
LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



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 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 49 Bishopsgate London EC2N 3AS

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

We are Independent Financial Planners, 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 £4,203,915 (2019: £4,221,804) being a slight reduction on last year. We consider this to be an acceptable result in consequence of the uncertainty created by Brexit for much of the year and the dramatic impact of COVID-19 in the last quarter. It was driven by strong client retention and satisfaction levels.

The Statement of Comprehensive Income includes a charge of £18,540 (2019: £15,703) 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 £337,646 (2019: £538,752), being an 8% margin. We have also identified over £240,000 of further costs during the year which are unlikely to recur and when added back to our EBITDA for the year gives an ongoing EBITDA of £680,000.

The reduction in profit is mainly as a result of increased expenses. Some of these increased costs are out of our control such as insurance premiums and FSCS costs, but others relate to our investment for the future. Most notably we have invested in technology including a more secure infrastructure and the replacement of our back-office system which went live in July 2020. We have benefited significantly from our investment in technology during the COVID-19 lockdown, being able to quickly establish all employees working from home to maintain our services to clients.

We remain fully independent for the provision of our services and our clients benefit from our best of breed approach that is becoming increasingly uncommon. The value of this independence and the due diligence we undertake on an ongoing basis has been demonstrated during the challenges presented by COVID-19.

As a result of our continued profitable trading we hold capital well in excess of our regulatory requirement. Our Balance Sheet remains very strong and our cash reserves, being nearly £1.5m, continue to grow.

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 2020

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 most significant risk that must be noted in the short to medium term is the impact of COVID-19. Following the initial market downturn and expected economic impact we revised our budget for 2020/21. We expect this revised budget to be overly prudent but nonetheless it still delivers an operating profit.

Beyond COVID-19 we expect the changes that will take place in consequence can benefit us provided we are correctly positioned for these. We expect changes to the taxation regime which will drive a demand for the tax planning elements of our service, and we also expect more financial planning services to be sought and delivered remotely.

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 held discussions during the period with potential acquisition opportunities and expect to complete an acquisition in 2020 that will increase our turnover by over 10%, provide us with another location and further enhance the quality of our team.

Our focus for 2020/21, in addition to supporting our existing clients, is to bed in our new back office system and start to deliver efficiency savings from this as well as completing and integrating the planned acquisition. We also continue to invest in our digital marketing which we consider essential for future business development.

Post balance sheet events

On 20 May 2020 a dividend of £150,000 was declared and paid.

Directors

The directors who served during the year were:

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

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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: 23 September 2020

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 2020, which comprise the Statement of comprehensive income, the Balance sheet, 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 2020 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 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 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

23 September 2020

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover		4,203,915	4,221,804
Cost of sales		(24,908)	(27,128)
Gross profit		4,179,007	4,194,676
Administrative expenses		(3,873,240)	(3,684,440)
Operating profit		305,767	510,236
Interest receivable and similar income		13,339	12,813
Profit before tax		319,106	523,049
Tax on profit		(78,836)	(117,457)
Profit for the financial year		240,270	405,592

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 10 to 21 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	364,939	434,452
Tangible assets	6	43,641	74,264
		<u>408,580</u>	<u>508,716</u>
Current assets			
Debtors: amounts falling due after more than one year	7	-	215,853
Debtors: amounts falling due within one year	7	592,195	632,915
Cash at bank and in hand		1,481,430	1,348,073
		<u>2,073,625</u>	<u>2,196,841</u>
Creditors: amounts falling due within one year	8	(690,948)	(823,110)
Net current assets		<u>1,382,677</u>	<u>1,373,731</u>
Total assets less current liabilities		<u>1,791,257</u>	<u>1,882,447</u>
Net assets		<u>1,791,257</u>	<u>1,882,447</u>
Capital and reserves			
Called up share capital	10	951,296	951,296
Share premium account	11	19,948	19,948
Other reserves	11	-	19,261
Profit and loss account	11	820,013	891,942
		<u>1,791,257</u>	<u>1,882,447</u>

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: 23 September 2020

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2018	951,296	19,948	3,558	886,350	1,861,152
Profit for the year	-	-	-	405,592	405,592
Dividends: Equity capital	-	-	-	(400,000)	(400,000)
Transfer between other reserves	-	-	15,703	-	15,703
At 1 April 2019	951,296	19,948	19,261	891,942	1,882,447
Profit for the year	-	-	-	240,270	240,270
Dividends: Equity capital	-	-	-	(350,000)	(350,000)
Share-based payment charge	-	-	18,540	-	18,540
Transfer	-	-	(37,801)	37,801	-
At 31 March 2020	951,296	19,948	-	820,013	1,791,257

The notes on pages 10 to 21 form part of these financial statements.

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

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 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

The directors have considered the company's and group's position at the time of signing the financial statements, and in particular the current issues caused by Covid-19 and its potential impact on the company and group.

The 2021 financial year will inevitably be impacted by the Covid-19 pandemic and the directors have prepared detailed financial forecasts for the next twelve months, updated from original budgets to take account of revised expectations in light of the Covid-19 pandemic. These forecasts, based on relatively cautious expectations, show that the company and group continue to be profitable, and have sufficient cash headroom for the period. This, along with a range of other measures available to the company to manage costs should the need arise, means there is considerable cash headroom should the pandemic create further economic shocks.

Based on this, the directors consider the company and group well placed operationally and financially to manage the challenges now, and as further developments unfold relating to the pandemic. The directors have concluded that the company will have adequate resources to continue in operational existence for the foreseeable future, and at least twelve months from the date of approval of these financial statements. They therefore continue to adopt the going concern basis in preparing the financial statements.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

2. Accounting policies (continued)

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.

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 profit or loss using the effective interest method.

2.6 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

2. Accounting policies (continued)

2.7 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 Balance sheet 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 balance sheet date.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

2. Accounting policies (continued)

2.9 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 profit or loss.

2.10 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.

2.11 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.

2.12 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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

2. Accounting policies (continued)

2.13 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.14 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 comprehensive income.

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 balance sheet date.

2.15 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 2020

3. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,150</u>	<u>8,150</u>

4. Employees

The average monthly number of employees, including directors, during the year was 54 (2019 - 54).

5. Intangible assets

	Goodwill £
Cost	
At 1 April 2019	695,125
At 31 March 2020	<u>695,125</u>
Amortisation	
At 1 April 2019	260,673
Charge for the year	69,513
At 31 March 2020	<u>330,186</u>
Net book value	
At 31 March 2020	<u>364,939</u>
At 31 March 2019	<u>434,452</u>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

6. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2019	76,770	77,831	81,924	75,034	311,559
Additions	-	-	7,376	12,378	19,754
Disposals	(21,008)	-	-	-	(21,008)
At 31 March 2020	55,762	77,831	89,300	87,412	310,305
Depreciation					
At 1 April 2019	44,277	62,961	64,032	66,025	237,295
Charge for the year	12,117	14,870	11,146	7,244	45,377
Disposals	(16,008)	-	-	-	(16,008)
At 31 March 2020	40,386	77,831	75,178	73,269	266,664
Net book value					
At 31 March 2020	15,376	-	14,122	14,143	43,641
At 31 March 2019	32,493	14,870	17,892	9,009	74,264

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

7. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	-	215,853
	<u>-</u>	<u>215,853</u>
	2020 £	2019 £
Due within one year		
Trade debtors	408,349	384,062
Other debtors	91,603	25,750
Prepayments and accrued income	89,003	222,242
Deferred taxation	3,240	861
	<u>592,195</u>	<u>632,915</u>

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	48,712	37,203
Amounts owed to group undertakings	49,999	52,404
Corporation tax	65,988	100,667
Other taxation and social security	65,096	66,685
Other creditors	41,431	35,846
Accruals and deferred income	419,722	530,305
	<u>690,948</u>	<u>823,110</u>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

9. Deferred taxation

	2020 £
At beginning of year	861
Charged to profit or loss	2,379
At end of year	<u>3,240</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>3,240</u>	<u>861</u>

10. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
951,087 (2019 - 951,087) 'A' Ordinary shares of £1.00 each	951,087	951,087
209 (2019 - 209) 'B' Ordinary shares of £1.00 each	209	209
	<u>951,296</u>	<u>951,296</u>

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

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

11. 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. The reserve is distributable. In recognition of this the reserve balance of £37,801 has been transferred to the profit and loss account.

Profit and loss account

This represents all current and prior period retained profits and losses, and as detailed above, accumulated equity settled share-based employee remuneration.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. 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) 2020	Number 2020	<i>Weighted average exercise price (pence) 2019</i>	<i>Number 2019</i>
Outstanding at the beginning of the year	121	713,848	120	610,000
Granted during the year		-	130	103,848
Expired during the year	120	(30,000)		-
Outstanding at the end of the year	122	683,848	<i>121</i>	<i>713,848</i>

	2020	<i>2019</i>
Option pricing model used	Binomial	<i>Binomial</i>
Weighted average share price (pence)	122	<i>121</i>
Exercise price (pence)	122	<i>121</i>
Expected volatility	10%	<i>10%</i>
Risk-free interest rate	0.77%	<i>0.77%</i>

	2020 £	<i>2019 £</i>
Share-based payment expense	18,540	<i>15,703</i>
Expense recognised in period	18,540	<i>15,703</i>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

13. 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 £302,502 (2019: £264,132).

14. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	118,707	117,790
Later than 1 year and not later than 5 years	247,029	39,035
Later than 5 years	9,831	-
	<u>375,567</u>	<u>156,825</u>

15. Guarantees

The company has 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.

16. 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 companies within the group.

17. 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.