
LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

FRIDAY



ABE53JF4

A16

07/10/2022

#291

COMPANIES HOUSE

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

COMPANY INFORMATION

Directors	M R Brown E K Burrows (appointed 16 April 2021) I M Burrows P G Carroll N J Clarke K J Froggatt R J Heighton K F Holmes (appointed 13 April 2021) 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

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 7
Statement of comprehensive income	8
Balance sheet	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 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

We are Independent Financial Planners, providing personal financial planning, lending advice, 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 £5,240,900 (2021: £4,329,119) being a 21% increase on the prior year.

The Directors believe that the key financial performance indicators of the business are turnover, EBITDA and capital.

We consider this to be a very positive outcome, delivered by the flexible approach to working practices we have adopted and our investment in supporting technology.

EBITDA for the year was £867,938 (2021: £512,998). We have also identified £69,540 of one off, exceptional, or non-cash costs during the year which when added back gives an ongoing EBITDA of £937,478.

The increase in turnover and EBITDA was the result of increased new and existing business, as well as being the first full year of the acquisition made in October 2020.

In the last quarter the economic environment changed, with rising inflation and interest rates that will present challenges looking forward and impact asset levels, investor confidence and levels of recurring income. Nonetheless the outlook and demand for relationship based financial planning remains strong.

As a result of our continued profitable trading we hold capital well in excess of our regulatory requirement. Our Balance Sheet remains strong, with cash reserves of £1.781m after the final instalment of the acquisition made in the prior year.

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 2022

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 principal risks we have identified to our business are described below:

- Market/Economic risk – the significant increases in inflation and interest rates presents risks including a fall in client asset values which has a direct impact on our recurring income, as well as impacting investor confidence and new business. The difficult economic environment also impacts our corporate clients, potentially resulting in lost business through closure, cutbacks, merger & acquisition;
- Cyber risk – as more services and transactions are conducted electronically the risk of data and cyber fraud increases;
- Working practices/employment risk – flexible working practices present a different set of management challenges and risks, also increasing competition for skilled workers where location is less important;
- Conduct risk – personal financial planning advice creates long tail conduct risks, and attitudes to certain areas of advice evolve and change over time. This can sometimes bring into question historic advice given; and
- Competition risk – the growth of online advice, guidance and DIY investment services is a risk to traditional advice services, particularly as wealth passes down through generations.

We have considered each of these risks and have measures in place to mitigate where possible.

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 challenge is to maintain the personal, relationship led service we provide, whilst continuing to incorporate technological developments into our proposition to support this.

In July 2022 the FCA set out the final rules and guidance for a new Consumer Duty that will set higher and clearer standards of consumer protection. The rules come into force on 31 July 2023 and our planning to ensure compliance is well underway.

We consider this has the potential to accelerate changes in approach as all firms undertake a fundamental review of how they interact with their clients, how they deliver value and the solutions they use.

Directors

The directors who served during the year were:

M R Brown
E K Burrows (appointed 16 April 2021)
I M Burrows
P G Carroll
N J Clarke
K J Froggatt
R J Heighton
K F Holmes (appointed 13 April 2021)
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 2022

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: 30th September 2022

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 2022, 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 2022 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

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.

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.

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

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 other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 set out 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.

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:

Due to the field in which the Company operates, we identified the areas most likely to have a direct material impact on the financial statements as compliance with UK tax legislation, UK accounting standards and the Companies Act 2006. In addition, we considered the provisions of other laws and regulations which whilst not having a direct impact on the financial statements, are fundamental to the Company's ability to operate including FCA regulation compliance, health and safety; employment law, and compliance with various other regulations relevant to the conduct of the Company's operations. Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, included the following:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations, specifically on FCA regulation compliance, and potential litigation or claims and fraud;
- Reviewing legal and professional fees to confirm matters where the company engaged lawyers;
- Reviewing financial statement disclosures and tax matters, and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing board minutes and any relevant correspondence with external authorities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly around amortisation rates and share option values;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of any significant transactions outside the normal course of business.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

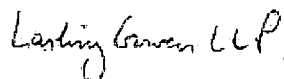
LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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

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: 4 October 2022

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		5,240,900	4,329,119
Cost of sales		(31,169)	(29,580)
Gross profit		5,209,731	4,299,539
Administrative expenses		(4,543,433)	(3,932,057)
Operating profit		666,298	367,482
Interest receivable and similar income		-	8,413
Profit before tax		666,298	375,895
Tax on profit		(138,795)	(96,736)
Profit for the financial year		527,503	279,159

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

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

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

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	1,013,523	1,066,613
Tangible assets	6	60,836	77,162
		<u>1,074,359</u>	<u>1,143,775</u>
Current assets			
Debtors: amounts falling due within one year	7	593,212	570,529
Bank and cash balances		1,780,670	1,357,053
		<u>2,373,882</u>	<u>1,927,582</u>
Creditors: amounts falling due within one year	8	(1,034,934)	(1,126,035)
Net current assets		<u>1,338,948</u>	<u>801,547</u>
Total assets less current liabilities		<u>2,413,307</u>	<u>1,945,322</u>
Provisions for liabilities			
Deferred tax	9	-	(2,375)
		<u>-</u>	<u>(2,375)</u>
Net assets		<u><u>2,413,307</u></u>	<u><u>1,942,947</u></u>
Capital and reserves			
Called up share capital	10	951,296	951,296
Share premium account		19,948	19,948
Profit and loss account		1,442,063	971,703
		<u>2,413,307</u>	<u>1,942,947</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: 30th September 2022

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2020	951,296	19,948	-	820,013	1,791,257
Profit for the year	-	-	-	279,159	279,159
Dividends: Equity capital	-	-	-	(150,000)	(150,000)
Transfer between other reserves	-	-	(22,531)	22,531	-
Share-based payment charge	-	-	22,531	-	22,531
At 1 April 2021	951,296	19,948	-	971,703	1,942,947
Profit for the year	-	-	-	527,503	527,503
Dividends: Equity capital	-	-	-	(75,000)	(75,000)
Transfer between other reserves	-	-	(17,857)	17,857	-
Share-based payment charge	-	-	17,857	-	17,857
At 31 March 2022	951,296	19,948	-	1,442,063	2,413,307

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 2022

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, including financial projections, the financial strength of the Company and Group.

Based on this, the directors have concluded that the Company and Group 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. The directors therefore continue to adopt the going concern basis in preparing the 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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 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.

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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

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.

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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

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.

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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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.

3. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,625	8,300

4. Employees

The average monthly number of employees, including directors, during the year was 61 (2021 - 53).

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Intangible assets

	Goodwill £
Cost	
At 1 April 2021	1,506,900
Additions	114,823
At 31 March 2022	<u>1,621,723</u>
Amortisation	
At 1 April 2021	440,287
Charge for the year on owned assets	167,913
At 31 March 2022	<u>608,200</u>
Net book value	
At 31 March 2022	<u>1,013,523</u>
At 31 March 2021	<u>1,066,613</u>

During the period the company revised its estimate and paid additional deferred consideration in respect of a prior acquisition, resulting in the recognition of additional goodwill of £114,823.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2021	55,762	77,831	87,988	83,523	305,104
Additions	-	850	6,093	16,158	23,101
Disposals	(38,512)	-	-	-	(38,512)
At 31 March 2022	17,250	78,681	94,081	99,681	289,693
Depreciation					
At 1 April 2021	47,549	77,831	68,621	33,941	227,942
Charge for the year on owned assets	2,513	170	8,333	22,711	33,727
Disposals	(32,812)	-	-	-	(32,812)
At 31 March 2022	17,250	78,001	76,954	56,652	228,857
Net book value					
At 31 March 2022	-	680	17,127	43,029	60,836
At 31 March 2021	8,213	-	19,367	49,582	77,162

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Debtors

	2022	2021
	£	£
Trade debtors	474,591	460,302
Other debtors	34,843	29,250
Prepayments and accrued income	73,718	80,977
Deferred taxation	10,060	-
	593,212	570,529

8. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	30,105	56,728
Amounts owed to group undertakings	162,899	72,782
Corporation tax	151,178	75,527
Other taxation and social security	72,053	62,319
Other creditors	45,472	444,098
Accruals and deferred income	573,227	414,581
	1,034,934	1,126,035

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Deferred taxation

	2022 £
At beginning of year	(2,375)
Charged to profit or loss	12,435
At end of year	10,060

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(6,976)	(4,579)
Share based payments	17,036	2,204
	10,060	(2,375)

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
951,087 (2021 - 951,087) 'A' Ordinary shares of £1.00 each	951,087	951,087
209 (2021 - 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.

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Share based payments

Equity-settled share option scheme

In prior periods the company's parent, Lucas Fettes Holdings Limited, granted 1,078,848 share options to eligible employees of the group. During the period a further 31,125 options were granted and 143,500 were exercised. Of the remaining share options of 966,473 at 31 March 2022, 873,848 may be exercised on the earlier of the third anniversary of the grant date and a sale or listing of the company. The remaining options have a one year vesting period, but are subject to performance conditions. All 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) 2022	Number 2022	<i>Weighted average exercise price (pence) 2021</i>	<i>Number 2021</i>
Outstanding at the beginning of the year	125	1,078,848	122	683,848
Granted during the year	160	31,125	130	395,000
Exercised during the year	120	(143,500)		-
Expired during the year		-		-
Outstanding at the end of the year	127	966,473	125	1,078,848

	2022	<i>2021</i>
Option pricing model used	Binomial	<i>Binomial</i>
Weighted average share price (pence)	115	111
Exercise price (pence)	127	125
Expected volatility	10%	10%
Risk-free interest rate	1.11%	0.8%
	2022	<i>2021</i>
	£	<i>£</i>
Share-based payment expense	17,857	22,531
Expense recognised in the period	17,857	<i>22,531</i>

LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. 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 £469,808 (2021: £374,304).

13. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	143,318	129,364
Later than 1 year and not later than 5 years	229,803	271,127
	<u>373,121</u>	<u>400,491</u>

14. 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.

15. 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.

16. 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.