

COMPANY REGISTRATION NUMBER: 08747294

**LV COMMERCIAL MORTGAGES LIMITED**

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**REPORT AND  
FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**LV COMMERCIAL MORTGAGES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2020**

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**C O N T E N T S**

	Page
Directors, officers and registered office	3
Strategic report	4
Directors' report	6
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Financial Position	10
Statement of Cash flows	11
Notes to the Financial Statements	12

**LV COMMERCIAL MORTGAGES LIMITED**

**DIRECTORS, OFFICERS AND REGISTERED OFFICE**

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**Directors**

C Walker           Appointed 04 June 2020  
M P Hartigan      Appointed 16 January 2020  
A W Snow

**Company Secretary**

M P Jones

**Registered office**

Frizzell House  
County Gates  
Bournemouth  
Dorset  
BH1 2NF

**LV COMMERCIAL MORTGAGES LIMITED**  
**COMPANY NUMBER 08747294**

**STRATEGIC REPORT**

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The Directors submit their strategic report for LV Commercial Mortgages Limited (the 'Company') for the year to 31 December 2020.

**1. Results and dividends**

The profit for the year was £61,000 (2019: £85,000) as set out on page 8. The Directors did not approve any dividends in the year (2019: £nil).

**2. Principal Activity**

The principal purpose of the Company is to originate commercial loans secured on real estate property.

**3. Business Review and future prospects**

As at year end 2020, £61.7m (2019: £53.4m) of commercial mortgage lending had been completed in the year.

At 31 December 2020, the Company had originated commercial mortgage loans totalling £349.6m (2019 £287.9m), with two loans having repaid in full leaving a balance outstanding of £228.3m (2019: £207.2m). Three new loans were written during the year.

The margin in the commercial real estate lending market increased over the course of 2020 as the impact of the Covid-19 pandemic weighed on investor sentiment and tenant performance. Volumes remained below average with banks significantly reducing their funding into the sector however this presented opportunity for alternative lenders. The Company has continued to target prospects where there is less competition either through regional bias, requirement for speed of execution or loan size while maintaining high underwriting standards to ensure risk is well managed and appropriately rewarded.

*Future outlook*

On 15 December 2020, the LVFS board announced that it had reached an agreement whereby Bain Capital will pay £530m to acquire the Group's Savings and Retirement and Protection businesses. The acquisition is subject to regulatory approval and approval from LVFS' members. Subject to progressing as currently planned, the transaction is expected to complete during 2022.

**4. Key performance indicators**

The Board sets key performance indicators (KPIs) and targets, which it monitors on a regular basis throughout the year. These KPIs change from time to time as objectives and priorities change. The Company's principal KPIs are:

- New Business Volumes
- Yield
- Sector concentrations

**New Business Volumes**

The Company tracks new loans against plan.

**Yield**

The portfolio is managed to target a minimum spread over government bonds. For balanced risk management and returns, consideration is given to lower yielding but higher quality assets, where incremental spreads over bonds warrant investment.

**STRATEGIC REPORT**

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**4. Key performance indicators continued**

**Sector concentrations**

The Company targets prospects by preferred sector concentrations, with particular attention paid to industry cycles. While in the period of portfolio ramp up, the current portfolio concentration is measured against limits based on a fully invested portfolio.

Based on the lending achieved, the profit margins targeted in the pricing of the Company's lending, and the level of expenditure incurred, the Directors are confident that long-term profitability will be achieved.

**5. Principal Risks and Uncertainties**

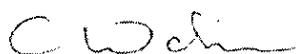
The Company looks to maintain a high quality control environment in all of its activities. The Board monitors all risks throughout the year and executes its strategy to ensure that the risks assumed remain within the risk appetite established by the parent, LVFS. The principal risks of the Company are set out below.

*Coronavirus*

The emergence of the Covid-19 pandemic has not had a material impact on the Solvency position or results of the Company during the year. The LVFS group's operational response to the pandemic was quick and effective, allowing the Company to continue its business throughout the year with negligible operational risk.

Further information detailing the Company's financial risk management and controls can be found in note 4.

**APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON BEHALF OF THE BOARD**



**C Walker**  
Director  
15 July 2021

**LV COMMERCIAL MORTGAGES LIMITED**  
**COMPANY NUMBER 08747294**

**DIRECTORS' REPORT**

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The Directors submit their report and the unaudited financial statements for LV Commercial Mortgages Limited (the Company) for the year to 31 December 2020.

As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Results and dividends;
- *Principal activities of the Company;*
- Principal risks and uncertainties;
- Business review and future prospects.

**1. Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 3.

**2. Employees**

The Company utilised the staff and premises of Liverpool Victoria Financial Services Limited (LVFS) in carrying out its activities in the year. No staff costs have been recharged to the company as the services the staff provide are considered incidental to those provided to LVFS.

**3. Directors' indemnity statement**

The Directors have the benefit of an indemnity which constitutes a "qualifying third party indemnity provision" as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. LVFS, the ultimate parent company, also purchased and maintained throughout the year on behalf of its subsidiaries Directors' and Officers' liability insurance in respect of the Company and its Directors. It is available for inspection at the registered office of the Company details of which are provided on page 3.

**4. Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, 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 the Directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**LV COMMERCIAL MORTGAGES LIMITED**  
**COMPANY NUMBER 08747294**

**DIRECTORS' REPORT**

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**4. Statement of Directors' Responsibilities continued**

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD**



**M P Jones**  
Company Secretary  
15 July 2021

**LV COMMERCIAL MORTGAGES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
Fee and commission income	5	829	1,154
<b>Total income</b>		<b>829</b>	<b>1,154</b>
Other operating and administrative expenses	6	(754)	(1,049)
<b>Total expenses</b>		<b>(754)</b>	<b>(1,049)</b>
<b>Profit before tax</b>		<b>75</b>	<b>105</b>
Income tax expense	8	(14)	(20)
<b>Profit for the year</b>		<b>61</b>	<b>85</b>
<b>Total comprehensive income for the year</b>		<b>61</b>	<b>85</b>

All results shown above are in relation to continuing operations.

The notes on pages 12 to 21 are an integral part of the financial statements.



**LV COMMERCIAL MORTGAGES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

Attributable to equity holders of the Company				
		Share capital	Retained earnings	Total equity
	Note	£000	£000	£000
Balance at 1 January 2020		-	544	544
Profit and total comprehensive income for the year	14	-	61	61
<b>Balance at 31 December 2020</b>		-	<b>605</b>	<b>605</b>

Attributable to equity holders of the Company				
		Share capital	Retained earnings	Total equity
	Note	£000	£000	£000
Balance at 1 January 2019		-	459	459
Profit and total comprehensive income for the year	14	-	85	85
<b>Balance at 31 December 2019</b>		-	<b>544</b>	<b>544</b>

The notes on pages 12 to 21 are an integral part of the financial statements.

**LV COMMERCIAL MORTGAGES LIMITED****STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Assets</b>			
Financial assets			
Loans and other receivables	9	-	486
Cash and cash equivalents	10	<b>1,445</b>	542
<b>Total assets</b>		<b>1,445</b>	1,028
<b>Liabilities</b>			
Trade and other payables	11	<b>826</b>	464
Current tax liability	12	<b>14</b>	20
<b>Total liabilities</b>		<b>840</b>	484
<b>Equity</b>			
Share capital	13	-	-
Retained earnings	14	<b>605</b>	544
<b>Total equity</b>		<b>605</b>	544
<b>Total liabilities and equity</b>		<b>1,445</b>	1,028

The notes on pages 12 to 21 are an integral part of the financial statements.

**Audit Exemption Statement**

For the year ended 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 ('Act') relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476 of the Act; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 8 to 21 were approved by the Board of Directors on 15 July 2021 and signed on its behalf by



**C Walker**  
Director

**LV COMMERCIAL MORTGAGES LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Cash and cash equivalents at 1 January</b>		<b>542</b>	<b>1,455</b>
<b>Cash flows arising from:</b>			
<b>Operating activities</b>			
Cash generated from / (used in) operating activities	15	923	(900)
Group relief paid	12	(20)	(13)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>903</b>	<b>(913)</b>
<b>Financing activities</b>			
Net Increase in loans secured on commercial properties		61,711	53,439
Beneficial interest sold to parent		(61,711)	(53,439)
<b>Net cash flows generated from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net cash increase / (decrease) in cash and cash equivalents</b>		<b>903</b>	<b>(913)</b>
<b>Cash and cash equivalents at 31 December</b>	10	<b>1,445</b>	<b>542</b>

The notes on pages 12 to 21 are an integral part of the financial statements.

## **LV COMMERCIAL MORTGAGES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1. General information**

LV Commercial Mortgages Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom.

#### **2. Accounting policies**

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

#### **BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS').

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value. The primary economic environment in which the Company operates in is the United Kingdom. The financial statements are presented in sterling, which is the Company's presentation and functional currency.

The preparation of the financial statements in conformity with IFRS requires the use of estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS.

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.

## **LV COMMERCIAL MORTGAGES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies continued**

##### **SIGNIFICANT ACCOUNTING POLICIES**

###### **Fee and commission income**

Fee and commission income is recognised in the Statement of Comprehensive Income as performance obligations are satisfied.

Fee and commission income relates to arrangement fee income, including amounts paid by the ultimate parent, LVFS, on all loans purchased in the year.

###### **Other operating and administrative expenses**

Other operating and administrative expenses are accounted for as incurred.

###### **Loans and other receivables**

Receivables represent amounts due for services performed in the ordinary course of business. Trade receivables are initially recognised at the amount of consideration that is unconditional unless consideration includes a significant financing component, in which case it is recognised at fair value. Trade receivables are held with the objective to collect contractual cash flows and therefore are classified as subsequently measured at amortised cost.

Receivables are generally due for settlement within 30 days and therefore all are classified as current. A loss allowance is calculated in respect of receivables as explained in the accounting policy on impairment.

###### **Impairment of financial assets**

The Company has financial assets that are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

###### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above but are shown net of outstanding bank overdrafts.

###### **Trade and other payables**

Trade and other payables are recognised when they fall due. They are initially measured at fair value and subsequently at amortised cost.

###### **Income taxes**

The income tax expense represents the current year corporation tax charge. It reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses.

###### **- Current income tax**

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

###### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

## **LV COMMERCIAL MORTGAGES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies continued**

##### **CHANGES IN ACCOUNTING POLICIES**

###### **(i) New and amended standards adopted in the year**

The Company has adopted the following new and amended standards which became effective for accounting periods beginning on or after 1 January 2020.

###### **Amendments to IAS 1 and IAS 8: Definition of Material**

IAS 1 and IAS 8 are amended to alleviate areas of potential misinterpretation of the definition of materiality. The new definition is "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." This definition is consistent with the Company's existing application of materiality and has not therefore had any impact on the Company.

###### **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform phase 1**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. The Company does not perform hedge accounting and therefore these amendments have no impact on the Company.

###### **Conceptual framework for financial reporting**

A revised conceptual framework has been implemented by the International Accounting Standards Board. The conceptual framework assists preparers to develop consistent accounting policies for transactions or other events when no standard applies or a standard allows a choice of accounting policies. The conceptual framework is also used to assist with understanding and interpretation of accounting standards. The revised conceptual framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the Company.

Other than as set out above, no new or amended accounting standards and interpretations were adopted for the 2020 financial year.

###### **(ii) New standards and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations have been issued and are effective for annual periods beginning after 1 January 2020. These have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following.

###### **Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7, IFRS 16: Interest rate benchmark reform phase 2**

Ahead of the planned withdrawal of the London Inter-bank offered rate (LIBOR) various amendments have been made to financial instruments accounting standards in order to avoid unintended accounting consequences that may be triggered by a modification of financial instrument cashflows. These changes are effective from 1 January 2021. The Company does not perform hedge accounting and holds the majority of its investment assets at Fair value through income, as a result there will be limited areas of the Company's balance sheet that will be impacted by the withdrawal of LIBOR and these amendments.

There are no other changes to accounting standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

## **LV COMMERCIAL MORTGAGES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **3. Capital Management**

The Company retains capital to meet three key objectives:

- (i) To ensure financial stability and to meet all Company regulatory requirements;
- (ii) To enable the Company's strategy to be developed; and
- (iii) To give confidence to consumers and other stakeholders who have a relationship with the Company.

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company. In the event that sufficient capital is not available, plans would be developed to raise additional capital through, for example, a capital injection from the parent company. If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to shareholders.

## LV COMMERCIAL MORTGAGES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 4. Risk management and control

The Company seeks to create value for its shareholder by maintaining an appropriate balance between the capital available to support risk and the level and type of risk it takes on in order to achieve returns.

The LV= Group recognises the critical importance of having efficient and effective risk management systems in place and these take the form of:

- Board and Executive committees with clear terms of reference.
- A clear organisation structure with documented apportionment of responsibilities.
- A uniform methodology of risk assessment, which is embedded within all companies in the LV= Group so that they operate within agreed tolerances and with appropriate controls in place.
- Regular reviews of risks by senior managers, where frequency of review is determined by the potential impact of the risk and its likelihood.

Other than as detailed below, the Directors consider that the Company is not exposed to any significant risk in other areas.

#### Credit Risk

Credit risk is the risk of loss due to counterparties failing to meet all or part of their obligations when due.

Policies are in place to control the major components of credit risk, including counterparty default and concentration risk. The Company places limits on its exposure to a single counterparty, or groups of counterparties, and to industry segments. The table below shows the credit profile of the company's assets.

	Neither past due nor impaired					Total
	AAA	AA	A	BBB	Not rated	
Credit risk exposure 2020	£000	£000	£000	£000	£000	£000
Bank Balances	-	-	1,445	-	-	1,445
Total	-	-	1,445	-	-	1,445

	Neither past due nor impaired					Total
	AAA	AA	A	BBB	Not rated	
Credit risk exposure 2019	£000	£000	£000	£000	£000	£000
Bank Balances	-	-	542	-	-	542
Total	-	-	542	-	-	542



**LV COMMERCIAL MORTGAGES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****4. Risk management and control continued****Liquidity Risk**

Liquidity risk is the risk that the Company does not have sufficient available liquid assets to meet its obligations as they fall due. Sources of liquidity risk have been identified and systems are in place to measure, monitor and control liquidity exposures. Liquidity is maintained at a prudent level, with a buffer to cover contingencies.

The table below summarises the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations.

**Maturity profile of financial liabilities**

		Within 1 year £000	Over 1 year £000	Total £000
<b>Maturity profile of financial liabilities 2020</b>	<b>Notes</b>			
Trade and other payables	11	826	-	826
		826	-	826

		Within 1 year £000	Over 1 year £000	Total £000
<b>Maturity profile of financial liabilities 2019</b>	<b>Notes</b>			
Trade and other payables	11	464	-	464
		464	-	464

The company is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable liabilities to be met as they fall due. All financial assets are due within one year.

**LV COMMERCIAL MORTGAGES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. Fee and commission income**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Fee and commission income	<b>829</b>	<b>1,154</b>
	<b>829</b>	<b>1,154</b>

**6. Other operating and administrative expenses**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Investment management expenses and charges	<b>754</b>	<b>1,049</b>
	<b>754</b>	<b>1,049</b>

**7. Directors emoluments**

The emoluments of the directors are paid by the ultimate parent company which makes no recharge to the Company. The directors are also directors of Liverpool Victoria Financial Services Limited (and/or a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria Financial Services Limited.

**8. Income tax expense**

**a. Current year tax expense**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current year tax expense;</b>		
Current tax on profits for the period	<b>14</b>	<b>20</b>
<b>Total current tax (note 8(b))</b>	<b>14</b>	<b>20</b>

<b>Total income tax expense</b>	<b>14</b>	<b>20</b>
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**b. Reconciliation of tax charge**

The tax assessed for the period is equal to the effective rate of corporation tax in the UK (19%).

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<b>75</b>	<b>105</b>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>14</b>	<b>20</b>
<b>Total tax charge for the period (note 8(a))</b>	<b>14</b>	<b>20</b>

**LV COMMERCIAL MORTGAGES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Loans and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts due from parent undertaking	-	486
	-	486

Loans and other receivables are classified as BBB rated.

**10. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank balances	1,445	542
<b>Cash and cash equivalents</b>	<b>1,445</b>	<b>542</b>

**11. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts due to parent undertaking	335	-
Other creditors	190	52
Accruals and deferred Income	301	412
	<b>826</b>	<b>464</b>

All trade and other payables are due within one year

**12. Current tax liability**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January	20	13
Amounts recorded in the statement of comprehensive income	14	20
Amounts paid in respect of group relief	(20)	(13)
<b>Balance at 31 December</b>	<b>14</b>	<b>20</b>

**LV COMMERCIAL MORTGAGES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Share capital**

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Ordinary shares, allotted and fully paid</b>		
1 issued ordinary share of £1 (2019: 1 issued ordinary share of £1)	-	-

**14. Retained profit**

	<b>2020</b>	2019
	<b>£000</b>	£000
Balance at 1 January	<b>544</b>	459
Retained profit for the period	<b>61</b>	85
<b>At 31 December</b>	<b>605</b>	544

**15. Cash generated from / (used in) operating activities**

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Profit before tax</b>	<b>75</b>	105
<b>Changes in working capital</b>		
Decrease / (increase) in loans and other receivables	<b>486</b>	(486)
Increase / (decrease) in trade and other payables	<b>362</b>	(519)
<b>Cash generated from / (used in) operating activities</b>	<b>923</b>	(900)

**16. Related party transactions**

The Company enters into transactions with related parties in the normal course of business. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and LVFS:

	<b>2020</b>	2019
	<b>£000</b>	£000
Beneficial interest in loans sold to LVFS	<b>53,572</b>	57,647
Settlements with LVFS covering guaranteed loan payments	<b>(841)</b>	936
Group Tax Relief	<b>20</b>	13

Balances outstanding between the Company and the Group:

	<b>2020</b>	2019
	<b>£000</b>	£000
Payable by the Company	<b>335</b>	-
Payable to the Company	<b>-</b>	486

Key management personnel of the Group include all directors, executive and non-executive, and senior management (the Board and the Executive Committee). The emoluments of the key management personnel are paid by the ultimate parent company which makes no recharge to the Company.

## **LV COMMERCIAL MORTGAGES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **17. Ultimate parent company**

The ultimate and immediate parent company and ultimate controlling party is Liverpool Victoria Financial Services Limited (LVFS), a UK private company limited by guarantee registered under the Companies Act 2006.

On 15 December 2020, the LVFS board announced that it had reached an agreement whereby Bain Capital is expected to pay £530m, subject to contract, to acquire the LVFS Group's Savings and Retirement and Protection businesses. The acquisition is subject to regulatory approval and approval from LVFS' members. Subject to progressing as currently planned, the transaction is expected to complete during 2022.

The largest and smallest company whose financial statements this company is consolidated into is LVFS. The consolidated financial statements of LVFS are available to the public and may be obtained from:

The Company Secretary  
County Gates  
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