

Registered number: 00706042

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

COMPANY INFORMATION

DIRECTORS

Denise Cockrem
Angus Keate
William Barne
Christopher Cox
Charles Foster
Simon Harper
William Nicholl
Colin Sadler
David Moore
Simon Landale (resigned 18 May 2022)

COMPANY SECRETARY Rachael Hall

REGISTERED NUMBER 00706042

REGISTERED OFFICE Milburn House
Dean Street
Newcastle upon Tyne
NE1 1PP

INDEPENDENT AUDITORS PricewaterhouseCoopers LLP
Statutory Auditors
London
SE1 2RT

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

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LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The directors present their strategic report on the Company for the year ended 31 December 2021. 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.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company's performance for the year ended 31 December has shown impressive revenue growth, with pre-tax profits more than doubling that of the previous year.

Set against the backdrop of a period that began and ended with fresh lockdowns – and the second year of the pandemic – the company continued to thrive in its 60th year, despite challenging global circumstances. The hybrid working model established at the start of the pandemic in 2020 was successfully embedded, enabling the company to continue to deliver the highest possible service standards to clients.

Continued investment in our people – through training, sponsorship and qualification programmes – and in our operations and infrastructure, ensured we maintained our growth trajectory. This included the opening of our new Northamptonshire office in Pitsford.

Pre-tax profit increased by 140% to £3.6m (2020 - £1.5m). Our results include a dividend of £1.5m from Lycetts Financial Services Limited. Our trading results, before the inclusion of this dividend, have increased by £0.6m to £2.1m. Revenue for the year increased by 16% to £20.0m (2020 - £17.2m).

Our new business sales target for the year was achieved by the end of October, buoyed by a number of significant new business wins and strategic initiatives. These included a comprehensive review of all affinity partnerships and the implementation of a series of successful sector-specific sales campaigns, targeting prospects in key markets, from HNW to renewables and forestry. The launch of our new website, meanwhile, saw digital traffic increase by 209%. By capitalising on the management information available from our OGI system, we were able to more swiftly identify and respond to market trends. Furthermore, we were able to renew our delegated schemes at lower increases than the market norm.

Our new tiered service structure also helped us meet client needs by enabling us to deliver a service appropriate to their requirements. Notably, this was evidenced in the efficient manner in which claims were managed following Storm Arwen.

Approbation was writ large in our 2021 client survey, which found that 100 per cent of clients at renewal were either "satisfied" or "very satisfied", with Net Promoter Scores for renewing clients of +80 and +91 achieved for Lycetts and Cliverton. Employees, too, responded positively in our newly launched employee survey.

Operational cost savings were realised by finalising the introduction of company-wide paperless processes. In addition, the WFH directive meant a significant reduction in transport costs. These savings, largely a result of pandemic restrictions, are expected to continue in the wake of the new working structures and processes. Business priorities for 2022 include reviewing the impact of digital technology. Our strategy for growth will see the business developing its structure, technology, people and processes, continuing to invest in central services and IT, and developing and investing in our people and leadership.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

The insurance markets in which the Company operates are highly competitive. The Company faces competition from other insurance intermediaries within the UK. Some competitors have lower cost bases or other competitive advantages that are not available to the Company. 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 starts to recover. The United Kingdom's exit from the European single market provides uncertainty over the impact on the UK economy as a whole however the UK's exit from the EU has not, to date, given rise to any actual or foreseeable significant business risks to the Company.

The Company is reliant upon its existing relationships with the insurance markets with which the Company places business. The failure, or downgrading, of a key insurer or insurance market would have an impact upon the ability of the Company to conduct its business as planned. In order to reduce the impact of any such event, the Company has in place controls to ensure it is not overly dependent upon any one insurer or insurance market.

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. In order to manage regulatory compliance risk the Company has a strong regulatory framework that includes a dedicated compliance team overseeing a monitoring programme to ensure that the Company's policies and procedures meet the standards set by the regulators and that the Company continues to meet its regulatory requirements.

FINANCIAL KEY PERFORMANCE INDICATORS

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

During the year the Company's turnover increased to £20,040,389 from £17,242,845 with operating profit of £2,188,086 compared to £1,609,974 in 2020. This increase reflects the successful integration of Farmers and Mercantile Insurance Brokers Limited into the business and the continued increase in the number of clients.

The Company's staff costs increased to £12,521,277 from £11,345,783 reflecting the transfer of staff from Farmers and Mercantile Insurance Brokers Limited and an annual pay review for staff.

As at the end of the year, the Company's net assets amounted to £7,255,767 (2020 - £2,677,209) reflecting the profit for the year, dividends received from Lycetts Financial Services Limited, dividends payable to Lycetts Holdings Limited and a reduction in the pension scheme deficit.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

This section of the Strategic Report provides an overview of how the directors have fulfilled their duties to promote the success of the company and had regard to the matters set out in section 172(1) (a) to (f) Companies Act 2006 as detailed below:

- (1) A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to-
- a) the likely consequences of any decision in the long term;
 - b) the interests of the company's employees;
 - c) the need to foster the company's business relationships with suppliers, customers and others;
 - d) the impact of the company's operations on the community and the environment;
 - e) the desirability of the company maintaining a reputation for high standards of business conduct, and;
 - f) the need to act fairly as between members of the company.

This also forms the directors' statement required under section 414CZA of the Companies Act 2006.

Our Stakeholders

Our stakeholders are identified in the Governance Framework, and are at the core of all decision making. Key stakeholders are clients, insurers employees, shareholders, regulators, suppliers, and the environment and community groups. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

Our Approach to the Long Term Success of the company

We recognise that the long-term success of the company is dependent upon having regard to the interests of our stakeholders. Being part of the Benefact Group, with its ambition to be the most trusted and ethical specialist financial services group, we understand how important it is to listen and respond to the needs of stakeholders. As well as considering strategy matters at each Board meeting, the company also held a Strategy Planning Day during 2021 to consider in depth the strategic direction of the company which was subsequently considered by the Board. At this meeting, such matters as the future of the company's head office and the working environment needed to support our employees and ultimately our clients were considered.

Covid-19 Response:

As the world begins to return to some form of normality, we understand that the effects of the Covid-19 pandemic remain with us all. As a company, we set out our initial response in the 2020 annual report and financial statements. Through the year, the Board has continued to consider and make decisions as to how best to adapt to the changes brought about by the pandemic and new ways of working, to ensure that the company remains strong and able to support its stakeholders flexibly.

This impact and how we have responded to protect the company and manage the expectations of our stakeholders has been included in our Stakeholder Engagement overview below.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Stakeholder Engagement in Decision Making

The company adopts a range of approaches to engage with stakeholders, and we continue to consider and reflect on our methods of engagement with stakeholders as we move into a post-Covid environment.

The Board considers a variety of information to understand the impact of the company's operations on, and the interests and views of, key stakeholders. The Board receives regular updates from the Chief Executive Officer (CEO) at each Board meeting, including employee engagement activities and wellbeing matters. Strategic and business matters, financial, operational and governance issues are also considered at each Board meeting, with clients, shareholders, and employees central to the Board's decision-making. In addition, members of staff and other business partners across the Benefact Group are invited to attend meetings to provide expert insight into key matters and developments across the business. Certain stakeholder matters are led at Group level, especially where the matters are of Group-wide significance or have the potential to impact the reputation of the Benefact Group. Consequently, this statement should be read in conjunction with Benefact Group plc's Section 172 statement.

Below is a summary of key decisions and actions the Board has taken during the year in respect of strategic and company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.

Client Engagement
<p>Clients are the lifeblood of the company. The Board believes that clients should be at the heart of everything the company does, ensuring any actions or decisions demonstrate passion for clients, making the company first choice for clients both today and in the future.</p> <p>During the year, the Board received updates on client matters via the CEO's reports at each meeting. This included consideration of strategy plans, looking at improvements to our client proposition, maximising client services, as well as adapting to new ways of communication in light of Covid-19.</p> <p>Management carry out regular meetings and communication with clients through the year, and client surveys assist the company to understand client needs and perspectives. The Board are provided with regular updates from across the business at each meeting.</p>
Insurer Engagement
<p>The Board oversees the relationship with insurers and associated placement strategy and procedure. This includes consideration of matters highlighted by the Carrier Management Committee (including outcomes from third party audits undertaken on behalf of insurers) and Lycetts Management Board in papers provided to each Board meeting.</p> <p>A Conflict of Interest register and policy is maintained by the Board to ensure any actual and perceived conflicts of interests between the company and insurers are managed appropriately.</p>
Employee Engagement
<p>The Board recognises that employees are a significant asset for the company, given their specialist skills, knowledge and propensity to go above and beyond. Employee matters are regularly considered by the Board via the CEO's Report.</p> <p>During 2020, as a result of the pandemic, more tailored and regular 'check-in' surveys were conducted. This enabled the company to gather real time feedback, to adapt each survey and to respond to the situation as it evolved during what was a unique year. During 2021, a transition back to a full employee engagement survey adopting a new B-Heard survey was carried out. This was supplemented by a further pulse survey later in the year. The surveys allow the tracking of engagement and provides employee views on a range of matters affecting them. The results are</p>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

considered by management and the Board, and communicated with employees, who are provided with an overview of initiatives to address their feedback.

Further information on engaging, involving and informing employees is set out in the Directors' Report.

Shareholder Engagement

Lycetts Holdings Limited owns the entire issued Ordinary share capital of the company. Lycetts Holdings Limited in turn is wholly owned by Benefact Group plc, and ultimately by the parent company, Benefact Trust Limited.

The Board maintain an open and constructive relationship with its shareholders. There are common directors who sit on the boards of Benefact Group plc, Lycetts Holdings Limited, and the company. This enables a flow of communication between the Board and its shareholders. A Conflicts of Interest register and policy are maintained.

Protocols for the exchange of information between Benefact Trust Limited and Benefact Group plc and its subsidiaries (including the company) are in place and cover performance, operations and financial position.

Mark Hews (Group Chief Executive Officer) attends one meeting of the Board per year, during which he presents a summary of relevant highlights from Benefact Group plc. Moreover, regular dialogue takes place on the Group's expectations of the company and the strategy for the development of the business. This ensures that the views of the shareholder are effectively communicated to the Board as a whole.

Suppliers

The Board recognise the important role that suppliers play in ensuring that a reliable service is delivered to clients, and recognises its responsibility for ensuring business activities are undertaken in accordance with regulatory requirements and best practice. Regular updates are received and discussed by the Board in respect of the performance and relationship with key suppliers. The Board (via the Benefact Group's Broker Advisory Management Board Audit, Risk & Compliance Committee) oversees the company's material outsourcing contracts.

Community and Environment

As part of the Benefact Group, the company contributes to UK charities through the annual Movement for Good Awards. Our purpose is to better lives through better business. We are focused on long-term and strategic charitable giving. Employees are supported to give to causes they care about. The Board, via its Lycetts Management Board, considers updates on the company's charitable giving and volunteering activities.

Engagement with Regulators

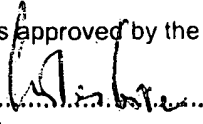
The Board recognise the importance of open and honest dialogue with Regulators and are committed to complying with applicable legislation and regulation.

The Board receives regular updates and reports detailing the company's regulatory interactions. The Board also receives regular reports on the evolving legal and regulatory landscape incorporating a detailed progress assessment which undergoes a rigorous cross departmental challenge process across the Benefact Group business before being presented to the Board.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the Board on 13 June 2022 and signed on its behalf.


.....
Charles Foster
Director

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited financial statements for the year ended 31 December 2021. Further details of the activities during the year can be found in the Strategic Report. These financial statements have been presented in accordance with FRS 102.

FUTURE PROSPECTS

The future prospects for the company are dealt with in the Strategic Report on pages 3 to 8. For further details on subsequent events see Note 26.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,222,340 (2020 – £1,210,029).

During the year dividends amounting to £1,002,982 were declared (2020 - £nil).

The directors do not propose payment of a further dividend as at the date of this report (2020 - £nil).

Details of the company's financial risk management are included within the Strategic Report.

GOING CONCERN

The company meets its day to day working capital requirements through its bank current account. Throughout the year the company maintained a positive cash balance and accordingly does not require any overdraft of loan facilities from third parties.

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 and the impact and the risks associated with the Covi-19 pandemic. The company has access to considerable financial resources due to being a member of a group headed by Benefact 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. 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.

OWNERSHIP

Ownership information in respect of the company is provided on page 38. Benefact Trust Limited was previously known as Allchurches Trust Limited and changed its name in March 2022.

FINANCIAL INSTRUMENTS**Objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, cashflow risk and liquidity risk. The use and nature of financial instruments are determined by the directors in the context of trading terms made available to the company by customers and suppliers, with the objective of securing the liquidity and profitability of the company.

Price risk

Due to the nature of the financial instruments used by the company there is limited exposure to price risk.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Liquidity risk

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

Credit risk

The company is exposed to credit risk where it extends credit to customers. This risk is managed by ensuring that payments are received from customers before payment is made to the relevant insurer. Where payment is not received the company can mitigate the risk through discussion with the customer and insurer with the ultimate sanction being with the insurer to cancel the policy. Where credit is extended to insurers via settlement of claims this is managed by only extending this credit to those insurers with strong credit ratings

Group risk

The company is part of the Benefact group and therefore has access to the financial and operational resources of the wider Benefact group. The risk of relying on group support is mitigated through ensuring that the company generates positive cashflows from its own operations and is not reliant on external funding, whether from external third parties or group funding. The company's dividend policy ensures that any dividends paid allow for sufficient funding to be retained within the company to fund its own working capital requirements.

Concentration risk

The company is at risk of being reliant on a small number of insurers, with the risk that a major insurer withdrawing from a market in which the company operates in. This risk is managed by setting internal limits on the amount of business which is transacted through any particular insurer. This ensures that the company has access to a wide range of markets and does not become over reliant on a particular insurer.

Reputational risk

The company is subject to reputational risk arising from a reduction in trust by customers and other stakeholders. The risk is primarily managed through our approach to treating all stakeholders fairly and as reputation is fundamental to our business we will not accept risks that will materially damage our reputation.

Covid-19

The risks presented by Covid-19 have been considered and include increased liquidity, credit and reputational risk. The company has business continuity plans in place that support the continued operation of business activity and has resources that can withstand significant temporary market and client disruption.

Covid-19 has impacted how the business operates with a significant proportion of the employees working effectively in a remote environment. They have continued to support our clients, work with our key suppliers and perform other functions of the company. Whilst making some of these changes to the way the business operates caused some level of disruption, the company is equipped to deliver services in this way and can continue to do so over a prolonged period.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements are stated on page 1.

QUALIFYING THIRD PARTY AND PENSION SCHEME INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of the approval of the financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Employees

The Board recognises employees as their biggest asset given their specialist skills and knowledge and propensity to go above and beyond. Employee matters are regularly considered by the Board via the Chief Executive's and Business Reports.

In order to engage, involve and inform employees the following methods are used:

- A variety of communication channels including the internal "hub", all staff emails (including, results, achievements and changes), briefings and publishing of financial reports and feedback and discussion is adopted (including to make employees aware of financial and economic factors affecting the performance of the company);
- In 2020 the Benefact Group focused on regular targeted and tailored check-in surveys which were focused on gathering real time feedback as the pandemic situation evolved during 2020. Adopting a targeted approach and consulting on matters directly affecting employees, enabled us to respond quickly to any concerns as they emerged. Results were monitored and reviewed by the Benefact Group's Crisis Management Team and were also disseminated throughout the Group for local action planning.
- Whistleblowing policy and procedures;
- A range of training and development programmes are available to employees, including technical courses, mentoring and coaching and opportunities; and
- Many staff live in the communities alongside their clients and a key aspect of life for our employees is their involvement in their communities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 YEAR ENDED 31 DECEMBER 2021**

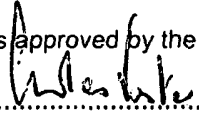
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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


.....
Charles Foster
Director

13 June 2022

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCETT, BROWNE-SWINBURNE
& DOUGLASS LIMITED****Report on the audit of the financial statements****Opinion**

In our opinion, Lycett, Browne-Swinburne & Douglass Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2021; Profit and Loss Account, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Company Law and FCA regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgmental areas of the financial statements, including the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias) and evaluating the business rationale of significant transactions outside the normal course of business;
- Testing the methodology and the assumptions used to calculate the Defined Pension Obligation; and
- Testing the profit commission estimate on sample basis.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Siobhan Byrne (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

13 June 2022

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	£	£
TURNOVER	2	20,040,389	17,242,845
Administrative expenses		(18,127,731)	(15,741,351)
Other operating income	3	<u>275,428</u>	<u>108,480</u>
OPERATING PROFIT	4	2,188,086	1,609,974
Dividends received		1,500,000	-
Interest receivable and similar income		-	1,101
Finance costs	8	(15,293)	(17,471)
Net interest expense	9	<u>(76,000)</u>	<u>(95,000)</u>
PROFIT BEFORE TAXATION		3,596,793	1,498,604
Tax on profit	10	<u>(374,453)</u>	<u>(288,575)</u>
PROFIT FOR THE FINANCIAL YEAR	20	<u>3,222,340</u>	<u>1,210,029</u>

All amounts relate to continuing operations.

The notes on pages 20 to 38 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	£	£
PROFIT FOR THE FINANCIAL YEAR		3,222,340	1,210,029
Actuarial gain / (loss) on defined benefit pension scheme	23	1,664,000	(2,186,000)
Actual return on assets less interest	23	936,000	468,000
Tax relating to components of comprehensive (expense) / income		<u>(240,800)</u>	<u>401,502</u>
TOTAL COMPREHENSIVE INCOME / (EXPENSE) RELATING TO THE YEAR		<u><u>5,581,540</u></u>	<u><u>(106,469)</u></u>

The notes on pages 20 to 38 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	11		61,297		89,143
Tangible assets	12		1,140,057		1,129,281
Investments	13		<u>2,028,530</u>		<u>2,028,530</u>
			3,229,884		3,246,954
CURRENT ASSETS					
Debtors	14	8,481,394		8,729,385	
Cash at bank and in hand	15	<u>16,695,768</u>		<u>12,962,679</u>	
		25,177,162		21,692,064	
CREDITORS: amounts falling due within one year	16	<u>(17,426,279)</u>		<u>(15,402,924)</u>	
NET CURRENT ASSETS			<u>7,750,883</u>		<u>6,289,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,980,767		9,536,094
CREDITORS: amounts falling due after more than one year	17		-		(38,885)
Provisions for liabilities	23		<u>(3,725,000)</u>		<u>(6,820,000)</u>
NET ASSETS			<u>7,255,767</u>		<u>2,677,209</u>
CAPITAL AND RESERVES					
Called up share capital	19		20,147		20,147
Capital redemption reserve	20		1,133		1,133
Retained earnings	20		<u>7,234,487</u>		<u>2,655,929</u>
TOTAL EQUITY	21		<u>7,255,767</u>		<u>2,677,209</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13 June 2022 and were signed on its behalf by

.....
Charles Foster
Director

The notes on pages 20 to 38 form part of these financial statements.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called-up share capital £	Capital Redemption Reserve £	Retained earnings £	Total £
At 1 January 2020	20,147	1,133	2,762,398	2,783,678
Profit for the financial year	-	-	1,210,029	1,210,029
Remeasurement of net defined benefit liability	-	-	(1,718,000)	(1,718,000)
Tax relating to items of other comprehensive expense	-	-	401,502	401,502
Total comprehensive expense	-	-	(106,469)	(106,469)
At 31 December 2020	20,147	1,133	2,655,929	2,677,209
Profit for the financial year	-	-	3,222,340	3,222,340
Remeasurement of net defined benefit liability	-	-	2,600,000	2,600,000
Tax relating to items of other comprehensive expense	-	-	(240,800)	(240,800)
Total comprehensive income	-	-	5,581,540	5,581,540
Dividends	-	-	(1,002,982)	(1,002,982)
At 31 December 2021	20,147	1,133	7,234,487	7,255,767

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

1.1 GENERAL INFORMATION ON BASIS OF ACCOUNTING

Lycett, Browne-Swinburne & Douglass Limited is a private Company limited by shares and is incorporated in the United Kingdom under the Companies Act and registered in England. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 8.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

The functional currency is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

1.2 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report. The strategic report also describes the financial position of the Company.

The Company meets its day to day working capital requirements through its bank current account. Throughout the year the Company maintained a positive cash balance and accordingly does not require any overdraft or loan facilities from third parties.

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 and the impact and the risks associated with the Covid-19 pandemic. The Company has access to considerable financial resources due to being a member of a Group headed by Benefact 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. 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.

1.3 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 YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

1.4 EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

The Company has taken advantage of the disclosure exemptions available in FRS 102 in respect of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29(c).

The Company has taken advantage of the disclosure exemptions available in FRS 102 in respect of key management personnel compensation, financial instruments, the presentation of a cashflow statement and transactions with Group companies.

1.5 REVENUE RECOGNITION

Turnover

Credit is taken for brokerage on the later of the policy inception date or when the policy placement has been substantially completed or confirmed. Where there is an expectation of future servicing requirements (such as delegated claims handling authority), a proportion of the income is deferred to cover associated obligations under the policy. Profit commission is recognised when the Company has data that allows a reliable estimate to be made. Where this data is not available profit commission is not recognised.

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

Fees and income receivable are recognised in the year to which they relate or when they can be measured with reasonable certainty.

Interest income

Interest receivable is recognised in the year to which it relates using the effective interest rate method.

1.6 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. Goodwill is amortised on a straight-line basis. Purchased goodwill is capitalised at cost. Goodwill is amortised to the profit and loss account over its estimated economic life. Goodwill is amortised on a straight-line basis. The useful economic life of goodwill is, in the opinion of the directors, eight years from the end of the year of acquisition.

At each balance sheet date intangible fixed assets are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax obtainable as a result of the asset (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discounted rate that represents the current risk-free rate and the risks inherent in the asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account. If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would be determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Intangible assets include computer software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of four years on a straight line basis.

In accordance with section 35 of FRS 102, section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition to FRS 102.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. 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 a straight line basis 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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate at the end of each reporting period. The effect of any change is accounted for prospectively.

1.8 INVESTMENTS

Investments held as fixed assets are shown at cost less accumulated impairment losses.

1.9 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 similarly spread on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.10 TAXATION

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.11 INSURANCE BROKING ASSETS AND LIABILITIES

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. Accordingly receivables arising from insurance broking transaction are not included as assets of the Company, other than the receivable for fees and commissions on the transaction, which is recognised within trade debtors. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums at which time a corresponding liability is established in favour of the insurer and is recognised as a trade creditor.

Fiduciary cash arising from insurance broking transactions is included within cash. The Company is entitled to retain the investment income on any cash flows arising from insurance related transactions.

1.12 EMPLOYEE BENEFITS

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution and defined benefit pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

Pension plans

The Company and its parent undertaking operate several defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered pension funds.

Defined contribution pension plan

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 pension plan

The Company and its parent undertaking operate 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 FRS102.

1.14 Financial instruments

The company is applying section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments

i. Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ii. Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover includes commission and fees receivable and credit is taken for brokerage on the later of the policy inception date or when the policy placement has been substantially completed or confirmed.

Key sources of estimation uncertainty

Defined benefit pension scheme

The Company operates a defined benefit pension scheme for certain employees. Due to the nature of such schemes the ongoing obligation to fund such schemes is based on key assumptions. These assumptions include inflation rates, discount rates, mortality rates and pension increase rates. In determining what rates are appropriate for the Company, advice is obtained from an independent actuary. In addition to the work on ensuring the assumptions are appropriate for the provision of appropriate disclosure within these financial statements, the Company works with the Pension scheme trustees in ensuring that the pension scheme is appropriately funded (see note 23).

Profit commission

Profit commission is recognised when the Company has data that allows a reliable estimate to be made. Where this data is not available profit commission is not recognised.

2. TURNOVER

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

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. OTHER OPERATING INCOME

	2021 £	2020 £
Income from sale of book of business	260,828	102,301
Rent receivable	14,600	6,179
	<u>275,428</u>	<u>108,480</u>

Income from sale of book of business comprises income received for the sale of the Tree Surgeons and Forresters book to a third party.

4. OPERATING PROFIT

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

	2021 £	2020 £
Depreciation of tangible fixed assets	200,413	139,691
Amortisation of intangible fixed assets	55,865	86,532
Operating lease rentals	696,102	606,980
Loss / (profit) on foreign exchange	<u>12,005</u>	<u>(36,066)</u>

5. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts	80,500	49,500
Fees payable to the Company's auditors and their associates in respect of:		
Audit-related assurance services	<u>51,000</u>	<u>40,500</u>

6. EMPLOYEES AND DIRECTORS

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

	2021 £	2020 £
Wages and salaries	10,185,761	9,230,894
Social security costs	1,181,285	943,533
Other pension costs (Note 23)	1,154,231	1,171,356
	<u>12,521,277</u>	<u>11,345,783</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. EMPLOYEES AND DIRECTORS (continued)

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

	2021 No.	2020 No.
Brokerage	191	163
Administration	37	32
	<u>228</u>	<u>195</u>

All employees are employed in the UK.

7. DIRECTORS' REMUNERATION

	2021 £	2020 £
Emoluments	1,509,157	1,344,367
Company contributions to money purchase pension scheme	127,732	90,699
Company contributions to defined benefit pension scheme	51,530	104,511
	<u>1,688,419</u>	<u>1,539,577</u>

The number of directors who:

	Number	Number
Are members of the defined benefit pension scheme	5	5
Are members of the money purchase scheme	7	7

Remuneration of the highest paid director

	2021 £	2020 £
Emoluments	330,718	267,711
Company contributions to money purchase pension scheme	4,187	-
Company contributions to defined benefit pension scheme	14,330	19,107
	<u>349,235</u>	<u>286,818</u>

Included within emoluments is salary, bonus and other benefits payable.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. FINANCE COSTS

	2021 £	2020 £
Loan interest	<u>15,293</u>	<u>17,471</u>

The loan bears interest at 0.75% (2020 – 0.75%) above Bank of England base rate and has no fixed repayment date.

9. NET INTEREST EXPENSE

	2021 £	2020 £
Interest income on pension scheme assets	144,000	219,000
Interest expense on pension scheme liabilities	(220,000)	(314,000)
	<u>(76,000)</u>	<u>(95,000)</u>

10. TAX ON PROFIT

	2021 £	2020 £
The tax charge comprises:		
CURRENT TAX ON PROFIT		
UK corporation tax charge	320,236	317,833
Adjustment in respect of prior periods	(802)	6,397
	<u>319,434</u>	<u>324,230</u>
DEFERRED TAX		
Origination and reversal of timing differences	(68,731)	(6,285)
Effect of FRS17 timing differences	123,750	(29,370)
TOTAL DEFERRED TAX (see note 18)	<u>55,019</u>	<u>(35,655)</u>
TAX ON PROFIT	<u>374,453</u>	<u>288,575</u>

10. TAX ON PROFIT (continued)

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

A change in the UK standard rate of corporation tax to 19% became effective from 1 April 2017. Where appropriate, current tax has been provided at the rate of 19% (2020: 19%). Deferred tax has been provided at the rate of 25% (2020: 19%).

The tax assessed for the year is lower than (2020 – *higher than*) the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>3,596,793</u>	<u>1,498,604</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	683,391	284,735
EFFECTS OF:		
Dividend income	(285,000)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,537	8,952
Effect of change of rate of deferred tax	(32,534)	(11,508)
Adjustment in respect of prior periods	59	6,396
TOTAL TAX CHARGE FOR THE YEAR (see note above)	<u>374,453</u>	<u>288,575</u>

11. INTANGIBLE ASSETS

	Software £	Goodwill £	Total £
COST			
At 1 January 2021	820,995	2,733,894	3,554,889
Additions	<u>28,019</u>	-	<u>28,019</u>
At 31 December 2021	<u>849,014</u>	<u>2,733,894</u>	<u>3,582,908</u>
ACCUMULATED AMORTISATION			
At 1 January 2021	731,852	2,733,894	3,465,746
Charge for the year	<u>55,865</u>	-	<u>55,865</u>
At 31 December 2021	<u>787,717</u>	<u>2,733,894</u>	<u>3,521,611</u>
NET BOOK VALUE			
At 31 December 2021	<u>61,297</u>	-	<u>61,297</u>
At 31 December 2020	<u>89,143</u>	-	<u>89,143</u>

12. TANGIBLE ASSETS

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	S/Term Leasehold Property £	Office equipment £	Computer equipment £	Total £
COST				
At 1 January 2021	948,766	338,317	1,292,059	2,579,142
Additions	<u>74,270</u>	<u>31,324</u>	<u>105,595</u>	<u>211,189</u>
At 31 December 2021	<u>1,023,036</u>	<u>369,641</u>	<u>1,397,654</u>	<u>2,790,331</u>
ACCUMULATED DEPRECIATION				
At 1 January 2021	219,523	199,723	1,030,615	1,449,861
Charge for the year	<u>70,093</u>	<u>19,808</u>	<u>110,512</u>	<u>200,413</u>
At 31 December 2021	<u>289,616</u>	<u>219,531</u>	<u>1,141,127</u>	<u>1,650,274</u>
NET BOOK VALUE				
At 31 December 2021	<u>733,420</u>	<u>150,110</u>	<u>256,527</u>	<u>1,140,057</u>
At 31 December 2020	<u>729,243</u>	<u>138,594</u>	<u>261,444</u>	<u>1,129,281</u>

13. INVESTMENTS

**Investments
in subsidiary
companies
£**

COST OR VALUATION AND NET BOOK VALUE

At 1 January and 31 December 2021	<u>2,028,530</u>
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Investments comprise equity shares in Lycetts Financial Services Limited and Robertson-McIsaac Limited, neither of which are publicly traded.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Lycetts Financial Services Limited	Ordinary	100%
Robertson-McIsaac Limited	Ordinary	100%
Name	Business	Registered office
Lycetts Financial Services Limited	Life insurance broker and pensions and other financial services consultant	in England and Wales
Robertson-McIsaac Limited	Insurance Broker	In England and Wales

The registered office of all subsidiary undertakings is Milburn House, Dean Street, Newcastle upon Tyne, NE1 1PP.

14. DEBTORS

	2021	2020
	£	£
Trade debtors	3,783,819	3,095,733
Amounts owed by Group undertakings	2,383,300	3,287,962
Other debtors	1,120	1,120
Corporation tax	232,439	-
Deferred tax asset (see note 18)	1,089,392	1,385,211
Prepayments and accrued income	991,324	959,359
	8,481,394	8,729,385

Trade debtors are stated after provision for impairment of £nil (2020 - £nil). Amounts owed by Group undertakings are unsecured, interest free have no fixed repayment date and are repayable on demand. The deferred tax asset is recoverable in more than one year.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. CASH AT BANK AND IN HAND

	2021	2020
	£	£
Office cash	5,995,866	3,685,572
Client cash	10,699,902	9,277,107
	<u>16,695,768</u>	<u>12,962,679</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	10,964,888	9,544,737
Amounts owed to Group undertakings	3,196,778	2,650,734
Other taxation and social security	329,335	297,353
Corporation tax	-	3,458
Deferred consideration	-	212,155
Accruals and deferred income	2,935,278	2,694,487
	<u>17,426,279</u>	<u>15,402,924</u>

Included in amounts owed to Group undertakings is a loan of £1,800,000 (2020 - £1,800,000). The loan bears interest at 0.75% above the Bank of England base rate and has no fixed repayment terms. All other amounts owed to Group undertakings are interest free and have no fixed repayment dates.

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

	2021	2020
	£	£
Accruals and deferred income	-	38,885
	<u>-</u>	<u>38,885</u>

18. DEFERRED TAX ASSET

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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	2021	2020
	£	£
At beginning of year	1,385,211	984,053
(Charged) / credited in the year (P&L)	(55,019)	35,654
Arising on pension revaluation	(240,800)	365,504
	<hr/>	<hr/>
At end of year	<u>1,089,392</u>	<u>1,385,211</u>

The deferred tax asset is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	80,211	54,288
Short term timing differences	77,931	34,262
Pension liability	931,250	1,296,661
	<hr/>	<hr/>
	<u>1,089,392</u>	<u>1,385,211</u>

19. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
2,014,700 (2020 – 2,014,700) Ordinary shares of £0.01 each	<u>20,147</u>	<u>20,147</u>

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. RETAINED EARNINGS AND CAPITAL REDEMPTION RESERVE

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

The capital redemption reserve represents the premium of redemption of shares.

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2021	2020
	£	£
Opening shareholders' funds	2,677,209	2,783,678
Profit for the financial year	3,222,340	1,210,029
Other recognised gains and losses during the year	<u>1,356,218</u>	<u>(1,316,498)</u>
Closing shareholders' funds	<u>7,255,767</u>	<u>2,677,209</u>

22. DIVIDENDS

	2021	2020
	£	£
Dividends declared on equity capital	<u>1,002,982</u>	-

The directors do not propose payment of a further dividend (2020 - £nil).

23. PROVISIONS FOR LIABILITIES AND CHARGES**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 £1,154,231 (2020 - £1,075,045). As at 31 December 2021 and 31 December 2020, 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. With effect from 1 October 2021 the scheme was closed to future accrual.

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 1 January 2018. This was updated to 31 December 2021 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Following the last valuation, the Company agreed to pay annual contributions of 32% of members' pensionable salaries each year (less any member contributions) to meet the cost of future service accrual. In respect of the deficit in the Scheme, the Company agreed to pay an additional £85,433 from the date the Schedule of Contributions was certified to 31 December 2019 and £100,000 each year from 1 January 2020 to 31 December 2023. In addition the Company has made an additional payment of £480,000 during the year. The Company therefore expects to pay around £100,000 to the Scheme during the accounting year beginning 1 January 2022.

23. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The amounts recognised in the balance sheet are as follows:

	2021	2020
	£	£
Present value of funded obligations	(16,576,000)	(19,069,000)
Fair value of scheme assets	<u>12,851,000</u>	<u>12,249,000</u>
Deficit in scheme	<u>(3,725,000)</u>	<u>(6,820,000)</u>

The amounts recognised in the profit and loss account are as follows:

	2021	2020
	£	£
Current service cost	(170,000)	(266,000)
Administrative expenses	(90,000)	(63,000)
Net Interest	(76,000)	(95,000)
Total	<u>(336,000)</u>	<u>(424,000)</u>

Pension liabilities are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the Company
- Deferred members: former active members of the Company
- Pensioner members: in receipt of pension

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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

	2021 £	2020 £
Opening defined benefit obligation	19,069,000	16,936,000
Current service cost - recognised in the profit and loss account	170,000	266,000
Interest cost - recognised in the profit and loss account	220,000	314,000
Actuarial losses - recognised in the STRGL	(1,664,000)	2,186,000
Pensions paid	(253,000)	(155,000)
Transfers out	(990,000)	-
Other benefits paid	(5,000)	(534,000)
Member contributions	29,000	56,000
	<u>16,576,000</u>	<u>19,069,000</u>
Closing defined benefit obligation	<u>16,576,000</u>	<u>19,069,000</u>

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

	2021 £	2020 £
Opening fair value of scheme assets	12,249,000	11,958,000
Return on assets excluding interest income	936,000	468,000
Administration expenses	(90,000)	(63,000)
Interest income	144,000	219,000
Contributions by employer - not recognised in the profit and loss account	831,000	300,000
Pensions paid	(253,000)	(155,000)
Transfers out	(990,000)	-
Other benefits paid	(5,000)	(534,000)
Member contributions	29,000	56,000
	<u>12,851,000</u>	<u>12,249,000</u>

The fair value of the Scheme assets were:

	2021 £	2020 £
Equities	7,907,000	6,858,000
Bonds	897,000	856,000
Cash	2,329,000	2,804,000
Annuities	1,718,000	1,731,000
	<u>12,851,000</u>	<u>12,249,000</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	2021 £	2020 £
Interest income	144,000	219,000
Return on assets less interest	936,000	468,000
Total return on assets	<u>1,080,000</u>	<u>687,000</u>

The initial results of the most recent formal actuarial valuation as at 1 January 2018 have been updated to 31 December 2020 by a qualified independent actuary. The assumptions used were as follows:

	2021	2020
Discount rate at 31 December	1.8%	1.2%
RPI inflation	3.3%	2.9%
Future pension increases	3.2%	2.9%
Rate of increase in directors' salaries	2.5%	2.5%
Rate of increase in staff members' salaries	2.5%	2.5%

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

	2021	2020
Retiring today		
Males	22.0	21.6
Females	24.5	23.7
Retiring in 20 years		
Males	23.0	22.6
Females	25.6	24.9

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

Defined benefit pension schemes

	2021 £	2020 £	2019 £	2018 £	2017 £
Defined benefit obligation	(16,576,000)	(19,069,000)	(16,936,000)	(14,543,000)	(15,016,000)
Scheme assets	<u>12,851,000</u>	<u>12,249,000</u>	<u>11,958,000</u>	<u>10,546,000</u>	<u>10,838,000</u>
Deficit	<u>(3,725,000)</u>	<u>(6,820,000)</u>	<u>(4,978,000)</u>	<u>(3,997,000)</u>	<u>(4,178,000)</u>
24. OPERATING LEASE COMMITMENTS					

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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At 31 December the Company had commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2021	2020
	£	£
Not later than one year	660,400	599,900
Later than one year and not later than five years	1,412,570	1,919,522
Later than 5 years	<u>1,238,182</u>	<u>1,422,731</u>

25. CONTROLLING PARTIES

The company's ultimate parent company is Benefact Trust Limited, a company 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 (whose registered office is the same as the company's), a company incorporated in England & Wales. The largest group of which the company is a member is that headed by Benefact Trust Limited. Copies of the accounts for Benefact Trust Limited can be obtained from:

Benefact Trust Limited
Benefact House
2000 Pioneer Avenue
Gloucester Business Park
Brockworth
Gloucester
GL3 4AW

Transactions with certain group undertakings are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 102 Section 33 on the grounds that the group undertakings that are party to the transactions are wholly owned by Benefact Trust Limited, either directly or indirectly.

26. SUBSEQUENT EVENT

On 14 April 2022 the company acquired the entire share capital of GD Anderson & Co Limited, an insurance broker based in Northamptonshire. The initial consideration amounted to £1,484,000 plus a provisional amount of £150,000 in respect of net assets acquired. Further consideration may be payable dependent on the performance of the business over an earn out period.