

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



Ryecroft Glenton
Chartered Accountants

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LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

COMPANY INFORMATION

DIRECTORS

A C Keate
E R Nicholl
C R Seymour
N D B Straker
S Steele
C J G Cox
W A Barne
S R Landale
C D Sadler
W R Nicholl
A C H Foster

COMPANY SECRETARY

R J Hall

REGISTERED NUMBER

00706042

REGISTERED OFFICE

Milburn House
Dean Street
NE1 1PP

INDEPENDENT AUDITORS

Ryecroft Glenton
Chartered Accountants & Statutory Auditors
32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

INTRODUCTION

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

The company operates from offices throughout the UK, and has a branch in Dublin, Ireland.

BUSINESS REVIEW

During the year trading conditions remained challenging and this is reflected within the results.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

With the world's economies recovering slowly from, or remaining in recession, only a small improvement in the group's trading conditions is forecast in the current financial year.

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

Legislative risks

The company is governed by a wide range of legislation, including FCA 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. The company has access to considerable financial resources due to being a member of a group headed by Allchurches Trust Limited.

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

FINANCIAL KEY PERFORMANCE INDICATORS


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

During the year the company's turnover increased to £14.00m from £13.99m.

The company's operating profit decreased from £2.31m to £2.28m.

The company's staff costs increased from £8.16m to £8.29m.

This report was approved by the board on 24 February 2015 and signed on its behalf.



A C Keate
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,485,348 (2013 - £1,836,783).

The directors do not propose payment of a dividend (2013 - £669,375).

During the year, dividends totalling £4,169,375 were paid (2013 - £887,500).

DIRECTORS

The directors who served during the year were:

A C Keate
E R Nicholl
C R Seymour
N D B Straker
S Steele
C J G Cox
W A Barne
S R Landale
C D Sadler
W R Nicholl
A C H Foster

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

DISCLOSURE 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 relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ryecroft 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

Date: 24 February 2015

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 year ended 31 December 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Grahame Maughan (senior statutory auditor)

for and on behalf of
Ryecroft Glenton

Chartered Accountants
Statutory Auditors

32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

24 February 2015

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	14,001,048	13,993,584
Administrative expenses		(11,935,168)	(11,711,218)
Other operating income	3	<u>217,500</u>	<u>30,000</u>
OPERATING PROFIT	4	2,283,380	2,312,366
Income from shares in group undertakings		1,500,000	-
Interest receivable and similar income		71,723	130,505
Interest payable and similar charges	8	(1,003)	(7,598)
Other finance income	9	<u>45,000</u>	<u>132,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,899,100	2,567,273
Tax on profit on ordinary activities	10	<u>(413,752)</u>	<u>(730,490)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>3,485,348</u>	<u>1,836,783</u>

All amounts relate to continuing operations.

The notes on pages 10 to 25 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
PROFIT FOR THE FINANCIAL YEAR		3,485,348	1,836,783
Actuarial (loss)/gain related to pension scheme	22	(3,476,000)	122,000
Deferred tax attributable to actuarial loss/(gain)	22	680,890	(48,162)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		690,238	1,910,621

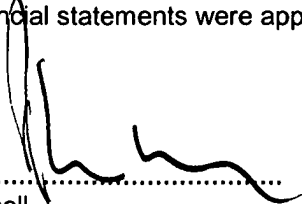
The notes on pages 10 to 25 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED
REGISTERED NUMBER: 00706042

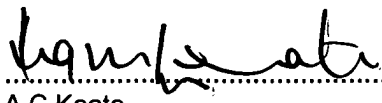
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	12		368,049		332,902
Investments	13		20,749		20,749
			<u>388,798</u>		<u>353,651</u>
CURRENT ASSETS					
Debtors	14	8,373,947		7,825,054	
Cash at bank		10,667,106		14,335,892	
		<u>19,041,053</u>		<u>22,160,946</u>	
CREDITORS: amounts falling due within one year	15	(14,910,495)		(17,172,030)	
NET CURRENT ASSETS			<u>4,130,558</u>		<u>4,988,916</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,519,356</u>		<u>5,342,567</u>
CREDITORS: amounts falling due after more than one year	16		(128,976)		(106,898)
NET ASSETS EXCLUDING PENSION SCHEME (LIABILITY)/ASSET			<u>4,390,380</u>		<u>5,235,669</u>
Defined benefit pension scheme (liability)/asset	22		(2,434,880)		198,968
NET ASSETS INCLUDING PENSION SCHEME (LIABILITY)/ASSET			<u>1,955,500</u>		<u>5,434,637</u>
CAPITAL AND RESERVES					
Called up share capital	18		20,147		20,147
Capital redemption reserve	19		1,133		1,133
Profit and loss account	19		1,934,220		5,413,357
SHAREHOLDERS' FUNDS	20		<u>1,955,500</u>		<u>5,434,637</u>

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



 E R Nicholl
 Director



 A C Keate
 Director

Date: 24 February 2015

Date: 24 February 2015

The notes on pages 10 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

A review of the company's business activities is provided within the strategic review. In addition, the strategic review discloses the company's principal risks and uncertainties, including exposures to competitive, legislative and financial risk. The company has access to considerable financial resources due to being a member of a group headed by Allchurches Trust Limited. The directors, as a consequence, believe the company is well placed to manage its business risks successfully and continue in existence for the foreseeable future.

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

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. Purchased goodwill is capitalised at cost. Goodwill is amortised to the profit and loss account over its estimated economic life. The useful economic life of goodwill is, in the opinion of the directors, seven years from the end of the year of acquisition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

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
Office equipment	-	10% straight line
Computer equipment	-	20% and 25% straight line

1.6 INVESTMENTS

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

1.7 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the profit and loss account 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.

1.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.10 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.

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 bureau 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.12 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 unit 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".

2. TURNOVER

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. OTHER OPERATING INCOME

	2014 £	2013 £
Service charges receivable	30,000	30,000
Income from disposal of operations	187,500	-
	<u>217,500</u>	<u>30,000</u>

4. OPERATING PROFIT

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

	2014 £	2013 £
Amortisation - intangible fixed assets	-	90,975
Depreciation of tangible fixed assets:		
- owned by the company	150,034	147,934
- held under finance leases	12,600	12,600
Operating lease rentals:		
- other operating leases	373,654	326,361
Loss on foreign exchange	(7,856)	16,915
	<u> </u>	<u> </u>

5. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	19,865	19,475
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	4,250	4,175
Taxation compliance services	2,250	2,200
	<u> </u>	<u> </u>
	2014 £	2013 £
Fees payable to the company's auditor and its associates in connection with the company's pension scheme(s) in respect of:		
The auditing of accounts of the scheme(s)	2,850	2,725
All non-audit services not included above	350	-
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	6,981,875	6,850,529
Social security costs	746,482	737,624
Other pension costs (Note 22)	548,986	564,422
	<u>8,277,343</u>	<u>8,152,575</u>

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

	2014 No.	2013 No.
Brokerage and administration	<u>164</u>	<u>158</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>1,592,964</u>	<u>1,396,426</u>

During the year retirement benefits were accruing to 7 directors (2013 - 7) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £248,430 (2013 - £272,717).

8. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	462	16
On finance leases and hire purchase contracts	541	7,582
	<u>1,003</u>	<u>7,598</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	630,000	785,000
Interest on pension scheme liabilities	(585,000)	(653,000)
	<u>45,000</u>	<u>132,000</u>

10. TAXATION

	2014 £	2013 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	504,886	652,488
Adjustments in respect of prior periods	(88,797)	73
TOTAL CURRENT TAX	<u>416,089</u>	<u>652,561</u>
DEFERRED TAX		
Origination and reversal of timing differences	(15,075)	31,698
Effect of FRS17 timing differences	12,738	46,231
TOTAL DEFERRED TAX (see note 17)	<u>(2,337)</u>	<u>77,929</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>413,752</u>	<u>730,490</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	3,899,100	2,567,273
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	838,045	596,891
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	-	12,892
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,387	25,115
Depreciation for year in excess of capital allowances	14,292	19,992
Adjustments to tax charge in respect of prior periods	(88,797)	73
Short term timing difference leading to an increase/(decrease) in taxation	4,745	(44,382)
Effect of FRS17 timing differences	(56,183)	41,980
Dividends from UK companies	(322,400)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	416,089	652,561

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2014 and 31 December 2014	2,733,894
AMORTISATION	
At 1 January 2014 and 31 December 2014	2,733,894
NET BOOK VALUE	
At 31 December 2014	-
At 31 December 2013	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Office equipment £	Computer equipment £	Total £
COST				
At 1 January 2014	152,027	191,691	760,291	1,104,009
Additions	11,305	4,482	181,994	197,781
At 31 December 2014	163,332	196,173	942,285	1,301,790
DEPRECIATION				
At 1 January 2014	65,453	122,483	583,171	771,107
Charge for the year	16,154	13,705	132,775	162,634
At 31 December 2014	81,607	136,188	715,946	933,741
NET BOOK VALUE				
At 31 December 2014	81,725	59,985	226,339	368,049
At 31 December 2013	86,574	69,208	177,120	332,902

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £	2013 £
Computer equipment	-	29,670

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2014 and 31 December 2014	20,749
NET BOOK VALUE	
At 31 December 2014	20,749
At 31 December 2013	20,749

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. FIXED ASSET INVESTMENTS (continued)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	2014 £	2013 £
Lycetts Limited	Ordinary	100 %	19,749	19,749
Lycetts Financial Services Limited	Ordinary	100 %	1,000	1,000
			20,749	20,749

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

14. DEBTORS

	2014 £	2013 £
Trade debtors	6,174,973	6,852,635
Amounts owed by group undertakings	1,662,066	494,581
Other debtors	1,120	1,120
Prepayments and accrued income	486,341	442,346
Deferred tax asset (see note 17)	49,447	34,372
	8,373,947	7,825,054

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	-	12,907
Trade creditors	11,052,715	11,393,144
Amounts owed to group undertakings	1,595,124	3,034,288
Corporation tax	15,253	209,164
Other taxation and social security	338,109	366,099
Other creditors	248,592	196,954
Accruals and deferred income	1,660,702	1,959,474
	<u>14,910,495</u>	<u>17,172,030</u>

Net obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

**16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014 £	2013 £
Accruals and deferred income	<u>128,976</u>	<u>106,898</u>

17. DEFERRED TAX ASSET

	2014 £	2013 £
At beginning of year	34,372	66,071
Released during/(charged for) year (P&L)	15,075	(31,699)
At end of year	<u>49,447</u>	<u>34,372</u>

The deferred tax asset is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	23,652	12,991
Short term timing differences	25,795	21,381
	<u>49,447</u>	<u>34,372</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18. SHARE CAPITAL

	2014 £	2013 £
ALLOTTED, CALLED UP AND FULLY PAID		
2,014,700 Ordinary shares of £0.01 each	<u>20,147</u>	<u>20,147</u>

19. RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 2014	1,133	5,413,357
Profit for the financial year	-	3,485,348
Dividends: Equity capital	-	(4,169,375)
Pension reserve movement	-	(2,795,110)
At 31 December 2014	<u>1,133</u>	<u>1,934,220</u>

The closing balance on the profit and loss account includes a £2,914,178 (2013 - £131,670 credit) debit, stated after deferred taxation of £628,822 (2013 - £39,330), in respect of pension scheme liabilities of the company pension scheme.

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	5,434,637	4,411,516
Profit for the financial year	3,485,348	1,836,783
Dividends (Note 21)	(4,169,375)	(887,500)
Other recognised gains and losses during the year	(2,795,110)	73,838
Closing shareholders' funds	<u>1,955,500</u>	<u>5,434,637</u>

21. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>4,169,375</u>	<u>887,500</u>

The directors do not propose payment of a dividend (2013 - £669,375).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. 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 £265,986 (2013 - £257,678). As at 31 December 2014, and 31 December 2013, no contributions were owing to the funds.

The company operates a defined benefit pension scheme.

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 valuation being as at 1 January 2012. This was updated to 31 December 2014 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 17 "Retirement Benefits".

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(14,252,000)	(15,209,000)
Fair value of scheme assets	11,208,400	15,467,400
	<u>(3,043,600)</u>	<u>258,400</u>
(Deficit)/surplus in scheme	608,720	(59,432)
Related deferred tax asset/(liability)	<u>(2,434,880)</u>	<u>198,968</u>
Net (liability)/asset		

The amounts recognised in profit or loss are as follows:

	2014 £	2013 £
Current service cost	(283,000)	(304,000)
Interest on obligation	(585,000)	(653,000)
Expected return on scheme assets	630,000	785,000
	<u>(238,000)</u>	<u>(172,000)</u>
Total		
Actual return on scheme assets	<u>657,000</u>	<u>1,191,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	15,209,000	14,104,000
Current service cost - recognised in the profit and loss account	283,000	304,000
Interest cost - recognised in the profit and loss account	585,000	653,000
Actuarial losses/(gains) - recognised in the STRGL	3,476,000	(122,000)
Actuarial losses - not recognised in the STRGL	27,000	406,000
Benefits paid and member contributions	(5,328,000)	(136,000)
Closing defined benefit obligation	14,252,000	15,209,000

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

	2014 £	2013 £
Opening fair value of scheme assets	15,467,400	13,952,000
Expected return on scheme assets - recognised in the profit and loss account	630,000	785,000
Contributions by employer - not recognised in the profit and loss account	412,000	460,400
Actuarial gains - not recognised in the STRGL	27,000	406,000
Benefits paid and member contributions	(5,328,000)	(136,000)
	11,208,400	15,467,400

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £3,953,000 (2013 - £477,000).

The company expects to contribute £400,000 to its defined benefit pension scheme in 2015.

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

	2014	2013
Equities	46.00 %	47.00 %
Gilts	- %	3.00 %
Bonds	18.00 %	14.00 %
Annuities	13.00 %	8.00 %
Cash	23.00 %	27.00 %
Property	- %	1.00 %

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

	2014	2013
Discount rate at 31 December	3.70 %	4.60 %
Future pension increases	3.00 %	3.00 %
Rate of increase in directors' salaries	2.50 %	2.50 %
Rate of increase in staff members' salaries	2.50 %	2.50 %
Inflation assumption	3.10 %	3.40 %

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. PENSION COMMITMENTS (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.1
Retiring in 20 years		
Males	24.6	24.6
Females	26.9	26.9

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(14,252,000)	(15,209,000)	(14,104,000)	(16,205,000)	(14,266,000)
Scheme assets	11,208,400	15,467,400	13,952,000	15,787,000	15,916,000
(Deficit)/surplus	(3,043,600)	258,400	(152,000)	(418,000)	1,650,000

Total contributions to the scheme of £NIL (2013 - £NIL) have been charged to the profit and loss account for the year ended 31 December 2014.

23. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014 £	2013 £
EXPIRY DATE:		
Within 1 year	22,943	12,745
Between 2 and 5 years	220,107	97,618
After more than 5 years	156,158	168,677

**NOTES TO THE FINANCIAL STATEMENTS
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24. RELATED PARTY TRANSACTIONS

Lycetts Holdings Limited owned 40% of the issued share capital of Amlin Plus Limited. On 20 May 2014 Lycetts Holdings Limited disposed of its entire shareholding in Amlin Plus Limited.

All transactions between Amlin Plus Limited and the company were conducted on an arms length basis.

During the year up to 20 May 2014, the company earned £93,262 (2013 - £1,160,589) of insurance broking income from Amlin Plus Limited.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent company is Lycetts Holdings Limited. The company's ultimate parent company is Allchurches Trust Limited. Both companies are incorporated in England & Wales.

The smallest group of which the company is a member which prepares group accounts is that headed by Lycetts Holdings Limited. The largest group of which the company is a member which prepares group accounts is that headed by Allchurches Trust Limited.

Transactions with certain 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 the group undertakings that are party to the transactions are wholly owned by Allchurches Trust Limited, either directly or indirectly.