we recognise the importance of a continuing effective dialogue. It is important to us that our strategy and objectives are understood, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

Further details can be found in the Corporate Governance report contained within financial statements of the ultimate parent company, Thomas Miller Holdings Ltd.

#### Principal risks and uncertainties

The principal risk and uncertainty facing the company relates to its reliance on its insurer Chubb continuing to write trustee indemnity insurance. However, should Chubb decide to withdraw from writing this business, they have a contractual obligation to give the company twelve months' notice of their intention to withdraw, and this would allow the company time to find another insurer to write the risks. OPDU also has close relationships with other market underwriters.

#### Brexit

We continue to monitor the risks associated with the UK's exit from the Brexit transition period as of 31st December 2020. We do not consider there to be an impact on the company results due to the nature of its business activities - which have been largely unaffected during the year.

#### Financial risk management

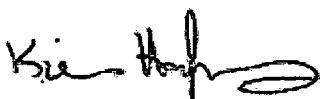
The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the normal credit control policies put in place by the directors of the company.

Currency risk is not considered to be of material significance this year due to the low volume of transactions incurred in the year, however if exposure to currency risk increases in the future, the directors will hedge its exposure to limit the risk.

Taking into account the company's current position and its principal risks, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months. As the result of COVID 19, financial markets have been volatile during 2020 and it is reasonable to expect this volatility to continue for an indeterminate period in the future. In assessing the prospects of the company, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to continue, looking out over time and, accordingly, future outcomes cannot be guaranteed or predicted with certainty. The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company Thomas Miller Holdings Ltd. Where necessary Thomas Miller Holdings Ltd. has indicated it will provide further liquidity or regulatory capital to the company.

The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

By order of the board



K P Halpenny  
Company Secretary  
6 May 2021

90 Fenchurch Street  
London  
EC3M 4ST

**THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

**Results and dividends**

The profit and loss account for the year is set out on page 9. The profit on ordinary activities after taxation amounted to £259,465 (2019 - £152,806).

During the year and to the date of signing, dividends were declared as follows:

	2020 £	2019 £
Final dividend in respect of the year ended 31 December 2020	250,000	-
Final dividend in respect of the year ended 31 December 2019	-	250,000
	<u>250,000</u>	<u>250,000</u>

**Directors**

The present membership of the board of directors is shown on page 2, all of whom held office throughout the year, except as noted.

**Directors' indemnity**

The ultimate parent company Thomas Miller Holdings Ltd. has made qualifying third party indemnity provisions for the benefit of its subsidiaries' directors that remain in force at the date of this report.

**Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the Strategic Report and form part of this report by cross-reference.

**Auditor**

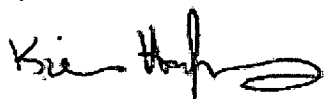
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



K P Halpenny  
Company Secretary  
6 May 2021

90 Fenchurch Street  
London  
EC3M 4ST

## **THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

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

#### **Opinion**

In our opinion the financial statements of The Occupational Pensions Defence Union Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

### **Auditor's responsibilities for the audit of the financial statements**

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

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 auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

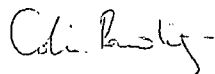
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

### Use of our report

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



Colin Rawlings (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
6 May 2021

THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	1,3	934,737	870,035
Administrative expenses		(613,652)	(679,627)
<b>Operating profit</b>		<b>321,085</b>	<b>190,408</b>
Interest receivable and similar income		124	390
<b>Profit on ordinary activities before taxation</b>	<b>4</b>	<b>321,209</b>	<b>190,798</b>
Tax on profit on ordinary activities	6	(61,743)	(37,992)
<b>Profit for the financial year</b>		<b>259,466</b>	<b>152,806</b>

All amounts derive from continuing operations.

The notes on pages 11 to 16 form an integral part of these financial statements.

THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020


	Notes	2020 £	2019 £
<b>Current assets</b>			
Debtors	7	634,659	687,769
Cash at bank		438,536	592,732
		<u>1,073,195</u>	<u>1,280,501</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(1,001,746)</u>	<u>(1,218,518)</u>
<b>Net current assets</b>		<u>71,449</u>	<u>61,983</u>
<b>Total assets less current liabilities</b>		<u>71,449</u>	<u>61,983</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,000	1,000
Profit and loss account		70,449	60,983
<b>Shareholder's funds</b>		<u>71,449</u>	<u>61,983</u>

The financial statements of The Occupational Pensions Defence Union Limited (registered number 03277897) were approved by the board of directors and authorised for issue on 6 May 2021. They were signed on its behalf by:



Director

R P Cunningham



Director

R A A Harnal

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

	Share Capital £	Profit and loss account £	2020 Total £	2019 Total £
<b>Opening shareholders funds</b>	<u>1,000</u>	<u>60,983</u>	<u>61,983</u>	<u>159,177</u>
Profit for the financial year	-	259,466	259,466	152,806
Dividends paid	-	(250,000)	(250,000)	(250,000)
Net increase / (decrease) in shareholder's funds	-	<u>9,466</u>	<u>9,466</u>	<u>(97,194)</u>
<b>Closing shareholder's funds</b>	<u>1,000</u>	<u>70,449</u>	<u>71,449</u>	<u>61,983</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

## THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

### NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020

#### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

##### 1.1 General information and basis of accounting

The Occupational Pensions Defence Union Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The functional currency of The Occupational Pensions Defence Union Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company as a "qualifying entity" is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b). The full voting rights of the company are owned by its ultimate parent undertaking (note 13) whose published, publicly available, accounts include a consolidated cash flow statement.

##### 1.2 Going concern

The business activities of the company are set out in the strategic report.

The company has long standing relationships with many of its clients. Additionally, the company has an on-going and strong relationship with Chubb who underwrite the insurance cover provided by the company. The financial position of the company and how the key risks faced by the business are mitigated are discussed within the strategic report.

The company has net current assets. The majority of these consist of amounts due from and received by the company's clients and balances payable to Chubb and fellow subsidiary undertakings. The company possesses sufficient cash resources in order to pay its liabilities.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully in the current economic climate.

The Thomas Miller group has performed a liquidity stress test for the 21 month period ending December 2022 in light of the COVID-19 pandemic, including the cessation of certain business and the significant loss of incentive fees on three major contracts which indicates headroom before any mitigating actions. Thomas Miller have identified mitigating actions which include reducing costs, deferring capital expenditure and suspending dividends. Taking account of these potential mitigating actions, this analysis demonstrates that the group could continue as a going concern for at least the next year given the financial and liquidity strength of the insurance companies managed by Thomas Miller and the notice periods contained in the contracts. Accordingly, Thomas Miller considers the results of this test continue to support the view that the group is able to continue as a going concern for the next twelve months.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment.

The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### 1.3 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

## THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

### NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020 (continued)

#### 1. Accounting policies (continued)

##### 1.3 Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 1.4 Turnover

Turnover represents commissions received on Pension Trustee Liability (PTL) policies and Discontinuance policies. Commissions on PTL are recognised on the inception on the underlying policy and a proportion of commission earned on discontinuance policy is deferred over a period of six years. These are received through the provision of insurance cover to pension fund trustees, their internal administrators and sponsoring employers.

##### 1.5 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

##### 1.6 Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives i.e. forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not apply hedge accounting for foreign exchange derivatives.

**THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020 (continued)**

**2. Critical accounting judgements and key source of estimation uncertainty**

There are no critical accounting judgements or key sources of estimation uncertainty requiring disclosure.

**3. Turnover**

	2020 £	2019 £
Turnover by location of client:		
United Kingdom & Republic of Ireland	934,737	870,035

All turnover derives from the principal activities of the company.

**4. Profit on ordinary activities before taxation**

	2020 £	2019 £
This is stated after charging:		
Auditor's remuneration		
Audit fees in relation to the audit of the company's annual accounts	13,925	13,519
Foreign exchange gain	2,088	-

All directors' remuneration is borne by other group companies and they are not paid for services specifically provided to this company in the current or prior year. The company has no employees (2019 - none).

**5. Directors' remuneration**

The directors of the company include a number of directors who are also directors of other companies within the Thomas Miller Holdings group. The directors do not consider it practicable or appropriate to allocate directors' services between individual subsidiary companies. The directors of the company received aggregate emoluments of £1,213,445 (2019 - £1,258,555) relating to their services to all companies within the Thomas Miller Holdings group.

The value of contributions paid, or treated as paid, by the company in respect of defined contribution schemes was £78,063 (2019 - £81,750).

The number of directors who:

	2020 Number	2019 Number
Are members of a defined benefit scheme	4	4
Are members of a defined contribution scheme	3	3
Had awards receivable in the form of shares under a long-term incentive scheme	5	5

**6. Tax on profit on ordinary activities**

	2020 £	2019 £
The tax charge comprises:		
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	61,743	37,992
<b>Total tax on profit on ordinary activities</b>	61,743	37,992

There is no deferred tax charge for the current or prior year.

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2020 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020 (continued)

6. Tax on profit on ordinary activities (continued)

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

<b>Profit on ordinary activities before tax</b>	<b>321,209</b>	<b>190,798</b>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	61,030	36,252
Effects of:		
Expenses not deductible for tax purposes	713	1,740
<b>Total tax charge for the year</b>	<b>61,743</b>	<b>37,992</b>

7. Debtors

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	624,202	687,769
Accrued income	10,457	-
	<b>634,659</b>	<b>687,769</b>

Amounts due from fellow subsidiary undertakings are repayable on demand.

8. Creditors

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade creditors	765,052	686,252
Amounts owed to fellow subsidiary undertakings	115,251	352,222
Other creditors	-	36,553
Corporation tax	-	18,993
Accruals	21,460	16,606
Provision for refund liability	99,983	107,892
	<b>1,001,746</b>	<b>1,218,518</b>

Amounts owed to fellow subsidiary undertakings are repayable on demand.

9. Share capital

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Called up, allotted and fully paid:</b>		
Equity interests: 1,000 ordinary shares of £1	1,000	1,000

10. Company status

The company is incorporated in the United Kingdom and registered in England and Wales with limited liability.



## **THE OCCUPATIONAL PENSIONS DEFENCE UNION LIMITED**

### **NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020 (continued)**

#### **11. Contingent liability**

Thomas Miller & Co. Limited provides the personnel required for the conduct of the company's business, and charges the company accordingly. At present the company is charged a fixed proportion of the annual pension contribution made by Thomas Miller & Co. Limited to the Thomas Miller & Co. Limited Retirement Benefits Scheme ("the Scheme"), which closed to future accruals of benefits on 30 September 2004, in order to eradicate the past service deficit. The Trustee Board of the Scheme can at any time increase the contributions required for that purpose and, in the event of winding up of the Scheme, require that the company pays that same proportion of any wind up deficit.

#### **12. Related parties**

The company is exempt, under Financial Reporting Standard 102 (FRS 102) para 33.1A, from disclosing related party transactions as they are with other companies that are wholly owned within the group.

#### **13. Ultimate controlling parties**

The company is wholly owned by Thomas Miller Holdings Ltd., a company registered in Bermuda and the ultimate controlling company. Thomas Miller Holdings Ltd. is the parent undertaking of the smallest and largest group in which the company is consolidated. Copies of the financial statements for Thomas Miller Holdings Ltd. may be obtained from the Company Secretary, Thomas Miller Holdings Ltd., 90 Fenchurch Street, London, EC3M 4ST.

#### **14. Post balance sheet events**

There are proposed plans to undertake a group reorganisation in 2021 with a possible transfer of the trade and assets to another subsidiary within the group. These plans are currently under review