

Registered number: 02057974

LYCETTS FINANCIAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



LYCETTS FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

A C Keate
A C H Foster
S R Harper
S R Landale
N D B Straker
J Schofield

COMPANY SECRETARY Mrs R J Hall

REGISTERED NUMBER 02057974

REGISTERED OFFICE Milburn House
Dean Street
NE1 1PP

INDEPENDENT AUDITORS PricewaterhouseCoopers LLP
Statutory Auditors
London

LYCETTS FINANCIAL SERVICES LIMITED

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LYCETTS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020. The company has taken the exemption not to present a strategic report as it qualifies as a small company.

PRINCIPAL ACTIVITIES

The company carries on the business of a life insurance broker, and pensions and other financial services consultant, and is authorised and regulated by the Financial Conduct Authority (FCA).

Income decreased during the year reflecting the impact of Covid-19 despite the increased demand for independent financial advice for customers arising from changes in pension legislation. Over recent years the company has invested in additional financial advisers and this is now starting to be reflected in improved financial performance.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £266,298 (2019 - £418,215). Net assets have increase from £2,100,781 to £2,367,079 reflecting the profit for the year.

During the year no dividends were paid (2019 - *£nil*).

After the year end the Directors approved a dividend of £1,500,000 (2019 - *£NIL*).

DIRECTORS

The directors who served during the year, and up to the date of this report, were:

A C Keate
A C H Foster
S R Harper
S R Landale
N D B Straker
J Schofield

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company assesses the risks to the business on an ongoing basis. The following are the principal risks identified:

Regulatory and Conduct Risk

The Company is committed to providing high quality financial planning solutions for all customers through the provision of independent advice. There is a risk that regulatory requirements are not complied with or that the advice provided is inadequate or inappropriate resulting in customers being treated unfairly, poor client outcomes or regulatory censure.

The company is governed by a wide range of legislation, including FCA Regulations and takes great care to keep up to date with all new legislation and regulations. There is a dedicated Compliance function to ensure ongoing

LYCETTS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

awareness of and compliance with new and existing requirements.

A client proposition is in place which reinforces the Company's commitment to put clients at the heart of the business and to be honest and professional in all its dealings.

Competition risks

The company operates in a highly competitive environment which continues to evolve. This could result in reduced business volumes with a corresponding impact on fees earned.

Competitor activity is monitored to allow action to be taken and the Company seeks to build long term relationships with clients and focuses on providing specialist advice.

Financial risks

The key financial risk for the Company is a drop in income due to a reduction in demand for the services provided or increased servicing costs. This may arise from poor investment performance, uncertainty surrounding the economic climate, competitor activity, consumer confidence or reputational damage due to a reduction in demand for the services provided.

The Company provides advice on a wide range of financial products such as pensions, inheritance tax, health insurance, investments, and employee benefits etc. which are designed to deliver value to clients in all market conditions. We also have a strong focus on managing our conduct, competition and reputational risks to ensure a potential income drop as a result of such incidents is minimised.

Operational Risks

The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events is inherent in the business operations. Key operational risks for the company include the ability to attract and retain key people and cyber risks including the loss of data or system availability.

Highly qualified and experienced staff are crucial to our business as we aim to establish long term relationships with our clients. There are robust recruitment processes in place and we provide development opportunities for all staff.

There is an ongoing programme to ensure staff awareness of cyber threats which is complemented by a number of system based security measures to protect against malicious attacks. These are monitored and enhanced in response to the ever changing threats.

Reputational risk

The company aims to provide highly specialist and dedicated advice and solutions. As a consequence this brings high expectations from clients, regulators and the wider industry. Whilst the Company aims to meet and where possible exceed these expectations, rising consumer awareness and increased regulatory scrutiny across the advice sector results in an increased risk of reputational damage if these expectations are not met, for example, as a consequence of poor business practices and behaviours.

The risk is proactively managed through considering the impact on stakeholders of all business decisions. As our reputation is fundamental to our business we will not take risks that will materially damage our reputation. Mitigating controls are also in place to respond to adverse publicity.

Covid-19

The risks presented by Covid-19 have been considered and include increased liquidity, credit and reputational risk. The company has business continuity plans in place that support the continued operation of business

LYCETTS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

activity and has resources that can withstand significant temporary market and client disruption.

Covid-19 has impacted how the business operates with a significant proportion of the employees working effectively in a remote environment. They have continued to support our clients, work with our key suppliers and perform other functions of the company. Whilst making some of these changes to the way the business operates caused some level of disruption, the company is equipped to deliver services in this way and can continue to do so over a prolonged period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

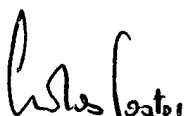
FUTURE DEVELOPMENTS

The company is looking for further growth and will continue its investment in new business initiatives, investing in our staff and the completion of our IT project. The overall aim is to support the Ecclesiastical Insurance Group's objective of becoming the most trusted financial services group.

Auditors' appointment

During 2019 the Ecclesiastical group completed a rigorous tender process for the appointment of the statutory auditors for the financial year 2020. The firm PricewaterhouseCoopers LLP (PwC) was appointed in June 2020. The audit committee of the parent undertaking oversaw the transition from Deloitte LLP to PwC and thanked Deloitte LLP for the audit service they provided to the company and their mutual support working with PwC in the transition year.

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



.....
A C H Foster
Director

Date: 27 September 2021

LYCETTS FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LYCETTS FINANCIAL SERVICES LIMITED

Report on the audit of the financial statements

Opinion

- In our opinion, Lycetts Financial Services Limited's financial statements:
 - give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
 - have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

LYCETTS FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYCETTS FINANCIAL SERVICES LIMITED

knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK company law and FCA regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

LYCETTS FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYCETTS FINANCIAL SERVICES LIMITED

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries which may impact the financial performance and position of the group, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias) and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility



Siobhan Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2021

LYCETTS FINANCIAL SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	£	£
TURNOVER	2	2,353,404	2,661,448
Administrative expenses		<u>(2,024,761)</u>	<u>(2,140,755)</u>
OPERATING PROFIT		328,643	520,693
Interest receivable and similar income		1,116	1,269
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		329,759	521,962
Tax on profit	6	<u>(63,461)</u>	<u>(103,747)</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u><u>266,298</u></u>	<u><u>418,215</u></u>

All amounts relate to continuing operations.

There were no items of comprehensive income for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 11 to 20 form part of these financial statements.

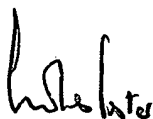
LYCETTS FINANCIAL SERVICES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	7		-		-
CURRENT ASSETS					
Debtors	8	1,126,398	1,579,175		
Cash at bank and in hand		<u>1,343,504</u>	<u>952,132</u>		
		2,469,902	2,531,307		
CREDITORS: amounts falling due within one year	9	<u>(102,823)</u>	<u>(430,526)</u>		
NET CURRENT ASSETS			<u>2,367,079</u>		<u>2,100,781</u>
NET ASSETS			<u>2,367,079</u>		<u>2,100,781</u>
CAPITAL AND RESERVES					
Called up share capital	11		1,000		1,000
Retained earnings	12		<u>2,366,079</u>		<u>2,099,781</u>
TOTAL EQUITY			<u>2,367,079</u>		<u>2,100,781</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved and authorised for issue by the board on 27 September 2021 and were signed on its behalf by:



.....
A C H Foster
Director

LYCETTS FINANCIAL SERVICES LIMITED

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

	Called-up share capital	Retained earnings	Total
	£	£	£
At 1 January 2019	1,000	1,681,566	1,682,566
Profit for the year	-	418,215	418,215
Total comprehensive income for the year	-	418,215	418,215
At 31 December 2019	1,000	2,099,781	2,100,781
Profit for the year	-	266,298	266,298
Total comprehensive income for the year	-	266,298	266,298
At 31 December 2020	1,000	2,366,079	2,367,079

LYCETTS FINANCIAL SERVICES LIMITED

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

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

1.1 GENERAL INFORMATION ON BASIS OF ACCOUNTING

Lycetts Financial Services Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act and registered in England. The nature of the company's operations and its principal activities are set out in the directors report on pages 1 to 4.

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency is pounds sterling because that is the currency of the primary economic environment in which the company operates.

1.2 GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report. The directors' report also describes the financial position of the company.

The company meets its day to day working capital requirements through its bank current account. Throughout the year the company maintained a positive cash balance and accordingly does not require any overdraft of loan facilities from third parties.

The directors have reviewed the company's principal risks and uncertainties, including exposure to competitive, legislative and financial risk and have considered the impact and the emerging risks associated with the Covid-19 pandemic. The company has access to considerable financial resources due to being a member of a group headed by Allchurches Trust Limited. The directors, as a consequence, believe the company is well placed to manage its business risks successfully and continue in existence for the foreseeable future.

1.3 EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

The company has taken advantage of the disclosure exemptions available in FRS 102 in respect of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29(c).

The company has taken advantage of the disclosure exemptions available in FRS 102 in respect of key management personnel compensation, financial instruments and the presentation of a cashflow statement.

The company has taken advantage of the disclosure exemptions available in FRS 102 in respect of key management personnel compensation, financial instruments, the presentation of a cashflow statement and transactions with group companies

LYCETTS FINANCIAL SERVICES LIMITED

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

1.4 REVENUE RECOGNITION

Turnover comprises revenue recognised in respect of commission and fees.

Revenue is recognised once the entity is informed of completed sale by insurers or advisors and therefore the flow of economic benefit is probable.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	10% on a straight line basis
Computer equipment	-	25% on a straight line basis

1.6 TAXATION

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.7 EMPLOYEE BENEFITS

The company and its parent undertaking provide a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution and defined benefit pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

LYCETTS FINANCIAL SERVICES LIMITED

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

Pension plans

The company and its parent undertaking operate several defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered pension funds.

Defined contribution pension plan

Contributions payable to the defined contribution pension schemes are charged to the profit and loss account in the period to which they relate.

Defined benefit pension plan

The company and its parent undertaking operate a final salary pension scheme which was closed to new members subsequent to the 1 January 2001 renewal. The underlying assets of the pension scheme are invested in managed funds with Legal & General, and also in unit trusts, equities and other approved investments on the advice of the appointed investment manager, UBS Wealth Management (UK) Ltd, in line with the statement of investment principles. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries made triennially to provide retirement benefits based on projected final salaries. Company costs are charged to the profit and loss account so as to spread the costs of pensions over the working lives of employees who are members of the scheme. The scheme is accounted for in line with FRS102. The deficit is recognised within the financial statements of the immediate parent undertaking.

1.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.9 FINANCIAL INSTRUMENTS**i. Trade and other receivables**

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ii. Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

LYCETTS FINANCIAL SERVICES LIMITED

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

1.10 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

1.11 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 company does not believe that there are any critical estimates in applying the company's accounting policies

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover comprises revenue recognised by the company in respect of commission and fees. Due to the uncertainty of the timing and entitlement to commission credit is taken for commission when the commission is earned based on payment profiles of the various product providers. Credit is taken for fees earned as they are raised.

2. TURNOVER

The whole of the turnover and profit before taxation is attributable to the company's principal activity, that of being a life insurance broker, and pensions and other financial services consultant, and is wholly attributable to the UK.

3. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	16,000	11,000

LYCETTS FINANCIAL SERVICES LIMITED

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

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	1,406,196	1,498,089
Social security costs	121,247	124,159
Other pension costs	132,808	131,778
	<u>1,660,251</u>	<u>1,754,026</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Advisory	26	26
Administration	2	2
	<u>28</u>	<u>28</u>

5. DIRECTORS' REMUNERATION

	2020 £	2019 £
Emoluments	388,134	400,567
Company contributions to defined benefit pension scheme	9,587	9,353
Company contributions to money purchase pension scheme	11,586	47,330
	<u>409,307</u>	<u>457,250</u>

During the year contribution to money purchase pension schemes were made on behalf of 2 directors (2019 - 2). Three (2019 - three) directors of the company perform duties in respect of other group companies and were remunerated by those companies.

Remuneration of the highest paid director

	2020 £	2019 £
Emoluments	193,143	197,313
Company contributions to money purchase pension scheme	10,000	26,674
	<u>203,143</u>	<u>223,987</u>

Included within emoluments is salary, bonus and other benefits payable.

LYCETTS FINANCIAL SERVICES LIMITED

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

6. TAX ON PROFIT

	2020	2019
	£	£
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX		
UK corporation tax charge on profit for the year	64,215	103,407
Adjustment in respect of prior periods	<u>548</u>	<u>-</u>
DEFERRED TAX (see note 11)		
Origination and reversal of timing differences	<u>(1,302)</u>	<u>340</u>
TAX ON PROFIT	<u><u>63,461</u></u>	<u><u>103,747</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Profit before tax	<u><u>329,759</u></u>	<u><u>521,962</u></u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	62,654	99,173
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,624	4,606
Change in rate of deferred tax	(1,365)	(32)
Adjustment in respect of prior periods	<u>548</u>	<u>-</u>
TAX CHARGE FOR THE YEAR (see note above)	<u><u>63,461</u></u>	<u><u>103,747</u></u>

LYCETTS FINANCIAL SERVICES LIMITED

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

7. TANGIBLE ASSETS

	Office equipment £	Computer equipment £	Total £
COST			
At 1 January and 31 December 2020	<u>17,834</u>	<u>40,944</u>	<u>58,778</u>
ACCUMULATED DEPRECIATION			
At 1 January and 31 December 2020	<u>17,834</u>	<u>40,944</u>	<u>58,778</u>
NET BOOK VALUE			
At 31 December 2019 and 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>

8. DEBTORS

	2020 £	2019 £
Trade debtors	98,556	89,235
Amounts owed by group undertakings	894,473	1,435,645
Corporation tax	52,378	-
Deferred tax asset (see note 10)	1,335	33
Prepayments and accrued income	79,656	54,262
	<u>1,126,398</u>	<u>1,579,175</u>

Trade debtors are stated after provision for impairment of £nil (2019 - £nil). Amounts owed by group undertakings are unsecured, interest free have no fixed repayment date and are repayable on demand.

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Corporation tax	-	26,983
Other taxation and social security	44,688	41,650
Accruals and deferred income	58,135	361,893
	<u>102,823</u>	<u>430,526</u>

LYCETTS FINANCIAL SERVICES LIMITED

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

10. DEFERRED TAX ASSET

	2020 £	2019 £
At beginning of year	33	373
Credited / (charged) during year (P&L)	1,302	(340)
	<hr/>	<hr/>
At end of year	<u>1,335</u>	<u>33</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	305	33
Short term timing differences	1,030	-
	<hr/>	<hr/>
	<u>1,335</u>	<u>33</u>

11. CALLED UP SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,000 (2019 – 1,000) - Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

12. RESERVES

The profit and loss reserve represents cumulative profits and losses net of dividends paid and other adjustments.

13. DIVIDENDS

	2020 £	2019 £
Dividends paid on equity capital	<u>-</u>	<u>-</u>

After the end of the year a dividend of £1,500,000 was proposed by the Directors.

LYCETTS FINANCIAL SERVICES LIMITED

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

14. PENSION COMMITMENTS

Defined contribution

The company operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charge represents contributions payable by the company to the funds and amounted to £64,655 (2019 - £78,834). As at 31 December 2020, and at 31 December 2019, no contributions were owing to the funds.

The parent company, Lycett, Browne-Swinburne & Douglass Limited, operates a defined benefit pension scheme.

Defined benefit

The company contributes to a defined benefit scheme operated by its parent company Lycett, Browne-Swinburne & Douglass Limited. The scheme was closed to new members subsequent to the 1 January 2001 renewal. A full actuarial valuation is carried out every three years by a qualified independent actuary, with the last valuation being as at 1 January 2018. This was updated to 31 December 2020 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 17 "Retirement Benefits". Full disclosure of the scheme is included in the financial statements of Lycett, Browne-Swinburne & Douglass Limited.

15. CONTROLLING PARTIES

The immediate parent undertaking is Lycett, Browne-Swinburne & Douglass Limited.

The company's ultimate parent undertaking is Allchurches Trust Limited, a company incorporated in England & Wales. The smallest group of which the company is a member which prepares group financial statements is that headed by Lycetts Holdings Limited, a company incorporated in England & Wales. These financial statements can be obtained from Companies House. The largest group of which the company is a member is that headed by Allchurches Trust Limited. Allchurches Trust Limited is the ultimate controlling party. Copies of the financial statement for Allchurches Trust Limited can be obtained from:

Allchurches Trust Limited
Benefact House
2000 Pioneer Avenue
Gloucester Business Park
Brockworth
Gloucester
GL3 4AW

Transactions with certain group undertakings are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 102 Section 33 on the grounds that the group undertakings that are party to the transactions are wholly owned by Allchurches Trust Limited, either directly or indirectly.

LYCETTS FINANCIAL SERVICES LIMITED

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

16. CONTINGENT LIABILITY

During the ordinary course of business the Company may be subject to complaints brought by or on behalf of current or former clients, employees or other third parties. A client has made a complaint against the Company in relation to financial advice given by the Company in previous years and the complaint has been referred to the Financial Ombudsman. As at the date of this report the Financial Ombudsman has not concluded its investigation or provided a final opinion on whether to uphold the client's complaint. The Company maintains appropriate Professional Indemnity insurance in accordance with Regulatory and commercial requirements. Until the Financial Ombudsman concludes its review it is not practicable to estimate the potential financial impact to the Company or whether this would be above the Professional Indemnity insurance cover and accordingly no provision for any liability has been made in these financial statements.