

**HUTCHINSON LILLEY SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**



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## HUTCHINSON LILLEY SERVICES LIMITED

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### COMPANY INFORMATION

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<b>Director</b>	R Hutchinson
<b>Company secretary</b>	L Hutchinson
<b>Registered number</b>	03941507
<b>Registered office</b>	14 Turnham Green Terrace Mews London W4 1QU
<b>Independent auditor</b>	MHA MacIntyre Hudson Chartered Accountants & Registered Auditors 2 London Wall Place London EC2Y 5AU

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## HUTCHINSON LILLEY SERVICES LIMITED

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## HUTCHINSON LILLEY SERVICES LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### Introduction

The directors present the group strategic report for the year ended 31 March 2020.

#### 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 £163,084 (2019: £346,345). The shareholders funds as set out on page 9 amounted to £526,031 (2019: £525,355) with £403,343 (2019: £377,041) 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 £3.8m to £3.9m but also a corresponding increase in cost of sales.

#### 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	£3,920,092	(2019: £3,859,415)
Gross profit	£532,702	(2019: £746,443)
Net profit before tax	£163,084	(2019: £346,345)
Value of assets managed	£144m	(2019: £146m)

#### 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.

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HUTCHINSON LILLEY SERVICES LIMITED

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020

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This report was approved by the board on **28.8.2020** and signed on its behalf.

*Robert Hutchinson*

R Hutchinson  
Director

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## HUTCHINSON LILLEY SERVICES LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The director presents his report and the financial statements for the year ended 31 March 2020.

#### 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 £26,302 (2019 - £16,348).

No dividends were paid or proposed during the year.

#### Director

The director who served during the year was:

R Hutchinson

#### 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 covered 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

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**


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**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 **28.8.2020** and signed on its behalf.



**R Hutchinson**  
Director

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

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**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 2020, 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 2020 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 doing so, consider whether the other information is materially inconsistent with the financial statements or our



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

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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.

**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.

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

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**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](http://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 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 for our audit work, for this report, or for the opinions we have formed.

*MHA MacIntyre Hudson*

Rakesh Shaunak (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Registered Auditors

2 London Wall Place

London

EC2Y 5AU

Date: 3/09/2020

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Note	2020 £	2019 £
Turnover	4	3,920,092	3,859,415
Cost of sales		(3,387,390)	(3,112,972)
<b>Gross profit</b>		<b>532,702</b>	<b>746,443</b>
Administrative expenses		(369,749)	(400,261)
<b>Operating profit</b>		<b>162,953</b>	<b>346,182</b>
Interest receivable and similar income	8	131	163
<b>Profit before taxation</b>		<b>163,084</b>	<b>346,345</b>
Tax on profit	10	(5,393)	(4,860)
<b>Profit for the financial year</b>		<b>157,691</b>	<b>341,485</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		131,389	325,137
Owners of the parent Company		26,302	16,348
		<b>157,691</b>	<b>341,485</b>

The notes on pages 16 to 29 form part of these financial statements.

**HUTCHINSON LILLEY SERVICES LIMITED**  
**REGISTERED NUMBER: 03941507**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	4,895	1,531
		<u>4,895</u>	<u>1,531</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	14,405	14,405
Debtors: amounts falling due within one year	12	373,923	1,698,236
Cash at bank and in hand	13	450,204	402,115
		<u>838,532</u>	<u>2,114,756</u>
Creditors: amounts falling due within one year	14	(317,396)	(1,590,932)
<b>Net current assets</b>		<u>521,136</u>	<u>523,824</u>
<b>Provisions for liabilities</b>			
<b>Net assets</b>		<u><u>526,031</u></u>	<u><u>525,355</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	210,000	210,000
Share premium account	16	17,500	17,500
Profit and loss account	16	175,843	149,541
<b>Equity attributable to owners of the parent Company</b>		<u>403,343</u>	<u>377,041</u>
Non-controlling interests		<u>122,688</u>	<u>148,314</u>
		<u><u>526,031</u></u>	<u><u>525,355</u></u>

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

*Robert Hutchinson*

**R Hutchinson**  
Director

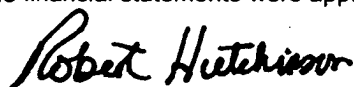
The notes on pages 17 to 30 form part of these financial statements.

**HUTCHINSON LILLEY SERVICES LIMITED**  
**REGISTERED NUMBER: 03941507**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	4,895	1,531
Investments	11	199,700	199,700
		<u>204,595</u>	<u>201,231</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	14,405	14,405
Debtors: amounts falling due within one year	12	242,874	203,825
Cash at bank and in hand	13	14,040	21,419
		<u>271,319</u>	<u>239,649</u>
Creditors: amounts falling due within one year	14	(73,171)	(63,839)
<b>Net current assets</b>		<u>198,148</u>	<u>175,810</u>
<b>Net assets</b>		<u><u>402,743</u></u>	<u><u>377,041</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	210,000	210,000
Share premium account	16	17,500	17,500
Profit and loss account	16	175,243	149,541
		<u><u>402,743</u></u>	<u><u>377,041</u></u>

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



**R Hutchinson**  
 Director

The notes on pages 17 to 30 form part of these financial statements.

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

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	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 2019	210,000	17,500	149,541	377,041	148,314	525,355
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	26,302	26,302	131,708	158,010
Distributions to minority interests	-	-	-	-	(157,334)	(157,334)
<b>At 31 March 2020</b>	<b>210,000</b>	<b>17,500</b>	<b>175,843</b>	<b>403,343</b>	<b>122,688</b>	<b>526,031</b>

The notes on pages 16 to 29 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
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	16,348	16,348	325,287	341,635
Distributions to members	-	-	-	-	(410,375)	(410,375)
<b>Total transactions with owners</b>	-	-	-	-	(410,375)	(410,375)
<b>At 31 March 2019</b>	<b>210,000</b>	<b>17,500</b>	<b>149,541</b>	<b>377,041</b>	<b>148,314</b>	<b>525,355</b>

The notes on pages 16 to 29 form part of these financial statements.

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	210,000	17,500	149,541	377,041
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	25,702	25,702
<b>At 31 March 2020</b>	<b>210,000</b>	<b>17,500</b>	<b>175,243</b>	<b>402,743</b>

The notes on pages 16 to 29 form part of these financial statements.



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**HUTCHINSON LILLEY SERVICES LIMITED**

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

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	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
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	16,348	16,348
<b>At 31 March 2019</b>	<b>210,000</b>	<b>17,500</b>	<b>149,541</b>	<b>377,041</b>

The notes on pages 16 to 29 form part of these financial statements.

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

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	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	157,691	341,485
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,582	2,942
Interest received	(131)	(163)
Taxation charge	5,393	4,860
Decrease/(increase) in debtors	1,324,313	(1,565,092)
(Decrease)/increase in creditors	(1,274,064)	1,490,925
Corporation tax (paid)	(4,865)	(7,995)
<b>Net cash generated from operating activities</b>	<b>209,919</b>	<b>266,962</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(4,946)	(903)
Interest received	131	163
<b>Net cash from investing activities</b>	<b>(4,815)</b>	<b>(740)</b>
<b>Cash flows from financing activities</b>		
Distribution paid to members	(157,015)	(410,375)
<b>Net cash used in financing activities</b>	<b>(157,015)</b>	<b>(410,375)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>48,089</b>	<b>(144,153)</b>
Cash and cash equivalents at beginning of year	402,115	546,268
<b>Cash and cash equivalents at the end of year</b>	<b>450,204</b>	<b>402,115</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	450,204	402,115
	<b>450,204</b>	<b>402,115</b>

The notes on pages 16 to 29 form part of these financial statements.

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## HUTCHINSON LILLEY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 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 2020**

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**2. Accounting policies (continued)**

**2.3. Going concern**

The financial statements have been prepared on a going concern basis.

In common with all businesses in the UK, the Group has been impacted by the government's response to the COVID-19 pandemic. The Directors have taken steps to minimise the impact on the Group in line with the government's advice and recommendations.

The steps taken include:

- the introduction of homeworking wherever possible while maintaining a skeleton staff at the Group's premises but only where compliant with government guidelines;
- revising budgets and forecasts to consider the impact of COVID-19 on the business, and, in particular, the cash needs of the business in the short and medium term;
- the furloughing of staff where appropriate.

While the uncertainty surrounding the duration of the pandemic suggests that the Group is unlikely to be completely unaffected, the Directors consider that it is well placed, particularly in cash terms, to ensure that there are no long term structural consequences on its business.

**2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.5 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.

**2.6 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.

**2.7 Interest income**

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

**2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 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.

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.

**2.11 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.

**2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.13 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.

**2.14 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 2020**

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**2. Accounting policies (continued)**

**2.15 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer 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.



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## HUTCHINSON LILLEY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 4. Turnover

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

	2020 £	2019 £
Investment management services	3,830,842	3,566,640
Regulatory umbrella services	89,250	289,250
Consultancy fees	-	3,525
	<u>3,920,092</u>	<u>3,859,415</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	3,920,092	3,859,415
	<u>3,920,092</u>	<u>3,859,415</u>

#### 5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	3,311	4,133
Other operating lease rentals	44,014	57,457
	<u>47,325</u>	<u>61,590</u>

#### 6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>13,000</u>	<u>12,500</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**7. Employees**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	131,771	111,137
Social security costs	10,396	7,132
Cost of defined contribution scheme	1,171	968
	<u>143,338</u>	<u>119,237</u>

**Employees**

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

	2020 No.	2019 No.
Employees	<u>6</u>	<u>7</u>

**8. Interest receivable**

	2020 £	2019 £
Bank interest receivable	131	163
	<u>131</u>	<u>163</u>

**9. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	5,393	4,860
	<u>5,393</u>	<u>4,860</u>
<b>Total current tax</b>	<u>5,393</u>	<u>4,860</u>

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**9. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<b>163,084</b>	346,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>30,986</b>	65,806
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>190</b>	299
Capital allowances for year in excess of depreciation	<b>(706)</b>	306
Non-taxable profits from subsidiary LLP	<b>(25,077)</b>	(61,551)
<b>Total tax charge for the year</b>	<b>5,393</b>	4,860

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**10. Tangible fixed assets****Group**

	<b>Fixtures and fittings £</b>
<b>Cost or valuation</b>	
At 1 April 2019	139,137
Additions	4,946
At 31 March 2020	<u>144,083</u>
<b>Depreciation</b>	
At 1 April 2019	137,606
Charge for the year on owned assets	1,582
At 31 March 2020	<u>139,188</u>
<b>Net book value</b>	
At 31 March 2020	<u><u>4,895</u></u>
At 31 March 2019	<u><u>1,531</u></u>

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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

	<b>Fixtures and fittings £</b>
<b>Cost or valuation</b>	
At 1 April 2019	<b>139,137</b>
Additions	<b>4,946</b>
At 31 March 2020	<b>144,083</b>
<b>Depreciation</b>	
At 1 April 2019	<b>137,606</b>
Charge for the year on owned assets	<b>1,582</b>
At 31 March 2020	<b>139,188</b>
<b>Net book value</b>	
At 31 March 2020	<b>4,895</b>
At 31 March 2019	<b>1,531</b>

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**11. Fixed asset investments**

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2019	199,700
At 31 March 2020	<u>199,700</u>

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

**12. Debtors**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Due after more than one year</b>				
Other debtors	14,405	14,405	14,405	14,405
	<u>14,405</u>	<u>14,405</u>	<u>14,405</u>	<u>14,405</u>
<b>Due within one year</b>				
Trade debtors	184,914	141,645	-	-
Amounts owed by group undertakings	-	-	203,047	181,579
Other debtors	362	1,384	362	1,384
Prepayments and accrued income	188,647	1,555,207	39,465	20,862
	<u>373,923</u>	<u>1,698,236</u>	<u>242,874</u>	<u>203,825</u>

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**13. Cash and cash equivalents**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Cash at bank and in hand	<b>450,204</b>	402,115	<b>14,040</b>	21,419
	<b>450,204</b>	402,115	<b>14,040</b>	21,419

**14. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Trade creditors	<b>145,885</b>	23,370	<b>27,135</b>	1,170
Corporation tax	<b>5,393</b>	4,865	<b>5,393</b>	4,865
Other taxation and social security	<b>3,930</b>	6,513	<b>3,930</b>	6,513
Other creditors	-	263	-	263
Accruals and deferred income	<b>162,188</b>	1,555,921	<b>36,713</b>	51,028
	<b>317,396</b>	1,590,932	<b>73,171</b>	63,839

**15. Financial instruments**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<b>450,204</b>	2,093,572	<b>14,040</b>	218,787
<b>Financial liabilities</b>				
Other financial liabilities measured at amortised cost	-	(1,566,754)	-	(39,961)

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**HUTCHINSON LILLEY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**16. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
210,000 (2019 - 210,000) ordinary shares of £1.00 each	<b>210,000</b>	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 accumulated 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 £1,171 (2019 - £968). Contributions totalling £nil (2019 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

**19. Commitments under operating leases**

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	48,015	48,015	48,015	48,015
Later than 1 year and not later than 5 years	120,038	168,053	120,038	186,053
	<b>168,053</b>	216,068	<b>168,053</b>	234,068