

Registered number: 02046903

HCR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

HCR LIMITED

COMPANY INFORMATION

Directors	R K V Dolbear A C Leach
Company secretary	R K V Dolbear
Registered number	02046903
Registered office	Network House Basing View Basingstoke Hampshire RG21 4HG
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Cumberland House 15 - 17 Cumberland Place Southampton SO15 2BG
Bankers	Santander Corporate Banking Thames Valley Business Centre 5th Floor, Davidson House Forbury Square Reading RG1 3EU

HCR LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Statement of Income and Retained Earnings	8
Balance Sheet	9
Statement of Cash Flows	10 - 11
Notes to the Financial Statements	12 - 29

HCR LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Business review

We reported last year on the loss of a major government contract with effect from 31st March 2016. The transition and exit from this contract was managed very efficiently, allowing us to focus on the core business of employee relocation and corporate accommodation.

Inevitably, losing such a major contract has had a significant impact on profitability and has required a restructuring of the business. This restructuring has been successfully managed whilst still maintaining excellent customer service, resulting in a profitable period and a strong cash position. EBITDA for the period was £221k and cash as at 30th September 2017 was £852k.

The core business remains employee relocation services and corporate accommodation solutions. Our continuing ability to provide a funded Guaranteed Sales Price (GSP) programme is essential in being able to provide the complete range of relocation services.

Our innovative fixed price, all inclusive, longer-term corporate accommodation solution, MYTAS, has continued to grow. It is increasingly being recognised as a more cost-effective solution than Serviced Accommodation for longer periods, whilst offering simplicity and certainty in the cost for our clients when compared with the more traditional leased accommodation model.

Last year we reported on 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. Take-up of this service has grown through the period as clients recognise the savings that this model can deliver.

We are now looking to extend our service offering to include hotel accommodation, in order that we can offer a complete accommodation solution irrespective of the duration of stay.

We continue to offer a range of services associated with accommodation such as cleaning, laundry and furniture.

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, and this aspiration is being supported with service and price guarantees.

These interlinked services continue to allow the Group 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. Version 3.0 is under development and due for launch in 2018. 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 PERIOD ENDED 30 SEPTEMBER 2017

Principal risks and uncertainties

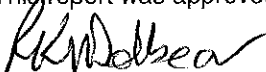
Business volumes are unpredictable because of the levels of activity, including project work, across our client portfolio. This uncertainty has been exacerbated by Brexit but the breadth and diversity of our client base tends to have an averaging effect in terms of opportunities and threat.

The business has gone 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.

We have completed the transition whilst maintaining a strong cash position, as well as our GSP funding, which provides a strong platform for growth.

Finally, our innovative service and price guarantees provide clients and prospects peace of mind and ensure they are delivered value for money services.

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


R K V Dolbear
Director

Date: 17 May 2018

HCR LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the 18 month period ended 30 September 2017.

Results and dividends

The profit for the period, after taxation, amounted to £132,058 (2016 - £2,872,894).

During the year, dividends of £NIL (2016 - £2,133,000) were declared and paid.

Directors

The directors who served during the period were:

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

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's financial statements 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 to 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.

Future developments

Future developments are discussed in the strategic report.

HCR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

Disclosure of information to auditors

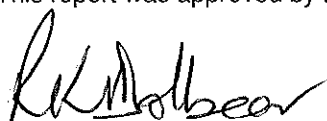
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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: 17 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HCR LIMITED

Opinion

We have audited the financial statements of HCR Limited (the 'company') for the period ended 30 September 2017 which comprise the Statement of income and retained earnings, Balance sheet, Statement of cash flows and the notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the the company's affairs as at 30 September 2017 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HCR LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 Strategic Report and the Directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HCR LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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



Julie Mutton (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Cumberland House
15 - 17 Cumberland Place
Southampton
SO15 2BG

Date: 17/5/18

HCR LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Note	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Turnover	4	5,340,656	11,144,290
Cost of sales		(2,213,745)	(2,900,834)
Gross profit		3,126,911	8,243,456
Administrative expenses		(3,025,886)	(4,701,180)
Operating profit	5	101,025	3,542,276
Interest receivable and similar income	8	8,085	6,439
Interest payable and expenses	9	-	(12,693)
Profit before tax		109,110	3,536,022
Tax on profit	10	22,948	(663,128)
Profit after tax		132,058	2,872,894
Retained earnings at the beginning of the period		5,185,507	4,445,613
Profit for the period		132,058	2,872,894
Dividends declared and paid		-	(2,133,000)
Retained earnings at the end of the period		5,317,565	5,185,507

Gross trading income including recharged expenses collected as agent for the period amounted to £34,271,191 (2016: £93,055,567).

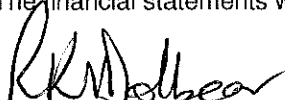
The notes on pages 12 to 29 form part of these financial statements.

HCR LIMITED
REGISTERED NUMBER:02046903

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 £	31 March 2016 £
Fixed assets			
Intangible assets	12	59,740	31,732
Tangible assets	13	41,550	108,534
Investments	14	2	2
		<u>101,292</u>	<u>140,268</u>
Current assets			
Debtors: amounts falling due within one year	15	8,865,661	9,777,806
Cash at bank and in hand	16	851,765	2,807,831
		<u>9,717,426</u>	<u>12,585,637</u>
Creditors: amounts falling due within one year	17	(3,240,303)	(6,109,737)
Net current assets		<u>6,477,123</u>	<u>6,475,900</u>
Total assets less current liabilities		<u>6,578,415</u>	<u>6,616,168</u>
Provisions for liabilities			
Other provisions	20	(10,850)	(180,661)
		<u>(10,850)</u>	<u>(180,661)</u>
Net assets		<u><u>6,567,565</u></u>	<u><u>6,435,507</u></u>
Capital and reserves			
Called up share capital	21	1,250,000	1,250,000
Profit and loss account	22	5,317,565	5,185,507
		<u>6,567,565</u>	<u>6,435,507</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: 17 May 2018

The notes on pages 12 to 29 form part of these financial statements.

HCR LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	30 September 2017 £	31 March 2016 £
Cash flows from operating activities		
Profit for the financial period	132,058	2,872,894
Adjustments for:		
Amortisation of intangible assets	31,732	108,585
Depreciation of tangible assets	88,485	178,486
Interest paid	-	12,693
Interest received	(8,085)	(6,439)
Taxation charge	(22,948)	663,128
Decrease in debtors	4,744,698	337,353
(Increase)/decrease in amounts owed by groups	(3,821,169)	1,928,852
(Decrease) in creditors	(2,450,889)	(994,705)
Increase in amounts owed to groups	14,500	5,000
(Decrease)/increase in provisions	(169,811)	180,661
Corporation tax (paid)	(421,481)	(269,478)
Net cash generated from operating activities	(1,882,910)	5,017,030
Cash flows from investing activities		
Purchase of intangible fixed assets	(59,740)	-
Purchase of tangible fixed assets	(21,501)	(9,285)
Interest received	8,085	6,439
Net cash from investing activities	(73,156)	(2,846)
Cash flows from financing activities		
Dividends paid	-	(2,133,000)
Interest paid	-	(12,693)
Net cash used in financing activities	-	(2,145,693)
Net (decrease)/increase in cash and cash equivalents	(1,956,066)	2,868,491

HCR LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	30 September 2017 £	31 March 2016 £
Cash and cash equivalents at beginning of period	2,807,831	(60,660)
Cash and cash equivalents at the end of period	<u>851,765</u>	<u>2,807,831</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	851,765	2,807,831
	<u>851,765</u>	<u>2,807,831</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

1. General information

HCR Limited is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is Network House, Basing View, Basingstoke, Hampshire, England, RG21 4HG.

These financial statements cover the 18 month period from 1 April 2016 to 30 September 2017. The accounting period was extended following a Management Buy Out which took place in June 2016.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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. 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 Company 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.

Where the company collects income as agent, this revenue is not included within turnover. Recharged expenses are therefore not included in turnover.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.3 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.

2.4 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.

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
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 in the Profit or loss account.

2.5 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.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.6 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 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 Company's cash management.

2.7 Financial instruments

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

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

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 Profit or Loss account.

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 Company 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.

2.8 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.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Profit or 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.

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

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit or Loss account on a straight line basis over the lease term.

2.12 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 payment obligations.

The contributions are recognised as an expense in the Profit or 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.

2.13 Interest income

Interest income is recognised in the Profit or Loss account using the effective interest method.

2.14 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 or 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.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit or Loss account, 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 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.

2.16 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

3. Judgments 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 assets acquired, and accordingly amortisation or depreciation has been charged. The carrying amount of the assets at 30 September 2017 was £60k for intangible assets and £42k for tangible fixed assets.

4. Turnover

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

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	18 months ended 30 September 2017 £	<i>12 months ended 31 March 2016 £</i>
Depreciation of tangible fixed assets	88,485	178,486
Amortisation of intangible assets, including goodwill	31,732	108,585
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,175	27,250
Other operating lease rentals	48,090	76,994
Defined contribution pension cost	96,661	143,335
	<u>96,661</u>	<u>143,335</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

6. Employees

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

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Wages and salaries	1,836,370	2,804,632
Social security costs	168,162	267,401
Cost of defined contribution scheme	96,661	143,335
	<u>2,101,193</u>	<u>3,215,368</u>

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

18 months ended 30 September 2017 No.	12 months ended 31 March 2016 No.
46	92

7. Directors' remuneration

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Directors' emoluments	164,356	455,735
Company contributions to defined contribution pension schemes	22,739	35,997
	<u>187,095</u>	<u>491,732</u>

During the period retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £144,181 (2016 - £221,190).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,248 (2016 - £7,316).

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

8. Interest receivable

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Other interest receivable	8,085	6,439
	<u>8,085</u>	<u>6,439</u>

9. Interest payable and similar charges

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Bank interest payable	-	12,693
	<u>-</u>	<u>12,693</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

10. Taxation

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Corporation tax		
Current tax on profits for the year	5,889	738,417
Adjustments in respect of previous periods	(19,564)	(35,894)
Total current tax	<u>(13,675)</u>	<u>702,523</u>
Deferred tax		
Origination and reversal of timing differences	(9,273)	(39,395)
Total deferred tax	<u>(9,273)</u>	<u>(39,395)</u>
Taxation on (loss)/profit on ordinary activities	<u>(22,948)</u>	<u>663,128</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.67% (2016 - 20%). The differences are explained below:

	18 months ended 30 September 2017 £	12 months ended 31 March 2016 £
Profit on ordinary activities before tax	109,110	3,536,022
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016 - 20%)	21,462	707,204
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,272	531
Adjustments to tax charge in respect of prior periods	(19,564)	(35,022)
Other timing differences leading to an increase (decrease) in taxation	405	-
Non-taxable income	(11,362)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(19,438)	-
Adjust closing deferred tax to average rate of 19.67%	2,277	1,399
Group relief	-	(10,984)
Total tax charge for the period/year	(22,948)	663,128

Factors that may affect future tax charges

Finance (No. 2) Act 2015 included 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.

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

11. Dividends

	30 September 2017 £	31 March 2016 £
Dividends paid on equity capital	-	2,133,000
	<u>-</u>	<u>2,133,000</u>

12. Intangible assets

	Development costs £	Goodwill £	Total £
Cost			
At 1 April 2016	341,259	118,977	460,236
Additions	59,740	-	59,740
Disposals	(122,573)	-	(122,573)
At 30 September 2017	<u>278,426</u>	<u>118,977</u>	<u>397,403</u>
Amortisation			
At 1 April 2016	309,527	118,977	428,504
Charge for the year	31,732	-	31,732
On disposals	(122,573)	-	(122,573)
At 30 September 2017	<u>218,686</u>	<u>118,977</u>	<u>337,663</u>
Net book value			
At 30 September 2017	<u>59,740</u>	<u>-</u>	<u>59,740</u>
At 31 March 2016	<u>31,732</u>	<u>-</u>	<u>31,732</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

13. Tangible fixed assets

	S/Term Leasehold Property £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2016	181,119	457,123	638,242
Additions	19,121	2,380	21,501
Disposals	(143,862)	(195,846)	(339,708)
At 30 September 2017	56,378	263,657	320,035
Depreciation			
At 1 April 2016	154,995	374,713	529,708
Charge for the period on owned assets	21,413	67,072	88,485
Disposals	(143,862)	(195,846)	(339,708)
At 30 September 2017	32,546	245,939	278,485
Net book value			
At 30 September 2017	23,832	17,718	41,550
At 31 March 2016	26,124	82,410	108,534

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	2
At 30 September 2017	<u>2</u>
Net book value	
At 30 September 2017	<u>2</u>
At 31 March 2016	<u>2</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

The registered address of the subsidiary undertaking is Network House, Basing View, Basingstoke, Hampshire, England, RG21 4HG.

The aggregate of the share capital and reserves as at 30 September 2017 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 30 September 2017	Profit/(loss) 30 September 2017
	£	£
HCR Funding Corporation Limited	425,020	11,648

15. Debtors

	30 September 2017	31 March 2016
	£	£
Trade debtors	2,488,573	7,153,249
Amounts owed by group undertakings	6,089,420	2,268,251
Other debtors	99,673	77,536
Prepayments and accrued income	166,134	266,182
Deferred taxation	21,861	12,588
	<u>8,865,661</u>	<u>9,777,806</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

16. Cash and cash equivalents

	30 September 2017 £	31 March 2016 £
Cash at bank and in hand	851,765	2,807,831
	<u>851,765</u>	<u>2,807,831</u>

17. Creditors: Amounts falling due within one year

	30 September 2017 £	31 March 2016 £
Trade creditors	349,714	803,027
Amounts owed to group undertakings	427,872	413,372
Corporation tax	-	433,045
Other taxation and social security	105,293	628,110
Other creditors	417,377	222,680
Accruals and deferred income	1,940,047	3,609,503
	<u>3,240,303</u>	<u>6,109,737</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

18. Financial instruments

	30 September 2017 £	31 March 2016 £
Financial assets		
Cash at bank and in hand	851,765	2,807,831
Financial assets that are debt instruments measured at amortised cost	8,712,663	9,657,291
	<u>9,564,428</u>	<u>12,465,122</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,057,658)	(4,971,984)
	<u>(3,057,658)</u>	<u>(4,971,984)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors (excluding prepayments), accrued income and group balances.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals (excluding deferred income) and group balances.

19. Deferred taxation

	2017 £
At beginning of year	12,588
Charged to profit or loss	9,273
At end of year	<u>21,861</u>

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	30 September 2017 £
Accelerated capital allowances	19,061
Other timing differences	2,800
	<u>21,861</u>

20. Provisions

	Dilapidation s provision £	Contract termination costs £	Total £
At 1 April 2016	45,000	135,661	180,661
Charged to profit or loss	10,850	-	10,850
Utilised in period	(45,000)	(135,661)	(180,661)
At 30 September 2017	<u>10,850</u>	<u>-</u>	<u>10,850</u>

21. Share capital

	30 September 2017 £	31 March 2016 £
Shares classified as equity		
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>

22. Reserves

Profit & loss account

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

HCR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

23. 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 £96,661 (2016 - £143,335). Contributions totalling £5,473 (2016 - £10,937) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 30 September 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 September 2017 £	31 March 2016 £
Not later than 1 year	53,845	12,770
Later than 1 year and not later than 5 years	176,288	76,989
	<u>230,133</u>	<u>89,759</u>

25. Related party transactions

During the period Charlie Houseman Limited, which is a fellow subsidiary of HCR Group Management Limited, was recharged expenses by HCR Limited totalling £nil (2016 - £27,361). Charlie Houseman Limited also recharged collection costs to HCR Limited of £nil (2016 - £10,232). At the end of the period, Charlie Houseman Limited owed HCR Limited £nil (2016 - £4,073).

Charlie Houseman was liquidated in March 2017, therefore there is no balance outstanding at the end of September 2017.

Charlie Houseman stopped operating in March 2016 as the Government contract came to an end. It was the Government properties that were the source of the furniture sold by Charlie Houseman. Therefore no amounts were charged to HCR in the period.

26. Controlling party

The ultimate parent undertaking is HCR Group Limited, a company registered in England and Wales. The immediate parent undertaking is HCR Group Management Limited, a company registered in England and Wales and a wholly owned subsidiary of HCR Group Limited.

The parent undertaking is exempt from the obligation to prepare and deliver group accounts of the larger group.

The Directors consider Adrian Leach to be the Company's controlling party by virtue of his majority shareholding.