

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2009



Ryecroft Glenton

INCORPORATING RAINBOW GILLESPIE
Chartered Accountants

NEWCASTLE
32 Portland Terrace,
Jesmond, NE2 1QP
Tel. 0191 281 1292
Fax. 0191 212 0075

MORPETH
55 Newgate Street,
NE61 1AY
Tel. 01670 512102
Fax. 01670 510385

ROTHBURY
Barclays Bank Chambers,
Front Street, NE65 7SS
Tel. 01669 620360
Fax. 01669 622845

WHITLEY BAY
189 Park View,
NE26 3RD
Tel. 0191 252 1849
Fax. 0191 297 1204

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

COMPANY INFORMATION

DIRECTORS

A C Keate
E R Nicholl
M C Liddell (resigned 31/3/2009)
C R Seymour
N D B Straker
S Steele
C J G Cox
D J Hewitt
C A Hamilton
W A Barne

COMPANY SECRETARY

D N Payne

COMPANY NUMBER

706042

REGISTERED OFFICE

Milburn House
Dean Street
Newcastle upon Tyne
NE1 1PP

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 21

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2009

The directors present their report and the financial statements for the period ended 31 March 2009.

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

The company's key performance indicators for the period were turnover, profit before taxation and staff costs.

Despite the economy being in the grips of recession, the company's trading held up remarkably well, with turnover for the 11 months to 31 March 2009 at £12.55m as against £13.17m for the 12 months to 30 April 2008. The result for the period includes turnover of £0.94m relating to activities acquired in the period.

A number of one-off administrative expenses resulted in profit before taxation for the period decreasing by £2.48m to £0.20m. Foremost amongst these was the company's decision to inject a single payment of £1.50m into the defined benefit pension scheme to cover the deficit arising from the fall in investment values.

Staff costs for the period increased by 17.8% to £9.34m. This amount includes the one-off pension contribution.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

With the world's economies remaining in deep recession it is difficult to see any improvement in the company's trading conditions in the current foreshortened financial period.

Whilst the company's Rural Division is relatively unaffected by the recession, its Commercial and Bloodstock Divisions are likely to feel the pain for some time to come.

The fact that the company runs a highly specialised and diversified business should, however, put it in a strong position to capitalise as and when the economy finally starts to recover.

Legislative risks

The company is governed by a wide range of legislation, including FSA Regulations.

The company takes great care to keep up to date with all new legislation and regulations to ensure that it can maintain its position within the industry.

Financial risks

The company's main area of risk is liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations.

The company aims to mitigate liquidity risk by ensuring it reviews its cash management on a regular basis.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2009

RESULTS

The profit for the period, after taxation, amounted to £65,596 (2008 - £1,721,630).

DIRECTORS

The directors who served during the period were:

A C Keate
E R Nicholl
M C Liddell (resigned 31/3/2009)
C R Seymour
N D B Straker
S Steele
C J G Cox
D J Hewitt
C A Hamilton
W A Barne

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations of £15,163 (2008 - £5,129).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments and 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.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Rycroft Glenton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A C Keate
Director

A handwritten signature in black ink, appearing to read 'A C Keate', written over a horizontal line.

Date: 6 August 2009

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

We have audited the financial statements of Lycett, Browne-Swinburne & Douglass Limited for the period ended 31 March 2009, set out on pages 6 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK 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 judgments 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.

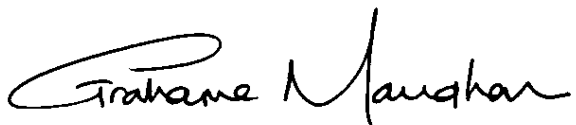
LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

OPINION

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2009 and of its profit for the period then ended; and
- the information given in the directors' report is consistent with the financial statements.



Grahame Maughan (senior statutory auditor)

for and on behalf of
RYECROFT GLENTON

Chartered Accountants
Registered Auditors

32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

6 August 2009

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
TURNOVER	1,2		
Continuing operations		11,609,505	13,171,853
Acquisitions		936,169	-
		<u>12,545,674</u>	<u>13,171,853</u>
Administrative expenses	4	(12,788,370)	(11,107,992)
Other operating income	3	<u>21,083</u>	<u>35,000</u>
OPERATING (LOSS)/PROFIT	5		
Continuing operations		(587,409)	2,098,861
Acquisitions		365,796	-
		<u>(221,613)</u>	<u>2,098,861</u>
Amounts written off investments		-	(100)
Interest receivable		420,393	579,271
Interest payable	9	<u>(2,846)</u>	<u>(1,248)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		195,934	2,676,784
Tax on profit on ordinary activities	10	<u>(130,338)</u>	<u>(955,154)</u>
PROFIT FOR THE FINANCIAL PERIOD	18	<u>65,596</u>	<u>1,721,630</u>

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account.

The notes on pages 8 to 21 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED
REGISTERED NUMBER: 706042

BALANCE SHEET
AS AT 31 MARCH 2009

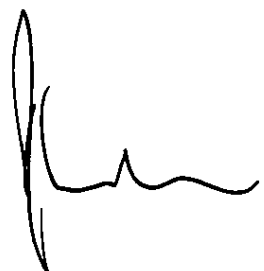
	Note	£	31 March 2009 £	£	30 April 2008 £
FIXED ASSETS					
Intangible fixed assets	11		1,259,283		1,572,606
Tangible fixed assets	12		263,532		288,782
Fixed asset investments	13		20,749		21,849
			<u>1,543,564</u>		<u>1,883,237</u>
CURRENT ASSETS					
Debtors	14	9,052,724		9,896,466	
Cash at bank		<u>5,696,089</u>		<u>11,493,692</u>	
		14,748,813		21,390,158	
CREDITORS: amounts falling due within one year	15	<u>(15,266,405)</u>		<u>(18,495,546)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(517,592)</u>		<u>2,894,612</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,025,972</u>		<u>4,777,849</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	16		-		(7,368)
NET ASSETS			<u><u>1,025,972</u></u>		<u><u>4,770,481</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		20,147		20,147
Capital redemption reserve	18		1,133		1,133
Profit and loss account	18		<u>1,004,692</u>		<u>4,749,201</u>
SHAREHOLDERS' FUNDS	19		<u><u>1,025,972</u></u>		<u><u>4,770,481</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A C Keate
 Director



E R Nicholl
 Director



Date: 6 August 2009

The notes on pages 8 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 REVENUE AND EXPENSE RECOGNITION

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

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

a. Turnover

Turnover 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 principal exception of life and pensions brokerage and other commissions which are credited 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.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

1.5 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	over the period of the lease
Motor vehicles	-	25% straight line
Office equipment	-	10% straight line
Computer equipment	-	20% and 25% straight line

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

1. ACCOUNTING POLICIES (continued)

1.6 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

1. ACCOUNTING POLICIES (continued)

1.10 PENSIONS

Defined contribution

The company operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered pension funds.

Contributions payable to the defined contribution pension schemes are charged to the profit and loss account in the period to which they relate.

Defined benefit

The company operates a final salary pension 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 units trusts, equities and other approved investments on the advice of the appointed investment manager, UBS Wealth Management (UK) Ltd, in line with the statement of investment principles. 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".

1.11 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 cashflows arising from these transactions.

Debtors and creditors arising from a transaction between client and insurers (eg 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 cashflow.

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 5 "Reporting The Substance Of Transactions" requires that offsets 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.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

2. TURNOVER

Turnover is wholly attributable to the company's principal activity.

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation is attributable to the company's principal activity, that of being an insurance broker.

3. OTHER OPERATING INCOME

	2009 £	2008 £
Service charges receivable	21,083	35,000

4. COST OF SALES AND EXPENSES

	2009 Continuing £	2008 Continuing £
Administrative expenses	12,788,370	11,107,992
Other operating income	(21,083)	(35,000)

The following amounts were included within continuing activities in relation to acquisitions during the period:

	2009 £	2008 £
Administrative expenses	570,373	-

5. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2009 £	2008 £
Amortisation - intangible fixed assets	313,323	341,805
Depreciation of tangible fixed assets:		
- owned by the company	100,022	106,410
Auditors' remuneration	16,250	16,250
Auditors' remuneration - non-audit	3,473	19,657
Operating lease rentals:		
- other operating leases	266,775	229,725
Gain on foreign exchange	(88,499)	(35,201)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	6,560,114	6,544,128
Social security costs	661,827	707,227
Other pension costs	2,124,121	679,775
	<u>9,346,062</u>	<u>7,931,130</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2009 No.	2008 No.
Brokerage and administration	<u>151</u>	<u>145</u>

7. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>1,491,742</u>	<u>1,868,738</u>

During the period retirement benefits were accruing to 6 directors (2008 - 6) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £282,760 (2008 - £288,058).

8. SHARE BASED PAYMENTS

During the period 43,028 share options in regard to shares in the company's parent company, Lycetts Holdings Limited, were exercised by 5 employees of the company at an exercise price of £1.97 per share.

The market value of the shares at the dates of exercise was deemed to be £13.82 per share. The total difference between the market value and the exercise price was £509,882, being a capital contribution from Lycetts Holdings Limited, and this has been charged to the profit and loss account for the period in line with Financial Reporting Standard No 20 "Share-based Payment".

There were no unexercised options as at 31 March 2009.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

9. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	217	954
Other interest payable	2,629	294
	<u>2,846</u>	<u>1,248</u>

10. TAXATION

	2009 £	2008 £
ANALYSIS OF TAX CHARGE IN THE PERIOD/YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the period/year	461,063	952,692
Adjustments in respect of prior periods	(59,588)	9,701
TOTAL CURRENT TAX	<u>401,475</u>	<u>962,393</u>
DEFERRED TAX (see note 16)		
Origination and reversal of timing differences	(271,137)	(7,239)
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>130,338</u>	<u>955,154</u>

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR

The tax assessed for the period/year is higher than (2008 - *higher than*) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>195,934</u>	<u>2,676,784</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	54,862	803,035
EFFECTS OF:		
Expenses not deductible for tax purposes	386,820	149,917
Capital allowances for period/year in excess of depreciation	(1,231)	(260)
Group relief claims	(7,482)	-
Adjustments to tax charge in respect of prior periods	(31,494)	9,701
CURRENT TAX CHARGE FOR THE PERIOD/YEAR (see note above)	<u>401,475</u>	<u>962,393</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 May 2008 and 31 March 2009	2,733,894
AMORTISATION	
At 1 May 2008	1,161,288
Charge for the period	313,323
At 31 March 2009	1,474,611
NET BOOK VALUE	
At 31 March 2009	1,259,283
At 30 April 2008	1,572,606

12. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Furniture, fittings and equipment £	Total £
COST				
At 1 May 2008	13,541	155,496	1,053,620	1,222,657
Additions	-	-	71,405	71,405
Transfers intra group	-	-	53,738	53,738
Disposals	-	-	(676,789)	(676,789)
At 31 March 2009	13,541	155,496	501,974	671,011
DEPRECIATION				
At 1 May 2008	13,541	78,765	841,569	933,875
Charge for the period	-	35,635	64,387	100,022
Transfers intra group	-	-	50,371	50,371
On disposals	-	-	(676,789)	(676,789)
At 31 March 2009	13,541	114,400	279,538	407,479
NET BOOK VALUE				
At 31 March 2009	-	41,096	222,436	263,532
At 30 April 2008	-	76,731	212,051	288,782

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST OR VALUATION	
At 1 May 2008	21,849
Amounts written off	(1,100)
At 31 March 2009	<u>20,749</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Holding	31 March 2009 £	30 April 2008 £
Lycetts Limited	100%	19,749	19,749
Lycetts Financial Services Limited	100%	1,000	1,000
Algarve Insurance Brokers Limited	100%	-	1,100
		<u>20,749</u>	<u>21,849</u>

Name	Business	Registered office
Lycetts Limited	Dormant	in England and Wales
Lycetts Financial Services Limited	Life insurance broker and pensions and other financial services consultant	in England and Wales
Algarve Insurance Brokers Limited	Dormant	in England and Wales

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

14. DEBTORS

	31 March 2009	30 April 2008
	£	£
Trade debtors	8,224,739	9,481,565
Amounts owed by group undertakings	36,881	68,134
Current asset investment	-	-
Corporation tax recoverable	110,943	-
Other debtors	87,782	1,120
Prepayments and accrued income	328,610	345,647
Deferred tax asset (see note 16)	263,769	-
	9,052,724	9,896,466

Included within prepayments and accrued income is £38,975 (2008 - £51,913) relating to prepaid defined benefit pension contributions recoverable after more than one year.

**15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 March 2009	30 April 2008
	£	£
Trade creditors	10,512,790	13,011,134
Amounts owed to group undertakings	3,006,595	2,721,654
Corporation tax	-	452,647
Social security and other taxes	326,476	359,092
Other creditors	260,014	227,185
Accruals and deferred income	1,160,530	1,723,834
	15,266,405	18,495,546

16. DEFERRED TAXATION

	31 March 2009	30 April 2008
	£	£
At beginning of period/year	(7,368)	(14,607)
Arising during period/year	271,137	7,239
	263,769	(7,368)

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

16. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows:

	31 March 2009 £	30 April 2008 £
Accelerated capital allowances	9,571	10,802
Short term timing differences	254,198	(18,170)
	<u>263,769</u>	<u>(7,368)</u>

The deferred tax asset has been fully provided in the financial statements as according to all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

This available evidence includes historical information about the company's financial performance and position as well as management accounts and forecasts.

17. SHARE CAPITAL

	31 March 2009 £	30 April 2008 £
ALLOTTED, CALLED UP AND FULLY PAID		
2,014,700 Ordinary shares of 1p each	<u>20,147</u>	<u>20,147</u>

18. RESERVES

	Capital redempt'n reserve £	Profit and loss account £
At 1 May 2008	1,133	4,749,201
Profit for the period		65,596
Dividends: Equity capital		(4,319,987)
Capital contribution from parent		509,882
At 31 March 2009	<u>1,133</u>	<u>1,004,692</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2009 £	30 April 2008 £
Opening shareholders' funds	4,770,481	4,591,684
Profit for the period/year	65,596	1,721,630
Dividends (Note 20)	(4,319,987)	(1,542,833)
Other movements in profit and loss reserve	509,882	-
Closing shareholders' funds	<u>1,025,972</u>	<u>4,770,481</u>

20. DIVIDENDS

	2009 £	2008 £
Dividends paid on equity capital	<u>4,319,987</u>	<u>1,542,833</u>

21. PENSION COMMITMENTS

Defined contribution

The company operates several defined contribution pension schemes. The assets of the schemes 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 £291,934 (2008 - £305,908). As at 31 March 2009, and 30 April 2008, no contributions were owing to the funds.

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 1 January 2006. This was updated to 30 April 2006, 30 April 2007, 30 April 2008 and 31 March 2009 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 17 "Retirement Benefits".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

21. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2009 £	2008 £
Present value of funded obligations	(10,484,000)	(10,248,000)
Fair value of scheme assets	10,746,000	11,767,000
Surplus in scheme	262,000	1,519,000
Surplus not recognised	(262,000)	(1,519,000)
Surplus recognised	-	-
Net asset	-	-

The directors of the company 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 at 31 March 2009.

The directors of the company believe that to do so, as required by Financial Reporting Standard No 17 "Retirement benefits", would significantly distort the results for the period and the opening balance position and result in a departure from a true and fair view.

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

Changes in the present value of the defined benefit obligation are as follows:

	2009 £	2008 £
Opening defined benefit obligation	10,248,000	10,212,000
Service cost	249,000	327,000
Interest cost	558,000	545,000
Actuarial losses	(478,000)	(728,000)
Benefits paid	(93,000)	(108,000)
Closing defined benefit obligation	10,484,000	10,248,000

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

21. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets are as follows:

	2009 £	2008 £
Opening fair value of scheme assets	11,767,000	11,467,000
Expected return on scheme assets	797,000	869,000
Actuarial losses	(3,582,000)	(1,166,000)
Employer contributions	1,857,000	705,000
Benefits paid	(93,000)	(108,000)
	<u>10,746,000</u>	<u>11,767,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2009	2008
Equities	54.20 %	70.30 %
Bonds	18.50 %	15.70 %
Annuities	10.10 %	9.50 %
Cash	16.00 %	1.80 %
Property	1.20 %	2.70 %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate at 31 March	6.00 %	5.90 %
Future pension increases	3.40 %	3.70 %
Rate of increase in directors' salaries	2.50 %	2.50 %
Rate of increase in staff members' salaries	2.50 %	2.50 %
Inflation assumption	3.50 %	3.70 %

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2009 £	2008 £	2007 £
Defined benefit obligation	(10,484,000)	(10,248,000)	(10,212,000)
Scheme assets	<u>10,746,000</u>	<u>11,767,000</u>	<u>11,467,000</u>
Surplus	262,000	1,519,000	1,255,000

Total contributions to the scheme of £1,821,827 (2008 - £363,507) have been charged to the profit and loss account for the period ended 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

22. OPERATING LEASE COMMITMENTS

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	31 March	30 April
	2009	2008
	£	£
EXPIRY DATE:		
Between 2 and 5 years	146,575	106,498
After more than 5 years	136,908	136,908

23. RELATED PARTY TRANSACTIONS

During the period, W A Barne, a director, exercised 9,679 share options.

The nature of these share options is described in Note 8 of these financial statements.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Lycetts Holdings Limited.

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.