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COMPANIES HOUSE

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2007

REGISTERED NUMBER 706042

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Ryecroft Glenton

INCORPORATING RAINBOW GILLESPIE

Chartered Accountants

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LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the forty fifth annual general meeting of Lycett, Browne-Swinburne & Douglass Limited will be held at Milburn House, Dean Street, Newcastle upon Tyne on 27 September 2007 for the following purposes.

- i To receive and consider the statement of accounts and balance sheet and reports thereon of the directors and auditors
- ii To elect directors
- iii To elect auditors
- iv To authorise the directors to fix the remuneration of the auditors
- v To transact any other ordinary business of the company

By order of the board


D N Payne
SECRETARY

Milburn House
Newcastle upon Tyne

15 August 2007

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

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2007

The directors submit to the members their forty fifth annual report and statement of accounts made up to 30 April 2007

PRINCIPAL ACTIVITIES

The company carries on the business of an insurance broker, and is authorised and regulated by the Financial Services Authority (FSA)

BUSINESS REVIEW

During the year the company continued in its principal activities. On 30 April 2007 the company acquired the assets, liabilities and the trade of Lycetts Hamilton Limited, a fellow group undertaking

The company continues to face the risks and uncertainties of a soft market and strong competition as well as the challenge of integrating the new business acquired on 30 April 2007 into the existing operation

Turnover increased by 3% to £9 288m while profits after tax increased from £898,000 to £915,000

The year ended 30 April 2008 has started positively and the company will also benefit from the addition of the trade acquired from Lycetts Hamilton Limited

DIVIDEND

An interim dividend of £123,136 (2006 £85,000) was paid during the year. The directors recommend the payment of a final dividend of £501,864 (2006 £325,000)

ULTIMATE HOLDING COMPANY

The company is a wholly-owned subsidiary of Lycetts Holdings Limited who acquired the entire issued share capital via a share for share exchange on 29 September 2006, as part of a group reconstruction

DIRECTORS

The directors who served during the year were -

E R Nicholl
M C Liddell
A C Keate
C R Seymour
N D B Straker
S Steele
C J G Cox
J Browne-Swinburne
D Hewitt
F Nicholson – resigned 1 May 2007
C A Hamilton – appointed 18 October 2006
W Barne was appointed a director on 1 May 2007

TANGIBLE FIXED ASSETS

Movements of tangible fixed assets are set out in note 8 to the accounts

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**DIRECTORS' REPORT - CONTINUED****YEAR ENDED 30 APRIL 2007****CHARITABLE DONATIONS**

The company made charitable donations of £9,236 (2006 £8,639)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the 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). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each of the directors is aware at the time the report is approved there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

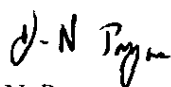
TAXATION STATUS

The company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint the auditors Ryecroft Glenton will be proposed at the forthcoming annual general meeting.

Approved by the board of directors on 15 August 2007
and signed on their behalf by



D N Payne
Secretary

INDEPENDENT AUDITOR'S REPORT**TO THE SHAREHOLDERS OF LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**

We have audited the financial statements of Lycett, Browne-Swinburne & Douglass Limited on pages 6 to 23 for the year ended 30 April 2007. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

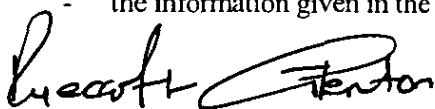
We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment 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.

INDEPENDENT AUDITORS' REPORT**TO THE SHAREHOLDERS OF LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED****(CONTINUED)****Opinion**

In our opinion -

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and,
- the information given in the directors' report is consistent with the financial statements



RYECROFT GLENTON
Chartered Accountants
Registered Auditors
32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

15 August 2007

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2007

	Notes	2007 £	2006 £
TURNOVER	1	9,288,458	9,020,833
ADMINISTRATION EXPENSES		8,110,100	7,804,945
		<hr/>	<hr/>
OPERATING PROFIT	2	1,178,358	1,215,888
INTEREST RECEIVABLE	3	320,044	271,194
INTEREST PAYABLE	10	(29,528)	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,468,874	1,487,082
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(553,947)	(588,744)
		<hr/>	<hr/>
PROFIT FOR THE YEAR	18	<u>914,927</u>	<u>898,338</u>

There are no recognised gains or losses other than the profit for the year

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

No operations were discontinued during the year. The results above all relate to continuing operations.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

BALANCE SHEET

YEAR ENDED 30 APRIL 2007

		2007		2006	
		£	£	£	£
	Notes				
FIXED ASSETS					
Intangible assets	7		2,018,876		2,448,373
Tangible assets	8		327,071		154,671
Investments	9		21,949		21,949
			<hr/>		<hr/>
			2,367,896		2,624,993
CURRENT ASSETS					
Debtors	12	10,067,267		6,307,240	
Cash at bank		8,659,207		6,031,149	
		<hr/>		<hr/>	
			18,726,474		12,338,389
CREDITORS: Amounts falling due within one year	13	16,488,079		10,616,199	
		<hr/>		<hr/>	
NET CURRENT ASSETS			2,238,395		1,722,190
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,606,291		4,347,183
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year	14		-		(193,302)
					<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	15		(14,607)		(28,988)
			<hr/>		<hr/>
			4,591,684		4,124,893
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up equity share capital	16		20,147		20,147
Capital redemption reserve	17		1,133		1,133
Profit and loss account	18		4,570,404		4,103,613
			<hr/>		<hr/>
EQUITY SHAREHOLDERS' FUNDS	23		4,591,684		4,124,893
			<hr/>		<hr/>

The financial statements on pages 6 to 23 were approved by the board of directors on 15 August 2007 and signed on their behalf by

E.R. NICHOLL

) DIRECTORS

A.C. KEATE

The notes on pages 10 to 23 form part of these accounts

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2007

	2007 £	2006 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	1,178,358	1,215,888
Depreciation and amortisation charges	423,262	428,466
Increase in debtors	(3,760,027)	(118,385)
Increase in creditors	6,184,634	962,744
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,026,227	2,488,713
	2007 £	2006 £
CASH FLOW STATEMENT		
Net cash inflow from operating activities	4,026,227	2,488,713
Returns on investments and servicing of finance (note 1)	290,516	271,194
Taxation	(998,027)	(245,000)
Capital expenditure (note 1)	(41,799)	(64,888)
Acquisitions and disposals (note 1)	(200,723)	(2,026,397)
Equity dividends paid	(448,136)	(85,000)
Net cash inflow before management of liquid Resources and financing	2,628,058	338,622
Management of liquid resources		
Sales of short term deposits	-	500,000
Increase in cash (note 2)	2,628,058	838,622
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (note 2)		
	2007 £	2006 £
Increase in cash in year	2,628,058	838,622
Movement in net funds in year	2,628,058	838,622
Net funds at 1 May 2006	6,031,149	5,192,527
Net funds at 30 April 2007	8,659,207	6,031,149

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2007

NOTE 1 – GROSS CASH FLOWS

	2007 £	2006 £
Returns on investments and servicing of finance:		
Bank interest received	261,424	118,577
Short term deposit interest received	58,310	152,617
Interest on corporation tax repaid	310	-
	<hr/>	<hr/>
Interest received	320,044	271,194
Interest paid	(29,528)	-
	<hr/>	<hr/>
Net inflow	<u>290,516</u>	<u>271,194</u>

Capital expenditure and financial investment.-

	2007 £	2006 £
Payments to acquire tangible fixed assets	(41,799)	(64,888)
	<hr/>	<hr/>
Net outflow	<u>(41,799)</u>	<u>(64,888)</u>

	2007 £	2006 £
Acquisitions and disposals		
Purchase of subsidiary undertakings	<u>(200,723)</u>	<u>(2,026,397)</u>

NOTE 2 – CHANGES IN NET FUNDS 2007

	At 1 May 2006 £	Cash flows £	At 30 April 2007 £
Cash at bank and in hand	<u>6,031,149</u>	<u>2,628,058</u>	<u>8,659,207</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 APRIL 2007****1 ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared under the historical cost convention

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated)

Investments

Investments held in group companies are valued at cost less applicable permanent diminution in value. The directors consider that other revaluations would serve no purpose.

Intangible fixed assets and amortisation

Purchased goodwill is amortised through the profit and loss account in equal instalments over its estimated useful economic life on a straight line basis. The useful economic life of purchased goodwill is, in the opinion of the directors, seven years from the end of the year of acquisition.

Revenue and expense recognition

It is impracticable to devise accounting policies which consistently match revenue from brokerage with the related expenses. Accordingly, the following bases are adopted:

a Turnover

Turnover is derived from ordinary activities and represents brokerage and fees which are (mainly) taken to credit when debit notes are issued irrespective of the inception date or period of insurance, with the following principal exceptions:

- i life and pensions brokerage and other commissions which are credited when received,
- ii brokerage on direct motor agency business which is recognised when received.

Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur.

b Expenses

Costs are written off as incurred.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

1 ACCOUNTING POLICIES - CONTINUED

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows

Motor vehicles	25% on a straight line basis
Office equipment	10% on a straight line basis
Computer equipment	20% and 25% on a straight line basis
Short leasehold land and buildings	Over the life of the lease
Fixtures, fittings and equipment	20% on a straight line basis

Deferred Taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Pension scheme

The company operates a final salary scheme which was closed to new members subsequent to the 1 January 2001 renewal. The underlying assets of the pension scheme are invested in managed funds with Legal & General, and also in unit trusts, investment trusts, equities and other approved investments on the advice of the appointed investment manager, UBS Laing and Cruickshank, in line with the statement of investment principals. 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 of employees who are members of the scheme. The scheme is accounted for in line with FRS17 "Retirement Benefits" (note 19).

The group also operates several defined contribution (money purchase) pension schemes. The assets of the schemes are held separately from those of the group in independently administered pension funds.

Contributions payable to the defined contribution (money purchase) pension schemes are charged to the profit and loss in the period to which they relate.

Insurance debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

1 ACCOUNTING POLICIES – CONTINUED

Debtors and creditors arising from a transaction between client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk - through statute, or through the act or omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures and consequently they cannot be evaluated. However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 Reporting the Substance of Transactions requires that offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Lycetts Holdings Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

2 OPERATING PROFIT

	2007 £	2006 £
The operating profit is stated after charging the following amounts		
Staff costs (note 4)	5,784,162	5,567,199
Amortisation of intangible assets	359,216	358,396
Depreciation of tangible assets	64,046	70,070
Operating lease rentals - Land and buildings	157,136	143,278
- Plant and machinery	2,710	14,063
Auditors' remuneration		
- Fee payable for the audit of the company's financial statements	9,650	9,200
- Fees payable for non-audit services provided	23,038	13,351
	<hr/>	<hr/>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

3	INTEREST RECEIVABLE	2007 £	2006 £
	Bank interest receivable	261,424	118,577
	Short term deposit interest receivable	58,310	152,617
	Interest on corporation tax repaid	310	-
		<u>320,044</u>	<u>271,194</u>
4	STAFF COSTS	2007 £	2006 £
	The average weekly number of persons employed by the company during the year was 111 (2006 - 112) and the costs relating to their employment including directors' remuneration were as follows		
	Wages and salaries	4,575,643	4,318,871
	Social security costs	491,957	453,889
	Other pensions costs	716,562	794,439
		<u>5,784,162</u>	<u>5,567,199</u>
5	DIRECTORS' EMOLUMENTS	2007 £	2006 £
	Emoluments for services as directors (including benefits in kind but excluding NIC contributions)	1,541,045	1,568,328
	No. of directors to whom retirement benefits are accruing under -	No.	No.
	Defined benefit schemes	6	7
	Defined contribution schemes	4	2
	Amounts attributable to the highest paid director	£	£
	Emoluments for services as director	<u>312,035</u>	<u>308,376</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

6 TAXATION	2007 £	2006 £
Analysis of tax charge in year		
Current tax		
UK corporation tax at 30% (2006 30%)	572,619	564,829
Taxation adjustment in respect of prior years	(9,302)	9,052
	<hr/>	<hr/>
Total current tax	563,317	573,881
	<hr/>	<hr/>
Deferred tax		
Deferred taxation re the origination and reversal of timing differences	(9,370)	14,863
	<hr/>	<hr/>
Total deferred tax	(9,370)	14,863
	<hr/>	<hr/>
Taxation on profit on ordinary activities	553,947	588,744
	<hr/>	<hr/>
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	1,468,874	1,487,082
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the relevant rate of corporation tax of 30% (2006 30%)	440,662	446,125
	<hr/>	<hr/>
Effects of		
Expenses not deductible for tax purposes	127,225	127,852
Reversal of short term timing difference	-	(11,538)
Depreciation for the year in excess of capital allowances	4,732	2,390
Adjustment to tax charge in respect of prior years	(9,302)	9,052
	<hr/>	<hr/>
Current tax charge for the year	563,317	573,881
	<hr/>	<hr/>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

7 INTANGIBLE FIXED ASSETS

Goodwill

£

Cost

At 1 May 2006

2,908,640

Additions

(70,281)

At 30 April 2007

2,838,359

Amortisation

At 1 May 2006

460,267

Charge for the year

359,216

At 30 April 2007

819,483

Net book value

At 30 April 2007

2,018,876

At 30 April 2006

2,448,373

8 TANGIBLE FIXED ASSETS

	Short leasehold land & building £	Office & computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 May 2006	13,541	777,251	-	-	790,792
Additions	-	41,799	-	-	41,799
Acquired from group undertaking	-	127,868	38,581	155,496	321,945
At 30 April 2007	<u>13,541</u>	<u>946,918</u>	<u>38,581</u>	<u>155,496</u>	<u>1,154,536</u>
Depreciation					
At 1 May 2006	13,541	622,580	-	-	636,121
Acquired from group undertaking	-	54,050	33,357	39,891	127,298
Charge for year	-	64,046	-	-	64,046
At 30 April 2007	<u>13,541</u>	<u>740,676</u>	<u>33,357</u>	<u>39,891</u>	<u>827,465</u>
Net book amount					
At 30 April 2007	<u>-</u>	<u>206,242</u>	<u>5,224</u>	<u>115,605</u>	<u>327,071</u>
At 30 April 2006	<u>-</u>	<u>154,671</u>	<u>-</u>	<u>-</u>	<u>154,671</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Total £
Cost	
At 1 May 2006 and at 30 April 2007	<u>21,949</u>
Amounts written off	
At 1 May 2006 and at 30 April 2007	<u>-</u>
Net book value	
At 30 April 2007	<u>21,949</u>
At 30 April 2006	<u>21,949</u>

Details of the company's investment in subsidiary undertakings are as follows -

Name	Description of shares held	Nature of business
Lycetts Limited	100% of £1 ordinary shares	Dormant company
Lycetts Financial Services Limited	100% of £1 ordinary shares	Life assurance broker and pensions and other financial services consultants
Cliverton Limited	100% of £1 ordinary shares	Dormant company
Algarve Insurance Brokers Limited	100% of £1 ordinary shares	Dormant company

All companies are incorporated in Great Britain and registered in England and Wales

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

10 INTEREST PAYABLE

	2007 £	2006 £
Interest on corporation tax	<u>29,528</u>	<u>—</u>

11 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at 30 April 2007 or at 30 April 2006

12 DEBTORS

	2007 £	2006 £
Trade debtors	9,327,477	5,705,218
Prepayments and accrued income	459,621	600,902
Amount owing by group undertakings	208,593	-
Current asset investments	1,120	1,120
Corporation tax recoverable	66,073	-
Other debtors	4,383	-
	<u>10,067,267</u>	<u>6,307,240</u>

Included within prepayments and accrued income is £64,851 (2006 £77,789) relating to prepaid defined benefit pension contributions recoverable after more than one year

13 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	12,641,418	7,920,567
Accruals and deferred income	1,649,682	1,211,536
Taxation and social security	289,765	223,396
Corporation tax	130,119	639,563
Amounts owing to group undertakings	1,424,854	307,993
Other creditors	352,241	313,144
	<u>16,488,079</u>	<u>10,616,199</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

14 CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Other creditors	-	193,302

15 PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred tax and the amount thereof provided for in the accounts at 30% (note 6) is as follows -

	2007 £	
Balance at 1 May 2006	28,988	
Profit and loss account	(9,370)	
Acquired from group undertaking	(5,011)	
	<u>14,607</u>	
Balance at 30 April 2007		
	2007 £	2006 £
Short term timing differences	23,337	27,204
Taxation deferred by capital allowances	(8,730)	1,784
	<u>14,607</u>	<u>28,988</u>

16 EQUITY SHARE CAPITAL

	2007 £	2006 £
Authorised		
5,000,000 ordinary shares of 1p each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
2,014,700 ordinary shares of 1p each	<u>20,147</u>	<u>20,147</u>

17 CAPITAL REDEMPTION RESERVE

The capital redemption reserve represents the difference between the cost of acquisition of the minority holding in the subsidiary Lycetts Limited and the net asset value of that minority interest when acquired

18 STATEMENT OF MOVEMENT ON RESERVES

	Capital redemption reserve £	Profit and loss account £
At 30 April 2006	1,133	4,103,613
Profit for the year	-	914,922
Dividend paid	-	(448,136)
	<u>1,133</u>	<u>4,570,404</u>
At 30 April 2007		

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

19 PENSION COMMITMENTS

Defined benefit

The company operates a defined benefit scheme. The scheme was closed to new members subsequent to the 1 January 2001 renewal. A full actuarial valuation is carried out every three years by a qualified independent actuary, with the last such valuation being as at 1 January 2004. This was updated to 30 April 2005, 30 April 2006 and 30 April 2007 by a qualified independent actuary, under the terms set out by Financial Reporting Standard number 17, Retirement Benefits.

The major assumptions used by the actuary were:	2007	2006	2005
	%	%	%
Rate of increase in salaries (directors/staff members)			
- directors	2.50%	4.00%	4.00%
- staff members	2.50%	4.75%	4.75%
Rate of increase in pension payment	3.50%	3.20%	3.00%
Discount rate	5.25%	5.00%	5.20%
Inflation assumption	<u>3.25%</u>	<u>3.20%</u>	<u>3.00%</u>

The long term expected rates of return are as follows:	2007	2006	2005
	%	%	%
Bonds	5.15%	4.60%	-
Equities	8.15%	8.00%	-
Annuities	5.25%	5.00%	5.20%
Deposit administration contract	-	-	6.00%
Other – cash	5.25%	4.00%	4.00%
Other – property etc	<u>8.15%</u>	<u>7.00%</u>	<u>7.00%</u>

The assets in the scheme are as follows:	2007	2006	2005
	£	£	£
Bonds	1,522,000	1,503,000	-
Equities	8,123,000	6,676,000	-
Annuities	656,000	631,000	615,000
Deposit administration contract	-	-	7,839,000
Other – cash	906,000	389,000	396,000
Other – property etc	<u>260,000</u>	<u>574,000</u>	<u>225,000</u>
Total market value of assets	11,467,000	9,773,000	9,075,000
Present value of scheme liabilities	<u>(10,212,000)</u>	<u>(9,328,000)</u>	<u>(9,986,000)</u>
Surplus/(deficit) in the scheme	1,255,000	445,000	(911,000)
Related deferred tax (liability)/asset	<u>(377,000)</u>	<u>(134,000)</u>	<u>273,000</u>
Net pension asset/(liability)	<u>878,000</u>	<u>311,000</u>	<u>(638,000)</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

19 PENSION COMMITMENTS - CONTINUED

Analysis of the amount charged to operating profit:	2007 £	2006 £
Current service cost	(370,000)	(415,000)
Past service cost	1,480,000	382,000
Total operating charge	<u>1,110,000</u>	<u>(33,000)</u>
Analysis of the amount credited to financial income:	2007 £	2006 £
Expected return on pension scheme assets	714,000	578,000
Interest on pension scheme liabilities	(449,000)	(499,000)
Net return	<u>265,000</u>	<u>79,000</u>
Movement in surplus/(deficit) during the year:	2007 £	2006 £
Surplus/(Deficit) in the scheme at 1 May 2006	445,000	(911,000)
Operating charge	1,110,000	(33,000)
Other finance income	265,000	79,000
Loss on settlements/curtailments	-	(466,000)
Contributions made	698,000	819,000
Actuarial (losses)/gains	(1,263,000)	957,000
Surplus/(deficit) in the scheme at 30 April 2007	<u>1,255,000</u>	<u>445,000</u>
History of experience gains and losses:	2007 £	2006 £
Difference between the expected and actual return on scheme assets		
Amount	307,000	1,468,000
Percentage of scheme assets	2.70%	15.00%
Experience gains and losses on scheme liabilities		
Amount	(26,000)	(32,000)
Percentage of the present value of the scheme liabilities	(0.30%)	(0.30%)
Total amount to be recognised in the statement of recognised gains and losses		
Amount	(1,263,000)	957,000
Percentage of the present value of the scheme liabilities	<u>(12.40%)</u>	<u>9.60%</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

19 PENSION COMMITMENTS - CONTINUED

The directors do not believe that the company is able to recover the surplus in the scheme either through reduced future contributions or through refunds from the scheme

The surplus has not therefore been recognised as an asset of the company at 30 April 2007

The directors believe that to do so, as required by Financial Reporting Standard 17 Retirement Benefits, would significantly distort the results for the year and the opening balance sheet position and result in a departure from a true and fair view

There would be no change to the closing balance sheet position should such a prior period adjustment be made

The amount that would be recognised in the statement of recognised gains and losses should such a prior period adjustment be made is analysed as follows -

Analysis of amount to be recognised in the statement of total recognised gains and losses:

	2007 £	2006 £
Actual return less expected return on pension scheme assets	307,000	1,468,000
Experience gains and losses arising on scheme liabilities	(26,000)	(32,000)
Change in assumptions underlying the present value of the scheme liabilities	(1,544,000)	(479,000)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	<u>(1,263,000)</u>	<u>957,000</u>

Total contributions to the scheme of £620,299 (2006 £711,860) have been charged to the profit and loss account for the year ended 30 April 2007

Defined contribution

The company operates several defined contribution pension schemes. The assets of the scheme are held separately from those of the company in independently administered funds. The pension costs charge represents contributions payable by the company to the funds and amounted to £85,903 (2006 £72,219). At 30 April 2007 contributions amounting to £nil were payable to the funds and are included in creditors (2006 £nil).

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

20 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2007 the company had annual commitments under non-cancellable operating leases as follows -

	2007		2006	
	Land and buildings £	Plant and equipment £	Land and buildings £	Plant and equipment £
Expiring within one year	3,115	-	-	2,710
Expiring between one and five years	99,748	-	110,009	-
Expiring greater than five years	46,966	-	46,966	-
	<u>149,829</u>	<u>-</u>	<u>156,975</u>	<u>2,710</u>

21 CONTROL

The ultimate parent company is Lycetts Holdings Limited, following a share for share exchange and group reconstruction during the year under review

Transactions with group undertakings are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related Party Disclosures" on the grounds that consolidated financial statements are prepared by the ultimate parent company, and these are available from Milburn House, Newcastle upon Tyne

22 DIVIDENDS

	2007 £	2006 £
Dividends paid in the year	448,136	85,000
Final dividend for the year	501,864	325,000
	<u> </u>	<u> </u>

A dividend of £325,000 was paid in June 2006 and a dividend of £123,136 was paid in December 2006

The final dividend is not provided in these accounts

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 30 APRIL 2007

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	4,124,893	3,311,555
Profit for the year	914,927	898,338
Dividends (note 22)	(448,136)	(85,000)
	<hr/>	<hr/>
	4,591,684	4,124,893
	<hr/>	<hr/>

24 RELATED PARTY TRANSACTIONS

Under an agreement dated July 1998, Mr N D B Straker had an option to subscribe for up to 5,000 ordinary shares at a price of £1 79 per share exercisable at any time from 21 July 2001 to 21 July 2008. This option was exercised in full in May 2006. Under an agreement dated December 2001 Mr N D B Straker had an option to subscribe for up to 5,000 ordinary shares at a price of £2 32 per share exercisable at any time from 1 December 2005 to 1 December 2011. This option was exercised in full in May 2006. Under an agreement dated December 2002 Mr N D B Straker had an option to subscribe for up to 5,000 ordinary shares at a price of £2 86 per share exercisable at any time from 1 December 2005 to 1 December 2012. This option was exercised in full in May 2006.

Under an agreement dated December 2002 Mr A C Keate had an option to subscribe for up to 5,000 ordinary shares at a price of £2 86 per share exercisable at any time from 1 December 2005 to 1 December 2012. This option was exercised in full in May 2006.

Under an agreement dated December 2002 Mr C R Seymour had an option to subscribe for up to 5,000 ordinary shares at a price of £2 86 per share exercisable at any time from 1 December 2005 to 1 December 2012. This option was exercised in full in April 2006.