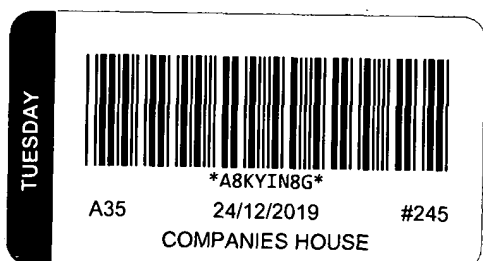


Registered number: 03941507

HUTCHINSON LILLEY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



HUTCHINSON LILLEY SERVICES LIMITED

COMPANY INFORMATION

Director	R Hutchinson
Company secretary	L Hutchinson
Registered number	03941507
Registered office	14 Turnham Green Terrace Mews London W4 1QU
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

HUTCHINSON LILLEY SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present the group strategic report for the year ended 31 March 2019.

Business review

The Company is a service company and the principal activity of its subsidiary undertaking continues to be the provision of investment management and advisory services in the UK as an FCA authorised firm, in Continental Europe through passport arrangements and in the United States of America as an exempt foreign investment firm.

The results of the Group for the year, as set out on page 8, show a profit on ordinary activities before taxation of £358,845 (2018: £281,922). The shareholders funds as set out on page 9 amounted to £358,845 (2018: £594,245) with £535,220 (2018: £360,693) relating to the equity owners and the remainder attributable to minority interests.

The performance of the Group for the year has, as anticipated, shown an increase in turnover from £3.4m to £3.8m but also a corresponding reduction in cost of sales. As a result, the Group's profit has increased to £351,350 this year.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of internal policies, procedures and controls. All policies are subject to Board approval and regular review both internally and by external consultants. Compliance with regulatory and ethical standards is a high priority for the Group and the compliance team play an important oversight role in this process.

Investment performance and risk management remain a key deliverable in terms of generating fee revenue and both retaining existing and attracting new clients. Risk management sits at the core of this process and is monitored on a day to day basis by management. The key uncertainty at the current time relates to the impact of Brexit on the Group's investment management services in the EU and, while it is to be hoped that a sensible compromise can be reached that will enable a minimal level of disruption, in this volatile political environment there can be no guarantees and the Group will continue to monitor the situation closely.

Other risks include systemic risks within the banking and investment sector, banking risk for the Group as a whole and operational risks, particularly in relation to dealing with securities.

Financial key performance indicators

Key financial performance indicators are considered to be:

Turnover	£3,859,415	(2018: £3,443,624)
Gross profit	£746,443	(2018: £707,733)
Net profit before tax	£358,845	(2018: £281,922)
Value of assets managed	£146m	(2018: £150m)

HUTCHINSON LILLEY SERVICES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Other key performance indicators

The Director also uses non-financial key performance indicators to monitor the performance of the business. The Group continues to monitor client satisfaction, key supplier relationships and staff commitment as part of this process.

This report was approved by the board on

20/12/19

and signed on its behalf.

Robert Hutchinson

R Hutchinson
Director

HUTCHINSON LILLEY SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

The director presents his report and the financial statements for the year ended 31 March 2019.

Director

The director who served during the year was:

R Hutchinson

Principal activity

The principal activity of the Company is that of management services.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £16,348 (2018 - £31,109).

No dividends were paid or proposed during the year.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters included in the strategic report

In accordance with section 414c (ii) of the Companies Act 2006 the Directors have chosen to include the following items in the Strategic Report:

- Strategy of the Company
- Risks and performance
- Future developments

HUTCHINSON LILLEY SERVICES LIMITED

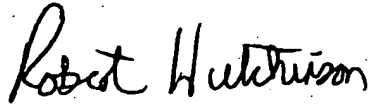
**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This report was approved by the board on **20/12/19** and signed on its behalf.



R Hutchinson
Director

HUTCHINSON LILLEY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUTCHINSON LILLEY SERVICES LIMITED

Opinion

We have audited the financial statements of Hutchinson Lilley Services Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

HUTCHINSON LILLEY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUTCHINSON LILLEY SERVICES LIMITED (CONTINUED)

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's Report and from the requirement to prepare a Group Strategic Report.

HUTCHINSON LILLEY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUTCHINSON LILLEY SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is responsible for assessing the Group's and the parent 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rakesh Shaunak FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 23 December 2019

HUTCHINSON LILLEY SERVICES LIMITED

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

	Note	2019 £	2018 £
Turnover	4	3,859,415	3,443,624
Cost of sales		(3,112,972)	(2,735,891)
Gross profit		746,443	707,733
Administrative expenses		(400,261)	(426,570)
Operating profit		346,182	281,163
Interest receivable and similar income	8	163	759
Profit before taxation		346,345	281,922
Tax on profit	10	(4,860)	(7,930)
Profit for the financial year		341,485	273,992
Profit for the year attributable to:			
Non-controlling interests		325,137	242,883
Owners of the parent Company		16,348	31,109
		341,485	273,992

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	1,531	3,570
		<u>1,531</u>	<u>3,570</u>
Current assets			
Debtors: amounts falling due after more than one year	12	14,405	-
Debtors: amounts falling due within one year	12	1,698,236	147,549
Cash at bank and in hand	13	402,115	546,268
		<u>2,114,756</u>	<u>693,817</u>
Creditors: amounts falling due within one year	14	(1,590,932)	(103,142)
Net current assets		<u>523,824</u>	<u>590,675</u>
Net assets		<u><u>525,355</u></u>	<u><u>594,245</u></u>
Capital and reserves			
Called up share capital		210,000	210,000
Share premium account		17,500	17,500
Profit and loss account		149,541	133,193
Equity attributable to owners of the parent Company		<u>377,041</u>	<u>360,693</u>
Non-controlling interests		148,314	233,552
		<u><u>525,355</u></u>	<u><u>594,245</u></u>

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

Robert Hutchinson

20/12/09

R Hutchinson
Director

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	1,531	3,570
Investments	11	199,700	199,700
		<u>201,231</u>	<u>203,270</u>
Current assets			
Debtors: amounts falling due after more than one year	12	14,405	-
Debtors: amounts falling due within one year	12	203,825	219,568
Cash at bank and in hand	13	21,419	13,021
		<u>239,649</u>	<u>232,589</u>
Creditors: amounts falling due within one year	14	(63,839)	(75,166)
Net current assets		<u>175,810</u>	<u>157,423</u>
Total assets less current liabilities		<u>377,041</u>	<u>360,693</u>
Net assets excluding pension asset		<u>377,041</u>	<u>360,693</u>
Net assets		<u>377,041</u>	<u>360,693</u>
Capital and reserves			
Called up share capital	16	210,000	210,000
Share premium account	17	17,500	17,500
Profit and loss account	17	149,541	133,193
		<u>377,041</u>	<u>360,693</u>

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


R Hutchinson
Director

20/12/09.

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2018	210,000	17,500	133,193	360,693	233,402	594,095
Comprehensive income for the year						
Loss for the year	-	-	16,348	16,348	(85,088)	(68,740)
At 31 March 2019	210,000	17,500	149,541	377,041	148,314	525,355

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2017	210,000	17,500	102,084	329,584	129,943	459,527
Comprehensive income for the year						
Profit for the year	-	-	31,109	31,109	242,883	273,992
Distributions to members	-	-	-	-	(139,274)	(139,274)
Total transactions with owners	-	-	-	-	(139,274)	(139,274)
At 31 March 2018	210,000	17,500	133,193	360,693	233,552	594,245

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	210,000	17,500	133,193	360,693
Comprehensive income for the year				
Profit for the year	-	-	16,348	16,348
At 31 March 2019	210,000	17,500	149,541	377,041

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	210,000	17,500	102,085	329,585
Comprehensive income for the year				
Profit for the year	-	-	31,108	31,108
At 31 March 2018	210,000	17,500	133,193	360,693

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	341,485	273,992
Adjustments for:		
Depreciation of tangible assets	2,942	2,559
Interest received	(163)	(759)
Taxation charge	4,860	7,930
(Increase)/decrease in debtors	(1,565,092)	186,840
Increase/(decrease) in creditors	1,490,925	(253,119)
Corporation tax (paid)/received	(7,995)	33,167
Net cash generated from operating activities	266,962	250,610
Cash flows from investing activities		
Purchase of tangible fixed assets	(903)	(941)
Interest received	163	759
Net cash from investing activities	(740)	(182)
Cash flows from financing activities		
Distribution paid to members	(410,375)	(139,274)
Net cash used in financing activities	(410,375)	(139,274)
Net (decrease)/increase in cash and cash equivalents	(144,153)	111,154
Cash and cash equivalents at beginning of year	546,268	435,114
Cash and cash equivalents at the end of year	402,115	546,268
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	402,115	546,268
	402,115	546,268

The notes on pages 16 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

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

1. General information

Hutchinson Lilley Services Limited is a company limited by shares and incorporated in England and Wales. Its registered office and principal place of business is 14 Turnham Green, Terrace Mews, London, W4 1QU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 March 2017.

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The financial statements are presented in pound sterling which is the functional currency of the Company and have been rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

2. Accounting policies (continued)

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.8 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The key judgement in preparing these financial statement is revenue recognition. However this is not a source of estimation uncertainty as revenue is comprised of ongoing management fees augmented by pre-agreed performance fees where fund targets have been met.

HUTCHINSON LILLEY SERVICES LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Investment management services	3,566,640	3,262,434
Regulatory umbrella services	289,250	168,500
Consultancy fees	3,525	12,690
	<u>3,859,415</u>	<u>3,443,624</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,859,415	3,443,624
	<u>3,859,415</u>	<u>3,443,624</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	4,133	(4,132)
Other operating lease rentals	57,457	82,945
	<u>57,457</u>	<u>82,945</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>12,500</u>	<u>11,800</u>
Fees payable to the Group's auditor in respect of:		
Taxation compliance services	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

HUTCHINSON LILLEY SERVICES LIMITED

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

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	111,137	154,006
Social security costs	7,132	17,966
Cost of defined contribution scheme	968	-
	<u>119,237</u>	<u>171,972</u>

Employees

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

	2019 No.	2018 No.
Employees	<u>7</u>	<u>7</u>

8. Interest receivable

	2019 £	2018 £
Bank interest receivable	163	759
	<u>163</u>	<u>759</u>

HUTCHINSON LILLEY SERVICES LIMITED

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

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	4,860	8,000
Adjustments in respect of previous periods	-	(70)
	<u>4,860</u>	<u>7,930</u>
Total current tax	<u>4,860</u>	<u>7,930</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>4,860</u>	<u>7,930</u>

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>346,345</u>	<u>281,922</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	65,806	53,565
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	299	370
Capital allowances for year in excess of depreciation	306	208
Adjustments to tax charge in respect of prior periods	-	(70)
Non-taxable profits from subsidiary LLP	(61,551)	(46,143)
Total tax charge for the year	<u>4,860</u>	<u>7,930</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate 19% to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020.

HUTCHINSON LILLEY SERVICES LIMITED

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

10. Tangible fixed assets**Group**

	Fixtures and fittings £
Cost or valuation	
At 1 April 2018	138,234
Additions	903
At 31 March 2019	139,137
Depreciation	
At 1 April 2018	134,664
Charge for the year	2,942
At 31 March 2019	137,606
Net book value	
At 31 March 2019	1,531
At 31 March 2018	3,570

HUTCHINSON LILLEY SERVICES LIMITED

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

10. Tangible fixed assets (continued)**Company**

	Fixtures and fittings £
Cost or valuation	
At 1 April 2018	138,234
Additions	903
At 31 March 2019	139,137
Depreciation	
At 1 April 2018	134,664
Charge for the year	2,942
At 31 March 2019	137,606
Net book value	
At 31 March 2019	1,531
At 31 March 2018	3,570

HUTCHINSON LILLEY SERVICES LIMITED

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

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	199,700
At 31 March 2019	199,700
Net book value	
At 31 March 2019	199,700
At 31 March 2018	199,700

12. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	14,405	-	14,405	-
	14,405	-	14,405	-
Due within one year				
Trade debtors	141,645	49,285	-	-
Amounts owed by group undertakings	-	-	181,579	200,369
Other debtors	1,384	-	1,384	-
Prepayments and accrued income	1,555,207	98,264	20,862	19,199
	1,698,236	147,549	203,825	219,568

HUTCHINSON LILLEY SERVICES LIMITED

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

13. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	402,115	546,268	21,419	13,021
	<u>402,115</u>	<u>546,268</u>	<u>21,419</u>	<u>13,021</u>

14. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	23,370	27,080	1,170	7,604
Corporation tax	4,865	8,000	4,865	8,000
Other taxation and social security	6,513	11,473	6,513	11,473
Other creditors	263	228	263	228
Accruals and deferred income	1,555,921	56,361	51,028	47,861
	<u>1,590,932</u>	<u>103,142</u>	<u>63,839</u>	<u>75,166</u>

15. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,093,572</u>	<u>674,618</u>	<u>218,787</u>	<u>213,390</u>
Financial liabilities				
Other financial liabilities measured at amortised cost	<u>(1,566,754)</u>	<u>(83,669)</u>	<u>(39,961)</u>	<u>(55,694)</u>

Financial assets that are debt instruments measured at amortised cost comprise investment in subsidiaries, trade debtors, amounts owed to group undertakings, accrued income, other debtors and cash at bank.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

HUTCHINSON LILLEY SERVICES LIMITED

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

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
210,000 (2018 - 210,000) Ordinary Shares shares of £1.00 each	210,000	210,000

17. Reserves**Share premium account**

This represents the excess over the nominal value of shares issued.

Profit and loss account

This represents the accuulated profit and losses of the Group and Company.

18. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £968 (2018 - £nil). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

19. Commitments under operating leases

At 31 March 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	48,015	64,000	48,015	64,000
Later than 1 year and not later than 5 years	168,053	128,000	186,053	128,000
	216,068	192,000	234,068	192,000