

Registered number: 05866203

LYCETTS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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LYCETTS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS Mark Hews
Angus Keate
Charles Foster
David Moore
Denise Cockrem

COMPANY SECRETARY Rachael Hall

REGISTERED NUMBER 05866203

REGISTERED OFFICE Milburn House
Dean Street
Newcastle upon Tyne
NE1 1PP

INDEPENDENT AUDITORS PricewaterhouseCoopers LLP
Statutory Auditors
Bristol
BS2 0FR

LYCETTS HOLDINGS LIMITED

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LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

A strong performance for the year ended 31 December 2022 has seen the group post increased revenues and healthy operating and pre-tax profits.

This success was underpinned by exceeding an 11 per cent target for new business growth, whilst retaining and maximising upselling opportunities among existing clients, all achieved despite a prevailing hard market. Turnover increased from £23,524,470 to £25,555,147. Operating profits rose to £3,072,955 (2021 - £2,752,129), with pre-tax profit improving on 2021's result (£2,677,724) to £3,000,437. Profit before tax was affected by the insurance impact of Storm Arwen, along with sustained property investments that have included new offices in Godalming and completion on our Bank House headquarters in Newcastle.

Complementing our ongoing strategy for solid organic growth, we acquired G.D. Anderson and Co in Northamptonshire. This has helped to expand our reach in what had previously been an underserved area of the country for the business.

Elsewhere, significant investments were allocated for staff training, supported by the company's appointment of a learning and development manager has seen the bar raised in talent recruitment.

Our tiered approach to meeting client needs, by delivering a service appropriate to their requirements, has continued to yield high levels of customer satisfaction. Survey feedback revealed that 95 per cent of new business clients were "extremely satisfied". Clients cited the professionalism and reliability of our staff, along with an ability to understand their needs and to create personal relationships, as the main reasons behind this. Approbation was also evidenced by Lycetts achieving a two-star rating in the Best Companies staff engagement survey – an improvement on the one star awarded last year.

Business priorities for 2023 include accelerating the company's effective strategy for growth, including the targeting of strategic acquisitions. Notable success has been achieved across household and commercial lines, and scope for further growth continues in these areas.

We will continue to upgrade our IT infrastructure, a new website for Cliverton will be developed and the business will review alternative brokering platforms to support web trading.

LYCETTS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022**

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 plc (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.

Climate risk

Whilst the company has regard for climate change risk and the transition risks of moving towards a lower carbon economy, the nature of the company means there is not expected to be a material impact on the company and its balances.

LYCETTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

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 £25,555k (2021: £23,524k) reflecting the businesses continued strong performance in a competitive market.

The group's operating profit increased from £2,752k to £3,072k. The group's staff costs increased from £14,759k to £15,182k as a consequence of improved operating efficiencies, average headcount and pay reviews.

Cash balances have increased from £21,846k to £22,567k reflecting the net effect of profit for the year, expenditure on tangible fixed assets and payment of insurer balances.

Section 172 Statement

The directors confirm that during 2022 and to the date of this Report, they have acted to promote the success of the Company for the benefit of its members as a whole and considered the matters as set out in section 172(1)(a) to (f) of the Companies Act 2006. This section describes how the directors have had regard to those matters when performing their duties.

Our Approach to the Long Term Success of the Company

The Board recognise that the long-term success of the Company, and therefore its ability to support the Benefact Group in helping people, charities and good causes is dependent on having regard to the interests of stakeholders. The Board also understands the importance of listening and responding to the needs of stakeholders.

Stakeholder Engagement in Decision Making

As the Company is part of the Benefact family of companies, some stakeholder matters are considered at a group level with further information provided in the Benefact Group plc (BG) 172 Statement. In addition, engagement and decisions about Lycetts Group stakeholders including clients, employees and regulator is undertaken at a operational level. Further information is set out in the Lycett, Browne-Swinburne & Douglass Limited 172 Statement.

The Shareholder

The Board understands the need to maintain a close and open relationship with its Shareholder characterised by transparency and mutual understanding.

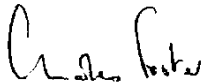
The Company was a wholly owned subsidiary of Benefact Group plc (BG) until 3 January 2023 when the entire ordinary issued share capital of the Company was transferred to Benefact Broking & Advisory Holdings Limited (BBAH) as part of the Group wide re-structure. BBAH is owned by BG who in turn is owned by Benefact Trust Limited, the ultimate parent company. Protocols for the exchange of information between Benefact Trust Limited and BG and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

LYCETTS HOLDINGS LIMITED

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.

This report was approved by the board on 19 May 2023 and signed on its behalf.



.....
Charles Foster
Director

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

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 £2,281,574 (2021 – £2,169,436).

During the year no dividends were paid (2021 - £nil).

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

The directors do not propose the payment of a dividend (2021 - £1,002,982).

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 of loan facilities from third parties.

The Directors have performed a going concern assessment which has consisted of assessing whether the Company and Group has the ability to meet its obligations as they fall due over a period of at least 12 months from the date of signing these financial statements. The assessment included consideration of severe but plausible downside scenarios with the conclusion being that even under these scenarios the company is forecast to have sufficient resources to be able to meet its obligations as they fall due and therefore the Directors have concluded that the company remains a going concern and the financial statements have been prepared on that basis.

LYCETTS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

OWNERSHIP

The ultimate owner is Benefact Trust Limited.

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 group and the company 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 group and company and of the profit or loss of the group 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 group and 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's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

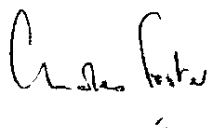
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and 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 group's and company's auditors are aware of that information.

LYCETTS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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



.....
Charles Foster
Director

Date: 19 May 2023

LYCETTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S 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 2022 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, including 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 Company Balance Sheet as at 31 December 2022; 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 AUDITOR'S 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 2022 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 AUDITOR'S 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 breaches of UK regulation, such as those governed by the Financial Conduct Authority, 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 Companies Act 2006. 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 the posting of fraudulent journals to manipulate the results of the company. 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;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- Risk based target testing of journal entries, in particular any journal entries which include characteristics which were identified as potentially being indicative of a fraudulent journal.

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.



Andrew Pye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 May 2023

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Note	£	£
TURNOVER	2	25,555,147	23,524,470
Administrative expenses		(22,553,446)	(21,157,705)
Other operating income	3	<u>71,254</u>	<u>385,364</u>
OPERATING PROFIT	4	3,072,955	2,752,129
Interest receivable and similar income		31,055	16,888
Interest payable and similar expenses	8	(40,574)	(15,293)
Finance costs	9	<u>(63,000)</u>	<u>(76,000)</u>
PROFIT BEFORE TAXATION		3,000,437	2,677,724
Tax on profit	10	<u>(718,863)</u>	<u>(508,288)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,281,574</u>	<u>2,169,436</u>

All amounts relate to continuing operations.

The notes on pages 21 to 45 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Note	£	£
PROFIT FOR THE FINANCIAL YEAR		2,281,574	2,169,436
Actuarial gain related to pension scheme	22	5,324,000	1,664,000
Actual return on assets less interest	22	(1,414,000)	936,000
Limit on recognition of assets less interest		(615,000)	-
Tax relating to components of comprehensive income	17	<u>(823,750)</u>	<u>(240,800)</u>
TOTAL COMPREHENSIVE INCOME RELATING TO THE YEAR		<u>4,752,824</u>	<u>4,528,636</u>

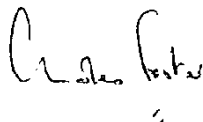
The notes on pages 21 to 45 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022**

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	11		3,034,154		1,175,844
Tangible assets	12		<u>1,103,315</u>		<u>1,141,434</u>
			4,137,469		2,317,278
CURRENT ASSETS					
Debtors	14	5,377,520		6,869,536	
Cash at bank and in hand	15	<u>22,567,534</u>		<u>21,486,315</u>	
		27,945,054		28,355,851	
CREDITORS: amounts falling due within one year	16	<u>(17,630,720)</u>		<u>(17,249,150)</u>	
NET CURRENT ASSETS			<u>10,314,334</u>		<u>11,106,701</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,451,803		13,423,979
Provisions for liabilities	22		-		<u>(3,725,000)</u>
NET ASSETS			<u>14,451,803</u>		<u>9,698,979</u>
CAPITAL AND RESERVES					
Called up share capital	18		27,422		27,422
Share premium account	19		1,618,286		1,618,286
Capital redemption reserve	19		1,133		1,133
Other reserves	19		3,599,243		3,599,243
Retained earnings			<u>9,205,719</u>		<u>4,452,895</u>
TOTAL EQUITY			<u>14,451,803</u>		<u>9,698,979</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 May 2023.



.....
Charles Foster
Director

The notes on pages 21 to 45 form part of these financial statements.

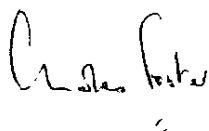
LYCETTS HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Investments	13		<u>5,242,201</u>		<u>5,242,201</u>
			5,242,201		5,242,201
CURRENT ASSETS					
Debtors	14	1,089,224		1,113,234	
Cash at bank and in hand	15		<u>66,083</u>	<u>66,083</u>	
		1,155,307		1,179,317	
CREDITORS: amounts falling due within one year	16			<u>(100)</u>	
NET CURRENT ASSETS			<u>1,155,307</u>		<u>1,179,217</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,397,508</u>		<u>6,421,418</u>
NET ASSETS			<u>6,397,508</u>		<u>6,421,418</u>
CAPITAL AND RESERVES					
Called up share capital	18		27,422		27,422
Share premium account	18		5,212,653		5,212,653
Retained earnings			<u>1,157,433</u>		<u>1,181,343</u>
TOTAL EQUITY			<u>6,397,508</u>		<u>6,421,418</u>

The loss for the financial year dealt with in the financial statements of the company was £23,910 (2021: profit - £1,100,679).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 May 2023.



Charles Foster
Director

LYCETTS HOLDINGS LIMITED

The notes on pages 21 to 45 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	3,072,955	2,752,129
Amortisation of intangible fixed assets	446,239	246,931
Depreciation of tangible fixed assets	235,089	214,345
Profit on sale of fixed assets	-	(115,639)
Decrease / (increase) in debtors	211,552	(778,731)
Change in long term creditors	-	(38,885)
(Increase) / decrease in creditors	(378,686)	1,467,557
Adjustment for pension funding	(607,000)	(831,000)
Other movements	(90,681)	318,111
CASH INFLOW FROM OPERATIONS	2,889,463	3,234,818
Taxation paid	-	(869,699)
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,889,468	2,365,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of subsidiary (net of cash acquired)	(1,498,799)	-
Purchase of intangible assets	(102,961)	(28,019)
Purchase of tangible fixed assets	(196,970)	(211,362)
Sale of tangible fixed assets	-	511,050
Interest received	31,055	16,888
Interest paid	(40,574)	(15,293)
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES	(1,808,249)	273,264
Increase in cash in the year	1,081,219	2,638,383
Net funds at beginning of the year	21,486,315	18,847,932
NET FUNDS AT END OF YEAR	22,567,534	21,486,315

The notes on pages 21 to 45 form part of these financial statements.

LYCETTS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called-up share capital	Share Premium Account	Capital Redemption Reserve	Other Reserves	(Accumulated losses) retained earnings	Total
	£	£	£	£	£	£
At 1 January 2021	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 expense	-	-	-	-	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
Profit for the financial year	-	-	-	-	2,281,574	2,281,574
Remeasurement of net defined benefit liability	-	-	-	-	5,324,000	5,324,000
Actual return on assets less interest	-	-	-	-	(1,414,000)	(1,414,000)
Limit on recognition of assets less interest	-	-	-	-	(615,000)	(615,000)
Tax relating to items of other comprehensive income	-	-	-	-	(823,750)	(823,750)
Total comprehensive income	-	-	-	-	4,752,824	4,752,824
At 31 December 2022	27,422	1,618,286	1,133	3,599,243	9,205,719	14,451,803

LYCETTS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called-up share capital	Share Premium Account	Retained earnings	Total
	£	£	£	£
At 1 January 2021	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
Loss for the financial year	-	-	(23,910)	(23,910)
Total comprehensive expense	-	-	(23,910)	(23,910)
At 31 December 2022	27,422	5,212,653	1,157,433	6,397,508

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 6.

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 2022**

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 or renewal 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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:

Short term leasehold improvements	-	over the period of the lease
Office equipment	-	10 years on a straight line basis
Computer equipment	-	4-5 years 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. 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 2022

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 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

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**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.

LYCETTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1.12 GOING CONCERN

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

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

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

The Directors have performed a going concern assessment which has consisted of assessing whether the Company has the ability to meet its obligations as they fall due over a period of at least 12 months from the date of signing these financial statements. The assessment included consideration of severe but plausible downside scenarios with the conclusion being that in even under these scenarios the company is forecast to have sufficient resources to be able to meet its obligations as they fall due and therefore the Directors have concluded that the company remains a going concern and the financial statements have been prepared on that basis.

1.13 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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1.14 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

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 22). The trustees of the pension scheme have the discretionary power to wind-up the scheme without the Company's consent, as a result the Company does not have unconditional rights to any surplus arising from the scheme. Therefore the asset ceiling has been applied which restricts the plan assets to the amount of the defined benefit obligation.

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.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

3. OTHER OPERATING INCOME

	2022 £	2021 £
Income from sale of book of business	-	260,828
Rent receivable	71,254	14,897
Profit on sale of fixed assets	-	109,639
	<u>71,254</u>	<u>385,364</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:

	2022 £	2021 £
Amortisation - intangible fixed assets	446,239	246,931
Depreciation of tangible fixed assets:	235,090	214,345
Operating lease rentals:		
- other operating leases	645,667	696,102
Loss on foreign exchange	<u>48,776</u>	<u>12,005</u>

5. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the company's auditors and their associates for the audit of the company's annual accounts	30,510	27,000
Total fees payable to the company's auditors and their subsidiaries in respect of:		
The auditing of accounts of subsidiaries of the company	112,820	113,500
Audit-related assurance services	<u>59,100</u>	<u>51,000</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. STAFF COSTS

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

	2022 £	2021 £
Wages and salaries	12,459,760	12,049,413
Social security costs	1,490,217	1,332,230
Other pension costs (Note 22)	1,231,720	1,376,878
	<u>15,181,697</u>	<u>14,758,521</u>

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

	2022 No.	2021 No.
Brokerage	223	220
Administration	40	44
	<u>263</u>	<u>264</u>

The Company does not have any employees (2021 – nil)

7. DIRECTORS' REMUNERATION

	2022 £	2021 £
Emoluments	539,986	606,361
Company contributions to money purchase scheme	21,129	27,970
Company contributions to defined benefit pension scheme	-	38,897
	<u>561,115</u>	<u>673,228</u>

During the year retirement benefits were accruing to no directors (2021 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2021 - 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 2022**

7. DIRECTORS' REMUNERATION (continued)**Remuneration of the highest paid director**

	2022 £	2021 £
Emoluments	292,418	330,718
Company contributions to money purchase pension scheme	2,701	4,187
Company contributions to defined benefit pension scheme	-	14,330
	<u>295,119</u>	<u>349,235</u>

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

Three (2021 - 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

	2022 £	2021 £
Loan interest	<u>40,574</u>	<u>15,293</u>

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

9. FINANCE COSTS

	2022 £	2021 £
Expected return on pension scheme assets	222,000	144,000
Interest on pension scheme liabilities	(285,000)	(220,000)
	<u>(63,000)</u>	<u>(76,000)</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. TAX ON PROFIT

	2022	2021
	£	£
The tax charge comprises;		
CURRENT TAX ON PROFIT (see note below)		
UK corporation tax charge on profit for the year	572,373	443,460
Adjustment in respect of prior periods	(32,386)	6,916
	539,987	450,376
DEFERRED TAX		
Origination and reversal of timing differences	-	(65,838)
Effect of pension timing differences	178,876	123,750
	178,876	57,912
TOTAL DEFERRED TAX (see note 18)	178,876	57,912
TAX ON PROFIT	718,863	508,288

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Current tax has been provided at the rate of 19% (2021: 19%). Deferred tax has been provided at the rate of 25% (2021: 25%). With effect from April 2023 the standard rate of corporation tax will increase to 25%.

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	<u>3,000,437</u>	<u>2,677,724</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	570,083	508,768
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	100,912	27,842
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,812	-
Effect of change of rate of deferred taxation	(2,330)	(35,238)
Adjustments in respect of prior years	32,386	6,916
	<u>718,863</u>	<u>508,288</u>
TAX CHARGE FOR THE YEAR (see note above)	<u>718,863</u>	<u>508,288</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has estimated tax losses of £NIL (2021 - £NIL) available for carry forward against future taxable profits.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. INTANGIBLE ASSETS

GROUP	Software £	Goodwill £	Total £
COST			
At 1 January 2022	849,014	14,448,841	15,297,855
Additions	<u>102,961</u>	<u>2,201,588</u>	<u>2,304,549</u>
At 31 December 2022	<u>951,975</u>	<u>16,650,429</u>	<u>17,602,404</u>
ACCUMULATED AMORTISATION			
At 1 January 2022	787,718	13,334,293	14,122,011
Charge for the year	<u>48,775</u>	<u>397,464</u>	<u>446,239</u>
At 31 December 2022	<u>836,493</u>	<u>13,731,757</u>	<u>14,568,250</u>
NET BOOK VALUE			
At 31 December 2022	<u>115,482</u>	<u>2,918,672</u>	<u>3,034,154</u>
At 31 December 2021	<u>61,296</u>	<u>1,114,548</u>	<u>1,175,844</u>
		Goodwill	
COMPANY			£
COST			
At 1 January and 31 December 2022			<u>4,872,214</u>
ACCUMULATED AMORTISATION			
At 1 January and 31 December 2022			<u>4,872,214</u>
NET BOOK VALUE			
At 31 December 2022			<u>-</u>
At 31 December 2021			<u>-</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. TANGIBLE ASSETS

TANGIBLE ASSETS		Short term leasehold improvements £	Motor vehicles £
GROUP			
COST			
At 1 January 2022		1,023,040	91,359
Additions		78,355	
Disposals		-	(91,359)
At 31 December 2022		1,101,395	-
ACCUMULATED DEPRECIATION			
At 1 January 2022		289,620	91,359
Charge for the year		92,058	-
Disposals		-	(91,359)
At 31 December 2022		381,678	-
NET BOOK VALUE			
At 31 December 2022		719,717	-
At 31 December 2021		733,420	-
	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2022	683,124	1,639,646	3,437,169
Additions	50,505	68,111	196,971
Disposals	-	-	(91,359)
At 31 December 2022	733,629	1,707,757	3,542,781
ACCUMULATED DEPRECIATION			
At 1 January 2022	468,615	1,446,141	2,295,735
Charge for the year	30,095	112,937	235,090
Disposals	-	-	(91,359)
At 31 December 2022	498,710	1,559,078	2,439,466
NET BOOK VALUE			
At 31 December 2022	234,919	148,679	1,103,315
At 31 December 2021	214,509	193,505	1,141,434

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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%
GD Anderson & Co 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	Dormant	England and Wales
Robertson-McIsaac Limited	Insurance broker	England and Wales
GD Anderson & Co Limited	Insurance broker	England and Wales

	Investments in subsidiary companies £
COMPANY	
At 1 January and 31 December 2022	9,897,817
IMPAIRMENT	
At 1 January and 31 December 2022	<u>4,655,616</u>
NET BOOK VALUE	
At 31 December 2021 and 2022	<u>5,242,201</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. DEBTORS

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	3,523,617	3,888,932	-	-
Amounts owed by group undertakings	-	-	1,082,076	1,110,012
Other debtors	142,507	157,431	-	-
Corporation tax	349,952	627,612	7,148	3,222
Deferred tax asset (see note 17)	123,991	1,126,795	-	-
Prepayments and accrued income	1,237,453	1,068,766	-	-
	<u>5,377,520</u>	<u>6,869,536</u>	<u>1,089,224</u>	<u>1,113,234</u>

Trade debtors are stated after provision for impairment of £nil (2021 - £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	
	2022	2021	2022	2021
	£	£	£	£
Office cash	10,645,315	10,253,643	66,083	66,083
Client cash	11,922,219	11,232,672	-	-
	<u>22,567,534</u>	<u>21,486,315</u>	<u>66,083</u>	<u>66,083</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	11,215,919	11,470,458	-	-
Amounts owed to group undertakings	2,161,845	2,086,766	-	100
Corporation tax	233,451	109,195	-	-
Other taxation and social security	389,628	381,907	-	-
Deferred consideration	636,000	-	-	-
Accruals and deferred income	2,993,877	3,200,824	-	-
	<u>17,630,720</u>	<u>17,249,150</u>	<u>-</u>	<u>100</u>

Included in amounts owed to group undertakings within the Group is a loan of £1,800,000 (2021 - £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.

LYCETTS HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2022**

17. DEFERRED TAXATION

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
At beginning of year	1,126,795	1,425,507	-	-
Decrease during the year (P&L)	(179,054)	(57,912)	-	-
Expense recognised in				
Comprehensive income	(823,750)	(240,800)	-	-
Other	(822)	-	-	-
At end of year	<u>123,991</u>	<u>1,126,795</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
Short term timing differences	59,827	106,659	-	-
Taxation deferred by capital allowances	64,164	88,886	-	-
Pension liability	-	931,250	-	-
	<u>123,991</u>	<u>1,126,795</u>	<u>-</u>	<u>-</u>

18. CALLED UP SHARE CAPITAL

GROUP AND COMPANY	2022	2021
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
Allotted, called up and fully paid		
2,742,210 (2021 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
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19. RESERVES

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

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

Included within other reserves is a capital reserve of £4,876 (2021 - £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 (2021 - £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.

20. COMPANY PROFIT AND LOSS ACCOUNT

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

The loss for the year dealt with in the accounts of the company was £23,910 (2021 – profit £1,100,679)

21. DIVIDENDS

	2022 £	2021 £
Dividends paid on equity capital	-	-

The directors do not propose the payment of a dividend (2021 - £1,002,982).

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. 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 £1,065,720 (2021 - £1,041,069). As at 31 December 2022 £nil (2021 - £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 2021. This was updated to 31 December 2022 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". In respect of the deficit in the Scheme, the Company agreed to pay an additional £528,000 each year in 2022, 2023 and 2024 and £432,000 each subsequent year up to and including 2035. The Company therefore expects to pay around £528,000 to the Scheme during the accounting year beginning 1 January 2023.

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£	£
Present value of funded obligations	(8,848,000)	(16,576,000)
Fair value of scheme assets	9,463,000	12,851,000
Limit on recognition on assets under FRS 102	<u>(615,000)</u>	<u>-</u>
Surplus / (deficit) in scheme	<u>-</u>	<u>(3,725,000)</u>

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

	2022	2021
	£	£
Current service cost	-	(170,000)
Administrative expenses	(114,000)	(90,000)
Net Interest	(63,000)	(76,000)
Total	<u>(177,000)</u>	<u>(336,000)</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. 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 two categories of pension scheme members:

- Deferred members: former active members of the Company / pension scheme
- Pensioner members: in receipt of pension

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

	2022 £	2021 £
Opening defined benefit obligation	16,576,000	19,069,000
Current service cost - recognised in the profit and loss account	-	170,000
Interest cost - recognised in the profit and loss account	285,000	220,000
Actuarial losses - recognised in the STRGL	(5,324,000)	(1,664,000)
Pensions paid	(172,000)	(253,000)
Transfers out	(2,486,000)	(990,000)
Other benefits paid	(34,000)	(5,000)
Member contributions	3,000	29,000
Closing defined benefit obligation	<u>8,848,000</u>	<u>16,576,000</u>

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

	2022 £	2021 £
Opening fair value of scheme assets	12,851,000	12,249,000
Return on assets excluding interest income	(1,414,000)	936,000
Administration expenses	(114,000)	(90,000)
Interest income	222,000	144,000
Contributions by employer - not recognised in the profit and loss account	607,000	831,000
Pensions paid	(172,000)	(253,000)
Transfers out	(2,486,000)	(990,000)
Other benefits paid	(34,000)	(5,000)
Member contributions	3,000	29,000
	<u>9,463,000</u>	<u>12,851,000</u>

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. PROVISION FOR LIABILITIES AND CHARGES (continued)

The fair value of the Scheme assets were:

	2022 £	2021 £
Equities	6,433,000	7,907,000
Bonds	1,279,000	897,000
Cash	484,000	2,329,000
Annuities	1,267,000	1,718,000
	<u>9,463,000</u>	<u>12,851,000</u>
	2022 £	2021 £
Interest income	222,000	144,000
Return on assets less interest	(1,414,000)	936,000
	<u>(1,192,000)</u>	<u>1,080,000</u>

The initial results of the most recent formal actuarial valuation as at 1 January 2021 have been updated to 31 December 2022 by a qualified independent actuary. The assumptions used were as follows:

	2022	2021
Discount rate at 31 December	4.7%	1.8%
RPI inflation	3.1%	3.3%
Future pension increases	2.5%	3.2%
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:

	2022	2021
Retiring today		
Males	22.1	22.0
Females	24.6	24.5
Retiring in 20 years		
Males	23.1	23.0
Females	25.7	25.6

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2022	2021
GROUP	£	£
EXPIRY DATE:		
Not later than one year	610,057	660,400
Later than one year and not later than five years	2,355,385	1,412,570
Later than 5 years	<u>4,886,775</u>	<u>1,238,182</u>

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The group's immediate parent company is Benefact Broking & Advisory Holdings Limited 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 Benefact Trust Limited, either directly or indirectly.

LYCETTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. 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	Dormant
Robertson-McIsaac Limited	03544899	England and Wales	100	Insurance broking
GD Anderson & Co Limited	00776446	England and Wales	100	Insurance broking

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

Lycetts Risk Management Services Limited, Robertson-McIsaac Limited and GD Anderson & Co 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 14 April 2022 the group acquired the share capital of GD Anderson & Co Limited.

Assets and Liabilities acquired	Fair value to the group £
Fixed assets	3,152
Debtors	204,347
Cash at bank	200,915
Creditors	<u>(274,198)</u>
Net assets acquired	<u>134,216</u>
Satisfied by:	
Cash	1,484,000
Deferred consideration	636,000
Acquisition costs	<u>81,588</u>
Surplus	<u>2,201,588</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25. PRINCIPAL SUBSIDIARIES (continued)

The summarised profit and loss account for GD Anderson & Co Limited from the period from 1 January 2022 to the date of acquisition was as follows:

	£
Turnover	233,708
Operating expenses	<u>(136,053)</u>
Profit before taxation	97,655
Taxation	<u>(19,126)</u>
Profit after taxation	<u>78,529</u>

26. 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 2021 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 £374,000 over and above the amount which the Financial Ombudsman can award should be paid to the client. During 2022 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). In addition to payment of the award, during 2022 the Company agreed to pay a further amount of £374,000 to the client based on the recommendation of the Financial Ombudsman. This amount was not covered by the Company's Professional Indemnity insurance. This complaint has now been concluded.

As at the end of the year there were no contingent liabilities.