

Company Registration No. 09067468 (England and Wales)



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

PATHFINDER LEGAL SERVICES LIMITED

COMPANY INFORMATION



Directors	Mr C Warboys Mr T Kelly Mrs D Carter-Hughes Professor S Mayson Mr J Smith Mr M Dickenson	(Appointed 7 October 2021)
Company number	09067468	
Registered office and Huntingdon office	Floor 3, Pathfinder House St. Marys Street Huntingdon PE29 3TN	
Northampton office	1 Angel Square Angel Street Northampton NN1 1ED	
Sheffield office	Priory House Monks Walk Chicksands Sheffield SG17 5TQ	
Auditor	Ensors Accountants LLP Warwick House Ermine Business Park Spitfire Close Huntingdon PE29 6XY	

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PATHFINDER LEGAL SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022



Executive Director foreword to the Annual Report for the year ended 31 March 2021

Business model

LGSS Law Ltd rebranded itself in September 2021 and changed its name to Pathfinder Legal Services Ltd. With the disaggregation of LGSS (the previous shared service owned by Cambridgeshire County Council and Northamptonshire County Council) and the local government reorganisation of Northamptonshire County Council and the 7 district and borough councils in Northamptonshire (resulting in two new unitary authorities – North Northamptonshire Council and West Northamptonshire Council), the firm saw this as a great opportunity to rebrand itself.

Despite the change of name, the business model of the firm remains the same. Pathfinder Legal Services Ltd provides expert legal advice tailored to the public and not-for-profit sectors. The company aims to charge lower legal fees than other private sector options and to recruit high-quality lawyers by providing a rewarding work environment (in terms of quality of work, operational efficiencies, working benefits and remuneration). Owned by four local authorities, Pathfinder Legal Services Ltd aims to provide cost-effectiveness to its clients through increased specialisation, capacity and economies of scale; enabling high productivity and greater employee skills.

The challenge

Local authority budgets continue to be strained, with the pandemic and the current cost of living crisis adding to the pressure on local authorities and public sector bodies to make savings. In addition, the employment market has been difficult to navigate over recent years, especially in the local government and legal sectors, meaning that local authorities are competing for a limited pool of talent at a higher cost than ever before. As a result authorities are seeking to derive better value for money from their legal spend; better legal services for the same or lower cost, and to consider new ways of working. The model developed by Pathfinder Legal Services Ltd draws on elements of a commercial model in its performance management and business-like culture/processes, but retains key elements of an in-house legal team, such as the client ownership and control. The ability to call on Pathfinder Legal Service Ltd's services on an as-needed basis provides comfort to public sector organisations who may sometimes need additional legal capacity but cannot justify further permanent or locum staff.

Management and governance

2021/22 has seen a change to its shareholder make up, with Northamptonshire County Council's shares being devolved to North Northamptonshire Council and West Northamptonshire Council, and the introduction of a new non-executive director, Mark Dickenson. As a result of the global pandemic the firm continued to hold virtual board meetings, and is now considering a mixture of in-person and virtual board meetings going forwards.

Principal risks and uncertainties

Covid - the pandemic continued to be a key risk for the firm in 2021/22. With the uncertainty on how the coronavirus was going to spread and evolve, the firm continued to follow government guidance on working from home and retained social distancing within the offices. The firm started to return individuals to the office in November 2021 on a one-day-a-week basis, seeing individuals return with colleagues within the same team. In addition, the Operations team returned at a higher frequency to provide the administrative support required by fee earners. This return to the office has been welcomed by the teams and continues in place. The ability to support staff to build close working relationships with their colleagues, as well as addressing mental health and wellbeing strains brought about by the pandemic, has allowed the firm to be flexible in its approach.

Local Government Reform – The creation of North Northamptonshire Council, West Northamptonshire Council and the Northamptonshire Children's Trust has been challenging for staff, even more so with all organisations working remotely. System changes have had to take place to reflect the new clients, we have had to work closely with each organisation to ensure that the reporting and invoicing arrangements are suitable for their individual needs, as well as building relationships with individuals within organisations undergoing their own significant changes. We continue to work closely with all three organisations to develop and build our relationship together.

PATHFINDER LEGAL SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



Employment Challenges – As the country has moved out of the pandemic there has been a significant impact on the employment market. Individuals have chosen to retire, move jobs or (with the increase in remote working) take on roles which would not normally have been possible due to geographical restrictions. The firm, along with many local authority and private sector legal teams, has faced issues with recruitment and retention of staff, with the buoyant employment market seeing competition for a smaller number of staff and a lack of experienced individuals. The firm is keen to continue supporting its staff to grow and develop, taking on more junior staff and providing training and support, as well as offering more experienced staff opportunities to develop into management, training or specialist legal work.

Revenue and costs: the company produces detailed budgets and reviews results against budget on a regular basis.

Operational risks: the company maintains and regularly reviews a risk register.

Compliance with regulation and standards: the company reviews compliance with regulations on a regular basis, investigating and taking corrective action as needed. The company is regulated by the Solicitors Regulation Authority and holds the Law Society Lexcel accreditation.

Client and supplier management: the company has procedures in place to manage relationships with key clients and suppliers.

People management: the company has extensive people management procedures, covering recruitment, retention and development.

Liquidity risk: The company reviews cash balances on a daily basis and produces regular cash flow analyses.

Growth

The firm continues to deal with work connected to the pandemic (either delayed due to the lockdown and changes in working practices or directly resulting from the pandemic) and has found cases becoming more complex in nature. This has seen the firm increase the number of staff it employs, review its working practices and, as a result, invest in its staff in relation to training and development. With the reintroduction of in-person court hearings, the firm is developing its in-house advocacy offering and, with the geographical spread of employees, has continued to take on files for external clients elsewhere in the country with the ability to provide advocates. The firm has seen instructions from new external clients but also, for the first time, has had to decline instructions from external organisations due to working at full capacity. The firm continues to recruit to enable it to take on this external work and hopes to continue to develop its client base through 2022/23.

Financial results

2021/22 has seen revenue increase from £9,683,913 to £10,305,892 and report a profit after tax of £304,996 compared to the previous year profit of £868,092. The firm expects to build on the changes that it has made and see further growth in 2022/23. After the exceptional and turbulent 2020/21 financial year dominated by the Covid pandemic, 2021/22 has been equally challenging in different circumstances and has seen the company revert to a more expected and sustainable level of profitability. It has also achieved a position of cumulative retained profit.

On behalf of the board

Mrs D Carter-Hughes
Director
30 September 2022

PATHFINDER LEGAL SERVICES LIMITED



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company is to deliver and supply timely, flexible and effective legal services to the public sector and not for profit clients including its shareholders.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C Warboys

Mr T Kelly

Mrs D Carter-Hughes

Professor S Mayson

Mr J Smith

Mr M Dickenson

(Appointed 7 October 2021)

Financial instruments

Treasury operations and financial instruments

The company's principal financial instruments include debt and loans from participating interests, the main purpose of which is to raise finance for the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future developments

Our overarching objective is to deliver more financial and other benefits to shareholders and clients through exploitation of increased economies of scale and any other mechanism that we find to release benefits for our owners and our clients.

Auditor

The auditor, Ensors Accountants LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

PATHFINDER LEGAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mrs D Carter-Hughes

Director

30 September 2022

PATHFINDER LEGAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022



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

PATHFINDER LEGAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PATHFINDER LEGAL SERVICES LIMITED



Opinion

We have audited the financial statements of Pathfinder Legal Services Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

PATHFINDER LEGAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PATHFINDER LEGAL SERVICES LIMITED



Matters on which we are required to report by exception

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 material misstatements in the strategic report and the directors' report. We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit was designed to include tests of detail together with an assessment of the control environment to enable us to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud.

In planning and designing our audit procedures we assessed the risks of material misstatement due to fraud. Our assessment concluded that the areas of highest risk are non-compliance with laws and regulations and management override of controls.

We obtained an understanding of the legal and regulatory frameworks that the company operates in through discussions with management, and from our commercial knowledge and experience of the sector in which the company operates. This enabled us to identify the key laws and regulations applicable to the company. We focussed on specific laws and regulations which we considered may have a direct impact on the financial statements including the Companies Act 2006, taxation legislation, data protection, anti-bribery and employment laws.

All team members were informed of the relevant laws and regulations and potential fraud risks at the planning stage and reminded to remain alert to any indications of fraud or non-compliance.

In addressing the risk of fraud through management override of controls we have tested the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of potential bias and evaluating the rationale of any significant transactions that appear unusual or outside the normal course of business.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they are likely to involve deliberate concealment or collusion.

PATHFINDER LEGAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PATHFINDER LEGAL SERVICES LIMITED



A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Barry Gostling (Senior Statutory Auditor)
For and on behalf of Ensors Accountants LLP

3 October 2022

Chartered Accountants
Statutory Auditor

Warwick House
Ermine Business Park
Spitfire Close
Huntingdon
PE29 6XY

PATHFINDER LEGAL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Turnover	3	10,305,892	9,683,913
Cost of sales		(7,377,641)	(6,420,789)
Gross profit		2,928,251	3,263,124
Administrative expenses		(2,520,008)	(2,313,977)
Operating profit	4	408,243	949,147
Interest payable and similar expenses	8	(39,375)	(39,616)
Profit before taxation		368,868	909,531
Tax on profit	9	(63,872)	(41,439)
Profit for the financial year		304,996	868,092

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PATHFINDER LEGAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022



	2022 £	2021 £
Profit for the year	304,996	868,092
Other comprehensive income	-	-
Total comprehensive income for the year	<u>304,996</u>	<u>868,092</u>

PATHFINDER LEGAL SERVICES LIMITED



BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10		5,436		8,591
Current assets					
Debtors falling due after more than one year	11	7,448,000		9,277,000	
Debtors falling due within one year	11	2,976,598		2,455,924	
Cash at bank and in hand		1,221,263		1,353,703	
		<u>11,645,861</u>		<u>13,086,627</u>	
Creditors: amounts falling due within one year	12	<u>(1,489,005)</u>		<u>(1,408,922)</u>	
Net current assets			10,156,856		11,677,705
Total assets less current liabilities			10,162,292		11,686,296
Creditors: amounts falling due after more than one year	13		(1,050,000)		(1,050,000)
Provisions for liabilities					
Provisions	15	7,448,000		9,277,000	
		<u>(7,448,000)</u>		<u>(9,277,000)</u>	
Net assets			<u>1,664,292</u>		<u>1,359,296</u>
Capital and reserves					
Called up share capital	18	1,425,000		1,425,000	
Profit and loss reserves		239,292		(65,704)	
Total equity			<u>1,664,292</u>		<u>1,359,296</u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

Mrs D. Carter-Hughes
Director

Company Registration No. 09067468

PATHFINDER LEGAL SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**



	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	1,425,000	(933,796)	491,204
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	868,092	868,092
Balance at 31 March 2021	1,425,000	(65,704)	1,359,296
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	304,996	304,996
Balance at 31 March 2022	1,425,000	239,292	1,664,292

PATHFINDER LEGAL SERVICES LIMITED



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash absorbed by operations	21	(91,811)	(424,831)
Interest paid		(39,375)	(39,616)
Income taxes paid		(1,254)	-
Net cash outflow from operating activities		(132,440)	(464,447)
Investing activities			
Purchase of tangible fixed assets		-	(10,140)
Net cash used in investing activities		-	(10,140)
Net decrease in cash and cash equivalents		(132,440)	(474,587)
Cash and cash equivalents at beginning of year		1,353,703	1,828,290
Cash and cash equivalents at end of year		1,221,263	1,353,703

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



1 Accounting policies

Company information

Pathfinder Legal Services Limited (formerly known as LGSS Law Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Floor 3, Pathfinder House, St Marys Street, Huntingdon, PE29 3TN. The company registration number is 09067468.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At 31 March 2022, the company's balance sheet showed an overall net assets position and continued profitability.

The company's shareholders have also confirmed that they intend to support the company for a period of at least 12 months from the approval of the financial statements and have agreed to subordinate all existing loans, overdrafts and other amounts payable.

This combined with forecasts of continued profitability gives the Directors no reason to doubt that the company will continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	Straight line over 4 years
Computer equipment	Straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from participating interests and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The company's employees are members of a number of group wide defined benefit pension plans administered by the relevant authorities Pension Services and a part of the Local Government Pension Fund. The net defined benefit cost of the plan is charged to participating entities on the following basis: Actuarial valuation of the liability as at the year end.

Up until 31 March 2014 the pension scheme provided benefits based on final salary and length of service on retirement. Changes came into effect from 1 April 2014 and any benefits accrued from this date are based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Pathfinder Legal Services Ltd will continue to show the deficit on the pension scheme as a liability on the Balance Sheet.

It has been agreed with Cambridgeshire County Council, North Northamptonshire County Council and West Northamptonshire Council that they will provide an indemnity in respect of the pension obligations of the company.

The Admission Agreement between the company, the Bedford Pension Fund and Central Bedfordshire Council contains a similar undertaking from Central Bedfordshire Council.

Accordingly an asset has been recognised on the Balance Sheet to reflect the Councils indemnity. This asset will always be equal and opposite to the pension liability and is presented within other debtors.

The reimbursement asset is treated similarly to a plan asset, interest income is calculated by multiplying the asset at the start of the period with the market yield on high quality corporate bonds and recognised in interest receivable.

The remeasurement gains / losses arising are recognised in Other Comprehensive Income.

The Councils' indemnity of the pension deficits supports the preparation of the financial statements on a going concern basis.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors, whether covered by insurance and historical experience.

Depreciation

The company estimates the rates of depreciation used to write down the different classes of assets the company owns. This is based on prior experience of asset lives while taking into account any additional circumstances. Once fully depreciated over its useful life the asset should be stated at its residual value or £nil if there is no residual value.

Revenue and accrued income

Revenue is recognised at the point of billing or for matters that have not yet been billed, where there is a right to consideration. Where there is a right to consideration, income is accrued at the carrying value of time recorded less deductions for recovery rate and bad debt provision.

Final salary pension scheme indemnity

The company benefits from indemnities against any pension scheme deficits arising from their participation in various local government pension schemes which are of a final salary nature. These indemnities are provided by various local authorities and arise either from the terms of the company's admission agreement into the pension scheme or from specific indemnities provided by the local authorities to the company. The nature of these arrangements are such that the company is exposed to a credit risk in the event that any particular local authority is unable to honour the indemnity provided. Due to the nature of the guarantors the directors do not consider that this risk is significant.

3 Turnover

	2022	2021
	£	£
Turnover analysed by class of business		
Fee Income	10,305,892	9,683,913

All of the company's turnover arises within the United Kingdom.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	3,155	5,513
Operating lease charges	222,344	187,505

PATHFINDER LEGAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****5 Auditor's remuneration**

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,000	10,400
For other services		
All other non-audit services	19,160	18,760

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Directors	6	5
Administrative	155	140
Total	161	145

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	7,057,856	6,227,582
Social security costs	543,327	493,939
Pension costs	1,145,918	995,599
	8,747,101	7,717,120

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	138,253	134,043
Company pension contributions	26,826	22,912
	165,079	156,955

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	39,375	39,616
	<u> </u>	<u> </u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	71,735	1,254
	<u> </u>	<u> </u>
Deferred tax		
Losses and other deductions	(7,863)	40,185
	<u> </u>	<u> </u>
Total tax charge	<u>63,872</u>	<u>41,439</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	368,868	909,531
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	70,085	172,811
Tax effect of expenses that are not deductible in determining taxable profit	-	57
Effect of change in corporation tax rate	(6,213)	-
Deferred tax not recognised	-	(131,429)
	<u> </u>	<u> </u>
Taxation charge for the year	<u>63,872</u>	<u>41,439</u>

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022



10 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2021 and 31 March 2022	19,606	56,241	75,847
Depreciation and impairment			
At 1 April 2021	18,916	48,340	67,256
Depreciation charged in the year	472	2,683	3,155
At 31 March 2022	19,388	51,023	70,411
Carrying amount			
At 31 March 2022	218	5,218	5,436
At 31 March 2021	690	7,901	8,591

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	57,554	39,643
Amounts owed by participating interests	645,373	433,353
Other debtors	7,863	3,155
Prepayments and accrued income	2,239,923	1,961,751
	2,950,713	2,437,902
Deferred tax asset (note 16)	25,885	18,022
	2,976,598	2,455,924
Amounts falling due after more than one year:		
Other debtors	7,448,000	9,277,000
Total debtors	10,424,598	11,732,924

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	285,373	176,779
Amounts owed to participating interests	339,151	389,747
Corporation tax	71,735	1,254
Other taxation and social security	449,995	527,889
Other creditors	136,814	126,600
Accruals and deferred income	205,937	186,653
	<u>1,489,005</u>	<u>1,408,922</u>

13 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Other borrowings	14	<u>1,050,000</u>	<u>1,050,000</u>

14 Loans and overdrafts

	2022 £	2021 £
Loans from participating interests	<u>1,050,000</u>	<u>1,050,000</u>
Payable after one year	<u>1,050,000</u>	<u>1,050,000</u>

The company has benefitted from loan facilities with West Northamptonshire Council, North Northamptonshire Council, Cambridgeshire County Council and Central Bedfordshire Council at 3.75% pa.

The total available facility is £1,050,000, the full amount of which has been drawn down.

15 Provisions for liabilities

	2022 £	2021 £
Defined benefit pension fund	<u>7,448,000</u>	<u>9,277,000</u>

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022



15 Provisions for liabilities (Continued)

Movements on provisions:

Defined benefit
pension fund

£

At 1 April 2021	9,277,000
Movement in the year	(1,829,000)
At 31 March 2022	7,448,000

The provisions for liabilities relate to the pension fund liability of £7,448,000 (2021: £9,277,000).

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2022 £	Assets 2021 £
Balances:		
Accelerated capital allowances	941	499
Retirement benefit obligations	24,944	17,523
	<u>25,885</u>	<u>18,022</u>
Movements in the year:		2022 £
Asset at 1 April 2021		(18,022)
Credit to profit or loss		(7,863)
Asset at 31 March 2022		<u>(25,885)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to short term timing differences and fixed asset timing differences.

17 Retirement benefit schemes

	2022 £	2021 £
Charge to profit or loss in respect of retirement benefit schemes	<u>1,145,918</u>	<u>995,599</u>

PATHFINDER LEGAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****18 Share capital**

	2022 £	2021 £
Ordinary share capital		
Authorised		
1,425,000 Ordinary shares of £1 each	1,425,000	1,425,000
Issued and fully paid		
1,425,000 Ordinary shares of £1 each	1,425,000	1,425,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	147,418	147,418
Between two and five years	163,802	245,703
	311,220	393,121

20 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	165,079	156,955

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



20 Related party transactions

(Continued)

Other information

The related parties involved include the councils who jointly operate Pathfinder Legal Services Limited: Cambridgeshire County Council, North Northamptonshire Council, West Northamptonshire Council and Central Bedfordshire Council. The transactions were as follows:

During the year, the total sales amounted to £9,867,913 (2021: £9,072,838). At the year end, the total debtors amounted to £645,373 (2021: £433,352).

During the year, the total purchases amounted to £572,519 (2021: £525,622) which included rent of £222,345 (2021: £154,075). At the year end, total creditors amounted to £339,152 (2021: £389,747).

During the year, the company incurred recharges from its shareholders totalling £295,950 (2021: £294,282). The recharges from the individual shareholders amounted to £257,687 from Cambridgeshire County Council and £38,263 from West Northamptonshire Council.

The Company has unsecured loan facilities from each of its owners: Cambridgeshire County Council provide £325,000, West Northamptonshire Council provide £237,500, North Northamptonshire Council provide £237,500 and Central Bedfordshire Council provide £250,000.

21 Cash absorbed by operations

	2022 £	2021 £
Profit for the year after tax	304,996	868,092
Adjustments for:		
Taxation charged	63,872	41,439
Finance costs	39,375	39,616
Depreciation and impairment of tangible fixed assets	3,155	5,513
(Decrease)/increase in provisions	(1,829,000)	5,319,000
Movements in working capital:		
Decrease/(increase) in debtors	1,316,189	(5,640,448)
Increase/(decrease) in creditors	9,602	(1,058,043)
Cash absorbed by operations	(91,811)	(424,831)

22 Analysis of changes in net funds

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	1,353,703	(132,440)	1,221,263
Borrowings excluding overdrafts	(1,050,000)	-	(1,050,000)
	303,703	(132,440)	171,263

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



23 Retirement Benefits

Retirement Benefit Schemes

Pathfinder Legal Services Limited staff are entitled to join the Local Government Pension Scheme (LGPS) which is a defined benefit plan.

Former employees of Northamptonshire County Council are members of the Northamptonshire LGPS. Former employees of the Central Bedfordshire Council are members of the Bedfordshire LGPS. Former employees of Cambridgeshire County Council are members of the Cambridgeshire County Council LGPS. All new employees of the firm are joined to the pension pot connected to their base office.

The Net Pension Liability is guaranteed by the respective Local Authorities and not the company.

Details of the funds and their treatments in these financial statements are as follows:

Cambridgeshire Pension Fund

The major assumptions used by the actuary to calculate scheme liabilities under FRS 102 Section 28 "Employee Benefits" are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The key assumptions (expressed as weighted averages) at the year end were as follows:

	2022	2021
Discount rate	2.75%	2.05%
Salary increase rate	3.65%	3.3%
Pension increase rate	3.15%	2.8%

The last full actuarial valuation was performed on 31 March 2022.

In valuing the liabilities of the pension fund at 31 March 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 22.0 years (male), 24.2 years (female)
- Future retiree upon reaching 65: 22.9 years (male), 26.0 years (female)

<i>Amounts recognised in the profit and loss account</i>	2022 £'000	2021 £'000
Current service cost	(584)	(674)
Net interest on defined benefit liability	(291)	(57)
Net interest on local authority guarantee	291	57
	(584)	(674)

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



<i>Amounts taken to other comprehensive income</i>	2022 £'000	2021 £'000
Return on scheme assets excluding interest income	584	1,462
Actuarial changes related to pension scheme	1,362	(3,708)
Actuarial changes related to local authority guarantee	(1,946)	2,246
Actuarial loss / (gain)	-	-

<i>The amounts included in the balance sheet arising from the company's obligations in respect of this defined benefit pension plan are as follows:</i>	2022 £'000	2021 £'000
Present value of defined benefit obligations	(13,751)	(13,524)
Fair value of plan assets	9,926	8,566
Fair value of local authority guarantee	3,825	4,958
	-	-

<i>Movement in the present value of defined benefit obligations</i>	2022 £'000	2021 £'000
Liability at 1 April	(13,524)	(8,768)
Current service cost	(1,224)	(674)
Interest expense	(291)	(210)
Changes in financial assumptions	1,384	(3,787)
Contributions by member	(160)	(147)
Benefits paid	64	62
Liability at 31 March	(13,751)	(13,524)

The defined benefit obligations arise from plans which are wholly or partly funded.

<i>Movement in the fair value of plan assets</i>	2022 £'000	2021 £'000
Fair value of assets at 1 April	8,566	6,406
Interest income	182	153
Return on plan assets (excluding amounts included in net interest)	584	1,462
Contributions by employer	498	460
Contributions by members	160	147
Benefits paid	(64)	(62)
At 31 March	9,926	8,566

PATHFINDER LEGAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****Northamptonshire Pension Fund**

The major assumptions used by the actuary to calculate scheme liabilities under FRS 102 Section 28 "Employee Benefits" are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The key assumptions (expressed as weighted averages) at the year end were as follows:

	2022	2021
Discount rate	2.75%	2.05%
Salary increase rate	3.65%	3.3%
Pension increase rate	3.15%	2.8%

The last full actuarial valuation was performed on 31 March 2022.

In valuing the liabilities of the pension fund at 31 March 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 21.7 years (male), 24.0 years (female)
- Future retiree upon reaching 65: 22.7 years (male), 25.8 years (female)

<i>Amounts recognised in the profit and loss account</i>	2022 £'000	2021 £'000
Current service cost	(837)	(435)
Net interest on defined benefit liability	(37)	(10)
Net interest on local authority guarantee	37	10
	(837)	(435)

<i>Amounts taken to other comprehensive income</i>	2022 £'000	2021 £'000
Return on scheme assets excluding interest income	278	986
Actuarial changes related to pension scheme	750	(1,992)
Actuarial changes related to local authority guarantee	(1,028)	1,006
Actuarial loss / (gain)	-	-

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



<i>The amounts included in the balance sheet arising from the company's obligations in respect of this defined benefit pension plan are as follows:</i>	2022 £'000	2021 £'000
Present value of defined benefit obligations	(7,211)	(6,885)
Fair value of plan assets	6,195	5,311
Fair value of local authority guarantee	1,016	1,574
	-	-

<i>Movement in the present value of defined benefit obligations</i>	2022 £'000	2021 £'000
Liability at 1 April	(6,885)	(4,228)
Current service cost	(837)	(435)
Interest expense	(151)	(103)
Changes in financial assumptions	766	(2,043)
Contributions by member	(112)	(98)
Benefits paid	8	22
Liability at 31 March	(7,211)	(6,885)

The defined benefit obligations arise from plans which are wholly or partly funded.

<i>Movement in the fair value of plan assets</i>	2022 £'000	2021 £'000
Fair value of assets at 1 April	5,311	3,824
Interest income	114	93
Return on plan assets (excluding amounts included in net interest)	278	986
Contributions by employer	388	332
Contributions by members	112	98
Benefits paid	(8)	(22)
At 31 March	6,195	5,311

PATHFINDER LEGAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****Central Bedfordshire Pension Fund**

The major assumptions used by the actuary to calculate scheme liabilities under FRS 102 Section 28 "Employee Benefits" are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The key assumptions (expressed as weighted averages) at the year end were as follows:

	2022	2021
Discount rate	2.60%	2.05%
Salary increase rate	4.15%	3.85%
Pension increase rate	3.15%	2.85%

The last full actuarial valuation was performed on 31 March 2022.

In valuing the liabilities of the pension fund at 31 March 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 22.0 years (male), 24.4 years (female)
- Future retiree upon reaching 65: 22.9 years (male), 26.0 years (female)

<i>Amounts recognised in the profit and loss account</i>	2022 £'000	2021 £'000
Current service cost	(702)	(297)
Net interest on defined benefit liability	(54)	(26)
Net interest on local authority guarantee	54	26
	(702)	(297)

<i>Amounts taken to other comprehensive income</i>	2022 £'000	2021 £'000
Return on scheme assets excluding interest income	191	490
Actuarial changes related to pension scheme	466	(1,990)
Actuarial changes related to local authority guarantee	(657)	1,500
Actuarial loss / (gain)	-	-

PATHFINDER LEGAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022



<i>The amounts included in the balance sheet arising from the company's obligations in respect of this defined benefit pension plan are as follows:</i>	2022 £'000	2021 £'000
Present value of defined benefit obligations	(6,781)	(6,483)
Fair value of plan assets	4,174	3,738
Fair value of local authority guarantee	2,607	2,745
	-	-

<i>Movement in the present value of defined benefit obligations</i>	2022 £'000	2021 £'000
Liability at 1 April	(6,483)	(4,348)
Current service cost	(700)	(294)
Interest expense	(132)	(100)
Changes in financial assumptions	453	(1,918)
Contributions by member	(86)	(69)
Benefits paid	167	246
Liability at 31 March	(6,781)	(6,483)

The defined benefit obligations arise from plans which are wholly or partly funded.

<i>Movement in the fair value of plan assets</i>	2022 £'000	2021 £'000
Fair value of assets at 1 April	3,738	3,156
Interest income	78	74
Return on plan assets (excluding amounts included in net interest)	191	490
Administration expenses	(2)	(3)
Contributions by employer	250	198
Contributions by members	86	69
Benefits paid	(239)	(246)
At 31 March	4,174	3,738

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