
HCR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

HCR LIMITED

COMPANY INFORMATION

DIRECTORS

A J Finney
R K V Dolbear
A C Leach
A J A Smith

COMPANY SECRETARY

R K V Dolbear

REGISTERED NUMBER

02046903

REGISTERED OFFICE

Belvedere House
2 Basing View
Basingstoke
Hampshire
RG21 4HG

INDEPENDENT AUDITORS

Nexia Smith & Williamson
Imperial House
18-21 Kings Park Road
Southampton
Hampshire
SO15 2AT

BANKERS

Santander Corporate Banking
Thames Valley Business Centre
5th Floor, Davidson House
Forbury Square
Reading
RG1 3EU

HCR LIMITED

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HCR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

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

2014/15 saw an increase from the previous year with turnover up 29% to £8,195k and Operating Profit up 113% to £916k. This reflects growth in the core relocation business & ancillary services, and the absence of a one-off provision relating to property dilapidations, more than offsetting a further reduction in caseload volume from a major government contract.

The first half of 2015/16 has seen a continuation of this growth trend, enhanced by operational efficiencies. We have also secured new contracts or substantial contract extensions for the majority of our key corporate clients.

The focus has been on leveraging our unique position within the UK rental market to broaden and enhance the services we offer. In particular the launch of MYTAS, a fixed price, all inclusive, longer-term corporate accommodation solution has been very well received in the market.

Our continuing ability to provide Guaranteed Sales Price funding is critical in being able to provide a complete range of relocation services.

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.

We also launched time4care, an employee benefit service aimed at those with eldercare responsibilities. 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.

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

We have continued to invest in our staff, IT infrastructure and software development. In particular further development of our client portal, which provides access to our in-house designed operating platform, has considerably improved the speed and quality of information for our clients and their employees. 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.

The reduction in cash during the year was due to the partial funding of a group shareholder restructuring.

Shareholders' funds at the year end were £5,696k and net current assets were £5,304k.

PRINCIPAL RISKS AND UNCERTAINTIES

In last year's Directors' Report we reported that in May 2013 HCR was awarded an extension of a major government contract and it was expected that the contract would remain in place until March 2015. The reality has been that the tender process is ongoing and the outcome of the tender process will not be known until December at the earliest. Therefore the existing contract extension will be in place until at least the end of December 2015.

Whilst the outcome of the tender process is still unknown, HCR believes firmly in the service it provides and the strength of its tender submission. Nevertheless in the event that HCR is unsuccessful, the Directors have contingency plans in place to accommodate the loss of the contract.

HCR LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015**

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: 19th November 2015

HCR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

DIRECTORS

The directors who served during the year were:

A J Finney
R K V Dolbear
A C Leach
A J A Smith

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 2015**

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

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



R K V Dolbear
Director

Date: 19th November 2015

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 2015, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2015 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.

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.

Julie Mutton

Julie Mutton (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Imperial House
18-21 Kings Park Road
Southampton
Hampshire
SO15 2AT

Date: *20/11/15*

HCR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

| | Note | 2015 £ | 2014 £ |
|--|------|-----------------------|-----------------------|
| Gross trading income | | <u>94,926,932</u> | <u>90,980,177</u> |
| TURNOVER | 1,2 | 8,194,733 | 6,347,989 |
| Cost of sales | | <u>(2,664,478)</u> | <u>(1,132,916)</u> |
| GROSS PROFIT | | 5,530,255 | 5,215,073 |
| Administrative expenses | | <u>(4,614,383)</u> | <u>(4,784,954)</u> |
| OPERATING PROFIT | 3 | 915,872 | 430,119 |
| Interest receivable and similar income | 6 | 7,539 | 18,784 |
| Interest payable and similar charges | 7 | <u>(69,903)</u> | <u>(3,721)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 853,508 | 445,182 |
| Tax on profit on ordinary activities | 8 | <u>(66,118)</u> | <u>(100,556)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 17 | <u>787,390</u> | <u>344,626</u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account.

The notes on pages 9 to 19 form part of these financial statements.

HCR LIMITED
REGISTERED NUMBER: 02046903

BALANCE SHEET
AS AT 31 MARCH 2015

| | Note | £ | 2015 £ | £ | 2014 £ |
|--|------|--------------------|------------------|--------------------|------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | | 140,317 | | 249,294 |
| Tangible assets | 10 | | 277,735 | | 370,111 |
| Investments | 11 | | 2 | | 2 |
| | | | <u>418,054</u> | | <u>619,407</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 12,031,423 | | 6,078,590 | |
| Cash at bank and in hand | | 164,027 | | 2,673,341 | |
| | | <u>12,195,450</u> | | <u>8,751,931</u> | |
| CREDITORS: amounts falling due within one year | 13 | <u>(6,891,084)</u> | | <u>(4,043,970)</u> | |
| NET CURRENT ASSETS | | | <u>5,304,366</u> | | <u>4,707,961</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>5,722,420</u> | | <u>5,327,368</u> |
| CREDITORS: amounts falling due after more than one year | 14 | | - | | (399,072) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred tax | 15 | | (26,807) | | (20,073) |
| NET ASSETS | | | <u>5,695,613</u> | | <u>4,908,223</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | 1,250,000 | | 1,250,000 |
| Profit and loss account | 17 | | 4,445,613 | | 3,658,223 |
| SHAREHOLDERS' FUNDS | 18 | | <u>5,695,613</u> | | <u>4,908,223</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: 19th November 2015

The notes on pages 9 to 19 form part of these financial statements.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 applicable accounting standards.

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 its group.

1.2 Going concern

The main uncertainty for the business relates to the potential non-renewal of a major government contract. Whilst the outcome of the tender process is still unknown, HCR believes firmly in the service it provides and the strength of its tender submission. Nevertheless in the event that HCR is unsuccessful, the Directors have contingency plans in place to accommodate the loss of the contract which will ensure that the company is able to meet its financial obligations for the foreseeable future. This does not cast significant doubt about the ability of the company to continue as a going concern. Therefore the directors believe it is appropriate that the financial statements are prepared on a going concern basis.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover does not include the recharge of expenses incurred on behalf of customers. All income is recognised on service delivery.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life of 5 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and Loss Account.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2015 £ | 2014 £ |
|--|-----------------------------|-----------------------------|
| Amortisation - intangible fixed assets | 108,977 | 99,574 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 107,224 | 149,314 |
| - held under finance leases | 26,277 | 26,368 |
| Auditors' remuneration | 16,200 | 18,386 |
| Auditors' remuneration - non-audit | 10,750 | 13,895 |
| Operating lease rentals: | | |
| - other | 51,398 | 51,085 |
| - land and buildings | 123,499 | 117,971 |
| Profit on disposal of tangible assets | - | (2,909) |
| | <u> </u> | <u> </u> |

4. STAFF COSTS

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

| | 2015 £ | 2014 £ |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | 2,827,869 | 2,761,045 |
| Social security costs | 275,194 | 272,321 |
| Other pension costs | 149,583 | 162,455 |
| | <u> </u> | <u> </u> |
| | <u>3,252,646</u> | <u>3,195,821</u> |

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

| | 2015 No. | 2014 No. |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| | 106 | 106 |

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

5. DIRECTORS' REMUNERATION

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Remuneration | <u>314,455</u> | <u>353,163</u> |
| Company pension contributions to defined contribution pension schemes | <u>36,755</u> | <u>77,074</u> |

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £88,986 (2014 - £117,729).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,767 (2014 - £45,996).

6. INTEREST RECEIVABLE

| | 2015 £ | 2014 £ |
|---------------------------|--------------|---------------|
| Other interest receivable | <u>7,539</u> | <u>18,784</u> |

7. INTEREST PAYABLE

| | 2015 £ | 2014 £ |
|------------------------------|---------------|--------------|
| On bank loans and overdrafts | <u>69,903</u> | <u>3,721</u> |

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. TAXATION

| | 2015 £ | 2014 £ |
|--|---------------|----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 153,393 | 126,962 |
| Adjustments in respect of prior periods | (114,082) | 169 |
| | 39,311 | 127,131 |
| Deferred tax (see note 15) | | |
| Origination and reversal of timing differences | 26,807 | (26,575) |
| | 66,118 | 100,556 |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

| | 2015 £ | 2014 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 853,508 | 445,182 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%) | 179,237 | 102,392 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 2,278 | 4,110 |
| Depreciation in excess of capital allowances | 22,804 | 24,850 |
| Adjustment to brought forward values | (1,308) | - |
| Adjustments to tax charge in respect of prior periods | (114,082) | 169 |
| Chargeable disposals | - | (669) |
| Short term timing difference leading to an increase (decrease) in taxation | 3,124 | (3,721) |
| Additional deduction for R&D expenditure | (37,384) | - |
| Group relief | (15,358) | - |
| | 39,311 | 127,131 |
| Current tax charge for the year (see note above) | 39,311 | 127,131 |

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

9. INTANGIBLE FIXED ASSETS

| | Development costs £ | Goodwill £ | Total £ |
|-----------------------------------|---------------------------|---------------|------------|
| Cost | | | |
| At 1 April 2014 and 31 March 2015 | 341,259 | 118,977 | 460,236 |
| Amortisation | | | |
| At 1 April 2014 | 115,762 | 95,180 | 210,942 |
| Charge for the year | 85,180 | 23,797 | 108,977 |
| At 31 March 2015 | 200,942 | 118,977 | 319,919 |
| Net book value | | | |
| At 31 March 2015 | 140,317 | - | 140,317 |
| <i>At 31 March 2014</i> | 225,497 | 23,797 | 249,294 |

10. TANGIBLE FIXED ASSETS

| | S/Term Leasehold Property £ | Motor vehicles £ | Fixtures, fittings and equipment £ | Total £ |
|-------------------------|--------------------------------------|------------------------|---|------------|
| Cost | | | | |
| At 1 April 2014 | 170,017 | 2,960 | 832,254 | 1,005,231 |
| Additions | 7,903 | - | 33,222 | 41,125 |
| Disposals | - | - | (256,351) | (256,351) |
| At 31 March 2015 | 177,920 | 2,960 | 609,125 | 790,005 |
| Depreciation | | | | |
| At 1 April 2014 | 79,216 | 1,480 | 554,424 | 635,120 |
| Charge for the year | 28,586 | 986 | 103,929 | 133,501 |
| On disposals | - | - | (256,351) | (256,351) |
| At 31 March 2015 | 107,802 | 2,466 | 402,002 | 512,270 |
| Net book value | | | | |
| At 31 March 2015 | 70,118 | 494 | 207,123 | 277,735 |
| <i>At 31 March 2014</i> | 90,801 | 1,480 | 277,830 | 370,111 |

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2015 £ | 2014 £ |
|-----------------------------------|---------------|---------------|
| Furniture, fittings and equipment | <u>72,101</u> | <u>98,378</u> |

11. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £ |
|-----------------------------------|---|
| Cost or valuation | |
| At 1 April 2014 and 31 March 2015 | <u>2</u> |
| Net book value | |
| At 31 March 2015 | <u>2</u> |
| <i>At 31 March 2014</i> | <u>2</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding |
|---------------------------------|-----------------|---------|
| HCR Funding Corporation Limited | Ordinary | 100% |

The aggregate of the share capital and reserves as at 31 March 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---------------------------------|--|--------------------|
| HCR Funding Corporation Limited | <u>405,872</u> | <u>10,000</u> |

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

12. DEBTORS

| | 2015 | 2014 |
|------------------------------------|-------------------|------------------|
| | £ | £ |
| Trade debtors | 7,303,150 | 5,880,207 |
| Amounts owed by group undertakings | 4,197,103 | 3,250 |
| Corporation tax | 41,727 | - |
| Other debtors | 11,836 | 11,738 |
| Prepayments and accrued income | 477,607 | 183,395 |
| | <u>12,031,423</u> | <u>6,078,590</u> |

Trade debtors includes a balance of £6,980,146 (2014: £4,808,297) which represents rechargeable costs incurred by the company on behalf of its customers and which are recoverable in the year ending 31 March 2016. These rechargeable costs do not go through turnover and therefore the level of debtors does not correlate to the turnover of the business.

13. CREDITORS:**Amounts falling due within one year**

| | 2015 | 2014 |
|--|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 224,687 | - |
| Net obligations under finance leases and hire purchase contracts | - | 16,295 |
| Trade creditors | 1,199,881 | 444,752 |
| Amounts owed to group undertakings | 408,372 | 200,246 |
| Corporation tax | - | 55,962 |
| Other taxation and social security | 375,776 | 286,997 |
| Other creditors | 45,554 | 35,255 |
| Accruals and deferred income | 4,636,814 | 3,004,463 |
| | <u>6,891,084</u> | <u>4,043,970</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 £2,920,583 (2014 - £1,175,482).

14. CREDITORS:**Amounts falling due after more than one year**

| | 2015 | 2014 |
|------------------------------------|----------|----------------|
| | £ | £ |
| Amounts owed to group undertakings | <u>-</u> | <u>399,072</u> |

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

15. DEFERRED TAXATION

| | 2015 £ | 2014 £ |
|---|---------------|---------------|
| At beginning of year | 20,073 | 46,648 |
| Charge for/(released during) year (P&L) | 6,734 | (26,575) |
| At end of year | <u>26,807</u> | <u>20,073</u> |

The provision for deferred taxation is made up as follows:

| | 2015 £ | 2014 £ |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 29,782 | 21,318 |
| Other timing differences | (2,975) | (1,245) |
| | <u>26,807</u> | <u>20,073</u> |

16. SHARE CAPITAL

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Allotted, called up and fully paid 1,250,000 Ordinary shares shares of £1 each | <u>1,250,000</u> | <u>1,250,000</u> |

17. RESERVES

| | Profit and loss account £ |
|-------------------------------|---------------------------------|
| At 1 April 2014 | 3,658,223 |
| Profit for the financial year | 787,390 |
| At 31 March 2015 | <u>4,445,613</u> |

HCR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2015 £ | 2014 £ |
|-------------------------------|------------------|------------------|
| Opening shareholders' funds | 4,908,223 | 4,977,898 |
| Profit for the financial year | 787,390 | 344,626 |
| Dividends (Note 19) | - | (414,301) |
| | <u>5,695,613</u> | <u>4,908,223</u> |
| Closing shareholders' funds | <u>5,695,613</u> | <u>4,908,223</u> |

19. DIVIDENDS

| | 2015 £ | 2014 £ |
|----------------------------------|-----------|----------------|
| Dividends paid on equity capital | - | 414,301 |
| | <u>-</u> | <u>414,301</u> |

20. 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 £149,583 (2014 - £162,455). Contributions totalling £14,878 (2014 - £6,227) were payable to the fund at the balance sheet date and are included in creditors.

21. OPERATING LEASE COMMITMENTS

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | 2015 £ | Other 2014 £ |
|-------------------------|--------------------|-----------|--------------|--------------------|
| | 2015 £ | 2014 £ | | |
| Expiry date: | | | | |
| Within 1 year | - | 26,195 | 7,728 | 11,178 |
| Between 2 and 5 years | 40,258 | 40,528 | 23,555 | 33,677 |
| After more than 5 years | - | - | 5,007 | - |
| | <u>-</u> | <u>-</u> | <u>5,007</u> | <u>-</u> |

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

22. 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 £23,782 (2014: £39,627). During the year Charlie Houseman Limited recharged collection costs to HCR Limited of £12,021 (2014: £12,695) and made other sales to HCR Limited of £nil (2014: £2,510). At the year end Charlie Houseman Limited owed HCR Limited £4,925 (2014: £nil).

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other wholly owned members of the Group headed by HCR Group Management Ltd.

23. 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.