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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**COMPANY INFORMATION**

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| <b>Directors</b>            | M R Brown<br>E K Burrows (appointed 6 April 2021)<br>I M Burrows<br>P G Carroll<br>N J Clarke<br>K J Froggatt (appointed 5 January 2021)<br>R J Heighton<br>K F Holmes (appointed 13 April 2021)<br>J M Hudson<br>R A G Lucas<br>G Moore |
| <b>Company secretary</b>    | M R Brown  |
| <b>Registered number</b>    | 00991377   |
| <b>Registered office</b>    | Lakeside 500<br>Old Chapel Way<br>Broadland Business Park<br>Norwich<br>Norfolk<br>NR7 0WG   |
| <b>Independent auditors</b> | Larking Gowen LLP<br>Chartered Accountants & Statutory Auditors<br>King Street House<br>15 Upper King Street<br>Norwich<br>NR3 1RB   |
| <b>Bankers</b>              | National Westminster Bank<br>49 Bishopsgate<br>London<br>EC2N 3AS  |

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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The directors present their report and the financial statements for the year ended 31 March 2021.

#### **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 £4,329,119 (2020: £4,203,915) being a 3% 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 positive outcome given the unprecedented circumstances of the pandemic. It was achieved by a committed workforce, supported by flexible working practices and technology, combined with our independent approach. This delivered consistent client outcomes and in consequence high levels of satisfaction and retention.

EBITDA for the year was £512,998 (2020: £420,657). We have also identified £118,000 of one off, exceptional or non cash costs during the year which when added back to our EBITDA for the year gives an ongoing EBITDA of £630,000.

The increase in turnover and EBITDA is a result of retention of our existing clients during this challenging time, combined with the first 6 months of the acquisition made in October 2020. The full impact of the acquisition will be seen in our 2021/22 accounts, which combined with organic growth we expect to increase our income to over £4.8m.

Through the pandemic we demonstrated our financial resilience, whilst also continuing with development, growth, and investment in our future. This included the introduction of a new back office system in July 2020 (Curo), the acquisition and integration of the Andrew Dickson Ltd business and team, and continued investment in our IT hardware and operating systems to support flexible working.

At the Professional Adviser awards in February 2021 we were named as Adviser of the Year for the Eastern region and the UK overall. We were pleased to receive this recognition as an endorsement of the quality of our team.

We remain committed to our quality led, independent approach, and believe this will create future opportunities in our target client groups as this becomes increasingly uncommon.

As a result of our continued profitable trading we hold capital in excess of our regulatory requirement. Our Balance Sheet remains strong, with cash reserves of £1.357m after the first instalment of the acquisition made in the 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.

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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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 – a significant fall in client asset values has a direct impact on our ongoing income and would also impact confidence and new business. A difficult economic environment would also impact our existing corporate clients, 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 aim is to continue to grow the business whilst maintaining an EBITDA of at least 15%. We will continue to invest in technology along with the development of people internally, recruitment and acquisition where the right opportunities present themselves to us.

#### **Post balance sheet events**

On 25 May 2021 a dividend of £75,000 was declared and paid.

#### **Directors**

The directors who served during the year were:

M R Brown  
I M Burrows  
P G Carroll  
N J Clarke  
K J Froggatt (appointed 5 January 2021)  
R J Heighton  
J M Hudson  
R A G Lucas  
G Moore

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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

23 September 2021

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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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

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#### **Opinion**

We have audited the financial statements of Lucas Fettes and Partners (Financial Services) Limited (the 'Company') for the year ended 31 March 2021, 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 2021 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.

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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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

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#### **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.



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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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

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#### **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.

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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

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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](http://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.

*Larking Gowen LLP*

Anders Rasmussen FCA (Senior statutory auditor)

for and on behalf of  
**Larking Gowen LLP**

Chartered Accountants  
Statutory Auditors

Norwich

29 September 2021

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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

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|  | Note | 2021<br>£        | 2020<br>£        |
|--|------|------------------|------------------|
| Turnover                               |      | 4,329,119        | 4,203,915        |
| Cost of sales                          |      | (29,580)         | (24,908)         |
| <b>Gross profit</b>                    |      | <b>4,299,539</b> | <b>4,179,007</b> |
| Administrative expenses                |      | (3,932,057)      | (3,873,240)      |
| <b>Operating profit</b>                |      | <b>367,482</b>   | <b>305,767</b>   |
| Interest receivable and similar income |      | 8,413            | 13,339           |
| <b>Profit before tax</b>               |      | <b>375,895</b>   | <b>319,106</b>   |
| Tax on profit                          |      | (96,736)         | (78,836)         |
| <b>Profit for the financial year</b>   |      | <b>279,159</b>   | <b>240,270</b>   |

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£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 2021**

|  | Note | 2021<br>£               | 2020<br>£               |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Intangible assets                              | 5    | 1,066,613               | 364,939                 |
| Tangible assets                                | 6    | 77,162                  | 43,641                  |
|  |      | <u>1,143,775</u>        | <u>408,580</u>          |
| <b>Current assets</b>                          |      |                         |                         |
| Debtors: amounts falling due within one year   | 7    | 570,529                 | 592,195                 |
| Bank and cash balances                         |      | 1,357,053               | 1,481,430               |
|  |      | <u>1,927,582</u>        | <u>2,073,625</u>        |
| Creditors: amounts falling due within one year | 8    | (1,126,035)             | (690,948)               |
| <b>Net current assets</b>                      |      | <u>801,547</u>          | <u>1,382,677</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>1,945,322</u>        | <u>1,791,257</u>        |
| <b>Provisions for liabilities</b>              |      |                         |                         |
| Deferred tax                                   | 9    | (2,375)                 | -                       |
|  |      | <u>(2,375)</u>          | <u>-</u>                |
| <b>Net assets</b>                              |      | <u><u>1,942,947</u></u> | <u><u>1,791,257</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        | 10   | 951,296                 | 951,296                 |
| Share premium account                          |      | 19,948                  | 19,948                  |
| Profit and loss account                        |      | 971,703                 | 820,013                 |
|  |      | <u><u>1,942,947</u></u> | <u><u>1,791,257</u></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

23 September 2021

**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

|                                 | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Share<br/>premium<br/>account<br/>£</b> | <b>Other<br/>reserves<br/>£</b> | <b>Profit and<br/>loss<br/>account<br/>£</b> | <b>Total equity<br/>£</b> |
|---------------------------------|--|--|---------------------------------|--|---------------------------|
| <b>At 1 April 2019</b>          | <b>951,296</b>                               | <b>19,948</b>                              | <b>19,261</b>                   | <b>891,942</b>                               | <b>1,882,447</b>          |
| Profit for the year             | -  | -  | -                               | 240,270                                      | 240,270                   |
| Dividends: Equity capital       | -  | -  | -                               | (350,000)                                    | (350,000)                 |
| Transfer between other reserves | -  | -  | (37,801)                        | 37,801                                       | -                         |
| Share-based payment charge      | -  | -  | 18,540                          | -  | 18,540                    |
| <b>At 1 April 2020</b>          | <b>951,296</b>                               | <b>19,948</b>                              | <b>-</b>                        | <b>820,013</b>                               | <b>1,791,257</b>          |
| 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                    |
| <b>At 31 March 2021</b>         | <b>951,296</b>                               | <b>19,948</b>                              | <b>-</b>                        | <b>971,703</b>                               | <b>1,942,947</b>          |

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

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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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.

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## LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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.

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## LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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.



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## **LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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.

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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**

|   | 2021<br>£    | 2020<br>£    |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>8,300</u> | <u>8,150</u> |

**4. Employees**

The average monthly number of employees, including directors, during the year was 53 (2020 - 54).

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LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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5. Intangible assets

|                                     | Goodwill<br>£    |
|-------------------------------------|------------------|
| <b>Cost</b>                         |                  |
| At 1 April 2020                     | 695,125          |
| Additions                           | 811,775          |
| At 31 March 2021                    | <u>1,506,900</u> |
| <b>Amortisation</b>                 |                  |
| At 1 April 2020                     | 330,186          |
| Charge for the year on owned assets | 110,101          |
| At 31 March 2021                    | <u>440,287</u>   |
| <b>Net book value</b>               |                  |
| At 31 March 2021                    | <u>1,066,613</u> |
| At 31 March 2020                    | <u>364,939</u>   |

During the period the company acquired the business and certain assets of Andrew Dickson Limited. Certain employees also transferred as part of the combination. Goodwill of £811,775 arose on the acquisition.

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**6. Tangible fixed assets**

|  | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|--|------------------------|-------------------------------|--------------------------|----------------------------|----------------|
| <b>Cost</b>                            |                        |                               |                          |                            |                |
| At 1 April 2020                        | 55,762                 | 77,831                        | 89,300                   | 87,412                     | 310,305        |
| Additions                              | -                      | -                             | 13,304                   | 55,632                     | 68,936         |
| Disposals                              | -                      | -                             | (14,616)                 | (59,521)                   | (74,137)       |
| At 31 March 2021                       | <u>55,762</u>          | <u>77,831</u>                 | <u>87,988</u>            | <u>83,523</u>              | <u>305,104</u> |
| <b>Depreciation</b>                    |                        |                               |                          |                            |                |
| At 1 April 2020                        | 40,386                 | 77,831                        | 75,178                   | 73,269                     | 266,664        |
| Charge for the year on<br>owned assets | 7,163                  | -                             | 8,058                    | 20,194                     | 35,415         |
| Disposals                              | -                      | -                             | (14,616)                 | (59,521)                   | (74,137)       |
| At 31 March 2021                       | <u>47,549</u>          | <u>77,831</u>                 | <u>68,620</u>            | <u>33,942</u>              | <u>227,942</u> |
| <b>Net book value</b>                  |                        |                               |                          |                            |                |
| At 31 March 2021                       | <u>8,213</u>           | <u>-</u>                      | <u>19,368</u>            | <u>49,581</u>              | <u>77,162</u>  |
| At 31 March 2020                       | <u>15,376</u>          | <u>-</u>                      | <u>14,122</u>            | <u>14,143</u>              | <u>43,641</u>  |

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**7. Debtors**

|                                | <b>2021</b>    | <b>2020</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>£</b>       | <b>£</b>       |
| Trade debtors                  | <b>460,302</b> | <b>408,349</b> |
| Other debtors                  | <b>29,250</b>  | <b>91,603</b>  |
| Prepayments and accrued income | <b>80,977</b>  | <b>89,003</b>  |
| Deferred taxation              | <b>-</b>       | <b>3,240</b>   |
|                                | <b>570,529</b> | <b>592,195</b> |

**8. Creditors: Amounts falling due within one year**

|                                    | <b>2021</b>      | <b>2020</b>    |
|------------------------------------|------------------|----------------|
|                                    | <b>£</b>         | <b>£</b>       |
| Trade creditors                    | <b>56,728</b>    | <b>48,712</b>  |
| Amounts owed to group undertakings | <b>72,782</b>    | <b>49,999</b>  |
| Corporation tax                    | <b>75,527</b>    | <b>65,988</b>  |
| Other taxation and social security | <b>62,319</b>    | <b>65,096</b>  |
| Other creditors                    | <b>444,098</b>   | <b>41,431</b>  |
| Accruals and deferred income       | <b>414,581</b>   | <b>419,722</b> |
|                                    | <b>1,126,035</b> | <b>690,948</b> |

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**9. Deferred taxation**

|                           | 2021<br>£      |
|---------------------------|----------------|
| At beginning of year      | 3,240          |
| Charged to profit or loss | (5,615)        |
| <b>At end of year</b>     | <b>(2,375)</b> |

The deferred taxation balance is made up as follows:

|                                | 2021<br>£      | 2020<br>£    |
|--------------------------------|----------------|--------------|
| Accelerated capital allowances | (4,579)        | 3,240        |
| Share based payments           | 2,204          | -            |
|                                | <u>(2,375)</u> | <u>3,240</u> |

**10. Share capital**

|  | 2021<br>£      | 2020<br>£      |
|--|----------------|----------------|
| <b>Allotted, called up and fully paid</b>                  |                |                |
| 951,087 (2020 - 951,087) 'A' Ordinary shares of £1.00 each | 951,087        | 951,087        |
| 209 (2020 - 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.

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**LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**11. 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 580,000 and 103,848 share options to eligible employees of the group respectively. A further 395,000 options were granted in the period. 873,848 of 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 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.

|   | <b>Weighted<br/>average<br/>exercise<br/>price<br/>(pence)<br/>2021</b> | <b>Number<br/>2021</b> | <i>Weighted<br/>average<br/>exercise<br/>price<br/>(pence)<br/>2020</i> | <i>Number<br/>2020</i> |
|---|---|------------------------|---|------------------------|
| Outstanding at the beginning of the year  | 122   | 683,848                | 121   | 713,848                |
| Granted during the year                   | 130   | 395,000                |   | -                      |
| Expired during the year                   |   | -                      | 120   | (30,000)               |
| <b>Outstanding at the end of the year</b> | <b>125</b>  | <b>1,078,848</b>       | <b>122</b>  | <b>683,848</b>         |

|                                      | <b>2021</b>     | <i>2020</i>     |
|--------------------------------------|-----------------|-----------------|
| Option pricing model used            | <b>Binomial</b> | <i>Binomial</i> |
| Weighted average share price (pence) | 111             | 105             |
| Exercise price (pence)               | 125             | 122             |
| Expected volatility                  | 10%             | 10%             |
| Risk-free interest rate              | 0.8%            | 0.77%           |

|   | <b>2021<br/>£</b> | <i>2020<br/>£</i> |
|---|-------------------|-------------------|
| Share-based payment expense             | 22,531            | 18,540            |
| <b>Expense recognised in the period</b> | <b>22,531</b>     | <b>18,540</b>     |

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## LUCAS FETTES AND PARTNERS (FINANCIAL SERVICES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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 £374,304 (2020: £302,502).

#### 13. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | 2021<br>£      | 2020<br>£      |
|--|----------------|----------------|
| Not later than 1 year                        | 129,364        | 118,707        |
| Later than 1 year and not later than 5 years | 271,127        | 247,029        |
| Later than 5 years                           | -              | 9,831          |
|  | <u>400,491</u> | <u>375,567</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.