

Registered number: 05866203

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



LYCETTS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

M C J Hews
A C Keate
A C Foster
D R Moore
D P Cockrem

COMPANY SECRETARY R J Hall

REGISTERED NUMBER 05866203

REGISTERED OFFICE Milburn House
Dean Street
NE1 1PP

INDEPENDENT AUDITOR Deloitte LLP
Statutory Auditors
London

LYCETTS HOLDINGS LIMITED

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LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

The Group's performance for the year ended 31 December 2019 has shown sustained revenue growth, reflecting a continued investment in our people, operations and business infrastructures. We have delivered on our core strategic goals, seeing the business return to profitability following an exceptional programme of IT and staff recruitment initiatives, which saw a reinvestment during 2018. The impact of this investment in prior years is now being reflected in a return to profitability and growth.

Record revenues were supported by sales growth across all areas of the Group, and were notably bolstered by outstanding results for our general insurance business. Total revenue for the year exceeded £22.7m (2018 - £21.6m).

Finalising the implementation of our new IT systems has helped future-proof the business. Furthermore it has resulted in significant, group-wide productivity gains and has provided a single, consistent view of our client base, streamlining processes and enabling a more dynamic response to changing customer needs.

We have continued to identify and recruit top industry talent while nurturing the professional and personal development of all employees through a variety of recognised training programmes. Consequently, the company's reputation – founded on core values of professional integrity and exceptional service standards – has continued to be reinforced and was evidenced in a client retention rate of around 95 per cent and a Net Promoter Score (NPS) of +78, according to our 2019 Client Satisfaction Survey. This NPS has been categorised as 'world-class' by the Institute of Customer Service. During the year our Chartered Insurance Broker and Chartered Financial Adviser status, the insurance industry's gold standards, were renewed by the CII. These awards recognise only those firms demonstrating the highest standards of professionalism, capability and ethical practice and is a powerful endorsement as well as differentiator enabling us to attract and retain more clients. This achievement is testament to our ambition to be our client's most trusted adviser and the continued professional development of our people – a commitment reflected in exceptional levels of client service, advice and support delivered daily by our professionals.

Our ambition to broaden the Group's reach and enhance its client offerings was boosted by the acquisition of broker Robertson-McIsaac Limited in October 2019. We will continue to pursue a balanced strategy of organic growth and targeted, value-adding acquisitions that align with our brand values and corporate culture.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time it has spread across the globe and is now characterised by the World Health Organisation as a pandemic. We are managing the impact of COVID-19, utilising business continuity and risk management processes where appropriate. Whilst there is the potential for the outbreak to impact on our day to day operations, we have plans in place to ensure that we can continue to provide critical services to our clients. Serving our clients and the health, safety and well-being of our employees will be our priority throughout the duration of the outbreak. We have business continuity plans in place that support the continued operation of business activity and have resources that can withstand significant temporary market disruption. At this stage there is no perceived material risk to the Group's viability resulting from the COVID-19 outbreak.

LYCETTS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES**Competitive risks**

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 United Kingdom's exit from the European single market provides uncertainty over the impact on the UK economy as a whole and the impact on our markets and customers at this point remains unclear until such time as the terms of the exit are agreed.

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.

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 Ecclesiastical Insurance Group plc and ultimately 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.

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Covid-19

The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Group has business continuity plans in place that support the continued operation of business activity and has resources that can withstand significant temporary market and client disruption. At this stage there is no perceived material risk to the Group's viability resulting from the COVID-19 outbreak. The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The Group has plans in place to support continued operation of business activity and has resources that can withstand significant temporary market disruption. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of the impact.

FINANCIAL KEY PERFORMANCE INDICATORS

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

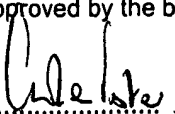
During the year the group's turnover was £22.672m (2018 - £21.597m) reflecting the businesses continued strong performance in a competitive market and the acquisition of Robertson-McIsaac Limited. The 2018 results reflected a change in accounting policy to recognise profit share receivable from insurers in the year in which it is earned. Our previous policy recognised this income in the period in which it was received.

The group's operating profit increased to £1.358m compared with a loss of £0.18m in the previous year. The group's staff costs increased from £14.335m to £14.847m reflecting the investment referred to above.

FUTURE DEVELOPMENTS

The group is looking for further growth and will continue its investment in new business initiatives, investing in our staff and the completion of our IT project along with further IT development. 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 May 2020 and signed on its behalf.


.....
A C H Foster
Director

LYCETTS HOLDINGS 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.

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,005,777 (2018 – loss £333,263).

During the year no dividends were paid (2018 - £nil).

The directors do not propose payment of a further dividend as at the date of this report (2018 - £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
A J Titchener (resigned 1 December 2019)
D R Moore
D P Cockrem
A C Foster (appointed 9 September 2019)

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

EMPLOYEES

The Group recognises the importance of building engagement to involve and inform employees. We use a range of communication channels to include briefings, publishing of financial results and we welcome feedback and discussion. We respect diversity and are committed to providing a positive and engaging working environment. This includes giving full consideration to people with disabilities or where our employees become disabled whilst in the Group's employment – making adjustments and providing training and support where necessary.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible 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), 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 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 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; and

LYCETTS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

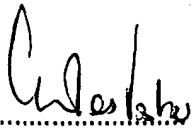
DISCLOSURE OF INFORMATION TO THE AUDITOR

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.



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A C H Foster
Director

Date: 22 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYCETTS HOLDINGS LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lycetts Holdings Limited (the 'company') which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the company balance sheet;
- the consolidated cash flow statement;
- the reconciliation of net cash flow to movement in net funds
- the consolidated statement of changes in equity
- the company statement of changes in equity; and
- the related notes 1 to 25.

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).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYCETTS HOLDINGS LIMITED

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 respect of these matters.

Responsibilities of directors

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, 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.

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.

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYCETTS HOLDINGS LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

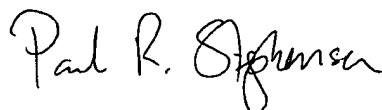
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the group strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



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

22 May 2020

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Note	£	£
TURNOVER			
Continuing operations		22,557,474	21,596,832
Acquisitions		<u>115,007</u>	<u>-</u>
TOTAL TURNOVER	1,2	22,672,481	21,596,832
Administrative expenses		<u>(21,314,681)</u>	<u>(21,777,012)</u>
OPERATING PROFIT / (LOSS)	3	1,357,800	(180,180)
Interest receivable and similar income		36,487	55,302
Interest payable and similar charges	7	(264)	-
Other finance charges	8	<u>(108,000)</u>	<u>(100,000)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,286,023</u>	<u>(224,878)</u>
Tax on profit / (loss) on ordinary activities	9	<u>(280,246)</u>	<u>(108,385)</u>
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	18	<u>1,005,777</u>	<u>(333,263)</u>

All amounts relate to continuing operations.

The notes on pages 17 to 37 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		1,005,777	(333,263)
Actuarial gain / (loss) related to pension scheme	24	(1,827,000)	916,000
Actual return on assets less interest	24	960,000	(642,000)
Tax relating to components of comprehensive income	24	<u>150,641</u>	<u>(47,830)</u>
TOTAL COMPREHENSIVE INCOME RELATING TO THE YEAR		<u>289,418</u>	<u>(107,093)</u>

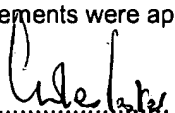
The notes on pages 17 to 37 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019**

		2019		2018	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	10		1,628,559		255,319
Tangible assets	11		870,045		742,044
			2,498,604		997,363
CURRENT ASSETS					
Debtors	13	11,656,547		10,305,740	
Cash at bank		20,118,056		15,914,476	
		31,774,603		26,220,216	
CREDITORS: amounts falling due within one year	14	(23,369,243)		(17,796,188)	
NET CURRENT ASSETS			8,405,360		8,424,028
TOTAL ASSETS LESS CURRENT LIABILITIES			10,903,964		9,709,484
CREDITORS: amounts falling due after more than one year	15	(251,040)		(38,885)	
Provisions for liabilities	24	(4,978,000)		(3,997,000)	
NET ASSETS			5,674,924		5,385,506
CAPITAL AND RESERVES					
Called up share capital	17	27,422		27,422	
Share premium account	18	1,618,286		1,618,286	
Capital redemption reserve	18	1,133		1,133	
Other reserves	18	3,599,243		3,599,243	
Profit and loss account	18	428,840		139,422	
TOTAL CAPITAL EMPLOYED	19	5,674,924		5,385,506	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2020.


A C H Foster
Director

The notes on pages 17 to 37 form part of these financial statements.

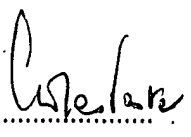
LYCETTS HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		408,483		421,555
Investments	12		<u>5,242,201</u>		<u>5,242,201</u>
			5,650,684		5,663,756
CURRENT ASSETS					
Debtors	13	3,250		3,250	
Cash at bank		<u>82,513</u>		<u>82,573</u>	
		85,763		85,823	
CREDITORS: amounts falling due within one year	14	<u>(381,557)</u>		<u>(382,433)</u>	
NET CURRENT LIABILITIES			<u>(295,794)</u>		<u>(296,610)</u>
NET ASSETS			<u>5,354,890</u>		<u>5,376,368</u>
CAPITAL AND RESERVES					
Called up share capital	17		27,422		27,422
Share premium account	18		5,212,653		5,212,653
Profit and loss account	18		<u>114,815</u>		<u>127,071</u>
TOTAL CAPITAL EMPLOYED	19		<u>5,354,890</u>		<u>5,367,146</u>

The loss for the financial year dealt with in the financial statements of the company was £12,256 (2018: £6,222).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2020.


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A C H Foster
Director

The notes on pages 17 to 37 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	1,357,800	(180,180)
Amortisation of intangible fixed assets	161,312	809,457
Depreciation of tangible fixed assets	349,940	174,227
Increase in debtors	(1,327,467)	(2,281,756)
Increase / (decrease) in creditors	5,576,120	2,286,719
Non cash movements	156,641	(54,831)
	<hr/>	<hr/>
CASH INFLOW FROM OPERATIONS	6,274,346	753,636
Interest paid	(264)	-
Taxation paid	(262,594)	(86,588)
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	6,011,388	667,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(6,030)	(41,040)
Purchase of tangible fixed assets	(477,941)	(121,124)
Interest received	36,487	55,302
Purchase of subsidiary undertaking net of cash received	(1,360,424)	-
	<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,807,908)	(106,862)
Increase in cash in the year	4,203,580	560,186
	<hr/>	<hr/>
Net funds at beginning of the year	15,914,476	15,354,290
NET FUNDS AT END OF YEAR	<u>20,118,056</u>	<u>15,914,476</u>

The notes on pages 16 to 37 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called-up share capital £	Share Premium Account £	Capital Redemption Reserve £	Other Reserves £	Profit and loss account £	Total £
At 1 January 2018	27,422	1,618,286	1,133	3,599,243	246,515	5,492,599
Loss for the financial year	-	-	-	-	(333,263)	(333,263)
Remeasurement of net defined benefit liability	-	-	-	-	916,000	916,000
Actual return on assets less interest	-	-	-	-	(642,000)	(642,000)
Tax relating to items of other comprehensive income	-	-	-	-	(47,830)	(47,830)
Total comprehensive income	-	-	-	-	(107,093)	(107,093)
At 31 December 2018	27,422	1,618,286	1,133	3,599,243	139,422	5,385,506
Profit for the financial year	-	-	-	-	1,005,777	1,005,777
Remeasurement of net defined benefit liability	-	-	-	-	(1,827,000)	(1,827,000)
Actual return on assets less interest	-	-	-	-	960,000	960,000
Tax relating to items of other comprehensive income	-	-	-	-	150,641	150,641
Total comprehensive income	-	-	-	-	289,418	289,418
At 31 December 2019	27,422	1,618,286	1,133	3,599,243	428,840	5,674,292

LYCETTS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called-up share capital	Share Premium Account	Profit and loss account	Total
	£	£	£	£
At 1 January 2018	27,422	5,212,653	133,293	5,373,368
Loss for the financial year	-	-	(6,222)	(6,222)
Total comprehensive income	-	-	127,071	5,367,146
At 31 December 2018	27,422	5,212,653	127,071	5,367,146
Loss for the financial year	-	-	(12,256)	(12,256)
Total comprehensive income	-	-	(12,256)	(12,256)
At 31 December 2019	<u>27,422</u>	<u>5,212,653</u>	<u>114,815</u>	<u>5,354,890</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019**

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. Interest receivable

Interest receivable is recognised in the year to which it relates.

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. Goodwill is amortised on a straight-line basis. 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 2019**

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 2019**

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 of 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 and having considered the impact and the emerging risks associated with the COVID-19 outbreak. 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 2019**

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. OPERATING PROFIT

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

	2019 £	2018 £
Amortisation - intangible fixed assets	161,312	809,457
Depreciation of tangible fixed assets:	349,940	174,227
Operating lease rentals:		
- other operating leases	335,060	565,012
Profit / (loss) on foreign exchange	<u>25,426</u>	<u>(33,562)</u>

4. AUDITOR'S REMUNERATION

	2019 £	2018 £
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	7,640	8,000
Total fees payable to the company's auditor and their associates in respect of:		
The auditing of accounts of associates of the company	56,440	49,000
Audit-related assurance services	<u>38,400</u>	<u>31,000</u>

5. STAFF COSTS

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

	2019 £	2018 £
Wages and salaries	12,277,852	12,089,798
Social security costs	1,249,839	1,026,649
Other pension costs (Note 24)	1,319,756	1,218,248
	<u>14,847,447</u>	<u>14,334,971</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019 No.	2018 No.
Brokerage & management	<u>288</u>	<u>282</u>

6. DIRECTORS' REMUNERATION

	2019 £	2018 £
Emoluments	252,464	258,729
Company contributions to money purchase scheme	5,940	6,759
Company contributions to defined benefit pension scheme	31,178	30,417
	<u>289,582</u>	<u>295,905</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £252,464 (2018 - £258,729).

Three (2018 - four) directors of the company perform duties in respect of other group companies and were remunerated by those companies.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
On finance leases and hire purchase contracts	<u>264</u>	<u>-</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. OTHER FINANCE CHARGES

	2019 £	2018 £
Expected return on pension scheme assets	287,000	261,000
Interest on pension scheme liabilities	(395,000)	(361,000)
	<u>(108,000)</u>	<u>(100,000)</u>

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2019 £	2018 £
The tax charge comprises;		
CURRENT TAX ON PROFIT ON ORDINARY ACTIVITIES (see note below)		
UK corporation tax charge on profit for the year	304,163	140,027
TOTAL CURRENT TAX	<u>304,163</u>	<u>140,027</u>
DEFERRED TAX		
Origination and reversal of timing differences	(4,109)	(15,483)
Effect of FRS 102 timing differences	(19,808)	(16,159)
TOTAL DEFERRED TAX (see note 16)	<u>(23,917)</u>	<u>(31,642)</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>280,246</u>	<u>108,385</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

Current tax has been provided at the rate of 19% (2018: 19%). Deferred tax has been provided at the rate of 17% (2018: 17%).

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 £	2018 £
Profit / (loss) on ordinary activities before tax	<u>1,286,023</u>	<u>(224,878)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	244,344	(42,727)
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	6,050	143,561
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,600	4,584
Effect of change of rate of deferred taxation	1,252	493
Adjustments in respect of prior years	-	2,474
TAX CHARGE FOR THE YEAR (see note above)	<u>280,246</u>	<u>108,385</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has estimated tax losses of £NIL (2018 - £NIL) available for carry forward against future taxable profits.

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. INTANGIBLE FIXED ASSETS

GROUP	Software £	Goodwill £	Total £
COST			
At 1 January 2019	771,171	12,920,319	13,691,490
Additions	<u>6,030</u>	<u>1,528,522</u>	<u>1,534,552</u>
At 31 December 2019	<u>777,201</u>	<u>14,448,841</u>	<u>15,226,042</u>
DEPRECIATION			
At 1 January 2019	515,852	12,920,319	13,436,171
Charge for the year	<u>129,468</u>	<u>31,844</u>	<u>161,312</u>
At 31 December 2019	<u>645,320</u>	<u>12,952,163</u>	<u>13,597,483</u>
NET BOOK VALUE			
At 31 December 2019	<u>131,881</u>	<u>1,496,678</u>	<u>1,628,559</u>
At 31 December 2018	<u>255,319</u>	<u>-</u>	<u>255,319</u>

	Goodwill
COMPANY	£
COST	
At 1 January 2019 and 31 December 2019	<u>4,872,214</u>
AMORTISATION	
At 1 January and 31 December 2019	<u>4,872,214</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Short term leasehold Property £	Motor vehicles £
COST			
At 1 January 2019	653,582	259,345	91,359
Additions	-	121,458	-
At 31 December 2019	<u>653,582</u>	<u>380,803</u>	<u>91,359</u>
DEPRECIATION			
At 1 January 2019	232,027	156,474	76,303
Charge for the year	<u>13,072</u>	<u>25,331</u>	<u>8,900</u>
At 31 December 2019	<u>245,099</u>	<u>181,805</u>	<u>85,203</u>
NET BOOK VALUE			
At 31 December 2019	<u>408,483</u>	<u>198,998</u>	<u>6,156</u>
At 31 December 2018	<u>421,555</u>	<u>102,871</u>	<u>15,056</u>

GROUP	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2019	514,760	1,018,524	2,537,570
Additions	<u>63,164</u>	<u>293,319</u>	<u>477,941</u>
At 31 December 2019	577,924	1,311,843	3,015,511
DEPRECIATION			
At 1 January 2019	408,737	921,985	1,795,526
Charge for the year	<u>23,028</u>	<u>279,609</u>	<u>349,940</u>
At 31 December 2019	431,765	1,201,594	2,145,466
NET BOOK VALUE			
At 31 December 2019	<u>146,519</u>	<u>110,249</u>	<u>870,045</u>
At 31 December 2018	<u>106,023</u>	<u>96,539</u>	<u>742,044</u>

Freehold

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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COMPANY	property £
COST	
At 1 January and 31 December 2019	<u>653,582</u>
DEPRECIATION	
At 1 January 2019	232,027
Charge for the year	<u>13,072</u>
At 31 December 2019	<u>245,099</u>
NET BOOK VALUE	
At 31 December 2019	<u><u>408,483</u></u>
At 31 December 2018	<u><u>421,555</u></u>

12. 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%
Lycetts Risk Management Services Limited	Ordinary	100%
Farmers & Mercantile Insurance Brokers Limited	Ordinary	100%
Robertson-McIsaac 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
Lycetts Risk Management Services	Risk Management services	England and Wales
Farmers & Mercantile Insurance Brokers Limited	Insurance broker	England and Wales
Robertson-McIsaac Limited	Insurance broker	England and Wales

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

COMPANY	Investments in subsidiary companies £
At 1 January and 31 December 2019	9,897,817
IMPAIRMENT	
At 1 January and 31 December 2018	<u>4,655,616</u>
NET BOOK VALUE	
At 31 December 2019	<u>5,242,201</u>
At 31 December 2018	<u>5,242,201</u>

13. DEBTORS

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	9,688,460	8,566,915	-	-
Other debtors	9,431	8,427	-	-
Corporation tax	67,373	88,090	-	-
Prepayments and accrued income	909,016	834,230	3,250	3,250
Deferred tax asset (see note 16)	982,267	808,078	-	-
	<u>11,656,547</u>	<u>10,305,740</u>	<u>3,250</u>	<u>3,250</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	18,560,399	14,758,912	-	-
Amounts owed to group undertakings	2,009,671	60,430	366,234	367,826
Corporation tax	56,591	59,656	1,783	1,607
Other taxation and social security	546,699	371,305	-	-
Accruals and deferred income	2,195,724	2,532,885	13,540	-
Other creditors	-	13,000	-	13,000
	<u>23,369,243</u>	<u>17,796,188</u>	<u>381,557</u>	<u>382,433</u>

15. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Accruals and deferred income	38,885	38,885	-	-
Deferred consideration (see note 27)	<u>212,155</u>	-	-	-
	<u>251,040</u>	<u>38,885</u>	<u>-</u>	<u>-</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. DEFERRED TAXATION

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
At beginning of year	808,078	824,265	-	-
Released during/(charge for) the year (P&L)	23,917	31,643	-	-
Released during / (charge for) the year (Comprehensive income)	150,641	(47,830)	-	-
On acquisitions	(470)			
At end of year	<u>982,166</u>	<u>808,078</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Short term timing differences	23,554	12,103	-	-
Taxation deferred by capital allowances	93,685	101,497	-	-
Pension liability	864,927	694,478	-	-
	<u>982,166</u>	<u>808,078</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2019	2018
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
2,742,210 - Ordinary shares of £0.01 each	<u>27,422</u>	<u>27,422</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. 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 Lloyd Limited as part of the consideration for their shares.

19. 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 loss for the year dealt with in the accounts of the company was £12,256 (2018 – loss £6,222)

20. DIVIDENDS

	2019 £	2018 £
Dividends paid on equity capital	<u>-</u>	<u>-</u>

The directors do not propose the payment of a further dividend (2018 - nil).

21. 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 £1,160,814 (2018 - £1,079,556). As at 31 December 2019 £nil (2018 - £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 2001 renewal.

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 1 January 2018. This was updated to 31 December 2019 by a qualified independent actuary, under the terms set out by Financial Reporting Standard No 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Following the last valuation, the Company agreed to pay annual contributions of 32% of members' pensionable salaries each year (less any member contributions) to meet the cost of future service accrual.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. PENSION COMMITMENTS (continued)

In respect of the deficit in the Scheme, the Company agreed to pay an additional £85,433 from the date the Schedule of Contributions was certified to 31 December 2019 and £100,000 each year from 1 January 2020 to 31 December 2023. The Company therefore expects to pay around £325,000 to the Scheme during the accounting year beginning 1 January 2020.

The amounts recognised in the balance sheet are as follows:

	2019	2018
	£	£
Present value of funded obligations	(16,936,000)	(14,543,000)
Fair value of scheme assets	<u>11,958,000</u>	<u>10,546,000</u>
Deficit in scheme	<u>(4,978,000)</u>	<u>(3,997,000)</u>

The amounts recognised in the profit and loss account are as follows:

	2019	2018
	£	£
Current service cost	(253,000)	(301,000)
Administrative expenses	(60,000)	(56,000)
Net Interest	(108,000)	(100,000)
Total	<u>(421,000)</u>	<u>(457,000)</u>

Pension liabilities are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the Company
- Deferred members: former active members of the Company
- Pensioner members: in receipt of pension

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Opening defined benefit obligation	14,543,000	15,016,000
Current service cost - recognised in the profit and loss account	314,000	301,000
Interest cost - recognised in the profit and loss account	395,000	361,000
Actuarial losses - recognised in the STRGL	1,827,000	(916,000)
Benefits paid and member contributions	<u>(143,000)</u>	<u>(219,000)</u>
Closing defined benefit obligation	<u>16,936,000</u>	<u>14,543,000</u>

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

	2019 £	2018 £
Opening fair value of scheme assets	10,546,000	10,838,000
Return on assets excluding interest income	960,000	(642,000)
Administration expenses	(60,000)	(56,000)
Interest income	287,000	261,000
Contributions by employer - not recognised in the profit and loss account	307,000	364,000
Benefits paid and member contributions	<u>(82,000)</u>	<u>(219,000)</u>
	<u>11,958,000</u>	<u>10,546,000</u>

The fair value of the Scheme assets were;

	2019 £	2018 £
Equities	6,929,000	5,785,000
Bonds	1,117,000	1,025,000
Cash	2,275,000	2,164,000
Annuities	1,637,000	1,572,000
	<u>11,958,000</u>	<u>10,546,000</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. PENSION COMMITMENTS (continued)

	2019 £	2018 £
Interest income	287,000	261,000
Return on assets less interest	960,000	(642,000)
Total return on assets	<u>1,247,000</u>	<u>(381,000)</u>

The initial results of the most recent formal actuarial valuation as at 1 January 2018 have been updated to 31 December 2019 by a qualified independent actuary. The assumptions used were as follows:

	2019	2018
Discount rate at 31 December	1.9%	2.7%
RPI inflation	2.7%	3.1%
Future pension increases	2.7%	3.0%
Rate of increase in directors' salaries	2.5%	2.5%
Rate of increase in staff members' salaries	2.5%	2.5%

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

	2019	2018
Retiring today		
Males	21.5	22.0
Females	23.5	24.0
Retiring in 20 years		
Males	22.5	23.1
Females	24.7	25.2

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

Defined benefit pension schemes

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(16,936,000)	(14,543,000)	(15,016,000)	(14,284,000)	(10,644,000)
Scheme assets	<u>11,958,000</u>	<u>10,546,000</u>	<u>10,838,000</u>	<u>9,852,000</u>	<u>8,547,000</u>
Deficit	<u>(4,978,000)</u>	<u>(3,997,000)</u>	<u>(4,178,000)</u>	<u>(4,432,000)</u>	<u>(2,097,000)</u>

22. OPERATING LEASE COMMITMENTS

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

At 31 December 2019 the group had commitments under non-cancellable operating leases as follows:

GROUP	Land and buildings	
	2019	2018
	£	£
EXPIRY DATE:		
Not later than one year	525,932	449,181
Later than one year and not later than five years	1,612,875	1,072,848
Later than 5 years	<u>460,060</u>	<u>596,585</u>

23. 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.

24. PRINCIPAL SUBSIDIARIES

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Company name	Company Number	Country	Percentage Shareholding	Description
Lycett, Browne-Swinburne & Douglass Limited	00706042	England and Wales	100	Insurance broking
Lycetts Financial Services Limited	02057974	England and Wales	100	Life assurance broker and pensions and other financial consultant
Lycetts Risk Management Services Limited	10906990	England and Wales	100	Risk management services
Farmers & Mercantile Insurance Brokers Limited	05866203	England and Wales	100	Insurance broking
Robertson-McIsaac Limited	03544899	England and Wales	100	Insurance broking

Lycetts Risk Management Services Limited and Robertson-McIsaac Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A (section 479A(2)(d)).

On 4 October 2019 the group acquired the share capital of Robertson-McIsaac Limited.

Assets and Liabilities acquired	Fair value to the group £
Fixed assets	2,630
Debtors	111,221
Cash at bank	454,951
Creditors	<u>(69,794)</u>
Net assets acquired	<u>499,008</u>
Satisfied by:	
Cash	1,701,220
Deferred consideration	212,155
Acquisition costs	<u>114,155</u>
Surplus	<u>2,027,530</u>

There was no difference between the vendor's book value and the fair value to the group.

24. PRINCIPAL SUBSIDIARIES (continued)

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The summarised profit and loss account for Robertson-McIsaac Limited from the period from 1 May 2019 to the date of acquisition was as follows:

	£
Turnover	361,696
Operating profit	<u>93,783</u>
Profit before taxation	95,537
Taxation	<u>(14,480)</u>
Profit after taxation	<u>81,057</u>

25. EVENTS AFTER THE BALANCE SHEET DATE

In early 2020, the existence of a new coronavirus, COVID-19, was confirmed. This virus has since spread across the globe and is now characterised by the World Health Organization as a pandemic. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in UK and global stock markets. The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The Group has plans in place to support continued operation of business activity and has resources that can withstand significant temporary market disruption. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of the impact.