

Registered number: 02046903

HCR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

HCR LIMITED

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HCR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Principal Activities

The principal activities of the company during the year were the provision of employee relocation services to domestic and international organisations and corporate accommodation services.

Business review

We reported last year on the uncertainty surrounding a major government contract. After a very protracted 4-year tender process we were informed in December 2015 that, after 17 years of service delivery, we had lost the contract. This was not wholly unexpected because the new contract terms transferred a very significant amount of rental and accommodation availability risk to the contractor and as an SME we had to price our bid prudently.

The contract transition period was three months to 31 March 2016 during which time staff were TUPE transferred, and approximately 4,000 tenancies were novated, to the new contractor. Contract exit fees were agreed to cover this period.

In light of this major change, the business has been restructured. A number of cost reduction and efficiency programmes were initiated early in the year as a defensive measure against the potential loss of the government contract and a further phase was undertaken once the contract decision was known.

A combination of the above factors, together with a 13% growth in the contribution from the rest of the business, has resulted in an excellent year with turnover of £11,144k and PBT of £3,536k.

The core business remains global employee relocation services together with accommodation solutions, ancillary services and eldercare support. Our continuing ability to provide Guaranteed Sales Price funding is essential in being able to provide the complete range of relocation services.

Our fixed price, all inclusive, longer-term corporate accommodation solution, MYTAS, was launched last year and continues to grow.

This year has seen the launch of ReloQuest, a unique and innovative sourcing system developed in the USA that brings together buyers and sellers of Serviced Accommodation within a virtual market environment.

Our objective is to be the UK's leading independent provider of a comprehensive range of innovative employee relocation services, whilst specialising in the provision of cost-effective corporate accommodation of whatever duration.

time4care, an employee benefit service aimed at those with eldercare responsibilities, was launched last year and has gained a lot of interest with employers. This service meets a real demographic need in the workplace for employers and employees alike and opens new avenues for HCR to develop corporate relationships. HCR has been working closely with the Department for Work & Pensions and Employers for Carers to promote this agenda.

These interlinked services continue to allow the company to develop a broad range of income streams and create a balanced portfolio of products, services and clients to drive operational efficiency and shareholder returns.

Our software development team continues to enhance our in-house designed operating platform to meet the needs and expectations of clients. Information is readily available through our client portal. This, together with our on-line expense management product, which fully integrates with our finance system, has given us a competitive advantage when tendering for new business and retaining existing clients.

HCR LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

Principal risks and uncertainties

The business is going through a period of change, but we are confident that the new, restructured business is well positioned for the future and occupies a unique position in the UK employee relocation and corporate accommodation market.

The exit from the government contract, and in particular the unwinding of the working capital tied up in the contract, has resulted in strong cash generation which has facilitated the restructuring of the company and provided a strong platform for growth.

Financial key performance indicators

The board monitors the company's performance by reference to internal budgets and a number of Key Performance Indicators including monthly case volumes (instructed and billed), return on sales, profit before tax and operating cash flow.

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



R K V Dolbear
Director

Date: 23 August 2016

HCR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors

The directors who served during the year were:

A J Finney (resigned 21 June 2016)
R K V Dolbear
A C Leach
A J A Smith (resigned 21 June 2016)

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and, where necessary to fund working capital, through bank borrowings in the form of an invoice discounting facility.

Management's objectives are to manage cash flow so as to minimise the funding requirement and in any event to operate within an agreed facility which is sufficient to fund the growth of the company.

The risks associated with the invoice discounting facility are deemed to be acceptable by the directors and no hedge instruments are in place but this is kept under regular review.

There is no exchange rate risk exposure with the sterling facility.

The company's surplus funds are held in short term variable rate deposit accounts, which reflect the flexibility required to fund the company's working capital requirements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HCR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Disclosure of information to auditors

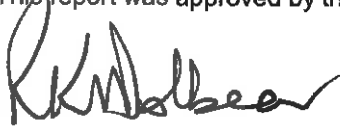
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R K V Dolbear
Director

Date: 23 August 2016

HCR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HCR LIMITED

We have audited the financial statements of HCR Limited for the year ended 31 March 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

HCR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HCR LIMITED

Matters on which we are required to report by exception

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

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

Nexia Smith & Williamson

Julie Mutton (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT
Date: 23/08/2016

HCR LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	3	11,143,790	8,194,733
Cost of sales		<u>(2,900,834)</u>	<u>(2,664,478)</u>
Gross profit		8,242,956	5,530,255
Administrative expenses		<u>(4,700,680)</u>	<u>(4,614,383)</u>
Operating profit	4	3,542,276	915,872
Interest receivable and similar income	7	6,439	7,539
Interest payable and expenses	8	<u>(12,693)</u>	<u>(69,903)</u>
Profit before tax		3,536,022	853,508
Tax on profit	9	<u>(663,128)</u>	<u>(66,118)</u>
Profit after tax		<u>2,872,894</u>	<u>787,390</u>
Retained earnings at the beginning of the year		4,445,613	3,658,223
Profit for the year		2,872,894	787,390
Dividends declared and paid		<u>(2,133,000)</u>	-
Retained earnings at the end of the year		<u>5,185,507</u>	<u>4,445,613</u>

Gross trading income for the year amounted to £93,055,567 (2015: £94,926,932).

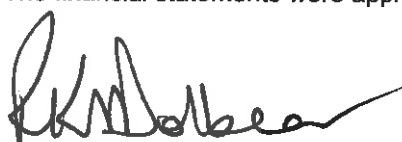
The notes on pages 9 to 24 form part of these financial statements.

HCR LIMITED
REGISTERED NUMBER: 02046903

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	31,732	140,317
Tangible assets	12	108,534	277,735
Investments	13	2	2
		<u>140,268</u>	<u>418,054</u>
Current assets			
Debtors: amounts falling due within one year	14	9,777,806	12,031,423
Cash at bank and in hand	15	2,807,831	164,027
		<u>12,585,637</u>	<u>12,195,450</u>
Creditors: amounts falling due within one year	16	(6,109,737)	(6,891,084)
Net current assets		<u>6,475,900</u>	<u>5,304,366</u>
Total assets less current liabilities		<u>6,616,168</u>	<u>5,722,420</u>
Provisions for liabilities			
Deferred tax	17	-	(26,807)
Other provisions	18	(180,661)	
		<u>(180,661)</u>	<u>(26,807)</u>
Net assets		<u>6,435,507</u>	<u>5,695,613</u>
Capital and reserves			
Called up share capital	19	1,250,000	1,250,000
Profit and loss account	20	5,185,507	4,445,613
		<u>6,435,507</u>	<u>5,695,613</u>

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



R K V Dolbear
 Director

Date: 23 August 2016

The notes on pages 9 to 24 form part of these financial statements.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

These financial statements are the first annual financial statements of the company in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The first date at which FRS 102 was applied was 1 April 2014.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about the group.

EXEMPTIONS

The company has taken advantage of the following exemptions available under FRS102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing the remuneration of Key Management Personnel
- the exemption from disclosing the financial instrument disclosures required under FRS102 paragraphs 11.39 to 11.48A as the information is provided in the consolidated financial statements of the group in which the entity is consolidated and the relevant disclosures are included therein.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. Revenue does not include the recharge of expenses incurred on behalf of customers. All income is recognised on service delivery.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting policies (continued)

1.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

S/Term Leasehold Property	- 20% straight line
Motor vehicles	- 33% straight line
Fixtures, fittings and equipment	- 20% ,25%, 33% and 50% straight line

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 within 'other operating income' in the Statement of Income and Retained Earnings.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 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.

1.8 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.

1.9 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.

1.10 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting policies (continued)

1.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account 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 Company in independently administered funds.

1.13 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.14 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting policies (continued)

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that effect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Intangible and tangible fixed assets

Key estimates and judgements are applied in establishing the residual value of the intangible and tangible assets of the company. An assessment is performed at each reporting date of the residual value of the assets at the conclusion of their remaining economic life. Based upon current estimates it is estimated that the residual value is not in excess of the cost of the assets acquired, and accordingly amortisation or depreciation has been charged. The carrying amount of the assets at 31 March 2016 was £32k for intangible assets and £109k for tangible fixed assets.

Goodwill - Impairment

Key estimates and judgements are applied in establishing the recoverable amount of goodwill at each reporting date, for the purposes of impairment testing. Goodwill at 31 March 2016 was fully written down.

Contract termination costs

Following the loss of a key contract in the current financial year, key estimates and judgements were required in valuing the associated provisions required. Management's best estimate of future costs (which largely relate to the Belvedere House onerous lease discussed below) as a result of the contract termination is £136k as at 31 March 2016.

Dilapidations

The Company's Belvedere House lease which expires in May 2017, includes a clause obliging the Company to return the property in the same condition as at the date of entry into the lease. The costs to bring the property back to this condition have been assessed by an independent expert and are expected to total £45k. These costs have been fully provided for as at 31 March 2016.

3. Analysis of turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	178,486	133,501
Amortisation of intangible assets, including goodwill	108,585	108,977
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	27,250	23,530
Defined contribution pension cost	143,335	149,583

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,804,632	2,827,869
Social security costs	267,401	275,194
Cost of defined contribution scheme	143,335	149,583
	<u>3,215,368</u>	<u>3,252,646</u>

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

	2016 No.	2015 No.
	<u>92</u>	<u>106</u>

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	455,735	314,455
Company contributions to defined contribution pension schemes	35,997	36,755
	<u>491,732</u>	<u>351,210</u>

During the year retirement benefits were accruing to 3 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £221,190 (2015 - £88,986).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,316 (2015 - £15,767).

7. Interest receivable

	2016 £	2015 £
Other interest receivable	6,439	7,539
	<u>6,439</u>	<u>7,539</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	12,693	69,903
	<u>12,693</u>	<u>69,903</u>

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	738,417	153,393
Adjustments in respect of previous periods	(35,894)	(114,082)
Total current tax	<u>702,523</u>	<u>39,311</u>
Deferred tax		
Origination and reversal of timing differences	(39,395)	26,807
Total deferred tax	<u>(39,395)</u>	<u>26,807</u>
Taxation on profit on ordinary activities	<u>663,128</u>	<u>66,118</u>

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>3,536,022</u>	<u>853,508</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	707,204	179,237
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	531	2,278
Depreciation for year in excess of capital allowances	-	22,804
Adjustment to brought forward values	-	(1,308)
Adjustments to tax charge in respect of prior periods	(35,022)	(114,082)
Short term timing difference leading to an increase (decrease) in taxation	-	3,124
Adjust closing deferred tax to average rate of 20%	1,399	-
Additional deduction for R&D expenditure	-	(37,384)
Group relief	(10,984)	(15,358)
Deferred tax	-	26,807
Total tax charge for the year	<u>663,128</u>	<u>66,118</u>

Finance (No. 2) Act 2015 includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance (No. 2) Bill 2016 includes proposed legislation to reduce the mainstream rate of corporation tax to 17% in April 2020.

10. Dividends

	2016 £	2015 £
Dividends paid on equity capital	<u>2,133,000</u>	-
	<u>2,133,000</u>	-

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

11. Intangible assets

	Development costs £	Goodwill £	Total £
Cost			
At 1 April 2015	341,259	118,977	460,236
At 31 March 2016	<u>341,259</u>	<u>118,977</u>	<u>460,236</u>
Amortisation			
At 1 April 2015	200,942	118,977	319,919
Charge for the year	108,585	-	108,585
At 31 March 2016	<u>309,527</u>	<u>118,977</u>	<u>428,504</u>
Net book value			
At 31 March 2016	<u>31,732</u>	<u>-</u>	<u>31,732</u>
At 31 March 2015	<u>140,317</u>	<u>-</u>	<u>140,317</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. Tangible fixed assets

	S/Term Leasehold Property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2015	177,920	2,960	609,125	790,005
Additions	3,199	-	6,086	9,285
Disposals	-	(2,960)	(158,088)	(161,048)
At 31 March 2016	181,119	-	457,123	638,242
Depreciation				
At 1 April 2015	107,802	2,466	402,002	512,270
Charge owned for the period	47,193	494	130,799	178,486
Disposals	-	(2,960)	(158,088)	(161,048)
At 31 March 2016	154,995	-	374,713	529,708
Net book value				
At 31 March 2016	26,124	-	82,410	108,534
At 31 March 2015	70,118	494	207,123	277,735

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	2
At 31 March 2016	2
Net book value	
At 31 March 2016	2
At 31 March 2015	2

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
HCR Funding Corporation Limited	UK	Ordinary	100 %	Arranging property finance on behalf of customers of HCR Limited

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
HCR Funding Corporation Limited	413,372	7,500

14. Debtors

	2016 £	2015 £
Trade debtors	7,153,249	7,303,150
Amounts owed by group undertakings	2,268,251	4,197,103
Other debtors	77,536	53,563
Prepayments and accrued income	266,182	477,607
Deferred taxation	12,588	-
	<u>9,777,806</u>	<u>12,031,423</u>

Trade debtors includes a balance of £5,455,563 (2015 - £6,980,146) which represents rechargeable costs incurred by the company on behalf of its customers and which are recoverable in the year ending 31 March 2017. These rechargeable costs do not go through turnover and therefore the level of debtors does not correlate to the turnover of the business.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	2,807,831	164,027
Less: bank overdrafts	-	(224,687)
	<u>2,807,831</u>	<u>(60,660)</u>

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	-	224,687
Trade creditors	803,027	1,199,881
Amounts owed to group undertakings	413,372	408,372
Corporation tax	433,045	-
Taxation and social security	628,110	375,776
Other creditors	222,680	45,554
Accruals and deferred income	3,609,503	4,636,814
	<u>6,109,737</u>	<u>6,891,084</u>

The company is party to a cross guarantee with HCR Group Management Limited and fellow subsidiary undertakings. This secures the external debt of the Group against the fixed assets of the Group. The cumulative debt across the Group is £566,606 (2015 - £2,920,583).

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

17. Deferred taxation

	Deferred tax £
At 1 April 2015	(26,807)
Charged to the profit or loss	39,395
At 31 March 2016	12,588

The deferred taxation balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	10,638	(29,782)
Other timing differences	1,950	2,975
	12,588	(26,807)

18. Provisions

	Contract termination costs £	Dilapidations provision £	Total £
At 1 April 2015	-	-	-
Charged to the profit or loss	135,661	45,000	180,661
At 31 March 2016	135,661	45,000	180,661

19. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1,250,000 Ordinary shares shares of £1 each	1,250,000	1,250,000

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. Reserves

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £143,335 (2015 - £149,583). Contributions totalling £10,837 (2015 - £14,878) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	12,770	5,573
Later than 1 year and not later than 5 years	76,989	324,097
Later than 5 years	-	30,043
Total	89,759	359,713

23. Related party transactions

During the year Charlie Houseman Limited, which is a fellow subsidiary of HCR Group Management Limited, albeit not wholly owned by HCR Group Management Limited, was recharged expenses by HCR Limited totalling £27,361 (2015 - £23,782). During the year Charlie Houseman Limited recharged collection costs to HCR Limited of £10,232 (2015 - £12,021). At the year end Charlie Houseman Limited owed HCR Limited £4,073 (2015 - £4,925).

The company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned members of the Group headed by HCR Group Management Ltd.

The remuneration of Directors can be found in note 6. Management do not consider there to be any other key management personnel.

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

24. Ultimate parent undertaking and Controlling party

The ultimate parent undertaking is HCR Group Management Limited, a company registered in England and Wales. It is both the smallest and largest group to consolidate these financial statements. Copies of its consolidated financial statements can be obtained from Belvedere House, 2 Basing View, Basingstoke, Hampshire, RG21 4HG.

The Directors consider there to be no controlling party.

25. Transition to FRS102

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.

