

Lloyd & Whyte Limited

Annual Report and Financial Statements Year Ended 31 December 2019

Registration number: 03686765

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Lloyd & Whyte Limited

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Lloyd & Whyte Limited

Company Information

Directors M M Pyke
S Astley
P F Lishman
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 Limited

Strategic Report for the 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 the provision of insurance broking services.

Fair review of the business

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

The company had a turnover of £6,213,407 (2018 - £5,445,427) representing an increase in revenue of 14.1% (2018 – 50.2%).

The company made a pre-tax profit of £2,159,190 (2018 - £1,802,874) for the year and generated an EBITDA of £2,349,834 (2018 - £1,855,534). This is calculated by taking the operating profit (page 9), adjusted by the depreciation, amortisation and loss on disposal numbers (page 16).

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

Staffing costs for the year were £2,170,868 (2018 - £1,907,629). Employee numbers have increased slightly during the year (to 76 from 75). The Board is confident that the right staffing structure is in place to support future organic growth within the Company.

The acquisition of the trade and assets of PPS GI during the year have resulted in a strengthening of the Company balance sheet, with a significant increase in intangible assets (being goodwill arising on the purchase of PPS GI).

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.

The directors look forward to a successful and profitable 2020, continuing to work closely with our Affinity partners to deliver the Company's organic growth strategy.

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

Lloyd & Whyte Limited

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

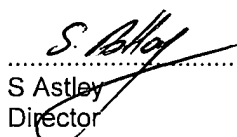
The principal risks and uncertainties applying to the Company are the continuing "soft" market competition, pressure of the 'claims culture' and changes to the FCA regulatory environment.

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

In order to manage regulatory compliance risk the Company has a strong regulatory framework that includes a dedicated compliance manager overseeing a planning and monitoring programme to ensure that the Company's policies and procedures meet the standards set by the regulators and that the regulated Company 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 Company's clients and suppliers and to the employees that support the Company's operations. Operational impacts are being carefully managed through initiation of the Company'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 Company continues to monitor the operational impacts, the Board consider there are no significant operational issues that impair the Company's 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 Limited

Directors' Report for the 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

P F Lishman

D R Moore (appointed 13 November 2019)

Financial instruments

Objectives and policies

The company'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 company by customers and suppliers, with the objective of securing the liquidity and profitability of the company.

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

Due to the nature of the financial instruments used by the company 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.

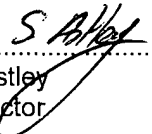
Future developments

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

Disclosure of information to the auditors

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

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


.....
S Astley
Director

Lloyd & Whyte 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;
- 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 Limited

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

Opinion

We have audited the financial statements of Lloyd & Whyte Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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.

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.

Lloyd & Whyte Limited

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Lloyd & Whyte Limited

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

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 Limited

Profit and Loss Account

Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	6,501,263	5,445,427
Administrative expenses		<u>(4,304,939)</u>	<u>(3,639,309)</u>
Operating profit	4	2,196,324	1,806,118
Other interest receivable and similar income	8	1,316	504
Interest payable and similar charges	9	<u>(38,450)</u>	<u>(3,748)</u>
Profit before tax		2,159,190	1,802,874
Taxation	10	<u>(431,883)</u>	<u>(343,697)</u>
Profit for the financial year		<u><u>1,727,307</u></u>	<u><u>1,459,177</u></u>

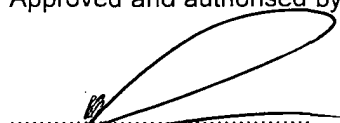
Lloyd & Whyte Limited

Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	1,241,002	84,880
Tangible assets	12	<u>49,464</u>	<u>69,382</u>
		<u>1,290,466</u>	<u>154,262</u>
Current assets			
Debtors	13	8,154,153	4,238,063
Cash at bank and in hand		<u>1,113,163</u>	<u>1,208,854</u>
		9,267,316	5,446,917
Creditors: Amounts falling due within one year	14	<u>(6,907,427)</u>	<u>(3,837,631)</u>
Net current assets		<u>2,359,889</u>	<u>1,609,286</u>
Total assets less current liabilities		3,650,355	1,763,548
Provisions for liabilities	18	<u>(335,500)</u>	<u>(26,000)</u>
Net assets		<u>3,314,855</u>	<u>1,737,548</u>
Capital and reserves			
Called up share capital		145,000	145,000
Profit and loss account		<u>3,169,855</u>	<u>1,592,548</u>
Total equity		<u>3,314,855</u>	<u>1,737,548</u>

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



 M. M. Pyke
 Director

Company Registration Number: 03686765

Lloyd & Whyte Limited

Statement of Changes in Equity

Year Ended 31 December 2019

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	145,000	1,592,548	1,737,548
Profit for the year	-	1,727,307	1,727,307
Total comprehensive income	-	1,727,307	1,727,307
Dividends	-	(150,000)	(150,000)
At 31 December 2019	145,000	3,169,855	3,314,855

	Share capital £	Profit and loss account £	Total £
At 1 January 2018	145,000	133,371	278,371
Profit for the year	-	1,459,177	1,459,177
Total comprehensive income	-	1,459,177	1,459,177
At 31 December 2018	145,000	1,592,548	1,737,548

Lloyd & Whyte 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 have been 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.

Summary of disclosure exemptions

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.

Name of parent of group

These financial statements are consolidated in the financial statements of Lloyd & Whyte Group Limited.

The financial statements of Lloyd & Whyte Group Limited may be obtained from Affinity House, Bindon Road, Taunton, TA2 6AA.

Lloyd & Whyte 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 this opinion, and in particular, the directors have considered the profitable performance of the company and the wider Lloyd & Whyte 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 company's ability to meet its liabilities as they fall due.

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

The carrying value of goodwill requires estimate 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 business division. The directors best estimate of the amount that will be payable is included in the accounts at its present value. The resulting discount is unwound against interest payable in each relevant accounting period. The directors also continue to review for indications of impairment of the carrying value of goodwill. The carrying amount is £1,170,680 (2018 - £Nil).

Revenue recognition

Turnover represents amounts chargeable, net of Insurance Premium Tax and premiums due to insurers, in respect of services to customers. The turnover shown in the profit and loss account is recognised on a receivable basis and represents net brokerage earned and fees due with reference to the commencement date of the insurance policy taken out by clients. All of the activities of the company are carried out in the United Kingdom.

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 company 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 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.

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

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
Leasehold improvements	10 years straight line
Equipment	20% reducing balance
Plant & machinery	25% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent to future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

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.

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 the course of 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
Software	3 years straight line
Goodwill	10 years straight line

Provisions

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

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Leases

Rentals payable under operating leases are charged in 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 company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. 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.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Short term intercompany debtors and creditors;
- Hire purchase and finance leases; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS 102.

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 hire purchase and finance leases, 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.

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.

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Insurance broking assets and liabilities

Insurance transactions are recorded in the books of the company when the invoice is sent to the client. 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 company's '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.

3 Revenue

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

	2019 £	2018 £
Commissions received	6,213,407	5,281,874
Other revenue	287,856	163,553
	<u>6,501,263</u>	<u>5,445,427</u>

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	14,896	21,803
Amortisation expense	133,592	27,613
Loss on disposal of property, plant and equipment	<u>5,022</u>	<u>-</u>

5 Staff costs

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

	2019 £	2018 £
Wages and salaries	1,910,721	1,695,940
Social security costs	179,551	150,485
Pension costs, defined contribution scheme	<u>80,596</u>	<u>61,204</u>
	<u>2,170,868</u>	<u>1,907,629</u>

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

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

	2019 No.	2018 No.
Sales	72	68
Other departments	4	7
	<u>76</u>	<u>75</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	186,704	125,993
Contributions paid to money purchase schemes	7,122	6,916
	<u>193,826</u>	<u>132,909</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>1</u>	<u>1</u>

7 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	<u>5,500</u>	<u>5,000</u>

8 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	<u>1,316</u>	<u>504</u>

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	33,268	80
Interest on obligations under finance leases and hire purchase contracts	3,764	3,668
Interest expense on other finance liabilities	1,418	-
	<u>38,450</u>	<u>3,748</u>

10 Taxation

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

	2019 £	2018 £
Current taxation		
UK corporation tax	435,096	344,727
UK corporation tax adjustment to prior periods	<u>(213)</u>	<u>(30)</u>
	434,883	344,697
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(3,000)</u>	<u>(1,000)</u>
Tax expense in the income statement	<u>431,883</u>	<u>343,697</u>

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>2,159,190</u>	<u>1,802,874</u>
Corporation tax at standard rate	410,246	342,546
Expenses not deductible for tax purposes	18,415	338
Adjustments to deferred tax in respect of changes in tax rates	3,018	174
Adjustments to tax charge in respect of previous periods	<u>204</u>	<u>639</u>
Total tax charge	<u>431,883</u>	<u>343,697</u>

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Fixed asset differences	<u>23,000</u>
2018	
Fixed asset differences	<u>26,000</u>

11 Intangible assets

	Goodwill £	Software £	Assets under the course of construction £	Total £
Cost or valuation				
At 1 January 2019	-	119,804	19,800	139,604
Additions acquired separately	-	22,914	1,200	24,114
Acquired through business combinations	<u>1,265,600</u>	<u>-</u>	<u>-</u>	<u>1,265,600</u>
At 31 December 2019	<u>1,265,600</u>	<u>142,718</u>	<u>21,000</u>	<u>1,429,318</u>
Amortisation				
At 1 January 2019	-	54,724	-	54,724
Amortisation charge	<u>94,920</u>	<u>38,672</u>	<u>-</u>	<u>133,592</u>
At 31 December 2019	<u>94,920</u>	<u>93,396</u>	<u>-</u>	<u>188,316</u>
Carrying amount				
At 31 December 2019	<u>1,170,680</u>	<u>49,322</u>	<u>21,000</u>	<u>1,241,002</u>
At 31 December 2018	<u>-</u>	<u>65,080</u>	<u>19,800</u>	<u>84,880</u>

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Plant and equipment £	Total £
Cost or valuation				
At 1 January 2019	5,145	148,269	169,086	322,500
Disposals	-	(23,421)	-	(23,421)
At 31 December 2019	5,145	124,848	169,086	299,079
Depreciation				
At 1 January 2019	5,145	132,386	115,587	253,118
Charge for the year	-	1,521	13,375	14,896
Eliminated on disposal	-	(18,399)	-	(18,399)
At 31 December 2019	5,145	115,508	128,962	249,615
Carrying amount				
At 31 December 2019	-	9,340	40,124	49,464
At 31 December 2018	-	15,883	53,499	69,382

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

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Notes to the Financial Statements

Year Ended 31 December 2019

13 Debtors

	2019 £	2018 £
Trade debtors	583,883	781,583
Amounts due from group undertakings	7,047,300	3,281,180
Other debtors	2,447	4,788
Prepayments	520,523	170,512
	<u>8,154,153</u>	<u>4,238,063</u>

14 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	15	-	26,017
Trade creditors		5,454,300	3,208,190
Amounts due to group undertakings		8,820	-
Corporation tax		268,150	133,984
Social security and other taxes		40,458	31,926
Accruals and deferred income		1,135,699	437,514
		<u>6,907,427</u>	<u>3,837,631</u>

15 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Hire purchase contracts	<u>-</u>	<u>26,017</u>

Other borrowings

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

Finance lease liabilities are secured on the assets to which they relate.

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Notes to the Financial Statements

Year Ended 31 December 2019

16 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

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

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	125,110	114,073
Later than one year and not later than five years	96,606	201,531
	221,716	315,604

The amount of non-cancellable operating lease payments recognised as an expense during the year was £114,072 (2018 - £150,350).

17 Insurance broking assets and liabilities

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

Included in debtors are £5,367,433 (2018 - £3,045,076) relating to insurance ledger debtors. Included in cash at bank is £1,036,450 (2018 - £982,583) in respect of client money held. Included in trade creditors is £5,278,686 (2018 - £3,071,164) owing to insurance companies and agents.

18 Provisions for liabilities

	Deferred tax £	Deferred consideration £	Total £
At 1 January 2019	26,000	-	26,000
Increase in existing provisions	17,000	-	17,000
Increase through business combinations	-	312,500	312,500
At 31 December 2019	43,000	312,500	355,500

At the year end the company had deferred consideration liabilities in respect of business combinations (see note 25). These liabilities relate to deferred acquisition consideration payments which are provided in accordance with agreed schedules of payment.

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Notes to the Financial Statements

Year Ended 31 December 2019

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £80,596 (2018 - £61,204).

20 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	145,000	145,000	145,000	145,000

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.

21 Dividends

Interim dividends paid

	2019 £	2018 £
Interim dividend of £1.345 (2018 - £Nil) per each ordinary share	150,000	-

22 Commitments

The company had an unlimited omnibus guarantee in respect of bank overdrafts between itself and Lloyd & Whyte Group Limited, Lloyd & Whyte Limited, Insurance Broking Finance Limited and Medical Money Management (General Insurance Brokers) Limited. This was in existence at the prior year end and was released in the year to 31 December 2019 (2018 - £406,192).

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 its parent company during the year. The total amount guaranteed by group companies as at 31 December 2019 was £3,750,480 (2018 - £nil).

The total amount of other financial commitments not provided in the financial statements was £3,750,480 (2018 - £406,812).

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

23 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 31 December 2019 financial statements.

On 31 March 2020 the company acquired the trade, assets and liabilities of fellow subsidiary Medical Money Management (General Insurance Brokers) Limited, at book value.

24 Business combinations

On 24 April 2019, Lloyd & Whyte Limited acquired the assets of PPS GI (unincorporated business).

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
Contingent consideration arrangement	<u>312,500</u>	<u>312,500</u>
Total consideration transferred	<u>1,265,600</u>	<u>1,265,600</u>

Lloyd & Whyte Limited

Notes to the Financial Statements

Year Ended 31 December 2019

25 Related party transactions

Transactions with directors

	At 1 January 2019 £	Repayments by director £	At 31 December 2019 £
2019			
Director			
Interest free loan, repayable on demand	3,955	(2,497)	1,458
	<u>3,955</u>	<u>(2,497)</u>	<u>1,458</u>
	At 1 January 2018 £	Repayments by director £	At 31 December 2018 £
2018			
Director			
Interest free loan, repayable on demand	6,452	(2,497)	3,955
	<u>6,452</u>	<u>(2,497)</u>	<u>3,955</u>

26 Parent and ultimate parent undertaking

The company's immediate parent is Lloyd & Whyte Group Limited, a company incorporated in England & Wales.

The most senior parent entity producing publicly available financial statements in which the company's financial statements are consolidated is Lloyd & Whyte Group Limited.

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