

Lloyd & Whyte Group Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 December 2019

Registration number: 1143899

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Lloyd & Whyte Group Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 to 39

Lloyd & Whyte Group Limited

Company Information

Directors M M Pyke
 S Astley
 A G Miller
 T J Williams
 D R Moore

Company secretary S Astley

Registered office Affinity House
 Bindon Road
 Taunton
 Somerset
 TA2 6AA

Auditors PKF Francis Clark
 Statutory Auditor
 Ground Floor
 Blackbrook Gate 1
 Blackbrook Business Park
 Taunton
 Somerset
 TA1 2PX

Lloyd & Whyte Group Limited

Strategic Report

Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group as a whole is that of insurance broking.

Fair review of the business

The directors measure the group's financial performance on its overall profitability, its growth in revenue and managing staff levels as this is the groups' main overhead.

The group had a turnover of £10,132,341 (2018 - £8,711,013) representing an increase in revenue of 16.3% (2018 – 31.4%).

The group made a pre-tax profit of £471,165 (2018 - £1,717,399) for the year and generated an EBITDA of £1,365,526 (2018 - £2,193,844). This is calculated by taking the operating profit (page 10), adjusted by the depreciation, amortisation and loss on disposal numbers (page 21), and the other finance income which is of a trading nature (page 23).

The reduction in pre-tax profit and EBITDA was in line with the Board's expectations being driven by investment in infrastructure and people to meet the groups' future growth strategies.

Staffing costs for the year were £6,441,859 (2018 - £4,651,520). Employee numbers have risen by over 21% (2018 – 9%) during the year (to 173 from 143). This increase is as expected due to the acquisition of The Medical Insurance Advisory Bureau Limited and PPS GI during the current year and also in preparing for the group's future growth.

The acquisitions have resulted in significant changes in the balance sheet of the Group, with increases in intangible assets (goodwill arising on the consolidation of the acquisitions) and non-current liabilities (deferred consideration and loan finance used to fund the acquisitions). Increases in current assets and liabilities are as a result of increased insurance broking assets and liabilities, due in the most part to the acquisitions.

The directors consider the results for the year to be satisfactory, especially in light of the continuing "soft" wider insurance market conditions in which premiums remain relatively low and competition in the general insurance marketplace is high.

On 30 September 2019, the Ecclesiastical Insurance Group acquired a 20% shareholding in the Lloyd & Whyte Group. The directors are confident that this investment will enable the group to continue on its organic and acquisitive growth strategy with a partner whose strategic views are aligned with our own. As part of the investment by Ecclesiastical Insurance Group the bank term loans and overdraft were refinanced on the same day.

The directors look forward to a successful and profitable 2020 as the organic and acquisitive growth strategies continue to be delivered, continuing to work closely with our Affinity partners, as well as diversifying into new insurance markets.

Lloyd & Whyte Group Limited

Strategic Report

Year Ended 31 December 2019

On 13 January 2020 the group completed the strategic acquisition of 100% of the share capital of Business Choice Direct Insurance Services Limited, an insurance broker which deals in commercial and specialist motor insurance. On 31 January 2020 the group completed the strategic acquisition of 100% of the share capital of Stride Holdings Limited, an insurance broker which deals in property insurance and has a strong online presence and wholesale network.

The non-financial Key Performance Indicators are compliance with the FCA regulations, staff culture scores and professional standards. These have been at satisfactory levels during the year under review.

Principal risks and uncertainties

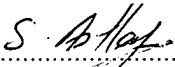
The principal risks and uncertainties applying to the company and group are the continuing "soft" market competition, pressure of the 'claims culture' and changes to the FCA regulatory environment.

In respect of the market conditions the group is reliant on insurers providing underwriting capacities and products. A withdrawal of capacity or products may impact the group's income. The group manages the risk by maintaining a close relationship with a number of different insurance partners. The group has a long track record of generating profitable returns for insurers from underwriting and broking activities.

In order to manage regulatory compliance risk the group has a strong regulatory framework that includes a dedicated compliance manager overseeing a planning and monitoring programme to ensure that the group's policies and procedures meet the standards set by the regulators and that the regulated group companies continue to meet their capital requirements.

Post balance sheet date, the COVID-19 pandemic has created an additional and unexpected uncertainty to the business. The pandemic has caused disruption to the Groups' clients and suppliers and to the employees that support the Groups' operations. Operational impacts are being carefully managed through initiation of the Group's business continuity arrangements, including focus on providing home working capability with appropriate controls and prioritising activities to focus on delivery of critical services to clients. Whilst the Group continues to monitor the operational impacts, the Board consider there are no significant operational issues that impair the Groups' ability to continue in operations for the foreseeable future, including at least 12 months from the approval date of these financial statements. This is supported by year-to-date figures being ahead of target.

Approved by the Board on 22/07/2020 and signed on its behalf by:


.....
S Astley
Director

Lloyd & Whyte Group Limited

Directors' Report

Year Ended 31 December 2019

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

Directors of the company

The directors who held office during the year were as follows:

M M Pyke

S Astley

A G Miller

T J Williams

D R Moore (appointed 30 September 2019)

Financial instruments

Objectives and policies

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

Price risk, credit risk, liquidity risk and cash flow risk

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

In respect of bank balances and other borrowings, the liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the availability of a group related finance facility.

Trade debtors are managed in respect of credit and cashflow risk policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. Trade creditors are paid in line with agreed credit terms and conditions, subject to correct invoicing.

Future developments

The future developments of the business have been discussed in the strategic report.

Lloyd & Whyte Group Limited

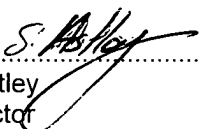
Directors' Report

Year Ended 31 December 2019

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 22/07/2020 and signed on its behalf by:


.....
S Astley
Director

Lloyd & Whyte Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Lloyd & Whyte Group Limited

Independent Auditor's Report to the Members of Lloyd & Whyte Group Limited

Opinion

We have audited the financial statements of Lloyd & Whyte Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, 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 group's and the parent company's affairs as at 31 December 2019 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Lloyd & Whyte Group Limited

Independent Auditor's Report to the Members of Lloyd & Whyte Group Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Lloyd & Whyte Group Limited

Independent Auditor's Report to the Members of Lloyd & Whyte Group Limited

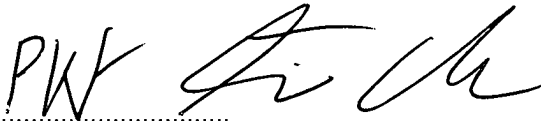
Auditor's responsibilities for the audit of the financial statements

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

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



Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

Date: 23rd July 2020

Lloyd & Whyte Group Limited

Consolidated Profit and Loss Account

Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	10,132,341	8,711,013
Administrative expenses		(9,405,855)	(6,908,817)
Other operating income		<u>17,655</u>	<u>14,934</u>
Operating profit	5	744,141	1,817,130
Other interest receivable and similar income	9	77,261	67,183
Interest payable and similar charges	10	<u>(350,237)</u>	<u>(166,914)</u>
Profit before tax		471,165	1,717,399
Taxation	11	<u>(279,593)</u>	<u>(470,270)</u>
Profit for the financial year		<u><u>191,572</u></u>	<u><u>1,247,129</u></u>

Lloyd & Whyte Group Limited

Consolidated Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	7,558,693	2,167,997
Tangible assets	13	<u>73,364</u>	<u>98,553</u>
		<u>7,632,057</u>	<u>2,266,550</u>
Current assets			
Debtors	15	7,572,112	4,281,871
Cash at bank and in hand		<u>2,147,224</u>	<u>2,281,092</u>
		9,719,336	6,562,963
Creditors: Amounts falling due within one year	18	<u>(8,926,089)</u>	<u>(6,232,310)</u>
Net current assets		<u>793,247</u>	<u>330,653</u>
Total assets less current liabilities		8,425,304	2,597,203
Creditors: Amounts falling due after more than one year	18	(3,170,175)	(741,150)
Deferred income	20	(1,072,856)	(410,485)
Provisions for liabilities	23	<u>(2,875,433)</u>	<u>(30,300)</u>
Net assets		<u>1,306,840</u>	<u>1,415,268</u>
Capital and reserves			
Called up share capital	25	1,068	1,068
Capital redemption reserve		265	265
Profit and loss account		<u>1,305,507</u>	<u>1,413,935</u>
Total equity		<u>1,306,840</u>	<u>1,415,268</u>

Approved and authorised by the Board on ~~22/07/2020~~ and signed on its behalf by:


M M Pyle
Director

Company Registration Number: 1143899

Lloyd & Whyte Group Limited

Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	-	4,881
Tangible assets	13	12,138	25,917
Investments	14	12,722,569	5,832,614
		<u>12,734,707</u>	<u>5,863,412</u>
Current assets			
Debtors	15	1,092,992	85,547
Cash at bank and in hand		9,134	72
		<u>1,102,126</u>	<u>85,619</u>
Creditors: Amounts falling due within one year	18	<u>(6,806,134)</u>	<u>(3,113,436)</u>
Net current liabilities		<u>(5,704,008)</u>	<u>(3,027,817)</u>
Total assets less current liabilities		7,030,699	2,835,595
Creditors: Amounts falling due after more than one year	18	(3,170,175)	(741,150)
Provisions for liabilities	23	<u>(2,533,933)</u>	<u>(2,700)</u>
Net assets		<u>1,326,591</u>	<u>2,091,745</u>
Capital and reserves			
Called up share capital	25	1,068	1,068
Capital redemption reserve		265	265
Profit and loss account		<u>1,325,258</u>	<u>2,090,412</u>
Total equity		<u>1,326,591</u>	<u>2,091,745</u>

The company made a loss after tax for the financial year of £465,154 (2018 - loss of £762,157).

Approved and authorised by the Board on 22/07/2020 and signed on its behalf by:

.....
M M Pyke
Director

Company Registration Number: 1143899

Lloyd & Whyte Group Limited

Consolidated Statement of Changes in Equity

Year Ended 31 December 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	1,068	265	1,413,935	1,415,268
Profit for the year	-	-	191,572	191,572
Total comprehensive income	-	-	191,572	191,572
Dividends	-	-	(300,000)	(300,000)
At 31 December 2019	1,068	265	1,305,507	1,306,840

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2018	1,068	265	366,806	368,139
Profit for the year	-	-	1,247,129	1,247,129
Total comprehensive income	-	-	1,247,129	1,247,129
Dividends	-	-	(200,000)	(200,000)
At 31 December 2018	1,068	265	1,413,935	1,415,268

Lloyd & Whyte Group Limited

Statement of Changes in Equity

Year Ended 31 December 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	1,068	265	2,090,412	2,091,745
Loss for the year	-	-	(465,154)	(465,154)
Total comprehensive income	-	-	(465,154)	(465,154)
Dividends	-	-	(300,000)	(300,000)
At 31 December 2019	1,068	265	1,325,258	1,326,591

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2018	1,068	265	3,052,569	3,053,902
Loss for the year	-	-	(762,157)	(762,157)
Total comprehensive income	-	-	(762,157)	(762,157)
Dividends	-	-	(200,000)	(200,000)
At 31 December 2018	1,068	265	2,090,412	2,091,745

Lloyd & Whyte Group Limited

Consolidated Statement of Cash Flows Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		191,572	1,247,129
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	5	520,568	311,375
Loss on disposal of tangible assets	4	25,692	-
Profit from disposals of investments	4	-	(658)
Finance income	9	(77,261)	(67,183)
Finance costs	10	350,237	166,914
Tax expense	11	279,593	470,270
		<u>1,290,401</u>	<u>2,127,847</u>
<u>Working capital adjustments</u>			
(Increase)/decrease in debtors	15	(2,655,522)	483,918
Increase in creditors	18	1,935,234	181,487
Decrease in provisions	23	(3,905)	(219,303)
Increase/(decrease) in deferred income		<u>662,371</u>	<u>(409,749)</u>
Cash generated from operations		1,228,579	2,164,200
Corporation tax paid	11	<u>(449,772)</u>	<u>(137,000)</u>
Net cash flow from operating activities		<u>778,807</u>	<u>2,027,200</u>
Cash flows from investing activities			
Interest received		77,261	67,183
Proceeds from sale of fixed asset investments		-	1,358
Acquisition of intangible assets	12	(37,194)	(49,656)
Cash paid to acquire subsidiary		(3,152,340)	(510,000)
Cash acquired with subsidiary		<u>451,413</u>	<u>-</u>
Net cash flows from investing activities		<u>(2,660,860)</u>	<u>(491,115)</u>
Cash flows from financing activities			
Interest paid		(175,751)	(61,107)
Repayment of bank borrowing		(987,760)	(250,000)
Proceeds from other borrowing draw downs		3,750,480	-
Payments to finance lease creditors		(26,017)	(29,685)
Interest on preferred shares		(106,575)	(106,575)
Dividends paid		<u>(300,000)</u>	<u>(200,000)</u>
Net cash flows from financing activities		<u>2,154,377</u>	<u>(647,367)</u>
Net increase in cash and cash equivalents	16	272,324	888,718
Cash and cash equivalents at 1 January		<u>1,874,900</u>	<u>986,182</u>
Cash and cash equivalents at 31 December		<u><u>2,147,224</u></u>	<u><u>1,874,900</u></u>

The notes on pages 16 to 39 form an integral part of these financial statements.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Affinity House
Bindon Road
Taunton
Somerset
TA2 6AA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There are no material departures from FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Key judgements and sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key judgement in respect of the financial statements is going concern. In forming their opinion, and in particular, the directors have considered the profitable performance of the group both during the year and subsequent to the year end, have given due consideration as to the known and likely impacts on the UK financial services sector of the Covid-19 pandemic, and have considered the group's ability to meet its liabilities as they fall due.

At the balance sheet date the company itself had net current liabilities of £5,704,008 (2018 - £3,113,436). In forming their going concern opinion on the company, and in addition to the above, the directors have taken into consideration the ongoing support of subsidiary companies, the available finance facilities and cashflow forecasts to the end of July 2021.

The key estimates that have a significant effect on the amounts recognised in the financial statements are described below:

The carrying value of goodwill in the consolidated balance sheet requires estimation as to the value of any impairment provision to be recognised against goodwill, in addition to the amortisation charge. The carrying value of goodwill is reviewed in light of the trading performance of the relevant subsidiaries of the group. The carrying amount is £7,476,784 (2018 - £2,079,729).

The carrying value of investments in subsidiaries in the company requires estimation as to the value of contingent consideration payable where relevant to the acquisition. The total consideration payable is based upon the future performance of the relevant company. The directors best estimate of the amount that will be payable is included in the company balance sheet at its present value. The resulting discount is unwound against interest payable in each relevant accounting period. The carrying amount is £2,533,933 (2018 - £Nil).

Accrued income consists of commissions due in respect of insurance policies where advice was given and contracts entered into pre year end. Estimation is required in order to discount the provision for policies which are subsequently not taken up. The carrying amount is £76,006 (2018 - £88,559).

Revenue recognition

Turnover is recognised on a receivable basis and represents net brokerage earned and fees due net of Insurance Premium Tax and premiums due to insurers in respect of services to customers, with reference to the commencement date of the insurance policy or other product taken out by clients, and commissions and fees earned on financial services provided.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the consolidated profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets, other than assets under construction, so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 10 years
Computer software	20% reducing balance

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold property	Straight line over 10 years
Fixtures, fittings and equipment	20% reducing balance
Plant and equipment	20% reducing balance

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The treatment of finance leases is as set out in the accounting policy for financial instruments detailed below.

Defined contribution pension obligation

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Insurance broking assets and liabilities

Insurance transactions are recorded in the books of the company when the invoice is sent to the client. When required by FCA regulations, monies received from clients are held in a separate Statutory Trust Client bank account prior to the settlement of the liability to the insurance company and the transfer of brokerage to the office account.

These insurance ledger balances are included in the accounts of the company with amounts owing from clients included in trade debtors, the client bank account included in cash at bank and the insurance company liabilities included in trade creditors.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Financial instruments

Classification

The group holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Hire purchase and finance leases;
- Deferred consideration;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for finance leases, bank loans and deferred consideration, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans and deferred consideration are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Assets held under hire purchase and finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Hire purchase and finance lease obligations are subsequently measured at amortised cost using the effective interest method.

3 Revenue

The analysis of the group's revenue for the year from continuing UK operations is as follows:

	2019 £	2018 £
Commissions and related income received	10,116,342	8,690,268
Other revenue	15,999	20,745
	<u>10,132,341</u>	<u>8,711,013</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2019 £	2018 £
Gain (loss) on disposal of property, plant and equipment	(25,692)	-
Gain from disposals of investments	-	658
	<u>(25,692)</u>	<u>658</u>

5 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	18,090	29,941
Amortisation expense	502,478	281,434
Loss on disposal of property, plant and equipment	<u>25,692</u>	<u>-</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	5,620,635	4,076,420
Social security costs	611,649	410,320
Pension costs, defined contribution scheme	<u>209,575</u>	<u>164,780</u>
	<u>6,441,859</u>	<u>4,651,520</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	47	41
Sales	113	91
Other departments	<u>13</u>	<u>11</u>
	<u>173</u>	<u>143</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	1,238,547	386,753
Contributions paid to money purchase schemes	32,000	25,000
	<u>1,270,547</u>	<u>411,753</u>

During the year the number of directors who were receiving benefits was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	1,064,365	190,513
Company contributions to money purchase pension schemes	<u>20,000</u>	<u>13,000</u>

8 Auditor's remuneration

	2019 £	2018 £
Audit of these financial statements	<u>4,000</u>	<u>4,000</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

9 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	2,136	1,844
Other finance income	75,125	65,339
	<u>77,261</u>	<u>67,183</u>

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	80,926	56,671
Interest on preferred shares	106,575	106,575
Interest on obligations under finance leases and hire purchase contracts	3,764	3,668
Interest expense on other finance liabilities	158,972	-
	<u>350,237</u>	<u>166,914</u>

11 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	284,889	477,000
UK corporation tax adjustment to prior periods	(307)	(30)
	<u>284,582</u>	<u>476,970</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(4,989)	(6,700)
Tax expense in the income statement	<u>279,593</u>	<u>470,270</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>471,165</u>	<u>1,717,399</u>
Corporation tax at standard rate	89,521	326,306
Expenses not deductible for tax purposes	116,210	27,116
Adjustments to deferred tax in respect of changes in tax rates	74,150	841
Adjustments to tax charge in respect of previous periods	<u>(288)</u>	<u>116,007</u>
Total tax charge	<u>279,593</u>	<u>470,270</u>

Deferred tax

Group

Deferred tax assets and liabilities

2019		Liability £
Fixed asset differences		<u>29,000</u>
2018	Asset £	Liability £
Fixed asset differences	<u>400</u>	<u>30,700</u>

Company

Deferred tax assets and liabilities

2018		Liability £
Fixed asset differences		<u>2,700</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

12 Intangible assets

Group

	Goodwill £	Software £	Assets under construction £	Total £
Cost or valuation				
At 1 January 2019	4,005,263	197,698	30,240	4,233,201
Additions acquired separately	-	22,914	14,280	37,194
Acquired through business combinations	5,860,861	-	-	5,860,861
Disposals	-	(41,894)	-	(41,894)
At 31 December 2019	<u>9,866,124</u>	<u>178,718</u>	<u>44,520</u>	<u>10,089,362</u>
Amortisation				
At 1 January 2019	1,925,534	139,670	-	2,065,204
Amortisation charge	463,806	38,672	-	502,478
Amortisation eliminated on disposals	-	(37,013)	-	(37,013)
At 31 December 2019	<u>2,389,340</u>	<u>141,329</u>	<u>-</u>	<u>2,530,669</u>
Carrying amount				
At 31 December 2019	<u>7,476,784</u>	<u>37,389</u>	<u>44,520</u>	<u>7,558,693</u>
At 31 December 2018	<u>2,079,729</u>	<u>58,028</u>	<u>30,240</u>	<u>2,167,997</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Company

	Software £	Total £
Cost or valuation		
At 1 January 2019	14,894	14,894
Disposals	<u>(14,894)</u>	<u>(14,894)</u>
At 31 December 2019	<u>-</u>	<u>-</u>
Amortisation		
At 1 January 2019	10,013	10,013
Amortisation eliminated on disposals	<u>(10,013)</u>	<u>(10,013)</u>
At 31 December 2019	<u>-</u>	<u>-</u>
Carrying amount		
At 31 December 2019	<u>-</u>	<u>-</u>
At 31 December 2018	<u>4,881</u>	<u>4,881</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

13 Tangible assets

Group

	Short leasehold land & buildings £	Furniture, fittings and equipment £	Plant and equipment £	Total £
Cost or valuation				
At 1 January 2019	15,090	292,037	169,086	476,213
Additions	-	13,712	-	13,712
Disposals	-	(138,458)	-	(138,458)
At 31 December 2019	15,090	167,291	169,086	351,467
Depreciation				
At 1 January 2019	8,217	253,856	115,587	377,660
Charge for the year	971	3,744	13,375	18,090
Eliminated on disposal	-	(117,647)	-	(117,647)
At 31 December 2019	9,188	139,953	128,962	278,103
Carrying amount				
At 31 December 2019	5,902	27,338	40,124	73,364
At 31 December 2018	6,873	38,181	53,499	98,553

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and equipment	-	53,499

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Company

	Short leasehold land & buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2019	9,945	89,775	99,720
Disposals	-	(61,088)	(61,088)
At 31 December 2019	9,945	28,687	38,632
Depreciation			
At 1 January 2019	3,072	70,731	73,803
Charge for the year	971	1,558	2,529
Eliminated on disposal	-	(49,838)	(49,838)
At 31 December 2019	4,043	22,451	26,494
Carrying amount			
At 31 December 2019	5,902	6,236	12,138
At 31 December 2018	6,873	19,044	25,917

14 Investments

Company

	2019 £	2018 £
Investments in subsidiaries	12,722,569	5,832,614

Subsidiaries

	£
Cost or valuation	
At 1 January 2019	5,832,614
Additions	6,889,955
At 31 December 2019	12,722,569
Carrying amount	
At 31 December 2019	12,722,569
At 31 December 2018	5,832,614

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held		
			2019	2018	
Subsidiary undertakings					
Lloyd & Whyte Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA	Ordinary shares	100%	100%	
Lloyd and Whyte (Financial Services) Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA	Ordinary shares	100%	100%	
Insurance Broking Finance Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA	Ordinary shares	100%	100%	
Medical Money Management (General Insurance Brokers) Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA	Ordinary shares	100%	100%	
The Medical Insurance Advisory Bureau Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA	Ordinary shares	100%	0%	
PPS GI Limited	Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA England & Wales	Ordinary shares	100%	0%	

The principal activity of Lloyd & Whyte Limited is the provision of insurance broking services.

The principal activity of Lloyd and Whyte (Financial Services) Limited is the provision of financial services.

The principal activity of Insurance Broking Finance Limited is the provision of finance for insurance policies.

The principal activity of Medical Money Management (General Insurance Brokers) Limited is the provision of insurance broking services.

The principal activity of The Medical Insurance Advisory Bureau Limited is the provision of insurance broking services.

The principal activity of PPS GI Limited is that of a dormant company

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

15 Debtors

	2019 £	Group 2018 £	2019 £	Company 2018 £
Trade debtors	6,483,712	3,823,826	-	12,250
Amounts due from group undertakings	-	-	1,000,679	-
Other debtors	242,050	4,927	63	139
Prepayments and accrued income	846,350	453,118	92,250	73,158
	<u>7,572,112</u>	<u>4,281,871</u>	<u>1,092,992</u>	<u>85,547</u>

16 Cash and cash equivalents

	2019 £	Group 2018 £	2019 £	Company 2018 £
Cash on hand	192	72	137	72
Cash at bank	2,147,032	2,281,020	8,997	-
	<u>2,147,224</u>	<u>2,281,092</u>	<u>9,134</u>	<u>72</u>
Bank overdrafts	-	(406,192)	-	(406,192)
Cash and cash equivalents in statement of cash flows	<u>2,147,224</u>	<u>1,874,900</u>	<u>9,134</u>	<u>(406,120)</u>

17 Analysis of cash and cash equivalents and net debt

	At 1 January 2013 £	Cash flow £	Cash acquired with subsidiary £	Non cash movements £	At 31 December 2019 £
Cash at bank and on hand	2,281,092	(585,281)	451,413	-	2,147,224
Bank overdrafts	(406,192)	406,192	-	-	-
	<u>1,874,900</u>	<u>(179,089)</u>	<u>451,413</u>	<u>-</u>	<u>2,147,224</u>
Finance lease obligations	(26,017)	26,017	-	-	-
Bank borrowings	(987,760)	987,760	-	-	-
Other borrowings	-	(3,750,480)	-	-	(3,750,480)
Net debt	<u>861,123</u>	<u>(2,915,792)</u>	<u>451,413</u>	<u>-</u>	<u>(1,603,256)</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

18 Creditors

	Note	2019 £	Group 2018 £	2019 £	Company 2018 £
Due within one year					
Loans and borrowings	19	580,570	679,084	580,570	653,067
Trade creditors		7,275,600	4,573,609	47,740	46,383
Amounts due to group undertakings		-	-	5,922,180	2,200,788
Social security and other taxes		156,707	99,962	43,786	34,829
Corporation tax		268,150	388,984	-	-
Other creditors		166,841	66,667	100,001	66,667
Accrued expenses		478,221	424,004	111,857	111,702
		<u>8,926,089</u>	<u>6,232,310</u>	<u>6,806,134</u>	<u>3,113,436</u>
Due after one year					
Loans and borrowings	19	<u>3,170,175</u>	<u>741,150</u>	<u>3,170,175</u>	<u>741,150</u>

19 Loans and borrowings

	2019 £	Group 2018 £	2019 £	Company 2018 £
Current loans and borrowings				
Bank borrowings	-	246,875	-	246,875
Bank overdrafts	-	406,192	-	406,192
Hire purchase contracts	-	26,017	-	-
Other borrowings	580,570	-	580,570	-
	<u>580,570</u>	<u>679,084</u>	<u>580,570</u>	<u>653,067</u>
Non-current loans and borrowings				
Bank borrowings	-	740,885	-	740,885
Ordinary preferred shares (see note 25)	265	265	265	265
Other borrowings	3,169,910	-	3,169,910	-
	<u>3,170,175</u>	<u>741,150</u>	<u>3,170,175</u>	<u>741,150</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Group

Other borrowings

The finance lease is denominated in sterling with a nominal interest rate of 4.56%, and the final instalment is due on 31 December 2019. The carrying amount at year end is £Nil (2018 - £26,017).

The lease is secured on the assets to which it relates.

Group and Company

On the 30 September 2019 the borrowings of the group and company were refinanced such that bank borrowings were repaid and other borrowings (as described below) were drawn down to effect that repayment and provide further growth funding for the group.

Bank borrowings

The bank overdraft is denominated in sterling with a nominal interest rate of 2.5% above base rate (0.25% at the year end). The carrying amount at year end is £Nil (2018 - £406,192).

The bank overdraft was secured by an omnibus guarantee between the group companies, as set out in note 25 to the accounts. The bank overdraft has been repaid and the facility removed as the year end.

The bank loan is denominated in sterling with a nominal interest rate of 3.75% above LIBOR. The carrying amount at year end is £Nil (2018 - £987,760).

The bank loan was secured by way of a fixed and floating charge over the assets of each member of the group, an omnibus guarantee entered into by each group member and a personal guarantee of £350,000 given by M M Pyke. This security has been removed with the refinancing of the bank loan as described above.

Other borrowings

Other borrowings - facility 1 is denominated in sterling with a nominal interest rate of 3.75% plus LIBOR, and the final instalment is due on 29 September 2022. The carrying amount at year end is £1,597,476 (2018 - £Nil).

The loan facility is secured with a fixed and floating charge over the assets of the group.
The loan is repayable in quarterly instalments.

Other borrowings - facility 2 is denominated in sterling with a nominal interest rate of 8.5, and the final instalment is due on 30 September 2026. The carrying amount at year end is £2,153,004 (2018 - £Nil).

The loan facility is secured with a fixed and floating charge over the assets of the group.
The loan is repayable on the 7th anniversary of the date of the master agreement.

20 Deferred income

	2019
	£
At 1 January 2019	410,485
Released to profit during the year	(410,485)
Received during the year	1,072,856
At 31 December 2019	<u>1,072,856</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

21 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	-	26,017

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	378,034	270,946
Later than one year and not later than five years	884,699	789,311
Later than five years	140,785	281,570
	<u>1,403,518</u>	<u>1,341,827</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £322,549 (2018 - £327,512).

22 Insurance broking assets and liabilities

Insurance broking assets and liabilities are included in the consolidated balance sheet and are disclosed as follows:

Included in debtors is £6,771,914 (2018 - £4,645,793) relating to insurance ledger debtors, included in cash at bank is £1,811,381 (2018 - £1,831,245) in respect of client money and included in creditors is £6,993,651 (2018 - £4,746,987) owing to insurance companies and agents.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

23 Deferred tax and other provisions

Group

	Deferred tax £	Deferred consideration £	Total £
At 1 January 2019	30,300	-	30,300
Increase through business combinations	-	2,846,433	2,846,433
Decrease in existing provisions	(1,300)	-	(1,300)
At 31 December 2019	<u>29,000</u>	<u>2,846,433</u>	<u>2,875,433</u>

Company

	Deferred tax £	Deferred consideration £	Total £
At 1 January 2019	2,700	-	2,700
Increase through business combinations	-	2,533,933	2,533,933
Decrease in existing provisions	(2,700)	-	(2,700)
At 31 December 2019	<u>-</u>	<u>2,533,933</u>	<u>2,533,933</u>

At the year end, the group had certain deferred consideration liabilities in respect of business combinations which are conditional on certain business performance criteria. These liabilities relate to deferred acquisition consideration payments which are provided at the present value of the future payments in accordance with agreed schedules of payment. The final payment is due on 28 February 2025.

24 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £209,575 (2018 - £164,780).

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

25 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary preferred shares of £1 each	265	265	265	265
Ordinary shares of £1 each	1,068	1,068	1,068	1,068
	<u>1,333</u>	<u>1,333</u>	<u>1,333</u>	<u>1,333</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The ordinary shares are non-redeemable and attract full voting, equity and dividend rights

Ordinary preferred shares have the following rights, preferences and restrictions:

The ordinary preferred shares are redeemable, as discussed in note 27. They are non voting and attract full equity and preferred dividend rights based on a fixed value and percentage

26 Dividends

	2019 £	2018 £
Interim dividend of £281 (2018 - £187) per ordinary share	<u>300,000</u>	<u>200,000</u>

Since the year end, the directors have declared a dividend of £375,000 (2018 - £300,000). This dividend has not been provided for in the balance sheet.

27 Contingent liabilities

The company had an unlimited omnibus guarantee between itself and Lloyd & Whyte Limited, Lloyd and Whyte (Financial Services) Limited, Insurance Broking Finance Limited and Medical Money Management (General Insurance Brokers) Limited. This was released in the year to 31 December 2019 (2018 - £nil).

At the current year end the company's assets, along with the assets of the rest of the group companies, are subject to a fixed and floating charge in respect of a loan facility entered into by the company during the year. The total amount guaranteed by group companies as at 31 December 2019 was £3,750,480 (2018 - £nil).

The company has acted as guarantor over an asset acquired on finance lease by Lloyd & Whyte Limited, a wholly owned subsidiary. The total balance due under the agreement at the year end was £Nil (2018 - £26,017).

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Included in creditors due after more than one year are ordinary preferred shares shown at their par value of £265 (2018 - £265). These shares were valued at £1,253,826 when issued and are potentially repayable at this amount under the following circumstances. Following the death of the holder of these shares, and if requested by the estate's trustees/representatives, the company shall endeavour to buy back the ordinary preferred shares at the stated valuation within 10 years. The share buy back shall be made in such tranches and intervals as the company determines at its own discretion and shall be subject to the company meeting the requirements of the Companies Act 2006 at all times. See note 28.

28 Non adjusting events after the financial period

The directors are satisfied, having given due consideration to Financial Reporting Council guidance, that the global pandemic Covid-19 is not an adjusting post balance sheet event for the year ended 31 December 2019 financial statements.

On 13 January 2020 the group acquired 100% of the issued share capital of Business Choice Direct Insurance Services Limited for a total cash and deferred consideration of £6,635,295 plus earn out payments to be determined in accordance with agreed criteria.

On 31 January 2020 the group acquired 100% of the issued share capital of Stride Holdings (Chichester) Limited, including its subsidiary company, Stride Limited, for a total cash and deferred consideration of £7,750,000.

Subsequent to the balance sheet date the ordinary preferred shares, the value of which was disclosed as a contingent liability (as described in note 27) as at the year end, became payable. The trustees of the estate have not requested payment or given an indication of the timing of any forthcoming request.

29 Parent and ultimate parent undertaking

The ultimate controlling party is M M Pyke, by virtue of his majority shareholding in the company.

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

30 Business combinations

On 23 August 2019, Lloyd & Whyte Group Limited acquired 100% of the issued share capital of The Medical Insurance Advisory Bureau Limited, obtaining control.

The Medical Insurance Advisory Bureau Limited contributed £589,107 revenue and £(715,724) to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2019 £	Fair value 2019 £
Assets and liabilities acquired		
Financial assets	3,205,034	3,205,034
Tangible assets	13,711	13,711
Financial liabilities	<u>(954,051)</u>	<u>(954,051)</u>
Total identifiable assets	<u>2,264,694</u>	<u>2,264,694</u>
Goodwill	<u>4,595,260</u>	<u>4,595,260</u>
Total consideration	<u>6,859,954</u>	<u>6,859,954</u>
Satisfied by:		
Cash	3,658,296	3,658,296
Deferred contingent consideration	2,466,022	2,466,022
Other	<u>735,636</u>	<u>2,194,692</u>
Total consideration transferred	<u>6,859,954</u>	<u>8,319,010</u>
Cash flow analysis:		
Cash consideration	2,199,240	2,199,240
Less: cash and cash equivalent balances acquired	<u>(451,413)</u>	<u>(451,413)</u>
Net cash outflow arising on acquisition	<u>1,747,827</u>	<u>1,747,827</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

On 24 April 2019, Lloyd & Whyte Limited (group company) acquired 100% of PPS GI (unincorporated business), obtaining control.

PPS GI contributed £391,469 revenue and £219,831 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2019 £	Fair value 2019 £
Goodwill	1,265,600	1,265,600
Satisfied by:		
Cash	953,100	953,100
Deferred contingent consideration	312,500	312,500
Total consideration transferred	<u>1,265,600</u>	<u>1,265,600</u>
Cash flow analysis:		
Cash consideration	<u>953,100</u>	<u>953,100</u>

31 Related party transactions

Group

Key management compensation

	2019 £	2018 £
Salaries and other short term employee benefits	<u>2,068,466</u>	<u>1,030,092</u>

Transactions with directors

	At 1 January 2019 £	Advances to directors £	Repayments by director £	At 31 December 2019 £
2019				
A director				
Interest free loan, repayable on demand	<u>-</u>	<u>36,667</u>	<u>(36,667)</u>	<u>-</u>

Lloyd & Whyte Group Limited

Notes to the Financial Statements

Year Ended 31 December 2019

	At 1 January 2018 £	Advances to directors £	Repayments by director £	At 31 December 2018 £
2018				
A director				
Interest free loan, repayable on demand	-	66,667	(66,667)	-
A director				
Interest free loan, repayable on demand	9,750	-	(9,750)	-

Dividends paid to directors

	2019 £	2018 £
Dividend paid of £280.90 (2018 - £187.27) per share	300,000	200,000