

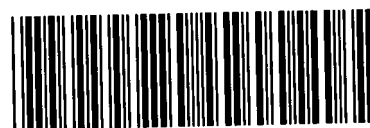
Registered number: 05866203

LYCETTS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

WEDNESDAY



AB75NHV6

A25

29/06/2022

#111

COMPANIES HOUSE

LYCETTS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

Mark Hews
Angus Keate
Charles Foster
David Moore
Denise Cockrem

COMPANY SECRETARY

Rachel J Hall

REGISTERED NUMBER

05866203

REGISTERED OFFICE

Milburn House
Dean Street
Newcastle upon Tyne
NE1 1PP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Statutory Auditors
London
SE1 2RT

LYCETTS HOLDINGS LIMITED

CONTENTS

	Page
Group strategic report	2 – 5
Directors' report	6 – 8
Independent auditor's report	9 – 12
Consolidated profit and loss account	13
Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Company balance sheet	16
Consolidated cash flow statement	17
Consolidated statement of changes in equity	18
Company statement of changes in equity	19
Notes to the financial statements	20 - 45

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 has shown impressive revenue growth, with pre-tax profits more than doubling that of the previous year from £1.1m to £2.8m.

Set against the backdrop of a period that began and ended with fresh lockdowns – and the second year of the pandemic – the company continued to thrive in its 60th year, despite challenging global circumstances. The hybrid working model established at the start of the pandemic in 2020 was successfully embedded, enabling the company to continue to deliver the highest possible service standards to clients.

Continued investment in our people – through training, sponsorship and qualification programmes – and in our operations and infrastructure, ensured we maintained our growth trajectory. This included the opening of our new Northamptonshire office in Pitsford.

Pre-tax profit increased by 154% to £2.7m (2020 - £1.1m). Revenue for the year increased by 5% to £23.5m (2020 - £22.4m). Our increase in revenue has been achieved whilst controlling costs, resulting in a reduction in administrative expenses of 1.1%.

Our sales target for the year was achieved by the end of October, buoyed by a number of significant new business wins and strategic initiatives. These included a comprehensive review of all affinity partnerships and the implementation of a series of successful sector-specific sales campaigns, targeting prospects in key markets, from HNW to renewables and forestry. The launch of our new website, meanwhile, saw digital traffic increase by 209%.

By capitalising on the management information available from our OGI broking platform, we were able to more swiftly identify and respond to market trends. Furthermore, we were able to renew our delegated schemes at lower increases than the market norm. Our new tiered service structure also helped us meet client needs by enabling us to deliver a service appropriate to their requirements. Notably, this was evidenced in the efficient manner in which claims were managed following Storm Arwen.

Approbation was writ large in our 2021 client survey, which found that 100 per cent of the Lycetts, Browne-Swinburne & Douglass Limited ("LBSD") clients at renewal were either "satisfied" or "very satisfied", with Net Promoter Scores for renewing clients of +80 and +91 achieved for LBSD and Cliverton. Employees, too, responded positively in our newly launched employee survey.

Operational cost savings were realised by finalising the introduction of company-wide paperless processes. In addition, the Working From Home directive meant a significant reduction in transport costs. These savings, largely a result of pandemic restrictions, are expected to continue in the wake of the new working structures and processes.

Business priorities for 2022 include reviewing the impact of digital technology. Our strategy for growth will see the business developing its structure, technology, people and processes, continuing to invest in central services and IT, and developing and investing in our people and leadership.

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risk identified, which include our financial risks.

Competitive risks

The insurance markets in which the company operates are highly competitive. The group faces competition from other intermediaries within the UK. Some competitors have lower cost bases or other competitive advantages that are not available to the group. The fact that the group runs a highly specialised and diversified business should, however, put it in a strong position to capitalise as the economy 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 however the UK's exit from the EU has not, to date, given rise to any actual or foreseeable significant business risks to the company.

The group is reliant upon its existing relationships with the markets with which the company places business. The failure, or downgrading, of a key insurer, insurance market or product provider 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. In order to manage regulatory compliance risk the company has a strong regulatory framework that includes a dedicated compliance team overseeing a monitoring programme to ensure that the company's policies and procedures meet the standards set by the regulators and that the company continues to meet its regulatory requirements.

Financial instruments**Objectives and policies**

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

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Price risk

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

Liquidity risk

The company aims to mitigate liquidity risk by ensuring it reviews its cash management on a regular basis.

Credit risk

The company is exposed to credit risk where it extends credit to clients or insurers. 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. Where credit is extended to insurers via settlement of claims this is managed by only extending this credit to those insurers with strong credit ratings.

Group risk

The company is part of the Benefact Group and therefore has access to the resources of the wider Benefact Group. 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.

Covid-19

The risks presented by Covid-19 have been considered and include increased liquidity, credit and reputational risk. The company has business continuity plans in place that support the continued operation of business activity and has resources that can withstand significant temporary market and client disruption.

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

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL KEY PERFORMANCE INDICATORS

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

During the year the group's turnover was £23,524k (2020: £22,422k) reflecting the businesses continued strong performance in a competitive market.

The group's operating profit increased from £1,139k to £2,752k. The group's staff costs decreased from £15,182k to £14,759k as a consequence of improved operating efficiencies and reduced average headcount.

Cash balances have increased from £18,847k to £21,486k reflecting the net effect of profit for the year, expenditure on tangible fixed assets and payment of insurer balances.

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 Benefact Group's objective of becoming the most trusted financial services group. For further details on subsequent events see Note 28.

This report was approved by the board on 10 June 2022 and signed on its behalf.


.....
Charles Foster
Director

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

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 £2,169,436 (2020 – £811,917).

During the year no dividends were paid (2020 - £nil).

Details of the company's financial risk management are included within the Strategic Report.

The directors propose the payment of a dividend amounting to £1,002,982 (2020 - £nil).

DIRECTORS

The directors of the company who were in office during the year and up to the date of the signing of the financial statements were:

Mark Hews
Angus Keate
David Moore
Denise Cockrem
Charles Foster

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 the approval of the financial statements.

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.

GOING CONCERN

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

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

LYCETTS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

OWNERSHIP

The ultimate owner is Benefact Trust Limited which was previously known as Allchurches Trust Limited which changed its name in March 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

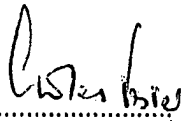
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

LYCETTS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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



.....
Charles Foster
Director

Date: 10 June 2022

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCETTS HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Lycetts Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2021; Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

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

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCETTS HOLDINGS LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCETTS HOLDINGS LIMITED

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK company law and FCA regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK Companies Act. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgmental areas of the financial statements, including the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias) and evaluating the business rationale of significant transactions outside the normal course of business;
- Testing the methodology and the assumptions used to calculate the Defined Pension Obligation; and
- Testing on sample basis the recognition of revenue, specifically in relation to cut off for Lycetts Financial Services Limited and Profit Commissions for Lycett Browne-Swinburne and Douglass Limited.

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

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

Use of this report

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

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCETTS HOLDINGS LIMITED

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Siobhan Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 June 2022

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	£	£
TURNOVER	2	23,524,470	22,422,083
Administrative expenses		(21,157,705)	(21,391,178)
Other operating income	3	<u>385,364</u>	<u>108,480</u>
OPERATING PROFIT	4	2,752,129	1,139,385
Interest receivable and similar income		16,888	26,607
Interest payable and similar expenses	8	(15,293)	(17,471)
Finance costs	9	<u>(76,000)</u>	<u>(95,000)</u>
PROFIT BEFORE TAXATION		2,677,724	1,053,521
Tax on profit	10	<u>(508,288)</u>	<u>(241,604)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,169,436</u>	<u>811,917</u>

All amounts relate to continuing operations.

The notes on pages 19 to 43 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	£	£
PROFIT FOR THE FINANCIAL YEAR		2,169,436	811,917
Actuarial gain / (loss) related to pension scheme	23	1,664,000	(2,186,000)
Actual return on assets less interest	23	936,000	468,000
Tax relating to components of comprehensive (expense) / income	18	<u>(240,800)</u>	<u>401,502</u>
TOTAL COMPREHENSIVE INCOME / (EXPENSE) RELATING TO THE YEAR		<u>4,528,636</u>	<u>(504,581)</u>

The notes on pages 19 to 43 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

		2021	2020
	Note	£	£
FIXED ASSETS			
Intangible assets	11	1,175,844	1,394,756
Tangible assets	12	<u>1,141,434</u>	<u>1,539,828</u>
		2,317,278	2,934,584
CURRENT ASSETS			
Debtors	14	6,869,536	6,003,969
Cash at bank and in hand	15	<u>21,486,315</u>	<u>18,847,932</u>
		28,355,851	24,851,901
CREDITORS: amounts falling due within one year	16	<u>(17,249,150)</u>	<u>(15,757,257)</u>
NET CURRENT ASSETS		<u>11,106,701</u>	<u>9,094,644</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,423,979	12,029,228
CREDITORS: amounts falling due after more than one year	17	-	(38,885)
Provisions for liabilities	23	<u>(3,725,000)</u>	<u>(6,820,000)</u>
NET ASSETS		<u>9,698,979</u>	<u>5,170,343</u>
CAPITAL AND RESERVES			
Called up share capital	19	27,422	27,422
Share premium account	20	1,618,286	1,618,286
Capital redemption reserve	20	1,133	1,133
Other reserves	20	3,599,243	3,599,243
Retained earnings / (accumulated losses)	20	<u>4,452,895</u>	<u>(75,741)</u>
TOTAL EQUITY		<u>9,698,979</u>	<u>5,170,343</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2022.

Charles Foster
Director

The notes on pages 19 to 43 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	£	2021 £	£	2020 £
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		-		395,411
Investments	13		<u>5,242,201</u>		<u>5,242,201</u>
			5,242,201		5,637,612
CURRENT ASSETS					
Debtors	14	1,113,234		10,739	
Cash at bank and in hand	15	<u>66,083</u>		<u>82,073</u>	
		1,179,317		92,812	
CREDITORS: amounts falling due within one year	16	<u>(100)</u>		<u>(409,685)</u>	
NET CURRENT ASSETS / (LIABILITIES)			<u>1,179,217</u>		<u>(316,873)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,421,418</u>		<u>5,320,739</u>
NET ASSETS			<u>6,421,418</u>		<u>5,320,739</u>
CAPITAL AND RESERVES					
Called up share capital	19		27,422		27,422
Share premium account	19		5,212,653		5,212,653
Retained earnings	20		<u>1,181,343</u>		<u>80,664</u>
TOTAL EQUITY	20		<u>6,421,418</u>		<u>5,320,739</u>

The profit for the financial year dealt with in the financial statements of the company was £1,100,679 (2020: loss - £34,151).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2022.


.....
Charles Foster
Director

The notes on pages 19 to 43 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	2,752,129	1,139,385
Amortisation of intangible fixed assets	246,931	277,597
Depreciation of tangible fixed assets	214,345	194,095
Profit on sale of fixed assets	(115,639)	-
Increase in debtors	(778,731)	(486,384)
Change in long term creditors	(38,885)	(212,155)
Increase / (decrease) in creditors	1,467,557	(825,312)
Non cash movements	(512,889)	(12,839)
CASH INFLOW FROM OPERATIONS	3,234,818	74,387
Interest paid	(15,293)	(17,471)
Taxation paid	(869,699)	(387,828)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	2,349,826	(330,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(28,019)	(863,878)
Purchase of tangible fixed assets	(211,362)	(43,794)
Sale of tangible fixed assets	511,050	-
Interest received	16,888	26,607
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	288,557	(881,065)
Increase / (decrease) in cash in the year	2,638,383	(1,211,977)
Net funds at beginning of the year	18,847,932	20,059,909
NET FUNDS AT END OF YEAR	21,486,315	18,847,932

The notes on pages 19 to 43 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called-up share capital	Share Premium Account	Capital Redemption Reserve	Other Reserves	Retained earnings / (accumulated losses)	Total
	£	£	£	£	£	£
At 1 January 2020	27,422	1,618,286	1,133	3,599,243	428,840	5,674,924
Profit for the financial year	-	-	-	-	811,917	811,917
Remeasurement of net defined benefit liability	-	-	-	-	(2,186,000)	(2,186,000)
Actual return on assets less interest	-	-	-	-	468,000	468,000
Tax relating to items of other comprehensive expense	-	-	-	-	401,502	401,502
Total comprehensive expense	-	-	-	-	(504,581)	(504,581)
At 31 December 2020	27,422	1,618,286	1,133	3,599,243	(75,741)	5,170,343
Profit for the financial year	-	-	-	-	2,169,436	2,169,436
Remeasurement of net defined benefit liability	-	-	-	-	1,664,000	1,664,000
Actual return on assets less interest	-	-	-	-	936,000	936,000
Tax relating to items of other comprehensive income	-	-	-	-	(240,800)	(240,800)
Total comprehensive income	-	-	-	-	4,528,636	4,528,636
At 31 December 2021	27,422	1,618,286	1,133	3,599,243	4,452,895	9,698,979

LYCETTS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called-up share capital	Share Premium Account	Retained earnings	Total
	£	£	£	£
At 1 January 2020	27,422	5,212,653	114,815	5,354,890
Loss for the financial year	-	-	(34,151)	(34,151)
Total comprehensive expense	-	-	(34,151)	(34,151)
At 31 December 2020	27,422	5,212,653	80,664	5,320,739
Profit for the financial year	-	-	1,100,679	1,100,679
Total comprehensive income	-	-	1,100,679	1,100,679
At 31 December 2021	27,422	5,212,653	1,181,343	6,421,418

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 private company limited by shares and is incorporated in the United Kingdom under the Companies Act and registered in England. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

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

The 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. The group has taken advantage of the disclosure exemptions available in FRS 102 in respect of key management personnel compensation and financial instruments.

1.3 TURNOVER

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 (such as delegated claims handling authority), a proportion of the income is deferred to cover associated obligations under the policy. Profit commission is recognised when the company has data that allows a reliable estimate to be made. Where this data is not available profit commission is not recognised.

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

b. Pensions and other financial services activity

Turnover comprises revenue recognised in respect of commission and fees.

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

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

At each balance sheet date intangible fixed assets are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax obtainable as a result of the asset (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discounted rate that represents the current risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account. If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would be determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Intangible assets include computer software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of four years on a straight line basis.

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. 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 a straight line basis 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. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate at the end of each reporting period. The effect of any change is accounted for prospectively.

1.6 INVESTMENTS**Subsidiary undertakings**

Investments in subsidiaries are valued at cost less accumulated impairment losses. Investments intended to be held for at least more than one year are classified as fixed. All other investments are classified as current. Where a business is transferred from one subsidiary to another without a loss of economic value to the group, and there is no consideration paid for the transfer, the transfer is recorded at the original carrying value of that investment in the company's accounts immediately prior to the transfer. Where consideration is paid, the transfer is recorded at the fair value of the consideration paid.

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1.9 TAXATION

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

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

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

ii. Deferred tax

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

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

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

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. Accordingly receivables arising from insurance broking transaction are not included as assets of the company, other than the receivable for fees and commissions on the transaction, which is recognised within trade debtors. No recognition of the insurance transaction occurs until the company receives cash in respect of premiums at which time a corresponding liability is established in favour of the insurer and

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

is recognised as a trade creditor.

Fiduciary cash arising from insurance broking transactions is included within cash. The company is entitled to retain the investment income on any cash flows arising from insurance related transactions.

EMPLOYEE BENEFITS

- 1.12 The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution and defined benefit pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Pension plans

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

Defined contribution pension plan

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

Defined benefit pension plan

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

1.13 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 risks associated with the COVID-19 outbreak. The group has access to considerable resources due to being a member of a group headed by Benefact 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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The company meets its day to day working capital requirements through its bank current account and its primary liabilities are in respect of amounts payable to group undertakings. Throughout the year the company maintained a positive cash balance and accordingly does not require any overdraft of loan facilities from third parties, however the directors do note that the Company has net liabilities. After making the necessary enquiries, the directors can confirm that the debt will not be called upon within 12 months from the signing of the financial statements.

1.14 Financial instruments

The company is applying section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments

i. Trade and other receivables

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

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

ii. Trade and other payables

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

**1.15 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.

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Critical judgements in applying the company's accounting policies

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

Revenue recognition

Turnover includes commission and fees receivable and credit is taken for brokerage and fees on the later of the policy inception date or when the policy placement has been substantially completed or confirmed.

Credit is taken for fees earned as they are raised. Income from financial services renewal income is recognised when the company receives confirmation from the relevant provider that the commission is due.

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 an actuary. 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 (see note 23).

Profit commission

Profit commission is recognised when the company has data that allows a reliable estimate to be made. Where this data is not available profit commission is not recognised.

Financial services income

Based on historical experience, management do not make an adjustment at year end for income relating to renewal business, rather booking this on confirmation from the relevant provider. For initial income, management do make an adjustment for this in the accounts at year end, including an amount in revenue and debtors.

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. OTHER OPERATING INCOME

	2021 £	2020 £
Income from sale of book of business	260,828	102,301
Rent receivable	14,897	6,179
Profit on sale of fixed assets	<u>109,639</u>	<u>-</u>
	<u>385,364</u>	<u>108,480</u>

Income from sale of book of business comprises income received for the sale of the Tree Surgeons and Forresters book to a third party.

4. OPERATING PROFIT

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

	2021 £	2020 £
Amortisation - intangible fixed assets	246,931	277,597
Depreciation of tangible fixed assets:	214,345	194,095
Operating lease rentals:		
- other operating leases	696,102	489,582
Loss / (profit) on foreign exchange	<u>12,005</u>	<u>(36,066)</u>

5. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditors and their associates for the audit of the company's annual accounts	27,000	19,000
Total fees payable to the company's auditors and their associates in respect of:		
The auditing of accounts of associates of the company	113,500	85,500
Audit-related assurance services	<u>51,000</u>	<u>61,000</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. STAFF COSTS

Group staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	12,049,413	12,510,168
Social security costs	1,332,230	1,376,313
Other pension costs (Note 23)	1,376,878	1,295,264
	<u>14,758,521</u>	<u>15,181,745</u>

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

	2021 No.	2020 No.
Brokerage	220	240
Administration	44	37
	<u>264</u>	<u>277</u>

The Company does not have any employees (2020 – nil)

7. DIRECTORS' REMUNERATION

	2021 £	2020 £
Emoluments	606,361	483,360
Company contributions to money purchase scheme	27,970	5,284
Company contributions to defined benefit pension scheme	38,897	51,064
	<u>673,228</u>	<u>539,711</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined benefit pension schemes. The pension scheme closed to the accrual of benefits during the year.

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. DIRECTORS' REMUNERATION (continued)

Remuneration of the highest paid director

	2021 £	2020 £
Emoluments	330,718	267,711
Company contributions to money purchase pension scheme	4,187	-
Company contributions to defined benefit pension scheme	14,330	19,107
	<u>349,235</u>	<u>286,818</u>

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

Three (2020 - three) directors of the company perform duties in respect of other group companies and were remunerated by those companies.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Loan interest	<u>15,293</u>	<u>17,471</u>

The loan bears interest at 0.75% above Bank of England base rate and has no fixed repayment date.

9. FINANCE COSTS

	2021 £	2020 £
Expected return on pension scheme assets	144,000	219,000
Interest on pension scheme liabilities	(220,000)	(314,000)
	<u>(76,000)</u>	<u>(95,000)</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. TAX ON PROFIT

	2021 £	2020 £
The tax charge comprises;		
CURRENT TAX ON PROFIT (see note below)		
UK corporation tax charge on profit for the year	443,460	281,838
Adjustment in respect of prior periods	6,916	-
	<hr/>	<hr/>
TOTAL CURRENT TAX	450,376	281,838
DEFERRED TAX		
Origination and reversal of timing differences	(65,838)	(41,839)
Effect of FRS 102 timing differences	123,750	1,605
	<hr/>	<hr/>
TOTAL DEFERRED TAX (see note 18)	57,912	(40,234)
TAX ON PROFIT	508,288	241,604

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. TAX ON PROFIT (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

Current tax has been provided at the rate of 19% (2020: 19%). Deferred tax has been provided at the rate of 25% (2020: 19%).

The tax assessed for the year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2021 £
Profit before tax	<u>2,677,724</u>	<u>1,053,521</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	508,768	200,169
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	27,842	36,302
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	13,471
Effect of change of rate of deferred taxation	(35,238)	(15,282)
Adjustments in respect of prior years	6,916	6,944
TAX CHARGE FOR THE YEAR (see note above)	<u><u>508,288</u></u>	<u><u>241,604</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has estimated tax losses of £NIL (2020 - £NIL) available for carry forward against future taxable profits.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. INTANGIBLE ASSETS

GROUP	Software £	Goodwill £	Total £
COST			
At 1 January 2021	820,995	14,448,841	15,269,836
Additions	<u>28,019</u>	<u>-</u>	<u>28,019</u>
At 31 December 2021	<u>849,014</u>	<u>14,448,841</u>	<u>15,297,855</u>
ACCUMULATED AMORTISATION			
At 1 January 2021	731,852	13,143,228	13,875,080
Charge for the year	<u>55,866</u>	<u>191,065</u>	<u>246,931</u>
At 31 December 2021	<u>787,718</u>	<u>13,334,293</u>	<u>14,122,011</u>
NET BOOK VALUE			
At 31 December 2021	<u>61,296</u>	<u>1,114,548</u>	<u>1,175,844</u>
At 31 December 2020	<u>89,143</u>	<u>1,305,613</u>	<u>1,394,756</u>
		Goodwill	
COMPANY			£
COST			
At 1 January and 31 December 2021			<u>4,872,214</u>
ACCUMULATED AMORTISATION			
At 1 January and 31 December 2021			<u>4,872,214</u>
NET BOOK VALUE			
At 31 December 2021			<u>-</u>
At 31 December 2020			<u>-</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. TANGIBLE ASSETS

GROUP	Freehold property £	Short term leasehold Property £	Motor vehicles £
COST			
At 1 January 2021	653,582	948,770	91,359
Additions	-	74,270	-
Disposals	<u>(653,582)</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>1,023,040</u>	<u>91,359</u>
ACCUMULATED DEPRECIATION			
At 1 January 2021	258,171	219,527	91,359
Charge for the year	-	70,093	-
Disposals	<u>(258,171)</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>289,620</u>	<u>91,359</u>
NET BOOK VALUE			
At 31 December 2021	<u>-</u>	<u>733,420</u>	<u>-</u>
At 31 December 2020	<u>395,411</u>	<u>729,243</u>	<u>-</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. TANGIBLE FIXED ASSETS (continued)

GROUP	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2021	651,627	1,534,051	3,879,389
Additions	31,497	105,595	211,362
Disposals	-	-	(653,582)
At 31 December 2021	<u>683,124</u>	<u>1,639,646</u>	<u>3,437,169</u>
ACCUMULATED DEPRECIATION			
At 1 January 2021	447,979	1,322,525	2,339,561
Charge for the year	20,636	123,616	214,345
Disposals	-	-	(258,171)
At 31 December 2021	<u>468,615</u>	<u>1,446,141</u>	<u>2,295,735</u>
NET BOOK VALUE			
At 31 December 2021	<u>214,509</u>	<u>193,505</u>	<u>1,141,434</u>
At 31 December 2020	<u>203,648</u>	<u>211,526</u>	<u>1,539,828</u>
			Freehold property £
COMPANY			
COST			
At 1 January			653,582
Disposals			(653,582)
At 31 December 2021			-
ACCUMULATED DEPRECIATION			
At 1 January 2021			245,099
Charge for the year			13,072
Disposals			(258,171)
At 31 December 2021			-
NET BOOK VALUE			
At 31 December 2021			-
At 31 December 2020			<u>395,411</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. 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

**Investments in subsidiary
companies
£****COMPANY**

At 1 January and 31 December 2021 **9,897,817**

IMPAIRMENT

At 1 January and 31 December 2021 **4,655,616**

NET BOOK VALUE

At 31 December 2021 **5,242,201**

At 31 December 2020 **5,242,201**

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. DEBTORS

	GROUP		COMPANY	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	3,888,932	3,242,024	-	-
Amounts owed to group undertakings	-	-	1,110,012	-
Other debtors	157,431	18,179	-	-
Corporation tax	627,612	241,865	3,222	-
-- Deferred tax asset (see note 18)	1,126,795	1,425,507	-	-
Prepayments and accrued income	1,068,766	1,076,394	-	10,739
	<u>6,869,536</u>	<u>6,003,969</u>	<u>1,113,234</u>	<u>10,739</u>

Trade debtors are stated after provision for impairment of £nil (2020 - £nil). Amounts owed by group undertakings are unsecured, interest free have no fixed repayment date and are repayable on demand. The deferred tax asset is recoverable in more than one year.

15. CASH AT BANK AND IN HAND

	GROUP		COMPANY	
	2021	2020	2021	2020
	£	£	£	£
Office cash	10,253,643	9,072,269	66,083	82,073
Client cash	11,232,672	9,772,663	-	-
	<u>21,486,315</u>	<u>18,847,932</u>	<u>66,083</u>	<u>82,073</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	<u>GROUP</u>		<u>COMPANY</u>	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	11,470,458	10,094,262	-	-
Amounts owed to group undertakings	2,086,766	2,023,726	100	382,045
Corporation tax	109,195	84,859	-	-
Other taxation and social security	381,907	395,412	-	-
Deferred consideration	-	212,155	-	-
Accruals and deferred income	3,200,824	2,946,843	-	27,640
	<u>17,249,150</u>	<u>15,757,257</u>	<u>100</u>	<u>409,685</u>

Included in amounts owed to group undertakings within the Group is a loan of £1,800,000 (2020 - £1,800,000). The loan bears interest at 0.75% above the Bank of England base rate and has no fixed repayment terms. All other amounts owed to group undertakings are interest free and have no fixed repayment dates.

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

	<u>GROUP</u>		<u>COMPANY</u>	
	2021	2020	2021	2020
	£	£	£	£
Accruals and deferred income	-	38,885	-	-
	<u>-</u>	<u>38,885</u>	<u>-</u>	<u>-</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. DEFERRED TAXATION

	GROUP		COMPANY	
	2021	2020	2021	2020
	£	£	£	£
At beginning of year	1,425,507	982,166	-	-
(Decrease) / increase during the year (P&L)	(57,912)	41,839	-	-
(Expense) / income recognised in Comprehensive income	(240,800)	401,502	-	-
At end of year	<u>1,126,795</u>	<u>1,425,507</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	£	£	£	£
Short term timing differences	106,659	38,033	-	-
Taxation deferred by capital allowances	88,886	91,674	-	-
Pension liability	931,250	1,295,800	-	-
	<u>1,126,795</u>	<u>1,425,507</u>	<u>-</u>	<u>-</u>

19. CALLED UP SHARE CAPITAL – GROUP AND COMPANY

	2021	2020
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
Allotted, called up and fully paid		
2,742,210 (2020 2,742,210) - Ordinary shares of £0.01 each	<u>27,422</u>	<u>27,422</u>

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

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. 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.

Included within other reserves is a capital reserve of £4,876 (2020 - £4,876) 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.

Included within other reserves is a merger relief reserve of £3,594,367 (2020 - £3,594,367) which 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.

21. 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 £1,100,679 (2020 – loss £34,149)

22. DIVIDENDS

	2021 £	2020 £
Dividends paid on equity capital	-	-

The directors propose the payment of a dividend amounting to £1,002,982 (2020 - £nil).

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. PROVISIONS FOR LIABILITIES AND CHARGES**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 £1,041,069 (2020 - £871,264). As at 31 December 2021 £nil (2020 - £nil) was owing to the funds.

Defined benefit

The Company operates a defined benefit scheme. The scheme was closed to new members subsequent to the 1 January 2001 renewal. With effect from 1 October 2021 the scheme was closed to future accrual.

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 2021 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. 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. In addition the Company has made an additional of £480,000 during the year. The Company therefore expects to pay around £100,000 to the Scheme during the accounting year beginning 1 January 2022.

The amounts recognised in the balance sheet are as follows:

	2021	2020
	£	£
Present value of funded obligations	(16,576,000)	(19,069,000)
Fair value of scheme assets	<u>12,851,000</u>	<u>12,249,000</u>
Deficit in scheme	<u>(3,725,000)</u>	<u>(6,820,000)</u>

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

	2021	2020
	£	£
Current service cost	(170,000)	(266,000)
Administrative expenses	(90,000)	(63,000)
Net Interest	(76,000)	(95,000)
Total	<u>(336,000)</u>	<u>(424,000)</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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

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

	2021 £	2020 £
Opening defined benefit obligation	19,069,000	16,936,000
Current service cost - recognised in the profit and loss account	170,000	266,000
Interest cost - recognised in the profit and loss account	220,000	314,000
Actuarial (gains) / losses - recognised in the STRGL	(1,664,000)	2,186,000
Pensions paid	(253,000)	(155,000)
Transfers out	(990,000)	-
Other benefits paid	(5,000)	(534,000)
Member contributions	29,000	56,000
Closing defined benefit obligation	<u>16,576,000</u>	<u>19,069,000</u>

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

	2021 £	2020 £
Opening fair value of scheme assets	12,249,000	11,958,000
Return on assets excluding interest income	936,000	468,000
Administration expenses	(90,000)	(63,000)
Interest income	144,000	219,000
Contributions by employer - not recognised in the profit and loss account	831,000	300,000
Pensions paid	(253,000)	(155,000)
Transfers out	(990,000)	-
Other benefits paid	(5,000)	(534,000)
Member contributions	29,000	56,000
	<u>12,851,000</u>	<u>12,249,000</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The fair value of the Scheme assets were;

	2021 £	2020 £
Equities	7,907,000	6,858,000
Bonds	897,000	856,000
Cash	2,329,000	2,804,000
Annuities	1,718,000	1,731,000
	<u>12,851,000</u>	<u>12,249,000</u>
	2021 £	2020 £
Interest income	144,000	219,000
Return on assets less interest	936,000	468,000
	<u>1,080,000</u>	<u>687,000</u>

The initial results of the most recent formal actuarial valuation as at 1 January 2018 have been updated to 31 December 2021 by a qualified independent actuary. The assumptions used were as follows:

	2021	2020
Discount rate at 31 December	1.8%	1.2%
RPI inflation	3.3%	2.9%
Future pension increases	3.2%	2.9%
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:

	2021	2020
Retiring today		
Males	22.0	21.6
Females	24.5	23.7
Retiring in 20 years		
Males	23.0	22.6
Females	25.6	24.9

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. PROVISION FOR LIABILITIES AND CHARGES (continued)

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

Defined benefit pension schemes

	2021 £	2020 £	2019 £	2018 £	2017 £
Defined benefit obligation	(16,576,000)	(19,069,000)	(16,936,000)	(14,543,000)	(15,016,000)
Scheme assets	<u>12,851,000</u>	<u>12,249,000</u>	<u>11,958,000</u>	<u>10,546,000</u>	<u>10,838,000</u>
Deficit	<u>(3,725,000)</u>	<u>(6,820,000)</u>	<u>(4,978,000)</u>	<u>(3,997,000)</u>	<u>(4,178,000)</u>

24. OPERATING LEASE COMMITMENTS

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

GROUP	Land and buildings	
	2021 £	2020 £
EXPIRY DATE:		
Not later than one year	660,400	645,187
Later than one year and not later than five years	1,412,570	1,919,522
Later than 5 years	<u>1,238,182</u>	<u>1,422,731</u>

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The group's immediate parent company is Benefact Group PLC (Benefact Group) who own 100% of the issued share capital in Lycetts Holdings Limited. The company's ultimate parent company is Benefact 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 Benefact Group plc. These accounts can be obtained from Companies House. The largest group of which the group is a member which prepares group accounts is that headed by Benefact Trust Limited. Copies of the accounts for Benefact Trust Limited can be obtained from:

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

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.

26. PRINCIPAL SUBSIDIARIES

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	03142714	England and Wales	100	Insurance broking
Robertson-McIsaac Limited	03544899	England and Wales	100	Insurance broking

The registered office of all Group Companies is Milburn House, Dean Street, Newcastle upon Tyne, NE1 1PP.

Farmers and Mercantile Insurance Brokers Limited, 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)).

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

27. CONTINGENT LIABILITY

In a previous year a client made a complaint against the Company in relation to financial advice given by the Company and this complaint was referred to the Financial Ombudsman. During the year the Financial Ombudsman concluded its investigation into this complaint and found in favour of the client. In accordance with its role and scope, the Financial Ombudsman made an award of £150,000 to the client. In addition to the award the Financial Ombudsman recommended that an additional amount totalling £373,879 over and above the amount which the Financial Ombudsman can award should be paid to the client. After the year end in accordance with the requirements of the Financial Ombudsman, the award of £150,000 was paid to the client and this amount was covered by the Company's Professional Indemnity insurance (net of any insurance excess). Accordingly a provision of £150,000 is included in these financial statements and recognition of the recovery under the Company's Professional Indemnity insurance. In addition to payment of the award, after the year end the Company agreed to pay a further amount of £373,879 to the client based on the recommendation of the Financial Ombudsman. This amount was not covered by the Company's Professional Indemnity insurance and accordingly will be disclosed as an exceptional item in the Company's 2022 financial statements by virtue of its quantum and nature. This complaint has now been concluded.

28. SUBSEQUENT EVENT

On 14 April 2022 the group acquired the entire share capital of GD Anderson & Co Limited, an insurance broker based in Northamptonshire. The initial consideration amounted to £1,484,000 plus a provisional amount of £150,000 in respect of net assets acquired. Further consideration may be payable dependent on the performance of the business over an earn out period.