

HUTCHINSON LILLEY SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



HUTCHINSON LILLEY SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	R Hutchinson I Lilley
COMPANY SECRETARY	L Hutchinson
REGISTERED NUMBER	03941507
REGISTERED OFFICE	43 Portland Place London W1B 1 QH
INDEPENDENT AUDITOR	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
SOLICITORS	Dechert 2 Serjeants' Inn London EC4Y 1LT

HUTCHINSON LILLEY SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

INTRODUCTION

The directors present the group strategic report for the year ended 31 March 2014.

BUSINESS REVIEW

The Company is a service company and the principal activity of its subsidiary undertaking continues to be the provision of investment management and advisory services in the UK as an FCA authorised firm, in Continental Europe through passport arrangements and in the United States of America as an exempt foreign investment firm.

The results of the Group for the year, as set out on pages 9-11, show a profit on ordinary activities before taxation of £1,236,930 (2013: Profit of £1,197,250) and a loss after taxation and minority interests of £391,159 (2013: Profit of £155,376). The shareholders funds and minority interests of the Group total £603,738 (2013: £1,505,956).

The performance of the Group for the year ending 31 March 2014 has produced encouraging results, with strong investment performance across all mandates and a modest increase in profit on ordinary activities. Assets under management excluding incubates have fallen modestly from £422.4M to £414.3M, due to the strong performance of sterling in the period and a withdrawal of assets from the Delft portfolios, driven by tax events.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of internal policies, procedures and controls. All policies are subject to board approval and regular review both internally and by retained external consultants. Compliance with regulatory and ethical standards is a high priority for the Group and the Compliance team play an important oversight role in this process.

Investment performance and risk management remain a key deliverable in terms of generating fee revenue and both retaining existing and attracting new clients. Risk management sits at the core of this process and is monitored on a day to day basis by management.

Other risks include systemic risks within the banking and investment sector, banking risk for the group as a whole, and operational risks, particularly relating to dealing in securities.

FINANCIAL KEY PERFORMANCE INDICATORS

	Year to 31 March 2014	Year to 31 March 2013
Errors and Omissions Losses	£10,913	Nil
Breaches Recorded	5	3
Employee retention	100%	100%
Assets under management	£414,298,157	£422,400,737
Return on capital employed (excluding minority interests)	104.8%	79.5%

This report was approved by the board on **15 DECEMBER 2014** and signed on its behalf.


.....
I Lilley
Director

HUTCHINSON LILLEY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of management services.

RESULTS

The loss for the year, after taxation and minority interests, amounted to £391,159 (2013 - profit £155,376).

DIRECTORS

The directors who served during the year were:

R Hutchinson
I Lilley

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HUTCHINSON LILLEY SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

DISCLOSURE OF INFORMATION TO AUDITOR

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 and the group's auditor is 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 and the group's auditor is aware of that information.

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



.....
I Lilley
Director

Date: 15 DECEMBER 2014

HUTCHINSON LILLEY SERVICES LIMITED

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

We have audited the financial statements of Hutchinson Lilley Services Limited for the year ended 31 March 2014, which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUTCHINSON LILLEY SERVICES
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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Rakesh Shaunak FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 16-12-14

HUTCHINSON LILLEY SERVICES LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	6,376,058	4,608,881
Cost of sales		<u>(3,934,803)</u>	<u>(2,496,823)</u>
GROSS PROFIT		2,441,255	2,112,058
Administrative expenses		<u>(1,205,069)</u>	<u>(915,731)</u>
OPERATING PROFIT	3	1,236,186	1,196,327
Interest receivable and similar income		<u>744</u>	<u>923</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,236,930	1,197,250
Tax on profit on ordinary activities	6	<u>39,596</u>	<u>(38,191)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,276,526	1,159,059
Minority interests		<u>(1,667,685)</u>	<u>(1,003,683)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	<u>(391,159)</u>	<u>155,376</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 19 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	7		11,642		8,211
CURRENT ASSETS					
Debtors	9	414,525		1,093,995	
Cash at bank		751,595		1,328,269	
		<u>1,166,120</u>		<u>2,422,264</u>	
CREDITORS: amounts falling due within one year	10	(574,024)		(924,519)	
NET CURRENT ASSETS			592,096		1,497,745
NET ASSETS			<u>603,738</u>		<u>1,505,956</u>
CAPITAL AND RESERVES					
Called up share capital	14		210,000		210,000
Share premium account	15		17,500		17,500
Profit and loss account	15		85,839		476,998
SHAREHOLDERS' FUNDS	16		313,339		704,498
MINORITY INTERESTS	17		290,399		801,458
			<u>603,738</u>		<u>1,505,956</u>

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



R Hutchinson
 Director

Date: **15.12.14**


The notes on pages 10 to 19 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED
REGISTERED NUMBER: 03941507

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	7		11,642		8,211
Investments	8		199,700		199,700
			<u>211,342</u>		<u>207,911</u>
CURRENT ASSETS					
Debtors	9	313,263		425,155	
Cash at bank		65,027		150,127	
		<u>378,290</u>		<u>575,282</u>	
CREDITORS: amounts falling due within one year	10	(276,293)		(78,695)	
NET CURRENT ASSETS			<u>101,997</u>		<u>496,587</u>
NET ASSETS			<u><u>313,339</u></u>		<u><u>704,498</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		210,000		210,000
Share premium account	15		17,500		17,500
Profit and loss account	15		85,839		476,998
SHAREHOLDERS' FUNDS	16		<u><u>313,339</u></u>		<u><u>704,498</u></u>

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


.....
R Hutchinson
Director 15.12.14

The notes on pages 10 to 19 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	1,651,423	1,141,774
Returns on investments and servicing of finance	19	744	923
Taxation	19	(39,596)	(50,423)
Capital expenditure and financial investment	19	(10,501)	(3,195)
Net cash flow from transactions with members	19	(2,178,744)	(202,225)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u><u>(576,674)</u></u>	<u><u>886,854</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
(Decrease)/increase in cash in the year	<u>(576,674)</u>	<u>886,854</u>
MOVEMENT IN NET DEBT IN THE YEAR	<u>(576,674)</u>	<u>886,854</u>
Net funds at 1 April 2013	<u>1,328,269</u>	<u>441,415</u>
NET FUNDS AT 31 MARCH 2014 (Note 17)	<u><u>751,595</u></u>	<u><u>1,328,269</u></u>

The notes on pages 10 to 19 form part of these financial statements.

HUTCHINSON LILLEY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Hutchinson Lilley Services Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

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

1.4 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:

Motor vehicles	- 15% straight line
Fixtures and fittings	- 15% straight line

1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.6 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.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

HUTCHINSON LILLEY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 Employee benefit trusts

Contributions to employee benefit trusts are treated as an asset of the company until they vest unconditionally in identified beneficiaries, at which point they are treated as an expense and charged to the profit and loss account.

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the group	7,070	5,340
Auditor's remuneration	12,000	11,500
Operating lease rentals:		
- other operating leases	45,180	46,709
Difference on foreign exchange	11,306	4,635
	<u>75,556</u>	<u>68,184</u>

Auditors fees for the company were £6,250 (2013 - £6,000)

4. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	902,188	582,300
Social security costs	91,601	76,019
	<u>993,789</u>	<u>658,319</u>

HUTCHINSON LILLEY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. STAFF COSTS (continued)

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

	2014 No.	2013 No.
Administrative staff	4	4
Management staff	1	1
	<u>5</u>	<u>5</u>

5. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>176,000</u>	<u>112,566</u>

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £88,000 (2013 - £65,117).

6. TAXATION

	2014 £	2013 £
UK corporation tax (credit)/charge on profit for the year	<u>(39,596)</u>	<u>38,191</u>

HUTCHINSON LILLEY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

6. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	1,236,930	1,197,250
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	247,386	239,450
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	654	735
Capital allowances for year in excess of depreciation	152	147
Adjustments to tax charge in respect of prior periods	-	(1,404)
Non taxable profits of subsidiary LLP	(287,788)	(200,737)
Current tax (credit)/charge for the year (see note above)	(39,596)	38,191

7. TANGIBLE FIXED ASSETS

Group	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 April 2013	7,019	119,402	126,421
Additions	-	10,501	10,501
At 31 March 2014	7,019	129,903	136,922
Depreciation			
At 1 April 2013	7,019	111,191	118,210
Charge for the year	-	7,070	7,070
At 31 March 2014	7,019	118,261	125,280
Net book value			
At 31 March 2014	-	11,642	11,642
At 31 March 2013	-	8,211	8,211

HUTCHINSON LILLEY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

7. TANGIBLE FIXED ASSETS (continued)

Company	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 April 2013	7,019	119,402	126,421
Additions	-	10,501	10,501
At 31 March 2014	7,019	129,903	136,922
Depreciation			
At 1 April 2013	7,019	111,191	118,210
Charge for the year	-	7,070	7,070
At 31 March 2014	7,019	118,261	125,280
Net book value			
At 31 March 2014	-	11,642	11,642
At 31 March 2013	-	8,211	8,211

HUTCHINSON LILLEY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

8. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	
Hutchinson Lilley Investments LLP	Ordinary	99%	
			Investments in subsidiary companies £
Company			
Cost or valuation			
At 1 April 2013 and 31 March 2014			199,700
Net book value			
At 31 March 2014			199,700
<i>At 31 March 2013</i>			<i>199,700</i>

Details of the principal subsidiaries can be found under note number 13.

9. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	206,324	598,052	20,304	391,918
Amounts owed by group undertakings	-	-	109,922	8,077
Corporation tax recoverable	39,596	-	39,596	-
Prepayments and accrued income	168,605	495,943	22,229	17,511
Other debtors	-	-	121,212	7,649
	414,525	1,093,995	313,263	425,155

HUTCHINSON LILLEY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	133,670	448,461	727	798
Corporation tax	-	39,596	-	39,596
Other taxation and social security	222,263	97,308	77,975	31,093
Directors loan accounts	191,003	-	191,003	-
Accruals and deferred income	27,088	339,154	6,588	7,208
	574,024	924,519	276,293	78,695

11. OPERATING LEASE COMMITMENTS

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Group		
Expiry date:		
Between 2 and 5 years	48,000	48,000

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Company		
Expiry date:		
Between 2 and 5 years	48,000	48,000

12. RELATED PARTY TRANSACTIONS

During the year, the company made management charges to its subsidiary LLP amounting to £707,981 (2013: £369,592). The amount owed to the company by its subsidiary LLP at the year end was £109,922 (2013: £8,007).

The ultimate controlling party of the company for the current and prior period was R D Hutchinson.

At 31 March 2014 the directors were owed £191,003 by the company.

HUTCHINSON LILLEY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Hutchinson Lilley Investments LLP	England	99%	Fund management services

14. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
202,500 Ordinary A shares shares of £1 each	202,500	202,500
7,500 Ordinary B shares shares of £1 each	7,500	7,500
	<u>210,000</u>	<u>210,000</u>

A and B shares are subject to the same rights except B shares hold no voting rights.

15. RESERVES

Group	Share premium account £	Profit and loss account £
At 1 April 2013	17,500	476,998
Loss for the financial year		(391,159)
	<u>17,500</u>	<u>85,839</u>
At 31 March 2014		
	<u>17,500</u>	<u>85,839</u>
Company		
At 1 April 2013	17,500	476,998
Loss for the financial year		(391,159)
	<u>17,500</u>	<u>85,839</u>
At 31 March 2014		
	<u>17,500</u>	<u>85,839</u>

HUTCHINSON LILLEY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Group and Company		
Opening shareholders' funds	704,498	549,122
Profit for the financial year	(391,159)	155,376
	<hr/>	<hr/>
Closing shareholders' funds	313,339	704,498
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The (loss)/profit for the year dealt with in the accounts of the company was £391,159 (2013 - £155,376).

17. MINORITY INTERESTS

Minority interests relate to the other investors in the subsidiary, Hutchinson Lilley Investments LLP. During the year profit of £1,667,685 was allocated to minority interests and £2,178,744 was paid to those interests, leaving an amount owed of £290,099 at 31 March 2014. In addition other investors own non-equity capital amounting to £300.

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	1,236,186	1,196,327
Depreciation of tangible fixed assets	7,070	5,340
Decrease in debtors	719,066	1,038,985
Decrease in amounts owed by group undertakings	109,922	-
Decrease in creditors	(310,899)	(1,098,878)
Decrease in amounts owed to group undertakings	(109,922)	-
	<hr/>	<hr/>
Net cash inflow from operating activities	1,651,423	1,141,774
	<hr/>	<hr/>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	744	923
	<hr/>	<hr/>

HUTCHINSON LILLEY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £	2013 £
Taxation		
Corporation tax paid	<u>(39,596)</u>	<u>(50,423)</u>
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(10,501)</u>	<u>(3,195)</u>
	2014 £	2013 £
Transactions with members		
Payments to members	<u>(2,178,744)</u>	<u>(202,225)</u>
Analysed as follows:		
Net transactions with members relating to equity	-	(202,225)
Net transactions with members relating to debt	<u>(2,178,744)</u>	<u>-</u>
	<u>(2,178,744)</u>	<u>(202,225)</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	<u>1,328,269</u>	<u>(576,674)</u>	-	<u>751,595</u>
Net funds	<u>1,328,269</u>	<u>(576,674)</u>	-	<u>751,595</u>