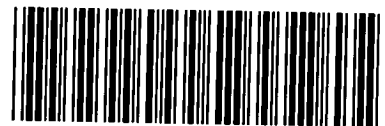


LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

COMPANY INFORMATION

Directors

M R Brown
I M Burrows
P G Carroll (appointed 27 August 2019)
N J Clarke
R J Heighton
J M Hudson (appointed 28 July 2018)
R A G Lucas
G Moore

Company secretary

M R Brown

Registered number

00991377

Registered office

Lakeside 500
Old Chapel Way
Broadland Business Park
Norwich
Norfolk
NR7 0WG

Independent auditors

Larking Gowen LLP
Chartered Accountants & Statutory Auditors
King Street House
15 Upper King Street
Norwich
NR3 1RB

Bankers

National Westminster Bank
135 Bishopsgate
London
EC2M 3UR

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 6
Statement of income and retained earnings	7
Statement of financial position	8 - 9
Statement of changes in equity	10
Notes to the financial statements	11 - 21

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

We are Independent Financial Advisors, providing personal financial planning, corporate financial planning and employee benefit services. We provide advice and services to private individuals, businesses and not for profit organisations.

Business review

Turnover for the year was £4,221,804 (2018: £4,290,832) being a decrease of 1.6% on last year. The slight reduction in turnover was due to a slowdown in new instructions, reflecting the uncertainty in the wider economy. Client retention and satisfaction levels remain strong though, with growing levels of recurring income. This combined with our investment in people and their development will see us return to growth next year.

The Profit & Loss Account includes a charge of £15,703 (2018: £3,558) required by FRS 102 in relation to employee share options. This is a notional charge as the retained reserves are credited with the same amount. We believe this can be added back to our profits to show our true performance. With this charge added back, our adjusted profit before tax would be £538,752 (2018: £636,740), being a 12.7% margin.

The reduction in income during the period combined with increased expenses, as we invest in the future of the business through developing new consultants and improved technology, resulted in reduced profit during the year.

We are independent for the provision of services to our clients who benefit from our best of breed approach that is becoming increasingly uncommon. During the year we introduced our online personal finance hub, the Lucas Fettes Wealth Portal, giving our clients smartphone access to valuations and services.

As a result of our continued profitable trading we continue to hold capital well in excess of our regulatory capital requirement.

During the period we dealt with the implementation of both MiFID II and GDPR. We experienced no detrimental impact following MiFID II disclosures although these will no doubt challenge and apply downward pressure on investment management costs. We consider our initial and ongoing charges are set at a level that is fair, competitive and future proofed.

Defined benefit transfer activity came under much scrutiny within the sector and is a continued cause of concern to the regulator and professional indemnity insurers. We continued to adopt a prudent approach to this area of advice.

We held discussions during the period with potential acquisition opportunities but will not compromise our standards for quality and cultural fit. We have live discussions ongoing and are positive that we will complete one or more deals in 2019/20.

The Position of the Company at the Year End

The position of the company at the year end is deemed satisfactory by the Directors.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties

The external environment has a significant impact on our activities for both Personal Financial Planning and Corporate/Employee Benefits work.

The general demographics continue to be positive for the provision of financial planning services and more specifically retirement and estate planning.

Investment market volatility is an ongoing risk, but we continue to improve our approach to forecasting and managing returns and volatility.

There are an increasing number of clients that wish to have greater control and freedom over how they engage with and access their personal finances. We must develop working practices, technologies and procedures that meet their requirements whilst meeting regulatory obligations and managing risk.

As the use of technology and digital services grows, data and cyber security is a significant risk and to mitigate this we have implemented a client portal and secure messaging service.

We have reviewed our budgets, cashflows and funding requirements for the coming two years and can conclude that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Future developments

Our aim is to continue to grow the business whilst maintaining a profit margin of at least 10%. We will continue to invest in the development of people internally, recruitment and acquisition where the right opportunities are presented.

We are investing in our marketing and business development function which will deliver results in terms of new business overtime.

Fundamentally, we will replace our back-office system in 2019/20 and this will provide the engine to drive our future efficiency, services and growth.

Post balance sheet events

On 15 May 2019 a dividend of £350,000 was declared and paid.

Directors

The directors who served during the year were:

M R Brown
I M Burrows
N J Clarke
R J Heighton
J M Hudson (appointed 28 July 2018)
R A G Lucas
G Moore

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Disclosure of information to auditors

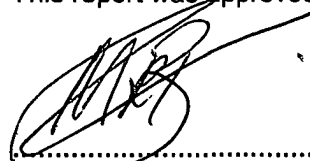
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....
M.R. Brown
Director

Date: 24TH OCTOBER 2019

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

Opinion

We have audited the financial statements of Lucas Fettes and Partners (Financial Services) Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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

Use of our report

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.



Anders Rasmussen FCA (Senior statutory auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

Norwich
Date: 25/6/2019

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover		4,221,804	4,290,832
Cost of Sales		(27,128)	(28,633)
Gross profit		4,194,676	4,262,199
Administrative expenses		(3,684,440)	(3,637,694)
Operating profit		510,236	624,505
Interest receivable and similar income		12,813	8,787
Interest payable and similar expenses		-	(110)
Profit before tax		523,049	633,182
Tax on profit		(117,457)	(8,105)
Profit after tax		405,592	625,077
Retained earnings at the beginning of the year		886,350	261,273
		886,350	261,273
Profit for the year		405,592	625,077
Dividends declared and paid		(400,000)	-
Retained earnings at the end of the year		891,942	886,350

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 11 to 21 form part of these financial statements.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED
REGISTERED NUMBER: 00991377

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	434,452	503,965
Tangible assets	6	74,264	99,039
		508,716	603,004
Current assets			
Debtors: amounts falling due after more than one year	7	215,853	216,000
Debtors: amounts falling due within one year	7	632,915	526,032
Cash at bank and in hand	8	1,348,073	1,357,056
		2,196,841	2,099,088
Creditors: amounts falling due within one year	9	(823,110)	(838,283)
Net current assets		1,373,731	1,260,805
Total assets less current liabilities		1,882,447	1,863,809
Provisions for liabilities			
Deferred tax	10	-	(2,657)
		-	(2,657)
Net assets		1,882,447	1,861,152

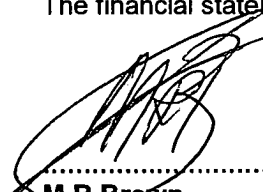
LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED
REGISTERED NUMBER: 00991377

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital		951,296	951,296
Share premium account	12	19,948	19,948
Other reserves	12	19,261	3,558
Profit and loss account	12	891,942	886,350
		<hr/> 1,882,447 <hr/>	<hr/> 1,861,152 <hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


.....
M R Brown
Director

Date: 24TH OCTOBER 2019

The notes on pages 11 to 21 form part of these financial statements.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	951,296	19,948	-	261,273	1,232,517
Comprehensive income for the year					
Profit for the year	-	-	-	625,077	625,077
Share-based payment charge	-	-	3,558	-	3,558
At 1 April 2018	951,296	19,948	3,558	886,350	1,861,152
Comprehensive income for the year					
Profit for the year	-	-	-	405,592	405,592
Dividends: Equity capital	-	-	-	(400,000)	(400,000)
Share-based payment charge	-	-	15,703	-	15,703
At 31 March 2019	951,296	19,948	19,261	891,942	1,882,447

The notes on pages 11 to 21 form part of these financial statements.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Lucas Fettes and Partners (Financial Services) Limited is a private company limited by shares incorporated in England and Wales, registration number 00991377. The registered office is Lakeside 500, Old Chapel Way, Broadland Business Park, Norwich, Norfolk, NR7 0WG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the company, and rounded to the nearest £.

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is made up of initial planning fees, initial adviser charges and initial commissions receivable on the inception of a new policy or investment, as well as recurring fees, recurring adviser charges and recurring commissions for the provision of ongoing services. Initial planning fees, initial adviser charges and initial commissions are recognised at the time the service is provided or where applicable the inception date of a new policy or investment. Recurring fees are recognised on invoice, recurring adviser charges received quarterly are recognised on an accrual basis whilst recurring adviser charges and recurring commissions received monthly are recognised on receipt of income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life of ten years.

2.5 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of income and retained earnings over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of income and retained earnings over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of income and retained earnings is charged with fair value of goods and services received.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	25%
Fixtures and fittings	-	20%
Office equipment	-	20%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,150	8,000

4. Employees

The average monthly number of employees, including directors, during the year was 54 (2018 - 51).

5. Intangible assets

	Goodwill
	£
Cost	
At 1 April 2018	695,125
At 31 March 2019	695,125
Amortisation	
At 1 April 2018	191,160
Charge for the year	69,513
At 31 March 2019	260,673
Net book value	
At 31 March 2019	434,452
At 31 March 2018	503,965

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2018	65,370	77,831	75,319	68,358	286,878
Additions	11,400	-	6,605	6,676	24,681
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	76,770	77,831	81,924	75,034	311,559
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2018	27,934	48,091	53,954	57,860	187,839
Charge for the year on owned assets	16,343	14,870	10,078	8,165	49,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	44,277	62,961	64,032	66,025	237,295
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2019	32,493	14,870	17,892	9,009	74,264
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	37,436	29,740	21,365	10,498	99,039
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	215,853	216,000
	<u>215,853</u>	<u>216,000</u>
Due within one year		
Trade debtors	384,062	375,671
Amounts owed by group undertakings	-	16,048
Other debtors	25,750	29,264
Prepayments and accrued income	222,242	105,049
Deferred taxation	861	-
	<u>632,915</u>	<u>526,032</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,348,073	1,357,056
	<u>1,348,073</u>	<u>1,357,056</u>

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	37,203	43,722
Amounts owed to group undertakings	52,404	-
Corporation tax	100,667	5,810
Other taxation and social security	66,685	131,920
Other creditors	35,846	56,061
Accruals and deferred income	530,305	600,770
	<u>823,110</u>	<u>838,283</u>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Deferred taxation

	2019 £
At beginning of year	(2,657)
Charged to profit or loss	3,518
At end of year	861

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	861	(2,657)

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
951,087 (2018 - 951,087) 'A' Ordinary shares of £1.00 each	951,087	951,087
209 (2018 - 209) 'B' Ordinary shares of £1.00 each	209	209
	951,296	951,296

The 'A' ordinary and 'B' ordinary shares rank pari passu as regards to voting rights, dividends and capital distributions.

12. Reserves

Share premium account

This represents the excess over nominal value of the fair value of consideration received for equity shares.

Other reserves

The other reserve is a share-based payment reserve, representing equity settled share-based employee remuneration.

Profit and loss account

This represents all current and prior period retained profits and losses.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Share based payments

Equity-settled share option scheme

On 3 January 2018 and 31 December 2018 the company's parent, Lucas Fettes Holdings Limited, granted 610,000 and 103,848 share options to eligible employees of the group respectively. The options may be exercised on the earlier of the third anniversary of the grant date and a sale or listing of the company. The options lapse on the seventh anniversary of the grant date or, subject to certain rules, if the individual ceases to be an employee of the group.

A binomial pricing model has been used to value the share options which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The options have been granted in respect of shares of Lucas Fettes Holdings Limited, however because the individuals who have received the options have provided their services to Lucas Fettes and Partners (Financial Services) Limited the share-based payment expense has been allocated to this company.

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	120	610,000	-	-
Granted during the year	130	103,848	120	610,000
Outstanding at the end of the year	121	713,848	120	610,000

	2019 Binomial	2018 Binomial
Option pricing model used		
Weighted average share price (pence)	130	101
Exercise price (pence)	130	120
Expected volatility	10%	10%
Risk-free interest rate	0.77%	1.27%

	2019 £	2018 £
Share-based payment expense	15,703	3,558
Expense recognised in period	15,703	3,558

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £264,132 (2018: £197,831).

15. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	117,790	124,611
Later than 1 year and not later than 5 years	39,035	73,652
	<u>156,825</u>	<u>198,263</u>

16. Guarantees

During the year the company provided guarantees for loans taken out by employees to finance the purchase of shares in the parent company, Lucas Fettes Holdings Limited. The maximum liability is £105,000, including £30,000 in respect of a director of the company.

17. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. Controlling party

The immediate and ultimate parent company is Lucas Fettes Holdings Limited. Lucas Fettes Holdings Limited is also the parent undertaking of both the largest and smallest group of undertakings for which group financial statements are drawn up and which the company is a member. The registered office of Lucas Fettes Holdings Limited is Lakeside 500, Old Chapel Way, Broadland Business Park, Norwich, Norfolk, United Kingdom, NR7 0WG.