

# **Chancery Law Services Limited**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2012**

**(Registered Number 05051863)**



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## Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2012

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company continued to be the provision of will storage services

Chancery Law Services Limited is a private limited company registered in England and Wales, registered number, 05051863

### BUSINESS REVIEW

#### *Overview of the business*

Chancery Law Services Limited provides will storage services to private individuals

The Company has recorded a profit before tax of £316 for the year ended 31 December 2012 (2011 £376)

### GOING CONCERN

The financial statements have been prepared on the going concern basis, notwithstanding current net liabilities, which the Directors believe to be appropriate. The Company is dependent for its working capital on funds provided to it by Just Wills Limited, an associate Company. Just Wills Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds if required by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

#### *Objectives and strategy of the Company*

The Company's objectives are to maximise the long-term value for its shareholder and to deliver a high quality service to customers.

#### *Operational performance and key performance indicators*

The Directors monitor the business by using the following KPI's. Monthly board meetings are held at which the results are discussed in detail.

#### *Operational review*

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Revenue	388	418
Profit before tax	316	376
Total assets	688	390

#### *Risks and uncertainties*

The Company's objective is to appropriately manage all the risks that arise from its activities. Skipton Building Society, the ultimate parent undertaking, has a formal structure for managing risks throughout the Group, which applies to all its subsidiaries.

This has three elements:

- First, we have documented our risk appetite in detailed policy risk statements, which are reviewed and approved annually by the Board. There is a separate risk committee which has responsibility for managing risk.
- Secondly, whilst the primary responsibility for managing risk and ensuring controls are in place to manage risk lies with the Company's management, Skipton Building Society has relevant risk management functions which cover the Company's risks. Their role is to provide a monitoring and oversight role in relation to these.
- Finally the Skipton Group Board Audit Committee, through the internal audit department, monitors the effectiveness of the risk management framework.

### DIVIDENDS

During the year no interim dividend was paid (2011 £nil). The Directors do not propose the payment of a final dividend (2011 £nil).

## Directors' Report - *(continued)*

### DIRECTORS

The directors who served during the year were

D J McMaster	
A Barnes	(resigned 8th August 2012)
RS Shipperley	
DC Livesey	
AS Gill	(resigned 29th June 2012)
MJ Oliver	
JP Cosson	
SN Moore	(appointed 30th January 2013)

### CHARITABLE AND POLITICAL DONATIONS

During the year the Company made no donations to charities (2011 £nil) No contributions were made for political purposes (2011 £nil)

### DISCLOSURE OF INFORMATION TO AUDITORS

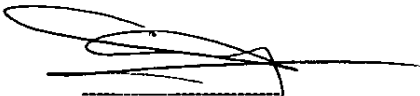
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make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

### AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

DJ McMaster  
Director



25 March 2013

Medway House  
Cantelupe Road  
East Grinstead  
West Sussex  
RH19 3BJ

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANCERY LAW SERVICES LIMITED

We have audited the financial statements of Chancery Law Services Limited for the year ended 31 December 2012 as set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been 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.

B J Stapleton 27 March 2013

Benjamin Stapleton (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants  
Altus House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

## Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Revenue	1	388	418
Administrative expenses	2	<u>(72)</u>	<u>(42)</u>
<b>Profit before tax</b>		<b>316</b>	<b>376</b>
Taxation	4	<u>-</u>	<u>-</u>
<b>Profit for the year being total comprehensive income</b>		<b><u>316</u></b>	<b><u>376</u></b>

In both the current and preceding year the Company made no material acquisitions and had no discontinued operations

There were no recognised income and expense items in the current year (2011 £nil) other than those reflected in the above Statement of Comprehensive Income

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis

The notes on pages 11 to 14 form part of these financial statements

# Statement of Financial Position

AT 31 DECEMBER 2012

	Notes		31 December 2012 £		31 December 2011 £
<b>Current assets</b>					
Cash and cash equivalents		688		390	
<b>Total current assets</b>			688		390
<b>Total assets</b>			<b>688</b>		<b>390</b>
<b>Current liabilities</b>					
Trade and other payables	5	192,821	192,821	192,839	192,839
<b>Total current liabilities</b>					
			192,821		192,839
<b>Total liabilities</b>					
			192,821		192,839
<b>Equity – attributable to equity holders of the Company</b>					
Share capital	6	100		100	
Retained earnings / (deficit)	6	(192,233)		(192,549)	
<b>Total equity</b>			(192,133)		(192,449)
<b>Total equity and liabilities</b>			<b>688</b>		<b>390</b>

These financial statements were approved by the Board of Directors on 25 March 2013 and signed on its behalf by



DJ McMaster  
Director

Company registration number 05051863

The notes on pages 11 to 14 form part of these financial statements



## Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 January 2012	100	(192,549)	(192,449)
Total comprehensive income for the year	-	316	316
<b>Balance at 31 December 2012</b>	<b><u>100</u></b>	<b><u>(192,233)</u></b>	<b><u>(192,133)</u></b>
Balance at 1 January 2011	100	(192,925)	(192,825)
Total comprehensive income for the year	-	376	376
<b>Balance at 31 December 2011</b>	<b><u>100</u></b>	<b><u>(192,549)</u></b>	<b><u>(192,449)</u></b>

## Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012

Notes	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
<b>Cash flows from operating activities</b>		
Profit for the year	316	376
Adjustments for		
Interest expense	-	-
Tax expense	-	-
<b>Operating profit before changes in working capital and provisions</b>	<b>316</b>	<b>376</b>
Decrease in trade and other payables	(18)	(28)
<b>Cash inflow from operations</b>	<b>298</b>	<b>348</b>
Interest paid	-	-
Taxes paid	-	-
<b>Net cash inflow from operating activities</b>	<b>298</b>	<b>348</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-	-
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>298</b>	<b>348</b>
Cash and cash equivalents at 1 January	390	42
<b>Cash and cash equivalents at 31 December</b>	<b>688</b>	<b>390</b>

The notes on pages 11 to 14 form part of these accounts

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

Chancery Law Services Limited (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company accounts.

#### a) Basis of accounting

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the EU and effective at 31 December 2012.

There have been no new accounting policies adopted in the year.

#### Measurement convention

These financial statements are prepared on the historical cost basis.

#### Currency presentation

These financial statements are presented in pounds sterling.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the Company, its cash flows, and liquidity position are shown on pages 7 to 10. In addition, the Directors Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

As described in the Directors Report on page 3, the Company has reported an operating profit for the year and has a positive cash balance. Confirmation has been received from Just Wills Limited, that it will provide such support as the Company requires to enable it to meet its liabilities as and when they fall due for a period of not less than one year from the date of approval of these financial statements.

The Directors have concluded that the combination of these circumstances gives a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in the financial statements.

#### b) Revenue recognition

Revenue represents amounts receivable for services. Income received in advance for the storage of wills is recognised over the period that the customer has paid for storage.

#### c) Trade and other payables

Trade and other payables are stated at their fair value.

#### d) Taxation

Income tax on the result for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted on the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the year end.

#### e) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The Statement of Cash Flows has been prepared using the indirect method.

#### f) Net financing costs

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2 Expenses and auditors' remuneration

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Included in profit for the year is the following		
Auditors' remuneration	-	-
Audit of these financial statements	-	-

Auditors' remuneration of £810 was borne by another group company (2011 £800)

### 3 Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) during the year was as follows

	Year ended 31 Dec 2012 No	Year ended 31 Dec 2011 No
Directors	6	7

All Directors are remunerated by another group company, and do not receive any remuneration from Chancery Law Services Limited

### 4 Tax expense

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
a) Analysis of expense in the year at 24.5% (2011 26.5%)		
Current tax expense		
Current tax at 24.5% (2011 26.5%)	-	-
Total current tax	-	-
Tax expense	-	-

#### b) Factors affecting current tax expense in the year

The tax assessed in the Statement of Comprehensive Income is lower (2011 lower) than the standard UK corporation tax rate because of the following factors

Profit before tax	316	376
Tax on profit at UK standard rate of 24.5% (2011 26.5%)	77	100
Effects of		
Utilisation of tax losses	(77)	(37)
Other	-	(63)
Tax expense	-	-

The tax charge for 2012 included the one-off effect on the deferred tax balances on the reduction in the corporation tax rate from 26% to 24%, which was effective from 1 April 2012

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

### 5 Trade and other payables

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Amounts owed to group undertakings	192,630	192,630
Accruals and deferred income	191	209
	192,821	192,839

### 6 Share Capital

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 6 Share Capital (continued)

#### Management of capital

Capital is considered to be the audited retained earnings and ordinary share capital in issue

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
<b>Capital</b>		
Ordinary shares	100	100
Retained earnings / (deficit)	<u>(192,233)</u>	<u>(192,549)</u>
	<u>(192,133)</u>	<u>(192,449)</u>

The Company's objectives when managing capital are

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies

The year end capital position is reported to the Operational Board on a monthly basis. The capital position is also given due consideration when corporate plans are prepared

### 7 Related party transactions

The Company has related party relationships within the Skipton Group as detailed below. All such transactions are priced on an arms-length basis

	2012			2011		
	Ultimate parent undertaking £	Immediate parent undertaking £	Other group companies £	Ultimate parent undertaking £	Immediate parent undertaking £	Other group companies £
<b>a) Net interest</b>						
Interest receivable	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>b) Sales of goods and services</b>	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>c) Purchase of goods and services</b>	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>d) Outstanding balances</b>						
Sale of goods and services	-	-	-	-	-	-
Purchase of goods and services	-	-	-	-	-	-
Other payables	-	-	(192,630)	-	-	(192,630)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>(192,630)</u>	<u>-</u>	<u>-</u>	<u>(192,630)</u>

There are no provisions in respect of goods and services to Related Parties, either at 31 December 2012 or at 31 December 2011. There is no cash held on deposit with the Skipton Building Society held within cash and cash equivalents at the year end (2011: £nil). All transactions are dealt with on normal credit terms.

### 8 Capital Commitments

There were no capital commitments at the year end (2011: £nil)

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 9 Financial instruments

#### **Financial risks**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk, these are monitored on a regular basis by management. Each of these is considered below.

#### **Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business.

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount £	Contractual cash flows £	In not more than one month £	In not more than 3 months £	In more than 3 months but not less than 1 year £	In more than one year but not more than 5 years £
Amounts owing to group companies	(192,630)	(192,630)	(192,630)	-	-	-
<b>Total</b>	<b>(192,630)</b>	<b>(192,630)</b>	<b>(192,630)</b>	<b>-</b>	<b>-</b>	<b>-</b>

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

#### **Currency risk**

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

#### **Interest rate risk**

The Company has no interest bearing liabilities, and the Company monitors any exposure on a continuous basis.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. As the Company has limited receivables from customers, no impairment provision is necessary. Management carefully manages its exposure to credit risk.

#### **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

### 10 Adoption of new and revised International Financial Reporting Standards

There have been no new accounting policies adopted in the year which have had a significant impact on these accounts.

### 11 Ultimate Parent Undertaking

The Company is a wholly owned subsidiary of Just Wills Group Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group in which the results are consolidated is that headed by Connellis Limited and the accounts of this company are available to the public and can be obtained from:

Companies House  
Crown Way  
Cardiff  
CF4 3UZ