

Registered number: 05866203

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



LYCETTS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

M C J Hews
A C Keate
I G Campbell
A J Titchener

COMPANY SECRETARY

R J Hall

REGISTERED NUMBER

05866203

REGISTERED OFFICE

Milburn House
Dean Street
NE1 1PP

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditors
London

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

Throughout the year the group continued to carry on the business of an insurance broker and Independent Financial Adviser.

The group operates from offices throughout the UK.

BUSINESS REVIEW

We have achieved a huge amount in 2016 across the business. Our achievements include the continued investment in the migration of all our general insurance IT systems across onto one platform. In addition we have invested in our staff and increased the total number employed in the business whilst actively ensuring we act in a fully Treating Customers Fairly (TCF) and compliant manner. We have maintained our regulatory capital base at all times and paid a dividend to our owner in support of the Group objective of providing charitable grants to The Allchurches Trust Limited, our ultimate owner.

Our decision to migrate to one common broking platform is driven by our desire to make day to day working easier and to free up time to spend on what matters most – delivering excellent client service. Working efficiencies will remove some of the unnecessary manual work which we are all required to do.

We continue to live and work in an environment where regulation of our work dictates many of our actions. The Insurance Act 2015 became effective during 2016 and we are helping our clients and professional contacts understand the impact of this new Act and the implications to all involved. The new Lloyds/Financial Conduct Authority (FCA) complaints reporting regime was introduced during the year along with the Policy Statement on "Increasing transparency and engagement at renewal in general insurance markets" (PS16/21).

Throughout 2016 our TCF credentials remained to the fore along with our customer service orientated culture. The long term aim is to be the most trusted specialist adviser in our core segments. Linked to this is our ongoing training programme. Our Cliverton business based in Norfolk gained Chartered status during the year joining our Commercial and Financial Services divisions who already held this status. Lycetts are committed to achieving Chartered Insurer status for the whole company.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

With the world's economies recovering slowly from, or remaining in recession, only a small improvement in the company's trading conditions is forecast in the current financial year. The insurance markets in which the company operates are highly competitive. The company faces competition from other insurance intermediaries within the UK. Some competitors have lower cost bases or other competitive advantages that are not available to the company. The fact that the company runs a highly specialised and diversified business should, however, put it in a strong position to capitalise as the economy finally starts to recover.

The company is reliant upon its existing relationships with the insurance markets with which the company places business. The failure, or downgrading, of a key insurer or insurance market would have an impact upon the ability of the company to conduct its business as planned. In order to reduce the impact of any such event, the company has in place controls to ensure it is not overly dependent upon any one insurer or insurance market.

Legislative risks

The company is governed by a wide range of legislation, including FCA Regulations.

LYCETTS HOLDINGS LIMITED

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LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

The company takes great care to keep up to date with all new legislation and regulations to ensure that it can maintain its position within the industry.

Financial risk

The company's main area of risk is liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations.

The company aims to mitigate liquidity risk by ensuring it reviews its cash management on a regular basis. The company has access to considerable financial resources due to being a member of a group headed by the Ecclesiastical Insurance Group and ultimately the Allchurches Trust Limited.

Credit risk

The company is exposed to credit risk where it extends credit to clients. This risk is managed by ensuring that payments are received from clients before payment is made to the relevant insurer. Where payment is not received the company can mitigate the risk through discussion with the client and insurer with the ultimate sanction being with the insurer to cancel the policy.

Group risk

The company is part of the Ecclesiastical Insurance Group plc and therefore has access to the financial resources of the wider Ecclesiastical Insurance Group plc. The risk of relying on group support is mitigated through ensuring that the company generates positive cashflows from its own operations and is not reliant on external funding, whether from external third parties or group funding. The company's dividend policy ensures that any dividends paid allow for sufficient funding to be retained within the company to fund its own working capital requirements.

Concentration risk

The company is at risk of being reliant on a small number of insurers, with the risk that a major insurer withdraws from a market in which the company operates. This risk is managed by setting internal limits on the amount of business which is transacted through any particular insurer. This ensures that the company has access to a wide range of markets and does not become over reliant on any particular insurer.

Reputational risk

The company is subject to reputational risk arising from a reduction in trust by clients and other stakeholders. The risk is primarily managed through our approach to treating all stakeholders fairly and as reputation is fundamental to our business we will not accept risks that will materially damage our reputation.

FINANCIAL KEY PERFORMANCE INDICATORS

The group's key performance indicators for the period were turnover, operating profit and staff costs.

During the year the group's turnover was £19.984m (2015 - £18.928m) reflecting the businesses continued strong performance in a competitive market.

The group's operating profit decreased marginally from £1.989m to £1.920m reflecting in the continued investment in people and IT resources.

The group's staff costs increased from £11.275m to £11.926m reflecting the investment referred to above.

LYCETTS HOLDINGS LIMITED

FUTURE DEVELOPMENTS

The group is looking for further growth and will continue its investment in new business initiatives, additional staff and further IT development. Over the next 12-24 months the group intends to standardise IT systems across all its businesses to provide enhanced management and business information to support its growth strategy. The overall aim is to support the Ecclesiastical Insurance Group's objective of becoming the most trusted financial services group.

This report was approved by the board on 22 March 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A C Keate', is written over a horizontal dotted line.

A C Keate
Director

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Details of principle risks and uncertainties and future prospects are included in the Strategic Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,326,597 (2015 - £1,285,723).

During the year dividends amounting to £2,183,718 were paid (2015 - £nil).

The directors do not propose payment of a further dividend as at the date of this report (2015 - £NIL).

DIRECTORS

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

M C J Hews
A C Keate
I G Campbell
A J Titchener (appointed 9 February 2017)
E G Creasy (resigned 31 December 2016)

LYCETTS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**


DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that he 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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


.....
A C Keate
Director

Date: 22 March 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LYCETTS HOLDINGS LIMITED

We have audited the financial statements of Lycetts Holdings Limited for the year ended 31 December 2016, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Comprehensive Income, the Consolidated Balance Sheet, the Company Balance sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

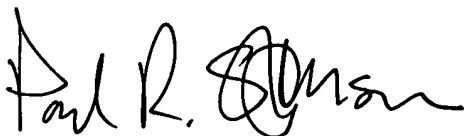
LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LYCETTS HOLDINGS LIMITED

Matters on which we are required to report by exception

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.



Paul Stephenson BA FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
EC4A 3BZ

22 March 2017

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

		2016	2015
	Note	£	£
TURNOVER: group and share of joint ventures	1,2		
Continuing operations		19,894,012	18,928,073
Discontinued operations		-	86,848
		<u>19,894,012</u>	<u>19,014,921</u>
Administrative expenses – continuing		(17,974,277)	(17,044,173)
Administrative expenses – discontinued		-	(42,908)
Other operating income	3	-	61,710
OPERATING PROFIT	4	1,919,735	1,989,550
(Loss) / profit on disposal of investments		-	(34,327)
Interest receivable and similar income		37,025	47,340
Interest payable and similar charges	8	(3,834)	(5,285)
Other finance charges	9	<u>(79,000)</u>	<u>(113,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,873,926	1,884,278
Tax on profit on ordinary activities	10	<u>(547,329)</u>	<u>(598,555)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>1,326,597</u>	<u>1,285,723</u>

The notes on pages 16 to 35 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

		2016	2015
	Note	£	£
PROFIT FOR THE FINANCIAL YEAR		1,326,597	1,285,723
Actuarial (loss) / gain related to pension scheme	25	(2,975,000)	1,237,000
Actual return on assets less interest		724,000	(238,000)
Tax relating to components of comprehensive income	25	<u>383,480</u>	<u>(233,863)</u>
TOTAL COMPREHENSIVE INCOME RELATING TO THE YEAR		<u>(540,923)</u>	<u>2,050,860</u>


The notes on pages 16 to 35 form part of these financial statements.


LYCETTS HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016**

		2016		2015	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	11		1,560,084		2,142,483
Tangible assets	12		<u>804,888</u>		<u>862,685</u>
			2,364,972		3,005,168
CURRENT ASSETS					
Debtors	14	7,673,279		7,302,019	
Cash at bank		<u>16,033,168</u>		<u>15,658,234</u>	
		23,706,447		22,960,253	
CREDITORS: amounts falling due within one year	15	<u>(16,064,803)</u>		<u>(15,573,182)</u>	
NET CURRENT ASSETS			<u>7,641,644</u>		<u>7,387,071</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,006,616		10,392,239
CREDITORS: amounts falling due after more than one year	16		(38,885)		(34,867)
Provisions for liabilities	25		<u>(4,432,000)</u>		<u>(2,097,000)</u>
NET ASSETS			<u>5,535,731</u>		<u>8,260,372</u>
CAPITAL AND RESERVES					
Called up share capital	18		27,422		27,422
Share premium account	19		1,618,286		1,618,286
Capital redemption reserve	19		1,133		1,133
Other reserves	19		3,599,243		3,599,243
Profit and loss account	19		<u>289,647</u>		<u>3,014,288</u>
TOTAL CAPITAL EMPLOYED	20		<u>5,535,731</u>		<u>8,260,372</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2017


A C Keate
Director


M C J Hews
Director

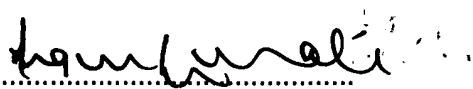
The notes on pages 16 to 35 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	11		-		54,734
Tangible assets	12		447,699		460,771
Investments	13		<u>5,242,101</u>		<u>5,242,101</u>
			5,689,800		5,757,606
CURRENT ASSETS					
Debtors	14	3,250		3,250	
Cash at bank			<u>82,923</u>	<u>73,263</u>	
			86,173	76,513	
CREDITORS: amounts falling due within one year	15		<u>(399,776)</u>	<u>(400,005)</u>	
NET CURRENT LIABILITIES			<u>(313,603)</u>	<u>(323,492)</u>	
NET ASSETS			<u>5,376,197</u>	<u>5,434,114</u>	
CAPITAL AND RESERVES					
Called up share capital	18		27,422		27,422
Share premium account	19		5,212,653		5,212,653
Profit and loss account	19		<u>136,122</u>		<u>194,039</u>
TOTAL CAPITAL EMPLOYED	20		<u>5,376,197</u>		<u>5,434,114</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2017.


.....
A C Keate
Director


.....
M C J Hews
Director

The notes on pages 16 to 35 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Net cash flow from operating activities	22	3,394,959	3,219,676
Returns on investments and servicing of finance	23	33,191	42,055
Taxation		(501,453)	(392,876)
Capital expenditure and financial investment	23	(368,045)	(123,797)
Equity dividends paid		(2,183,718)	-
INCREASE IN CASH IN THE YEAR		<u>374,934</u>	<u>2,745,058</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
Increase in cash in the year	374,934	2,745,058
MOVEMENT IN NET FUNDS IN THE YEAR	374,934	2,745,058
Net funds at 1 January 2016	<u>15,658,234</u>	<u>12,913,176</u>
NET FUNDS AT 31 DECEMBER 2016	<u>16,033,168</u>	<u>15,658,234</u>

The notes on pages 16 to 35 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016**

	Called-up share capital £	Share Premium Account £	Capital Redemption Reserve £	Other Reserves £	Profit and loss account £	Total £
At 1 January 2015	27,422	1,618,286	1,133	3,599,243	963,428	6,209,512
Profit for the financial year	-	-	-	-	1,285,723	1,285,723
Remeasurement of net defined benefit liability	-	-	-	-	1,237,000	1,237,000
Actual return on assets less interest	-	-	-	-	(238,000)	(238,000)
Tax relating to items of other comprehensive income	-	-	-	-	(233,863)	(233,863)
Total comprehensive income	-	-	-	-	2,050,860	2,050,860
Dividends paid on equity shares	-	-	-	-	-	-
At 31 December 2015	27,422	1,618,286	1,133	3,599,243	3,014,288	8,260,372
Profit for the financial year	-	-	-	-	1,326,597	1,326,597
Remeasurement of net defined benefit liability	-	-	-	-	(2,975,000)	(2,975,000)
Actual return on assets less interest	-	-	-	-	724,000	724,000
Tax relating to items of other comprehensive income	-	-	-	-	383,480	383,480
Total comprehensive income	-	-	-	-	(540,923)	(540,923)
Dividends paid on equity shares	-	-	-	-	(2,183,718)	(2,183,718)
At 31 December 2016	27,422	1,618,286	1,133	3,599,243	289,647	5,535,731

LYCETTS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016**

	Called-up share capital £	Share Premium Account £	Profit and loss account £	Total £
At 1 January 2015	27,422	5,212,653	399,400	5,639,475
Profit for the financial year	-	-	(205,361)	(205,361)
Total comprehensive income	-	-	(205,361)	(205,361)
Dividends paid on equity shares	-	-	-	-
At 31 December 2015	27,422	5,212,653	194,039	5,434,114
Profit for the financial year	-	-	2,125,801	2,125,801
Total comprehensive income	-	-	2,125,801	2,125,801
Dividends paid on equity shares	-	-	(2,183,718)	(2,183,718)
At 31 December 2016	<u>27,422</u>	<u>5,212,653</u>	<u>136,122</u>	<u>5,376,197</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The nature of the company's operations and its principal activities are set out in the director's report on pages 5 and 6.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Lycetts Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

In accordance with section 35 of FRS 102, section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition to FRS 102.

1.3 TURNOVER

It is impracticable to devise accounting policies which consistently match revenues from brokerage with the related expenses. Accordingly, the following bases are adopted:

a. Turnover - brokerage

Credit is taken for brokerage on the later of the policy inception date or when the policy placement has been substantially completed or confirmed. Where there is an expectation of future servicing requirements, a proportion of the income may be deferred to cover associated obligations under the policy.

Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur.

Fees and income receivable are recognised in the year to which they relate or when they can be measured with reasonable certainty.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

b. Pensions and other financial services activity

Turnover comprises revenue recognised in respect of commission and fees.

Credit is taken for commission when the commission is earned. Credit is taken for fees earned as they are raised.

c. Bloodstock agency

Turnover comprises commissions and fees recognised at the point of supply of the service.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Purchased goodwill is capitalised at cost. Goodwill is amortised to the profit and loss account over its estimated economic life. The useful economic life of goodwill is, in the opinion of the directors, eight years from the end of the year of acquisition.

Intangible assets include computer software which is amortised over 4 years.

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:

Freehold property	-	2% on a straight line basis
Short term leasehold property	-	over the period of the lease
Motor vehicles	-	25% on a straight line basis
Fixtures & fittings	-	20% on a straight line basis
Office equipment	-	10% on a straight line basis
Computer equipment	-	20% and 25% on straight line basis

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.6 INVESTMENTS

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment. Investments intended to be held for at least more than one year are classified as fixed. All other investments are classified as current.

(ii) Joint venture undertakings

Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the profit and loss account using the equity accounting basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1.7 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

1.9 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.10 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 INSURANCE BROKING ASSETS AND LIABILITIES

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cashflows arising from these transactions.

Debtors, creditors and cash arising from a transaction between client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors, insurance broking creditors and client cash.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1.12 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 or loan facilities from third parties.

A review of the group's business activities is provided within the group strategic review. In addition, the group strategic review discloses the group's principal risks and uncertainties, including exposure to competitive, legislative and financial risk. The group 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 group is well placed to manage its business risks successfully and continue in existence for the foreseeable future.

1.13 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.

Critical judgements in applying the company's accounting policies

There are no 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.

Key sources of estimation uncertainty

Defined benefit pension scheme

The company operates a defined benefit pension scheme for certain employees. Due to the nature of such schemes the ongoing obligation to fund such schemes is based on key assumptions. These assumptions include inflation rates, discount rates, mortality rates and pension increase rates. In determining what rates are appropriate for the company, advice is obtained from independent actuaries. In addition to the work on ensuring the assumptions are appropriate for the provision of appropriate disclosure within these accounts, the company works with the Pension scheme trustees in ensuring that the pension scheme is appropriately funded.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. TURNOVER

The whole of the turnover and profit before taxation is attributable to the group's principal activities, that of being an insurance broker, pensions and other financial services consultant and bloodstock agent, and is wholly attributable to the UK and Ireland.

3. OTHER OPERATING INCOME

	2016 £	2015 £
Income from disposal of operations	<u>-</u>	<u>61,710</u>

4. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2016 £	2015 £
Amortisation - intangible fixed assets	799,100	900,343
Depreciation of tangible fixed assets:	209,141	218,744
Operating lease rentals:		
- other operating leases	520,933	530,445
Difference on foreign exchange	<u>(77,913)</u>	<u>17,601</u>

5. AUDITOR'S REMUNERATION

	2016 £	2015 £
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	5,000	5,000
Total fees payable to the company's auditor and their associates in respect of:		
The auditing of accounts of associates of the company	41,000	40,000
Audit-related assurance services	<u>30,000</u>	<u>5,000</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. STAFF COSTS

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

	2016 £	2015 £
Wages and salaries	10,170,335	9,803,010
Social security costs	1,054,584	812,870
Other pension costs (Note 25)	701,315	659,812
	<u>11,926,234</u>	<u>11,275,692</u>

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

	2016 No.	2015 No.
Brokerage & management	<u>244</u>	<u>238</u>

7. DIRECTORS' REMUNERATION

	2016 £	2015 £
Emoluments	275,374	271,429
Company contributions to money purchase scheme	5,143	3,351
Company contributions to defined benefit pension scheme	28,952	28,373
	<u>309,469</u>	<u>303,153</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £275,375 (2015 - £271,429).

3 directors of the company perform duties in respect of other group companies and were remunerated by those companies.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. FINANCE CHARGES

	2016 £	2015 £
On finance leases and hire purchase contracts	(3,834)	(5,285)
	<u>(3,834)</u>	<u>(5,285)</u>

9. OTHER FINANCE CHARGES

	2016 £	2015 £
Expected return on pension scheme assets	300,000	396,000
Interest on pension scheme liabilities	(379,000)	(509,000)
	<u>(79,000)</u>	<u>(113,000)</u>

10. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
The tax charge comprises;		
CURRENT TAX ON PROFIT ON ORDINARY ACTIVITIES (see note below)		
UK corporation tax charge on profit for the year	592,529	620,473
	<u>592,529</u>	<u>620,473</u>
DEFERRED TAX		
Origination and reversal of timing differences	(45,200)	(21,918)
	<u>(45,200)</u>	<u>(21,918)</u>
TOTAL DEFERRED TAX (see note 17)	<u>(45,200)</u>	<u>(21,918)</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>547,329</u>	<u>598,555</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

A change in the UK standard rate of corporation tax from 21% to 20% became effective from 1 April 2015. Where appropriate, current tax has been provided at the blended rate of 20% (2015: 20.5%). A further reduction in the rate of corporation tax to 19% will become effective from April 2017, reducing again to 18% effective from April 2020. Deferred tax has been provided at the rate of 20% (2015: 20%).

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20% (2014 – 21.5%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,873,926</u>	<u>1,884,278</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	374,785	381,566
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	135,778	194,293
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	24,925	12,841
Short term timing difference leading to an decrease in taxation	-	1,425
Other differences leading to an increase in the tax charge	11,841	8,430
TAX CHARGE FOR THE YEAR (see note above)	<u>547,329</u>	<u>598,555</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has estimated tax losses of £NIL (2015 - £NIL) available for carry forward against future taxable profits.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. INTANGIBLE FIXED ASSETS

GROUP	Software £	Goodwill £	Total £
COST			
At 1 January 2016	266,947	12,920,319	13,187,266
Additions	<u>216,701</u>	<u>-</u>	<u>216,701</u>
At 31 December 2016	<u>483,648</u>	<u>12,920,319</u>	<u>13,403,967</u>
DEPRECIATION			
At 1 January 2016	223,460	10,821,323	11,044,783
Charge for the year	<u>62,946</u>	<u>736,154</u>	<u>799,100</u>
At 31 December 2016	<u>286,406</u>	<u>11,557,477</u>	<u>11,843,883</u>
NET BOOK VALUE			
At 31 December 2016	<u>197,242</u>	<u>1,362,842</u>	<u>1,560,084</u>
At 31 December 2015	<u>43,487</u>	<u>2,098,996</u>	<u>2,142,483</u>
COMPANY			Goodwill £
COST			
At 1 January 2016 and 31 December 2016			<u>4,872,214</u>
AMORTISATION			
At 1 January 2016			4,817,480
Charge for the year			<u>54,734</u>
At 31 December 2016			<u>4,872,214</u>
NET BOOK VALUE			
At 31 December 2016			<u>-</u>
At 31 December 2015			<u>54,734</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Short term leasehold Property £	Motor vehicles £
COST			
At 1 January 2016	653,582	163,332	91,182
Additions	-	9,691	-
Disposals	-	-	(26,523)
At 31 December 2016	<u>653,582</u>	<u>173,023</u>	<u>64,659</u>
DEPRECIATION			
At 1 January 2016	192,811	97,990	39,578
Charge for the year	13,072	16,620	28,945
On Disposals	-	-	(26,523)
At 31 December 2016	<u>205,883</u>	<u>114,610</u>	<u>42,000</u>
NET BOOK VALUE			
At 31 December 2016	<u>447,699</u>	<u>58,413</u>	<u>22,659</u>
At 31 December 2015	<u>460,771</u>	<u>65,342</u>	<u>51,604</u>
GROUP	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2016	417,297	799,240	2,124,633
Additions	43,230	98,423	151,344
Disposals	(27,477)	-	(54,000)
At 31 December 2016	<u>433,050</u>	<u>897,663</u>	<u>2,221,977</u>
DEPRECIATION			
At 1 January 2016	283,764	647,805	1,261,948
Charge for the year	50,976	99,528	209,141
On Disposals	(27,477)	-	(54,000)
At 31 December 2016	<u>307,263</u>	<u>747,333</u>	<u>1,417,089</u>
NET BOOK VALUE			
At 31 December 2016	<u>125,787</u>	<u>150,330</u>	<u>804,888</u>
At 31 December 2015	<u>133,533</u>	<u>151,435</u>	<u>862,685</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

COMPANY	Freehold property £
COST	
At 1 January 2016 and 31 December 2016	<u>653,582</u>
DEPRECIATION	
At 1 January 2016	192,811
Charge for the year	<u>13,072</u>
At 31 December 2016	<u>205,883</u>
NET BOOK VALUE	
At 31 December 2016	<u><u>447,699</u></u>
At 31 December 2015	<u><u>460,771</u></u>

13. FIXED ASSET INVESTMENTS**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the group:

Name	Class of shares	Holding
Lycett, Browne-Swinburne & Douglass Limited	Ordinary	100%
Lycetts Financial Services Limited	Ordinary	100%
Farmers & Mercantile Insurance Brokers Limited	Ordinary	100%

Name	Business	Registered office
Lycett, Browne-Swinburne & Douglass Limited	Insurance broking	England and Wales
Lycetts Financial Services Limited	Life assurance broker and pensions and other financial consultant	England and Wales
Farmers & Mercantile Insurance Brokers Limited	Insurance broker	England and Wales

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

COMPANY	Investments in subsidiary companies £	Total £
At 1 January and 31 December 2016	<u>9,897,717</u>	<u>9,897,717</u>
IMPAIRMENT		
At 1 January 2016 and 31 December 2016	<u>4,655,616</u>	<u>4,655,616</u>
NET BOOK VALUE		
At 31 December 2016	<u>5,242,101</u>	<u>5,242,101</u>
At 31 December 2015	<u>5,242,101</u>	<u>5,242,101</u>

14. DEBTORS

	GROUP		COMPANY	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	6,319,324	6,435,490	-	-
Other debtors	10,670	7,420	-	-
Prepayments and accrued income	452,368	405,229	3,250	3,250
Deferred tax asset (see note 17)	890,917	453,880	-	-
	<u>7,673,279</u>	<u>7,302,019</u>	<u>3,250</u>	<u>3,250</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	12,907,062	12,648,887	-	-
Amounts owed to group undertakings	-	-	385,292	384,004
Corporation tax	323,182	277,306	2,484	-
Other taxation and social security	304,545	444,956	-	-
Accruals and deferred income	2,530,014	2,202,033	12,000	16,001
	<u>16,064,803</u>	<u>15,573,182</u>	<u>399,776</u>	<u>400,005</u>

**16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Accruals and deferred income	<u>38,885</u>	<u>34,867</u>	<u>-</u>	<u>-</u>

17. DEFERRED TAXATION

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
At beginning of year	453,880	674,324	-	-
Released during/(charge for) the year (P&L)	53,557	13,419	-	-
Released during / (charge for) the year (Comprehensive income)	383,480	(233,863)	-	-
At end of year	<u>890,917</u>	<u>453,880</u>	<u>-</u>	<u>-</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Short term timing differences	34,213	40,747	-	-
Taxation deferred by capital allowances	73,126	48,660	-	-
Pension liability	783,578	364,473	-	-
	<u>890,917</u>	<u>453,880</u>	<u>-</u>	<u>-</u>

18. SHARE CAPITAL

	2016	2015
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
2,742,210- Ordinary shares of £0.01 each	<u>27,422</u>	<u>27,422</u>

19. RESERVES

The share premium reserve contains the premium arising on issue of equity shares.

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

Other reserves is a capital reserve which represents the difference between the cost of acquisition of the minority holding in the subsidiary Lycetts Limited and the net asset value of that minority interest when acquired.

The merger reserve represents the premium on shares issued to shareholders of Hydra House Limited and Carroll Foley Lloyds Limited as part of the consideration for their shares.

20. COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £2,125,801 (2015 - £205,360 loss).

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. DIVIDENDS

	2016 £	2015 £
Dividends paid on equity capital	<u>2,183,718</u>	<u>-</u>

The directors do not propose the payment of a further dividend (2015 - nil).

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Profit before interest and taxation	1,919,735	1,842,223
Amortisation of intangible fixed assets	799,100	930,707
Depreciation of tangible fixed assets	209,141	188,332
Loss / (profit) on disposal of tangible fixed assets	-	3,899
(Increase) / decrease in debtors	(371,260)	947,570
Increase / (decrease) in creditors	445,745	(417,483)
Increase / (decrease) in long term creditors	392,498	(275,572)
	<u>3,394,959</u>	<u>3,219,676</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES		

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2016 £	2015 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	37,025	47,340
Interest paid	(3,834)	(5,285)
	<u>33,191</u>	<u>42,055</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of intangible fixed assets	(216,701)	(32,423)
Purchase of tangible fixed assets	(151,344)	(91,374)
	<hr/>	<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(368,045)	(123,797)

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2016 £	Cash flow £	31 December 2016 £
Cash at bank and in hand	15,658,234	374,934	16,033,168
	<hr/>	<hr/>	<hr/>
NET FUNDS	15,658,234	374,934	16,033,168

25. PENSION COMMITMENTS**Defined contribution**

The group operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension costs charge represents contributions payable by the group to the funds and amounted to £379,645 (2015 - £281,812). As at 31 December 2016 £nil (2015 - £nil) was owing to the funds.

Defined benefit

The group operates a defined benefit scheme. The scheme was closed to new members subsequent to the 1 January 2011 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 2012. This was updated to 31 December 2016 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 17 "Retirement Benefits".

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The amounts recognised in the balance sheet are as follows:

	2016 £	2015 £
Present value of funded obligations	(14,284,000)	(10,644,000)
Fair value of scheme assets	<u>9,852,000</u>	<u>8,547,000</u>
Deficit in scheme	<u>(4,432,000)</u>	<u>(2,097,000)</u>

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Current service cost	(269,000)	(265,000)
Net interest	(53,000)	(113,000)
Administration expenses	<u>(79,000)</u>	<u>(33,000)</u>
Total	<u>(401,000)</u>	<u>(411,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	10,644,000	14,252,000
Current service cost - recognised in the profit and loss account	269,000	265,000
Interest cost - recognised in the profit and loss account	409,000	509,000
Actuarial losses/(gains) - recognised in the STRGL	2,975,000	(1,237,000)
Benefits paid and member contributions	<u>(13,000)</u>	<u>(3,145,000)</u>
Closing defined benefit obligation	<u>14,284,000</u>	<u>10,644,000</u>

Changes in the fair value of scheme assets were as follows:

	2016 £	2015 £
Opening fair value of scheme assets	8,547,000	11,208,000
Return on scheme assets - recognised in the profit and loss account	724,000	(238,000)
Contributions by employer - not recognised in the profit and loss account	317,000	359,000
Administration expenses	(53,000)	(33,000)
Interest income	330,000	396,000
Benefits paid and member contributions	<u>(13,000)</u>	<u>(3,145,000)</u>
	<u>9,852,000</u>	<u>8,547,000</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of total recognised gains and losses was £5,691,000 (2015 - £2,716,000).

The group expects to contribute £430,000 to its defined benefit pension scheme in 2017.

The fair value of the Scheme assets were;

	2016 £	2015 £
Equities	5,485,000	4,728,000
Bonds	1,750,000	1,765,000
Cash	967,000	591,000
Annuities	1,650,000	1,463,000
	<u>9,852,000</u>	<u>8,547,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 31 December	2.6%	3.8%
Future pension increases	3.2%	3.0%
Rate of increase in directors' salaries	2.5%	2.5%
Rate of increase in staff members' salaries	2.5%	2.5%
Inflation assumption	3.3%	3.1%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016	2015
Retiring today		
Males	22.7	22.9
Females	24.2	24.4
Retiring in 20 years		
Males	24.8	25.0
Females	25.1	25.9

Amounts for the current and previous four periods are as follows:

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Defined benefit pension schemes

	2016	2015	2014	2013	2012
	£	£	£	£	£
Defined benefit obligation	(14,284,000)	(10,644,000)	(14,252,000)	(15,209,000)	(14,104,000)
Scheme assets	9,852,000	8,547,000	11,208,400	15,467,400	13,952,000
(Deficit)/surplus	<u>(4,432,000)</u>	<u>(2,097,000)</u>	<u>(3,043,600)</u>	<u>258,400</u>	<u>(152,000)</u>

26. OPERATING LEASE COMMITMENTS

At 31 December 2016 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
GROUP	2016	2015
	£	£
EXPIRY DATE:		
Not later than one year	31,057	21,357
Later than one year and not later than five years	290,454	225,695
Later than 5 years	<u>161,957</u>	<u>237,118</u>

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The group's immediate parent company is Ecclesiastical Insurance Group PLC (EIG) who own 100% of the issued share capital in Lycetts Holdings Limited. The company's ultimate parent company is Allchurches Trust Limited. Both companies are incorporated in England & Wales.

The smallest group of which the group is a member which prepares group accounts is that headed by Ecclesiastical Insurance Group PLC. The largest group of which the group is a member which prepares group accounts is that headed by Allchurches Trust Limited. Copies of the accounts for Allchurches Trust Limited can be obtained from:

Allchurches Trust Limited
Beaufort House
Brunswick Road
Gloucester
GL1 1JZ

Transactions with certain group undertakings are not disclosed as the group 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 HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

28. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Lycett, Browne-Swinburne & Douglass Limited	England and Wales	100	Insurance broking
Lycetts Financial Services Limited	England and Wales	100	Life assurance broker and pensions and other financial consultant
Farmers & Mercantile Insurance Brokers Limited	England and Wales	100	Insurance broking