

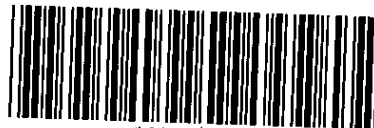
Registered number: 03941507

HUTCHINSON LILLEY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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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 & Registered Auditors 2 London Wall Place London EC2Y 5AU

HUTCHINSON LILLEY SERVICES LIMITED

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HUTCHINSON LILLEY SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors present the group strategic report for the year ended 31 March 2021.

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 £120,506 (2020 - £163,084). The shareholders funds as set out on page 9 amounted to £446,020 (2020 - £526,031) with £337,124 (2020 - £403,343) 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 £3.9m to £6.8m 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	£6,807,037	(2020 - £3,920,092)
Gross profit	£443,754	(2020 - £532,072)
Net profit before tax	£120,506	(2020 - £163,084)
Value of assets managed	£148m	(2020 - £144m)

HUTCHINSON LILLEY SERVICES LIMITED

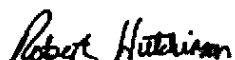
**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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 20/12/2021

and signed on its behalf.



R Hutchinson
Director

HUTCHINSON LILLEY SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

The director presents his report and the financial statements for the year ended 31 March 2021.

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 £9,381 (2020 - £26,302).

Dividends of £75,600 were paid during the year (2020 - £nil).

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

HUTCHINSON LILLEY SERVICES LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

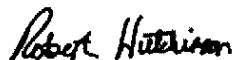
Disclosure of information to auditor

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 20/12/2021

and signed on its behalf.



R Hutchinson
Director

HUTCHINSON LILLEY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2021, 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 2021 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

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

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 or the parent 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.

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

HUTCHINSON LILLEY SERVICES LIMITED

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

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 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.

HUTCHINSON LILLEY SERVICES LIMITED

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

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out 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 Group 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:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.


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.

HUTCHINSON LILLEY SERVICES LIMITED

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

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 (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Registered Auditors
2 London Wall Place
London
EC2Y 5AU
Date: 22/12/2021

HUTCHINSON LILLEY SERVICES LIMITED

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

	Note	2021 £	2020 £
Turnover	4	6,807,037	3,920,092
Cost of sales		(6,363,283)	(3,387,390)
Gross profit		443,754	532,702
Administrative expenses		(328,598)	(369,749)
Other operating income	5	5,335	-
Operating profit	6	120,491	162,953
Interest receivable and similar income	9	15	131
Profit before taxation		120,506	163,084
Tax on profit	10	(2,529)	(5,393)
Profit for the financial year		117,977	157,691
Profit for the year attributable to:			
Non-controlling interests		108,596	131,389
Owners of the parent Company		9,381	26,302
		117,977	157,691

The notes on pages 15 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	4,575	4,895
		<u>4,575</u>	<u>4,895</u>
Current assets			
Debtors: amounts falling due after more than one year	13	14,405	14,405
Debtors: amounts falling due within one year	13	1,106,951	373,923
Cash at bank and in hand	14	530,058	450,204
		<u>1,651,414</u>	<u>838,532</u>
Creditors: amounts falling due within one year	15	(1,209,969)	(317,396)
Net current assets		<u>441,445</u>	<u>521,136</u>
Net assets		<u><u>446,020</u></u>	<u><u>526,031</u></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	109,624	175,843
Equity attributable to owners of the parent Company		<u>337,124</u>	<u>403,343</u>
Non-controlling interests		108,896	122,688
		<u><u>446,020</u></u>	<u><u>526,031</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/12/2021

Robert Hutchinson

R Hutchinson
Director

The notes on pages 15 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	4,575	4,895
Investments	12	199,700	199,700
		<u>204,275</u>	<u>204,595</u>
Current assets			
Debtors: amounts falling due after more than one year	13	14,405	14,405
Debtors: amounts falling due within one year	13	167,180	242,874
Cash at bank and in hand	14	9,864	14,040
		<u>191,449</u>	<u>271,319</u>
Creditors: amounts falling due within one year	15	(58,600)	(73,171)
Net current assets		<u>132,849</u>	<u>198,148</u>
Net assets		<u><u>337,124</u></u>	<u><u>402,743</u></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	109,624	175,243
		<u><u>337,124</u></u>	<u><u>402,743</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/12/2021


R Hutchinson
 Director

The notes on pages 15 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £
At 1 April 2019	210,000	17,500	149,541	377,041	148,314
Comprehensive income for the year					
Profit for the year	-	-	26,302	26,302	131,708
Distributions to minority interests	-	-	-	-	(157,334)
					Total equity £
At 1 April 2019					525,355
Comprehensive income for the year					
Profit for the year					158,010
Distributions to minority interests					(157,334)
At 1 April 2020	210,000	17,500	175,843	403,343	122,688
Comprehensive income for the year					
Profit for the year	-	-	9,381	9,381	108,896
Dividends: Equity capital	-	-	(75,600)	(75,600)	-
Distributions to minority interests	-	-	-	-	(122,688)
At 31 March 2021	210,000	17,500	109,624	337,124	108,896
At 1 April 2020					526,031
Comprehensive income for the year					
Profit for the year					118,277
Dividends: Equity capital					(75,600)
Distributions to minority interests					(122,688)
At 31 March 2021					446,020

HUTCHINSON LILLEY SERVICES LIMITED

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

	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
Comprehensive income for the year				
Profit for the year	-	-	25,702	25,702
At 1 April 2020	210,000	17,500	175,243	402,743
Comprehensive income for the year				
Profit for the year	-	-	9,981	9,981
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(75,600)	(75,600)
At 31 March 2021	210,000	17,500	109,624	337,124

The notes on pages 15 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	117,977	157,691
Adjustments for:		
Depreciation of tangible assets	2,506	1,582
Interest received	(15)	(131)
Taxation charge	2,529	5,393
(Increase)/decrease in debtors	(733,028)	1,324,313
Increase/(decrease) in creditors	895,438	(1,274,064)
Corporation tax (paid)	(5,394)	(4,865)
Net cash generated from operating activities	280,013	209,919
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,186)	(4,946)
Interest received	15	131
Net cash from investing activities	(2,171)	(4,815)
Cash flows from financing activities		
Dividends paid	(75,600)	-
Distribution paid to members	(122,388)	(157,015)
Net cash used in financing activities	(197,988)	(157,015)
Net increase in cash and cash equivalents	79,854	48,089
Cash and cash equivalents at beginning of year	450,204	402,115
Cash and cash equivalents at the end of year	530,058	450,204
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	530,058	450,204
	530,058	450,204

The notes on pages 15 to 28 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

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

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 2021**

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 profit or loss 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 profit or loss 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.

HUTCHINSON LILLEY SERVICES LIMITED

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

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 profit or loss 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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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

2. Accounting policies (continued)

2.9 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 profit or loss 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.

2.10 Taxation

Tax is recognised in profit or loss 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.

2.11 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 profit or loss.

HUTCHINSON LILLEY SERVICES LIMITED

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

2. Accounting policies (continued)**2.12 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.

2.13 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.

2.14 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.

2.15 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 2021

2. Accounting policies (continued)

2.16 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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

HUTCHINSON LILLEY SERVICES LIMITED

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

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.

4. Turnover

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

	2021 £	2020 £
Investment management services	6,806,074	3,830,842
Regulatory umbrella services	963	89,250
	<u>6,807,037</u>	<u>3,920,092</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	6,807,037	3,920,092
	<u>6,807,037</u>	<u>3,920,092</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable - coronavirus job retention scheme	5,335	-
	<u>5,335</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	9,893	3,311
Other operating lease rentals	44,014	44,014
	<u>44,014</u>	<u>44,014</u>

HUTCHINSON LILLEY SERVICES LIMITED

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

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>13,500</u>	<u>13,000</u>
Fees payable to the Group's auditor in respect of:		
Taxation compliance services	<u>2,350</u>	<u>2,200</u>
	<u>2,350</u>	<u>2,200</u>

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	128,263	131,771
Social security costs	8,753	10,396
Cost of defined contribution scheme	2,060	1,171
	<u>139,076</u>	<u>143,338</u>

Employees

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

	2021 No.	2020 No.
Employees	<u>5</u>	<u>6</u>

9. Interest receivable

	2021 £	2020 £
Bank interest receivable	<u>15</u>	<u>131</u>
	<u>15</u>	<u>131</u>

HUTCHINSON LILLEY SERVICES LIMITED

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

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,529	5,393
	<u>2,529</u>	<u>5,393</u>
Total current tax	<u><u>2,529</u></u>	<u><u>5,393</u></u>

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>120,506</u>	<u>163,084</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	22,896	30,986
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	145	190
Capital allowances for year in excess of depreciation	6	(706)
Non-taxable profits from subsidiary LLP	(20,518)	(25,077)
Total tax charge for the year	<u><u>2,529</u></u>	<u><u>5,393</u></u>

HUTCHINSON LILLEY SERVICES LIMITED

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

11. Tangible fixed assets**Group**

	Fixtures and fittings £
Cost or valuation	
At 1 April 2020	144,083
Additions	2,186
At 31 March 2021	146,269
Depreciation	
At 1 April 2020	139,188
Charge for the year on owned assets	2,506
At 31 March 2021	141,694
Net book value	
At 31 March 2021	4,575
At 31 March 2020	4,895

HUTCHINSON LILLEY SERVICES LIMITED

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

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

	Fixtures and fittings £
Cost or valuation	
At 1 April 2020	144,083
Additions	2,186
	<hr/>
At 31 March 2021	146,269
	<hr/>
Depreciation	
At 1 April 2020	139,188
Charge for the year on owned assets	2,506
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At 31 March 2021	141,694
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Net book value	
At 31 March 2021	4,575
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At 31 March 2020	4,895
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HUTCHINSON LILLEY SERVICES LIMITED

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

12. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	199,700
At 31 March 2021	<u>199,700</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Holding
Hutchinson Lilley Investments LLP	England and Wales	99.7%

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of members' capital and reserves	Profit/(Loss)
Hutchinson Lilley Investments LLP	308,896	108,986

HUTCHINSON LILLEY SERVICES LIMITED

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

13. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	14,405	14,405	14,405	14,405
	14,405	14,405	14,405	14,405
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year				
Trade debtors	-	184,914	-	-
Amounts owed by group undertakings	-	-	133,589	203,047
Other debtors	3,829	362	3,829	362
Prepayments and accrued income	1,103,122	188,647	29,762	39,465
	1,106,951	373,923	167,180	242,874

14. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	530,058	450,204	9,864	14,040
	530,058	450,204	9,864	14,040

15. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	116,955	145,885	15,484	27,135
Corporation tax	2,528	5,393	2,528	5,393
Other taxation and social security	2,822	3,930	2,822	3,930
Accruals and deferred income	1,087,664	162,188	37,766	36,713
	1,209,969	317,396	58,600	73,171

HUTCHINSON LILLEY SERVICES LIMITED

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

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
210,000 (2020 - 210,000) ordinary 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 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 £2,060 (2020 - £1,171). Contributions totalling £nil (2020 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

19. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	48,015	48,015	48,015	48,015
Later than 1 year and not later than 5 years	72,023	120,038	72,023	120,038
	120,038	168,053	120,038	168,053

20. Post balance sheet events

Following the year end, the Company's subsidiary, Hutchinson Lilley Investments LLP, has voluntarily ceased trading.