

**LYCETT, BROWNE-SWINBURNE & DOUGLASS  
LIMITED**

**REPORT AND ACCOUNTS FOR THE  
YEAR ENDED 30 APRIL 1997**

**Registered number 706042**



## LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

Notice is hereby given that the thirty-fourth annual general meeting of Lycett, Browne-Swinburne & Douglass Limited will be held at Milburn House, Dean Street, Newcastle upon Tyne on 8 August 1997 for the following purposes:

To receive and consider the statement of accounts and balance sheet and reports thereon of the directors and auditors.

To elect directors.

To elect auditors.

To authorise the directors to fix the remuneration of the auditors.

To transact any other ordinary business of the company.

By Order of the Board

  
SECRETARY

Milburn House  
Newcastle upon Tyne

7 July 1997

Any member of the company entitled to attend and vote at the meeting is entitled to appoint another person as proxy to attend and vote in his or her stead, and the person so appointed need not also be a member of the company.

## LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

### CHAIRMAN'S STATEMENT

We started this trading year knowing that market conditions would be difficult for all departments. That proved to be correct but due to very hard work of our staff, these final accounts show that our income rose from £3.3m to £3.47m. Overheads rose from £3.22m to £3.31m leaving a net profit of £190,340 as opposed to last year's £108,336. Under the circumstances this was a good result.

Both the Farm and Estate and Commercial and Industrial markets continued to suffer from a further decline in rates and by competitors buying business on unprofitable terms. Despite this, we not only kept, but increased, our market share.

The Financial Services market is settling down after the changes brought about by the Financial Services Act, the resulting commission disclosure requirements and more stringent compliance and staff training requirements. All this has resulted in a more professional regime and the demanding compliance and training requirements have driven a considerable number of business and individuals out of the market, which is all to the good. However, disclosure has meant that commission deals have become commonplace and compliance and training now take up a great deal of valuable time.

As to the future, we will continue to look for top quality sales staff in order to increase income whilst, at the same time, reducing costs by increased use of information technology.

In April, David Walker retired on attaining age 60. He has been a major asset to Lycetts during his 12 years as a director and will be greatly missed, not least for his unfailing patience, attention to detail and good humour. We all wish him a long and happy retirement.



J Browne-Swinburne  
Chairman

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## DIRECTORS' REPORT

The directors submit to the members their thirty-fourth annual report and statement of accounts made up to 30 April 1997.

## REVIEW OF THE BUSINESS

Throughout the year the group continued to carry on the business of an insurance broker, and pensions and other financial services consultant. Performance in each sector of the group's activities was encouraging.

The scope and scale of activity is not expected to change in the forthcoming year.

## RESULTS AND DIVIDEND

The group's results are set out on page 4. The directors recommend that no dividend be paid (1996 - £nil).

## DIRECTORS AND DIRECTORS' SHAREHOLDINGS

Details are given below of the directors who served during the year, together with their interests, including family interests, in the shares of the company:

	<u>Ordinary shares of 1pence each</u>	<u>Ordinary Shares of £1</u>
	30 April 1997	30 April 1996
J Browne-Swinburne (Chairman)	721,000	7,370
ER Nicholl (Managing Director)	468,700	4,687
Sir Ralph Carr-Ellison	-	-
RB Douglass	26,000	1,540
AC Keate	132,970	835
MC Liddell	253,357	2,437
MHL Lycett	-	-
The Hon. MW Ridley	10,658	-
CR Seymour	111,500	615
NDB Straker	162,015	1,228
S Steele	40,600	406
WD Walker (retired 30 April 1997)	17,900	329
J Browne-Swinburne, RB Douglass and NDB Straker as trustees of the group's Pension Scheme	33,800	338
J Browne-Swinburne, ER Nicholl and RS Middleton as trustees of the company's Employees Discretionary Trust	47,500	700

At an extraordinary general meeting of the company on 3 June 1996 the £1 ordinary shares were subdivided into 100 1 pence ordinary shares.

Under an agreement dated February 1993 Mrs S Steele has an option to subscribe for up to 20,000 ordinary shares at a price of £1 per share exercisable at any time from 4 February 1996.

# **LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS AND DIRECTORS' SHAREHOLDINGS (continued)**

Under an agreement dated August 1994, Mr CR Seymour and Mr A C Keate have an option to subscribe for up to 20,000 ordinary shares at a price of £1.50 per share exercisable at any time from 5 August 1997.

In accordance with the Articles of Association, J Browne-Swinburne, CR Seymour and AC Keate, being eligible, offer themselves for reappointment.

### **TANGIBLE FIXED ASSETS**

Movements of tangible fixed assets are set out in Note 7 to the accounts.

### **CHARITABLE DONATIONS**

The company made charitable donations of £4,714 (1996 - £2,295). The company made political donations of £1,000 (1996 - £nil).

### **STATEMENT OF DIRECTORS' RESPONSIBILITY**

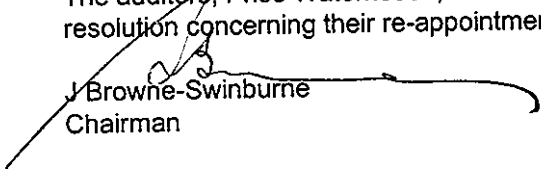
The directors are required by law to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss and cash flows of the group for that period.

The directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 30 April 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the group and for taking reasonable steps to prevent and detect fraud and other irregularities.

### **AUDITORS**

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next general meeting.

  
J Browne-Swinburne  
Chairman

Milburn House  
Newcastle upon Tyne

7 July 1997

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 April 1997 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditors

7 July 1997

**LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 30 APRIL 1997**

	<u>1997</u>	<u>1996</u>
TURNOVER (Note 1 (b) & (c))	3,477,912	3,306,734
ADMINISTRATION EXPENSES	<u>(3,314,851)</u>	<u>(3,224,814)</u>
OPERATING PROFIT	163,061	81,920
INTEREST RECEIVABLE (Note 3)	101,051	106,116
INTEREST PAYABLE (Note 3)	<u>(19,138)</u>	<u>(13,951)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	244,974	174,085
TAXATION (Note 6)	<u>(54,634)</u>	<u>(65,749)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES (Note 16)	<u>£190,340</u>	<u>£108,336</u>

There are no recognised gains or losses other than the profit for the year, hence a statement of recognised gains and losses has not been prepared.

There is no difference between the reported profits and historical cost profits.

**LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

**CONSOLIDATED BALANCE SHEET - 30 APRIL 1997**

	<u>1997</u>	<u>1996</u>
<b>FIXED ASSETS</b>		
Tangible assets (Note 7)	314,732	302,564
<b>CURRENT ASSETS</b>		
Debtors (Note 10)	2,824,888	2,909,434
Short term deposits	820,000	670,000
Cash at bank (Note 18)	<u>744,117</u>	<u>866,390</u>
	4,389,005	4,445,824
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) (Note 11)</b>	<u>(3,702,404)</u>	<u>(3,918,648)</u>
<b>NET CURRENT ASSETS</b>	<u>686,601</u>	<u>527,176</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	1,001,333	829,739
<b>CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR) (Note 12)</b>	(18,270)	(40,725)
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)</b>	<u>(58,516)</u>	<u>(54,808)</u>
	£924,547	£734,207
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital (Note 14)	20,485	20,485
Capital reserve (Note 15)	4,876	4,876
Capital redemption reserve (Note 16)	795	795
Profit and loss account (Note 16)	<u>898,391</u>	<u>708,051</u>
<b>SHAREHOLDERS' FUNDS (Note 16)</b>	<u>£924,547</u>	<u>£734,207</u>

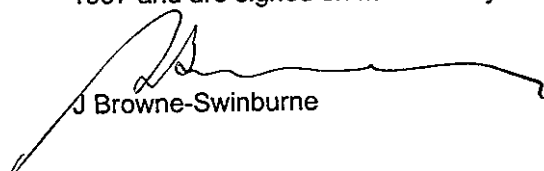


# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## BALANCE SHEET - 30 APRIL 1997

	<u>1997</u>	<u>1996</u>
<b>FIXED ASSETS</b>		
Tangible assets (Note 7)	264,524	252,901
Investments (Note 8)	<u>20,749</u>	<u>20,749</u>
	285,273	273,650
<b>CURRENT ASSETS</b>		
Debtors (Note 10)	2,939,626	2,982,206
Short term deposits	550,000	400,000
Cash at bank and in hand	<u>532,129</u>	<u>714,605</u>
	4,021,755	4,096,811
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) (Note 11)</b>	<u>(3,602,245)</u>	<u>(3,774,539)</u>
<b>NET CURRENT ASSETS</b>	<u>419,510</u>	<u>322,272</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	704,783	595,922
<b>CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR) (Note 12)</b>	(16,812)	(32,309)
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)</b>	<u>(57,826)</u>	<u>(52,313)</u>
	<u>£630,145</u>	<u>£511,300</u>
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital (Note 14)	20,485	20,485
Capital redemption reserve (Note 16)	795	795
Profit and loss account (Note 16)	<u>608,865</u>	<u>490,020</u>
<b>SHAREHOLDERS' FUNDS (Note 16)</b>	<u>£630,145</u>	<u>£511,300</u>

The financial statements on pages 4 to 16 were approved by the Board of Directors on 7 July 1997 and are signed on its behalf by:

  
J Browne-Swinburne

**LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
30 APRIL 1997**

	<u>1997</u>	<u>1996</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 17)</b>	251,697	163,985
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest paid (8,697)	(8,264)	
Interest element of finance lease payments (10,441)	(12,868)	
Interest received <u>106,247</u>	<u>106,116</u>	
	87,109	84,984
<b>TAXATION</b>	(68,283)	(32,892)
<b>CAPITAL EXPENDITURE</b>		
Purchase of tangible fixed assets (87,846)	(16,969)	
Proceeds from sale of tangible fixed assets <u>28,258</u>	<u>61,368</u>	
	(59,588)	44,399
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Purchase of short term deposits (820,000)	(670,000)	
Sale of short term deposits <u>670,000</u>	<u>1,227,175</u>	
	(150,000)	557,175
<b>FINANCING</b>		
Capital element of finance lease rental payments (Note 19) (115,881)	(163,327)	
	(115,881)	(163,327)
<b>(DECREASE)/INCREASE IN CASH (Note 18)</b>	<u>£(54,946)</u>	<u>£654,324</u>

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1997

### 1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted within that convention are set out below.

#### (a) Basis of consolidation

The consolidated accounts include the results of the wholly-owned subsidiary, Lycetts Financial Services Limited, for the year ended 30 April 1997.

#### (b) Turnover

Turnover represents commissions earned on insurance policies and renewals, and fees earned for financial services rendered.

#### (c) Commission

Non life: credit is taken for commission when the relevant insurance policy or renewal is arranged.

Life: credit is taken for renewal commission on a cash basis.

#### (d) Tangible fixed assets and depreciation

Tangible fixed assets are included in the accounts at cost less accumulated depreciation.

Depreciation is calculated to write off tangible fixed assets over their estimated useful lives. Depreciation is provided at the following rates:

Motor vehicles	25%	(straight line)
Office equipment	10%	(straight line)
Computer equipment	25%	(straight line)

#### (e) Deferred taxation

Provision is made for deferred taxation on the liability basis if the deferred tax liability on accelerated capital allowances and other timing differences is likely to become payable in the foreseeable future.

#### (f) Hire purchase contracts

Assets acquired under hire purchase contracts are capitalised in the accounts and depreciated over their estimated useful lives; the corresponding liability is accounted for within creditors.

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1 ACCOUNTING POLICIES (continued)

#### (g) Pension scheme

The group operates a final salary scheme which from 1 July 1988 has been voluntary for all employees. The scheme is an insured pension scheme, the assets being managed by The Legal and General Assurance Company. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries made triennially to provide retirement benefits based on projected final salaries. Company costs are charged to the profit and loss account so as to spread the costs of pensions over the working lives with the company of employees who are members of the scheme.

### 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	<u>1997</u>	<u>1996</u>
	£	£
Staff costs (Note 4)	2,543,723	2,474,872
Auditors' remuneration	15,085	15,085
Depreciation	106,496	93,591
Loss/(profit) on disposals of tangible fixed assets	968	(1,992)
	<u>          </u>	<u>          </u>

The total of non-audit services provided by the company's auditors amounted to £13,056 (1996: £13,163). Auditors' remuneration includes £10,525 relating to the company (1996: £10,525).

### 3 INTEREST

	<u>1997</u>	<u>1996</u>
	£	£
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	12,739	34,337
Short-term deposit		
interest receivable	<u>88,312</u>	<u>71,779</u>
	<u>101,051</u>	<u>106,116</u>

#### INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u>	<u>1996</u>
	£	£
Interest payable on and similar charges on:		
bank loans and overdrafts repayable within five years	8,767	7,439
Interest payable under hire purchase agreements	10,441	5,687
Interest payable to clients under PIA rules	(70)	825
	<u>          </u>	<u>          </u>
	<u>19,138</u>	<u>13,951</u>

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 4 STAFF COSTS

a) The average number of persons employed by the group during the period was 72 (1996 - 72) and the costs relating to their employment were as follows:

	<u>1997</u> £	<u>1996</u> £
Wages and salaries	2,052,887	2,011,011
Social security costs	205,625	203,882
Other pension costs	285,211	259,979
	<hr/>	<hr/>
	2,543,723	2,474,872
	<hr/>	<hr/>

### 5 DIRECTORS' EMOLUMENTS

Included in staff costs (Note 4) is an amount of £1,136,315 (1996: £1,380,612) (excluding pension contributions) relating to directors' remuneration.

Total contributions to the company's pension scheme, in respect of the directors to whom retirement benefits are being accrued were £124,795 (1996: £119,165). Retirement benefits accrued to nine of the directors who served during the year.

The highest paid director received emoluments of £199,204 (1996: £201,942) for the year and his accrued pension entitlement as at 30 April 1997 was £38,383.

During the year WD Walker purchased a motor vehicle from the company for £8,583, the net book value of the motor vehicle at the date of disposal.

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 6 TAXATION

	1997 £	1996 £
UK corporation tax at 25% (1996 - 25%) based on profits for the period	73,699	76,351
Prior year adjustment	(22,771)	3,962
Deferred taxation	<u>3,706</u>	<u>(14,564)</u>
	<u>54,634</u>	<u>65,749</u>

### 7 TANGIBLE FIXED ASSETS

	Group			Company		
	Total	Motor vehicles	Office equipment	Total	Motor vehicles	Office equipment
	£	£	£	£	£	£
<b>Cost</b>						
At 1 May 1996	557,875	297,976	259,899	486,769	245,336	241,433
Additions	183,590	142,569	41,021	149,867	110,904	38,963
Disposals	(127,534)	(127,534)	-	(95,540)	(95,540)	-
	<u>613,931</u>	<u>313,011</u>	<u>300,920</u>	<u>541,096</u>	<u>260,700</u>	<u>280,396</u>
<b>Depreciation</b>						
At 1 May 1996	255,311	66,227	189,084	233,868	55,588	178,280
Charge for the year	106,496	80,499	25,997	91,931	68,891	23,040
Disposals	(62,608)	(62,608)	-	(49,227)	(49,227)	-
	<u>299,199</u>	<u>84,118</u>	<u>215,081</u>	<u>276,572</u>	<u>75,252</u>	<u>201,320</u>
<b>Net book amount</b>						
At 30 April 1997	<u>314,732</u>	<u>228,893</u>	<u>85,839</u>	<u>264,524</u>	<u>185,448</u>	<u>79,076</u>
At 30 April 1996	<u>302,564</u>	<u>231,749</u>	<u>70,815</u>	<u>252,901</u>	<u>189,748</u>	<u>63,153</u>

Included within motor vehicles are assets with cost £253,964 (1996: £297,976) and accumulated depreciation £73,909 (1996: £66,227) which are held under hire purchase contracts.

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings noted below are wholly owned subsidiary undertakings and the shares held are ordinary shares. Lycetts Financial Services Limited trades as a financial services company and Lycett Browne-Swinburne and Douglass (Cumbria) Limited is a dormant company. Both are registered in England.

	Lycett, Browne-Swinburne & Douglass (Cumbria) Limited	Lycetts Financial Services Limited	Total
Investment in subsidiary at 30 April 1996 and 30 April 1997	£19,749	£1,000	£20,749

### 9 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at 30 April 1997 or at 30 April 1996.

### 10 DEBTORS

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	2,562,080	2,537,288	2,562,060	2,536,288
Prepayments and accrued income	262,808	372,146	250,288	356,065
Amount owing by subsidiary undertaking	-	-	127,278	89,853
	2,824,888	2,909,434	2,939,626	2,982,206

Included within prepayments and accrued income is £209,124 (1996: £224,062) relating to prepaid pension contributions recoverable after more than one year.

### 11 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft (unsecured)	14,816	82,143	14,816	64,875
Trade creditors	3,118,894	2,916,366	3,118,542	2,915,420
Hire purchase commitments	65,752	99,164	58,211	84,565
Accruals and deferred income	399,926	702,358	325,305	591,483
Taxation and social security	103,016	118,617	60,272	93,097
Amounts owing to subsidiary undertaking	-	-	25,099	25,099
	3,702,404	3,918,648	3,602,245	3,774,539

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 12 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Hire purchase commitments (amounts payable between one and five years)	£18,270	£40,725	£16,812	£32,309
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred tax and the amount thereof provided for in the accounts at 33% (Note 6) are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>Total potential</u> £	<u>Amount provided</u> £	<u>Total potential</u> £	<u>Amount provided</u> £
30 April 1997				
Short-term timing differences	(6,600)	(6,600)	(6,600)	(6,600)
Taxation deferred by capital allowances	(3,895)	(3,895)	(4,585)	(4,585)
Other timing differences	69,011	69,011	69,011	69,011
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	58,156	58,516	57,826	57,826
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
30 April 1996				
Short-term timing differences	(17,091)	(17,091)	(19,684)	(19,684)
Taxation deferred by capital allowances	(2,041)	(2,041)	(1,943)	(1,943)
Other timing differences	73,940	73,940	73,940	73,940
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	54,808	54,808	52,313	52,313
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 14 EQUITY SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Ordinary Shares of 1 pence each (1996: £1 each) Authorised	5,000,000	50,000
	<u>          </u>	<u>          </u>
Allotted and fully paid	2,048,500	20,485
	<u>          </u>	<u>          </u>

At an extraordinary general meeting of the company on 3 June 1996, the £1 ordinary shares were subdivided into 100 1 pence ordinary shares.

### 15 CAPITAL RESERVE

The capital reserve represents the difference between the cost of acquisition of the minority holding in the subsidiary Lycett, Browne-Swinburne and Douglass (Cumbria) Limited and the net asset value of that minority interest when acquired.

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND RESERVES MOVEMENT

	<u>Group</u>				
	Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Profit and Loss account £	Shareholders' Funds £
At 1 May 1995	20,485	795	4,876	599,715	625,871
Profit retained	-	-	-	108,336	108,336
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 April 1996	20,485	795	4,876	708,051	734,207
Profit retained	-	-	-	190,340	190,340
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 April 1997	20,485	795	4,876	898,391	924,547
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND RESERVES MOVEMENT (continued)

	Company			
	Share Capital £	Capital Redemption Reserve £	Profit and Loss account £	Shareholders' Funds £
At 1 May 1995	20,485	795	391,387	412,667
Profit retained	-	-	98,633	98,633
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1996	20,485	795	490,020	511,300
Profit retained	-	-	118,845	118,845
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	20,485	795	608,865	630,145
	<hr/>	<hr/>	<hr/>	<hr/>

The company has taken advantage of the exemption in the Companies Act 1985 s230 not to present its own profit and loss account. The company's profit for the financial period, determined in accordance with the Act, was £118,845 (1996: £98,633).

### 17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997	1996
Operating profit	163,061	81,920
Depreciation of tangible fixed assets	106,496	93,591
Loss on disposal of tangible fixed assets	968	1,992
Decrease in debtors	84,546	78,096
Decrease in creditors	(103,374)	(91,614)
	<hr/>	<hr/>
	251,697	163,985
	<hr/>	<hr/>

# LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 18 RECONCILIATION TO NET FUNDS

	<u>1997</u> £	<u>1996</u> £
(Decrease)/Increase in cash in the year	(54,946)	654,324
Decrease in finance leases	115,881	163,327
	<u>60,935</u>	<u>817,651</u>
New finance leases	(60,013)	(170,355)
Net funds/(debt) at beginning of year	644,357	(2,939)
	<u>645,249</u>	<u>644,357</u>

### 19 ANALYSIS OF NET FUNDS

	1 May 1996 £	Cash Flow £	Other non-cash £	30 April 1997 £
Cash	866,390	(122,273)	-	744,117
Overdraft	<u>(82,143)</u>	<u>67,327</u>	<u>-</u>	<u>(14,816)</u>
	784,247	(54,946)	-	729,301
Finance leases	<u>(139,890)</u>	<u>115,881</u>	<u>(60,013)</u>	<u>(84,022)</u>
	644,357	60,935	(60,013)	645,279
	<u>644,357</u>	<u>60,935</u>	<u>(60,013)</u>	<u>645,279</u>

### 20 PENSION SCHEME

The company operates a defined benefit pension scheme. The scheme is subject to an actuarial review by a qualified actuary every 3 years. The latest review was as at 1 January 1995. The key assumptions in that valuation were that pay increases would average 7% per annum plus an allowance for promotions and that interest would be earned at 9% per annum. That valuation recommended contribution rates of 20.9% for the company and 5.0% for members. The valuation showed the value of the scheme assets to be £3,080,000 representing a 101% funding level. The pension asset of £209,124, which is included within prepayments, and the charge for the year included within the financial statements are based upon this actuarial review.