



Hoople Ltd

Annual report including governance and financial statements

Registered number: 07556595

For the year ended 31 March 2018



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Company information

Non-Executive Directors: Mr Andrew Cottom
Mr Geoff Hughes (Resigned 01/09/18)
Mr David Harlow (Resigned 04/01/18)
Mr Harry Bramer (Appointed 10/01/18)
Mr Richard Ball (Appointed 01/09/18)

Company registered number: 07556595

Registered office: Plough Lane
Hereford
Herefordshire
HR4 0LE

Independent external auditors: Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers: National Westminster Bank PLC
12 Broad Street
Hereford
HR4 9AL

Santander Corporate Banking
Bridle Road
Bootle
Merseyside
L30 4GB

Strategic report

The strategic report provides information to complement, supplement and add context to the financial statements, helping the reader understand the business delivered by Hoople Ltd.

Business overview

Hoople provides a range of business support services to the public sector and those who work with them:

Local Authority, Public Sector and Healthcare: Flexible shared services for shareholders and other Public Sector organisations, including Human Resources (HR), recruitment, payroll, finance, revenues and benefits, Information Technology (IT) services and training

Schools and Education: HR, payroll, finance and IT services for the majority of the schools and academies in Herefordshire

Training and Apprenticeships: Including a wide range of specialist health and social care sector training and apprenticeships, vocational and mandatory programmes, leadership, management and IT training

Recruitment: Servicing the recruitment needs of Herefordshire Council and a full-service recruitment agency that provides temporary and permanent staff to a wide range of Herefordshire businesses.

Hoople Ltd is a unique company created in April 2011 to deliver quality business support services to clients across the public and private sector. During the review period Hoople Ltd was wholly owned by Herefordshire Council and Wye Valley NHS Trust.

Continuing austerity in the public sector formed the backdrop to the company's operations in 2017/18. Local government, the NHS and schools all remain under significant cost pressure and are pressing for cost reductions in back office operations, even at the expense of service reductions.

Our People and Performance

Our seventh year of trading was marked by stability. The executive management team appointed in 2016/17 served throughout the year and this consistency was instrumental in raising performance to new heights across Hoople.

The executive management team comprises the Chief Operating Officer (responsible for the company as a whole and for IT), Head of Management Accounting (responsible for the finance team), Head of Corporate Finance (responsible for the revenues and benefits team), Head of HR (responsible for the HR, recruitment and payroll teams) and Head of Training and Education (responsible for our training business). This team is supported by a group of senior managers who manage the company on a day-to-day basis.

In the second half of 2017/18 the executive team commenced preparation for service reductions requested by both Herefordshire Council and Wye Valley NHS Trust in 2018/19. The requested reductions in services were valued at over £600k and a programme of service and staffing changes has been implemented to meet the reduced demand.

The majority of staff within Hoople have had careers with long periods of service within the public sector. As a result, staff have a strong public service ethos and this focus is a core component of Hoople's business offering.

The company is pleased to report that it was in a financial position to award a 1% pay award to its employees during 2017/18 and to award performance pay to those employees meeting pre-agreed performance criteria.

Our Services

The Board receives an update on business performance at each board meeting in addition to a set of management accounts. Key business challenges and successes are highlighted in the business performance update.

In line with maintaining the company's 'Teckal' status, day to day business continues to focus on supporting the shareholders who fund 80% of the company's revenues. Core services are provided under service level agreements (SLAs) while Hoople offers bespoke project work to support specific customer initiatives. In 2017/18 Hoople was commissioned to replace the countywide public sector network (the CoIN or community interest network) and worked with many stakeholders to secure a new provider under a 5 year contract.

Service delivery has been strong in all areas:

- Council tax and business rate collection hit a 5 year high
- Finance and HR services are delivered as expected
- IT service delivery to shareholders has been good all year with Key Performance Indicators (KPI's) being exceeded across the year.

Other customer segments remain strong, providing continued support to the local economy, including schools and academies where we pride ourselves on being the provider of choice and help deliver their educational goals. The continued development of groups of academy schools represents a medium term risk to Hoople's education business, as customers joining out-of-county multi-academy trusts often transfer to the trust's incumbent back-office arrangements. The quality of Hoople's service offering is effective in defending our market share at present.

Hoople Ltd have developed a new model of service delivery, supplying a financial system to Rutland County Council via a delegation agreement with Herefordshire Council. This offers Rutland County Council a low cost model for delivery of their financial management systems and lowers the cost of ownership for Herefordshire Council. Confidence in this model was enhanced when Rutland County Council expanded the range of services being delivered through this approach. Hoople are promoting this mechanism to a number of other local government bodies and are hopeful of attracting additional customers in future years.

The Training and Education team had a successful year, hitting business plan targets while completing the delivery of work for the Marches Local Enterprise Partnership (LEP) delayed from 2016/17. The introduction of the apprenticeship levy by the government continues to be problematic as take up of apprentices by levy paying businesses remains low while government funding for apprenticeships for non-levy paying businesses has been subject to delay and unexpected change. In contrast to previous years, in 2018/19 Hoople does not expect to receive a contract to deliver apprenticeships to non-levy paying businesses and will focus efforts on levy paying employers.

The recruitment team withdrew from the local commercial permanent recruitment market and focused efforts on further developing Hoople's position in temporary staffing. This adjustment resulted in an improved financial result as employers reacted positively to the 'try before you buy' offer afforded to them.

Financial overview

Hoople Ltd's accounting policies are set out on pages 16 to 32 of the financial statements.

The statutory accounts (loss) / profit position before tax and pension liability is (£402,604) (2017: (£289,040)). Turnover has increased by 0.74% to £13,558,776 (2017: £13,458,772) due to recruitment and training services developing in line with the Business Plan.

Expenses have increased by 1.16% as a result of inflationary pressure, the business plan is to reduce expenses in future years.

Business plan

Hoople Ltd undertook to review and refresh the business plan going forward. The plan sets out Hoople Ltd's:

- Vision:** To provide excellent business support services to the public sector and those who work with them
- Mission:** To provide excellent, cost effective services and create added value for our shareholders and customers
- Values:**
- Passion for improvement: to develop more effective and efficient ways of delivering services for our customers
 - Customer focus: satisfying our customers and helping them to support themselves is at the core of what we do and is an integral part of our thinking and actions
 - Professional integrity: bringing the best of our shared technical expertise and professional values to our work
 - Mutual support: whether one-on-one, or in teams we encourage and support each other to strive for excellent performance in all that we do
 - Ambition: our staff are committed to the success of our company in delivering effective services to organisations, communities and individuals.

The strategic objectives of Hoople Ltd were reviewed and reprioritised to include;

- Deliver a clear financial strategy, repaying the pension deficit, delivering a return to shareholders and confirm Hoople's future growth strategy
- Develop and retain knowledge and skills that improve capability and capacity
- Strengthen shareholder and strategic customer relationships and improve awareness and reputation across Herefordshire and beyond.

Future developments

Hoople follows a strategic direction comprising three main thrusts. The first objective is to ensure the shareholders receive excellent services which offer value for money; the second objective is to support the delivery of public services within Herefordshire by providing services to other public bodies besides Hoople's shareholders; the third objective is to develop successful commercial services beyond the county's borders which complement and support the first two objectives and which lie within Hoople's expertise. Hoople continues to seek further value-adding activities and contracts in line with these objectives.

Compliance with the Corporate Governance Code

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our corporate governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to Hoople and best practice.

Principal risks and uncertainties

At the heart of the risk management framework is a governance process with clear responsibilities for managing, monitoring and reporting risks. This flows from the board of directors through the Executive Management Team through to the business service areas, and is underpinned by established policies and guidance that set out the approach to managing risk across the company.

The risk register records the risks and issues faced both within specific service areas and the wider strategic risks and issues, with an understanding of the likelihood and impact alongside the planned and existing controls and mitigations.

The register defines risks as the possibility that an action or event will adversely (or beneficially) affect Hoople Ltd's ability to achieve a planned business objective. The identification, assessment, monitoring and reporting of risks is the responsibility of every member of staff and as a consequence of managing identified risks:

- The planned objectives are more likely to be achieved
- Adverse risks are less likely to happen
- The impact of adverse risks which are realised is reduced.

Principal risks were:

Principal Risks

Teckal compliance - if the proportion of non-shareholder work increases above 20% meaning shareholders cannot award work to Hoople without a tender process.

Pension deficit continues to increase - deficit impacts on profitability, preventing issue of dividends to partners and limits ability to bid for contracts where strong balance sheet is required. The pension deficit could result in the need to increase prices leading to a loss of competitiveness.

Budget pressures in customer organisations could trigger reductions in services being purchased.

Changing government ESFA funding allocation policies and processes gives an uncertain base for the training and education basis.

A cyber-attack could disrupt both the operations of Hoople and its ICT customers.

By order of the Board.



Andrew Cottom
Non-Executive Director

Date: 8th October 2018

Director's report

The director's report provides statutory information not covered in the strategic report and presents the financial statements for the year ended 31 March 2018 for Hoople Ltd.

The identified risks are included in the strategic report, see page 5.

Strategic direction of Hoople is set out in the strategic report specifically identifying the future business plans as detailed on page 4.

The Local Government Pension Scheme deficit is recognised by Herefordshire Council in their group accounts.

Board of directors

During the year, the board of directors comprised of three non-executive directors. Two directors appointed by Herefordshire Council and one director appointed by Wye Valley NHS Trust, as shown below.

Director	Representation organisation	Appointed	Resigned
Mr Geoff Hughes	Herefordshire Council	06/10/15	
Mr David Harlow	Herefordshire Council	27/06/18	04/01/18
Mr Harry Bramer	Herefordshire Council	10/01/18	
Mr Andrew Cottom	Wye Valley NHS Trust	01/01/15	

The board of directors were supported by the Chief Operating Officer.

Dividends

No dividends were declared or paid in the year ended 31 March 2018 (2017: £nil).

Employees

Hoople Ltd employed on average 321 staff including 6 apprentices, and 255 interim agency staff. Many staff transferred under TUPE from the shareholders and continue to be members of their existing pension schemes, these were either the NHS Pensions Agency Scheme or Worcestershire County Council Local Government Pension Scheme. These pension schemes are now closed to new employees. The company operates a defined contribution scheme run by Standard Life for all employees since April 2014.

We are committed to an active equal opportunities policy that runs across the organisation. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

Disabled employees

Hoople Ltd considers it complies with all equal opportunity legislation and promotes this within its employment policies, where necessary re-training or adjusting environments to allow staff to maximise their potential. The company has achieved disability confident status for making a commitment regarding the recruitment, employment, retention and career development of disabled people.

Political and charitable contributions

Hoople Ltd made no political or charitable donations nor incurred any political expenditure during the year.

Disclosure of information to auditors

Each of the persons who are directors at the time when this director's 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 each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors, in connection with preparing their report and to establish that the company's auditors are aware of that information.
- there are no post balance sheet events.

Auditors

Pursuant to Section 485 of the Companies Act 2006, the Board of Directors appointed Bishop Fleming.

By order of the Board.

A handwritten signature in black ink, appearing to read 'Andrew Cottom', with a stylized flourish at the end.

Andrew Cottom
Non-Executive Director

Date: 8th October 2018

Statement of director's responsibilities in respect of the director's report and the financial statements

The directors are responsible for preparing the annual 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU 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 judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare 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 to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

By order of the Board.



Andrew Cottom
Non-Executive Director

Date: 8th October 2018

Independent auditor's report to the members of Hoople Ltd

Opinion

We have audited the financial statements of Hoople Ltd (the 'company') for the year ended 31 March 2018 which comprise the Statement of profit and loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 our 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 and the directors' report.

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

- adequate accounting records have not been kept, 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 8, 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.

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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: 17th October 2018

**Statement of profit and loss and other comprehensive income
for the year ended 31 March 2018**

	Note	2018 £	2017 £
Revenue	2	<u>13,558,766</u>	<u>13,458,772</u>
Staff costs	3	(10,436,671)	(9,468,553)
Other expenses		<u>(3,386,518)</u>	<u>(4,195,818)</u>
Total expenses		<u>(13,823,189)</u>	<u>(13,664,371)</u>
Operating (loss)		(264,423)	(205,598)
Finance income	6	222,770	226,621
Finance expenses	6	<u>(360,951)</u>	<u>(310,062)</u>
Net financing expenses		<u>(138,181)</u>	<u>(83,441)</u>
(Loss) before tax		(402,604)	(289,040)
Corporation tax expense	7	<u>(11,820)</u>	<u>(5,354)</u>
(Loss) for the year from continuing operations		<u>(414,424)</u>	<u>(294,394)</u>
(Loss) for the year		<u>(414,424)</u>	<u>(294,394)</u>
Other comprehensive income			
Re-measurement of assets and liabilities	13	<u>608,000</u>	<u>(2,426,000)</u>
Other comprehensive income / (expenditure) for the year (net of tax)		<u>608,000</u>	<u>(2,426,000)</u>
Total comprehensive profit / (loss) for the year		<u>193,576</u>	<u>(2,720,394)</u>

The notes on pages 16 to 32 form part of these financial statements.

**Statement of financial position
at 31 March 2018**

	Note	2018 £	2017 £
Assets			
Non-current assets			
PPE and intangibles	9	13,154	33,097
Current assets			
Trade and other receivables	10	1,169,207	1,109,549
Cash and cash equivalents	11	<u>3,267,649</u>	<u>2,460,347</u>
Sub-total of current assets		<u>4,436,856</u>	<u>3,569,896</u>
Total assets		<u>4,450,010</u>	<u>3,602,993</u>
Equity and liabilities			
Equity			
Share capital	14	1	1
Retained earnings		<u>(3,604,009)</u>	<u>(3,798,385)</u>
Total equity		<u>(3,604,808)</u>	<u>(3,798,384)</u>
Non-current liabilities			
Pensions liability	13	5,082,000	4,928,000
Current liabilities			
Trade and other payables	12	<u>2,972,818</u>	<u>2,473,377</u>
Total liabilities		<u>8,054,818</u>	<u>7,401,377</u>
Total equity and liabilities		<u>4,450,010</u>	<u>3,602,993</u>

These financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by



Andrew Cottom
Non-Executive Director

Date: 8th October 2018

Company registered number: 07556595

The notes on pages 16 to 32 form part of these financial statements.

Statement of changes in equity

	Share capital £	Retained earnings reserve £	Total equity £
At 1 April 2016	<u>1</u>	<u>(1,077,991)</u>	<u>(1,077,990)</u>
Issues of shares	-	-	-
Loss for the year	-	(294,394)	(294,394)
Other comprehensive income for the year	-	(2,426,000)	(2,426,000)
Total comprehensive income for the year	<u>-</u>	<u>(2,720,394)</u>	<u>(2,720,394)</u>
Balance at 31 March 2017	<u>1</u>	<u>(3,798,385)</u>	<u>(3,798,384)</u>
At 1 April 2017	<u>1</u>	<u>(3,798,385)</u>	<u>(3,798,384)</u>
Issues of shares	-	-	-
Loss for the year	-	(414,424)	(418,620)
Other comprehensive income for the year	-	608,000	608,000
Total comprehensive income for the year	<u>-</u>	<u>193,576</u>	<u>189,380</u>
Balance at 31 March 2018	<u>1</u>	<u>(3,604,809)</u>	<u>(3,609,004)</u>

The notes on pages 16 to 32 form part of these financial statements.

**Statement of cash flows
for year ended 31 March 2018**

	2018 £	2017 £
Operating activities		
(Loss) before tax	(402,604)	(289,040)
Adjustments for		
Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows		
Finance income	(3,770)	(2,621)
Depreciation of property, plant and equipment	19,943	39,732
IAS 19 adjustments	762,000	405,000
Reclassification of fixed assets	-	39,532
Profit from operations	375,569	192,603
Capital working adjustments		
(Increase) decrease in trade and other receivables	(59,658)	87,487
Increase in trade and other payables	499,441	450,317
Sub-total of capital working adjustments	439,783	537,804
Tax paid	(11,820)	(5,354)
Net cash from operating activities	803,532	725,052
Investing activities		
Interest received	3,770	2,621
Purchases of property, plant and equipment	-	(46,798)
Net cash used in investing activities	3,770	(44,177)
Cash and cash equivalents		
Net increase in cash and cash equivalents	807,302	680,875
Cash and cash equivalents at the beginning of the year	2,460,347	1,779,472
Cash and cash equivalents at the end of the year	3,267,649	2,460,347

The notes on pages 16 to 32 form part of these financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

1.1 Corporate information

Hoople Ltd is a private company, limited by shares, incorporated in the UK and registered in England and Wales. The registered office and trading address is Plough Lane, Hereford, Herefordshire HR4 0LE.

These financial statement cover the company only. They are presented in sterling and rounded to the nearest pound.

Hoople Ltd is a joint venture company wholly owned by Herefordshire Council and Wye Valley NHS Trust, sharing resources to deliver back office services.

1.2 Basis of preparation

The financial statement of the company has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The financial statements have been prepared on a historical cost basis.

1.3 Going concern

Hoople's shareholders represent over 80% of Hoople's revenues. The shareholders have given an ongoing commitment to continue to purchase services from Hoople and indicated that they expect to conclude SLAs for 2018/19 before the commencement of that financial year. Hoople's cash position remains strong and cash flow is good in respect of future years' operations.

Therefore, the directors consider the preparation of the financial statements on the going concern basis to be appropriate.

1.4 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Income generated from interim recruitment agency sales are included gross of any direct costs to reflect the company acting as principal in these transactions.

b) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit and loss and other comprehensive income, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax for the prior period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Note 1.4 Summary of significant accounting policies continued

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

c) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand, and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

d) Pensions and other post-employment benefits

The company operates a defined benefit pension scheme and the pension charge is based on an actuarial valuation dated 31 March 2018.

Retirement benefits to employees of the company are provided by the NHS Pensions Agency and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the company.

The LGPS is a funded scheme and assets are held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis, using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income, profit and loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest costs are shown as a net finance amount of other finance costs or credits adjacent to interest.

The liabilities on the pension fund predominantly relate to ex-Herefordshire Council staff and their defined benefit obligations. Formal agreements explain the funding arrangements between both parties – pre 1 April 2011 the liability was retained by Herefordshire Council and post 1 April 2011 they have provided an on-going contractual commitment as necessary to support liabilities as they become due.

The company also participates in a defined benefit scheme administered by the NHS Pension Agency. The cost of the defined benefit scheme is charged to the statement of comprehensive income, profit and loss so as to spread the cost of pensions over the service lives of participating employees. Pension costs are assessed in accordance with advice from Department of Health actuaries. It is not possible for the company to separately identify assets and liabilities relating to the company within the NHS scheme for the purposes of IAS 19 disclosure.

Note 1.4 Summary of significant accounting policies continued

Hoople Ltd have closed the public sector pension schemes to new entrants, all new employees having access to a Standard Life Pension Scheme, which is a defined contribution scheme. Employer contribution is at 6%.

e) Fixed Assets

Items of plant and equipment, computer hardware and computer software are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is calculated on all assets so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

Fixtures, fittings and motor vehicles	4 years
Computer hardware and software	4 years

Where significant, the residual values and the useful economic lives of fixtures, fittings and motor vehicles are re-assessed annually. The directors review the carrying value of fixtures, fittings and motor vehicles on an on-going basis and, where appropriate, provide for any impairment in value.

f) Financial instruments

Financial assets and financial liabilities are recognised when the company become party to the contractual provisions of the financial instruments.

Except where stated separately, the carrying amounts of the company's financial instruments approximate their values. The classification depends on the nature and purpose of the financial instruments and is determined at the time of initial recognition.

(i) Non-derivative financial assets

The company initially recognise loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the company become a party to the contractual provisions of the instrument.

The company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability. Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the company have a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company classify non-derivative financial assets in the loans and receivables category.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment.

Loans and receivables comprise of other receivables, loans and advances, cash and cash equivalents and amounts due from related parties.

Note 1.4 Summary of significant accounting policies continued

The fair value of loans and receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, where material or where they extend to more than one period. This fair value is determined for disclosure purposes.

(iii) Non-derivative financial liabilities

All non-derivative financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the company become a party to the contractual provisions of the instrument. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The company derecognise a financial liability when its contractual obligations are discharged or cancelled or expired.

The company have the following non-derivative financial liabilities classified in the 'other financial liabilities category': trade and other payables.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The company has considered accounting estimates for the following elements of the accounts:

- Accruals - the company has adopted the matching concept and has used experience based judgements as the basis for its accruals;
- Bad debts - the company has provided for all debt over 90 days that is not on a payment plan or with a shareholder.
- Pensions - see note 13 for the assumptions employed.

The company does not anticipate any material variance from the estimates detailed above due to the low level of uncertainty associated with the individual elements.

1.6 Future changes to accounting policies

Certain new standards, amendments and interpretations to existing standards have been issued by the IASB or IFRIC with an effective date after the date of these financial statements which include:

- Amendments to IFRS 1 – 'First-time Adoption of International Financial Reporting Standards', effective 2018
- Amendments to IFRS 2 - 'Share-based payment', effective 2018
- Amendments to IFRS 3 – 'Business Combinations', effective 2019
- Amendments IFRS 4 – 'Insurance Contracts', effective 2018
- Amendments to IFRS 9 – 'Financial Instruments', effective 2019
- Amendments to IFRS 11 – 'Joint Arrangements', effective 2019

Note 1.6 Future changes of accounting policies continued

- IFRS 15 - 'Revenue from Contracts with Customers', effective 2018
- IFRS 16 - 'Lease', effective 2019
- IFRS 17 – Insurance Contracts, effective 2021 (not yet endorsed for use in the EU)
- Amendments to IAS 12 – 'Income Taxes', effective 2019
- Amendments to IAS 19 – 'Employee Benefits', effective 2019
- Amendments to IAS 23 – 'Borrowing Costs', effective 2019
- Amendments to IAS 28 – 'Investments in Associates and Joint Ventures', effective 2019
- Amendments to IAS 39 - 'Financial Instruments: Recognition and Measurement', effective when IFRS 9 applied.
- Amendments – IAS 40 'Investment Property', effective 2018

The directors are currently assessing the impact of these on the company's results, assets and liabilities. The directors do not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

1.7 Financial risk management

a) Policy

Hoople Ltd's risk management framework is a governance process with clear responsibilities for managing, monitoring and reporting risks. This flows from the board of directors through the Executive Management Team through to the business service areas, and is underpinned by established policies and guidance that set out the approach to managing risk across the company.

The risk register records the risks and issues faced both within specific service areas and the wider strategic risks and issues, with an understanding of the likelihood and impact alongside the planned and existing controls and mitigations.

The register defines risks as the possibility that an action or event will adversely (or beneficially) affect Hoople Ltd's ability to achieve a planned business objective. The identification, assessment, monitoring and reporting of risks is the responsibility of every member of staff and as a consequence of managing identified risks:

- The planned objectives are more likely to be achieved
- Adverse risks are less likely to happen
- The impact of adverse risks which are realised is reduced.

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk

For loans, receivables and items carried at amortised cost the carrying value is considered to be approximate to their fair value.

Financial assets and liabilities measured at fair value are valued in accordance with the 'fair value hierarchy'. Financial assets and liabilities are set into three levels based on the significant of input used in measuring the fair value of the financial assets and liabilities, the levels are set out as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - The hierarchy requires the use of observable market data when available. The group considers relevant and observable market prices in its valuations where possible
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At period end, the company has no financial instruments stated at fair value.

Note 1.7 Financial risk management continued

b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. Credit risk is managed on a company basis and arises principally from the company's aggregate balance of accounts receivable.

Trade receivables comprise principally of two main customers plus a small customer base for low value transactional services all delivered locally. These risks are controlled by the application of credit limits and credit controlling procedures.

The company does not require collateral in respect of trade and other receivables.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a known loss component based on historical data for similar financial assets.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet their financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The directors are satisfied that the company will have adequate resources to continue operating for the foreseeable future.

The contractual maturity of financial assets and liabilities are all expected to be realised within one period.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the company's income or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company's cash and cash equivalents generate minimal interest income. Hence the company are not exposed to significant interest rate risk on their cash and cash equivalents, and no sensitivity analysis has been performed.

e) Capital risk

Hoople Ltd's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for stakeholders and benefits for other stakeholders.

2 Revenue

	2018 £	2017 £
Rendering of services	<u>13,558,766</u>	<u>13,458,772</u>
Total	<u>13,558,766</u>	<u>13,458,772</u>

The whole of the revenue is attributable to the one principal activity of the company. All revenue arose within the United Kingdom.

3 Staff numbers and cost

The average number of persons employed by the company (including directors) analysed by category, were as follows:

	2018	2017
Employees including apprentices	321	311
Agency and other staff	<u>255</u>	<u>173</u>
Total number of employees	<u>576</u>	<u>484</u>

Hoople provides interim agency staff on a principal basis to Herefordshire Council and a number of other customers. Agency staff supplied includes; social care professionals, supply teachers, IT specialists, project managers and administrative support staff.

	2018 £	2017 £
Wages and salaries	8,093,398	7,783,288
Social security costs	664,469	633,702
Pension schemes	1,638,538	1,051,563
Levy	<u>40,266</u>	<u>-</u>
Total payroll costs	<u>10,436,671</u>	<u>9,468,553</u>

4 Expenses and auditor's remuneration

	2018 £	2017 £
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements	14,957	14,140
VAT/Tax services	2,553	5,616
Other services	<u>-</u>	<u>7,795</u>
Total auditor's remuneration	<u>17,510</u>	<u>27,551</u>

5 Directors and key management remuneration

	2018 £	2017 £
Key management emoluments (salary, National Insurance and levy)	<u>150,251</u>	<u>139,515</u>
Contributions to defined benefit pension schemes	<u>12,446</u>	<u>13,965</u>

There were no paid directors in year. (2017: £nil)

6 Finance income/expenses

	2018 £	2017 £
Finance income		
Interest income on cash, cash equivalents and investments	3,770	2,621
Expected return on defined benefit pension plan assets	<u>219,000</u>	<u>224,000</u>
Total finance income	<u>222,770</u>	<u>226,621</u>

Note 6 Finance income/expenses continued

Finance expenses	2018 £	2017 £
Bank charges	(6,951)	(5,062)
Interest on defined benefit pension plan obligation	<u>(354,000)</u>	<u>(305,000)</u>
Total finance expenses	<u>(360,951)</u>	<u>(310,062)</u>

7 Taxation

Analysis of tax charge in the year	2018 £	2017 £
Current tax (see note below)		
UK corporation tax charge on the profit for the year	12,804	10,000
(Over) provision in the previous year	<u>(984)</u>	<u>(4,646)</u>
UK corporation tax charge	<u>11,820</u>	<u>5,354</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2017: 20%). The difference in the year is explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	(402,604)	(289,040)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(76,495)	(57,808)
Effects of:		
Fixed asset difference	-	9,069
Expenses not deductible for tax purposes	151,373	2,158
Income not taxable for tax purposes	(62,074)	(38,504)
Adjustments to brought forward values	-	-
Amounts (charged) / credited directly to other comprehensive income or otherwise transferred	-	(485,200)
Adjustments to tax charge in respect of previous periods	(984)	(4,646)
Adjustments to tax charge in respect of previous periods – deferred tax	-	(11,801)
Adjust closing deferred tax to average rate of 19%	-	149,982
Adjust opening deferred tax to average rate of 19%	-	(42,058)
Deferred tax not recognised	-	483,178
Capital allowances in excess of depreciation	-	-
Other short-term timing differences	-	-
Defined benefit scheme timing differences	-	-
Unexplained difference	<u>-</u>	<u>-</u>
Current tax charge / (credit) for the year	<u>11,820</u>	<u>4,370</u>

8 Financial Instruments

Financial Assets

	2018 £	2017 £
Financial assets measured at fair value through profit or loss	<u>3,267,649</u>	<u>2,460,347</u>
Financial assets that are debt instruments measured at amortised cost	<u>1,027,554</u>	<u>1,052,061</u>
Total financial assets	<u>4,295,203</u>	<u>3,512,408</u>

Financial Liabilities

	2018 £	2017 £
Financial liabilities measured at amortised cost	<u>2,221,717</u>	<u>2,473,377</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets measured at amortised cost comprise trade receivables, other receivables and amounts due from related parties.

Financial liabilities measured at amortised cost comprise trade payables, accruals, other payables, amounts due to related parties and provisions.

9 PPE

	Fixtures & Fittings £	Computer Hardware £	Motor Vehicles £	Computer Software £	Total £
Cost					
Balance at 1st April 2016	550	53,178	3,180	128,863	185,771
Acquisitions	-	7,266	-	-	7,266
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31st March 2017	<u>550</u>	<u>60,444</u>	<u>3,180</u>	<u>128,863</u>	<u>193,037</u>
Depreciation					
Balance at 1st April 2016	413	27,094	861	91,840	120,208
Depreciation Charge for the Year	137	13,525	795	25,275	39,732
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31st March 2017	<u>550</u>	<u>40,619</u>	<u>1,656</u>	<u>117,115</u>	<u>159,940</u>
Net Book Value					
At 1st April 2016	137	26,084	2,319	37,023	65,563
At 31st March 2017	<u>-</u>	<u>19,825</u>	<u>1,524</u>	<u>11,748</u>	<u>33,097</u>

Note 9 PPE continued

	Fixtures & Fittings £	Computer Hardware £	Motor Vehicles £	Computer Software £	Total £
Cost					
Balance at 1st April 2017	550	60,444	3,180	128,863	193,037
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31st March 2018	550	60,444	3,180	128,863	193,037
Depreciation					
Balance at 1st April 2017	550	40,619	1,656	117,115	159,940
Depreciation Charge for the Year	-	7,400	795	11,748	19,943
Disposals	-	-	-	-	-
Balance at 31st March 2018	550	48,019	2,451	128,863	179,883
Net Book Value					
At 1st April 2017	-	19,825	1,524	11,748	33,097
At 31st March 2018	-	12,425	729	-	13,154

10 Trade and other receivables (due in less than one year)

	2018 £	2017 £
Trade receivables	647,628	509,169
Related parties	356,760	430,321
Other receivables	33,166	112,571
Prepayments	131,653	57,488
Total of trade and other receivables	1,169,207	1,109,549

11 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	3,267,648	2,460,347

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts and creditors.

12 Trade and other payables (Due in less than one year)

	2018	2017
	£	£
Trade payables	202,320	30,150
Related parties	838,030	796,174
Other payables	698,863	277,899
Social Security and other taxes	738,297	495,136
Provision	-	59,892
Accruals	482,504	804,126
Corporation tax payable	12,804	10,000
Total of trade and other payables	<u>2,972,818</u>	<u>2,473,377</u>

13 Employee benefits

The company has two defined pension plans, NHS Pension Scheme and Local Government Pension Scheme (LGPS), covering substantially all of its employees, both of which require contributions to be made to separately administered funds. The company operates a defined contribution pension scheme with Standard Life for new employees, which began in April 2014.

Standard Life Pension Scheme

Employer contribution is at 6%.

Contributions:	2018	2017
	£	£
Employees	87,572	73,358
Employers	143,917	101,730
Total contributions	<u>231,489</u>	<u>175,088</u>

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the NHS Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

The NHS Pension Scheme is subject to a full valuation every four years by the Government Actuary. The latest published valuation relates to the year ended 31 March 2012 and was published in June 2014 and is available on the NHS Pensions Agency website.

The notional past service deficit of the scheme was £10.3 billion, as per the last scheme valuation by the Government Actuary for the year ending 31 March 2012. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis.

Note 13 Employee benefits continued

Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. The most recent valuation recommended that employer contribution rates should be 14.3% from 1st April 2016 we will continue with this rate until the next review.

Local Government Pension Scheme

The company is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 March 2018 was £822,389 of which employer's contributions totalled £570,530 and employees' contributions totalled £251,859. The agreed contribution rates for the year ended 31 March 2018 were 13.9% for employers and 5.5-11.4% for employees.

For accounting purposes the liabilities are calculated using the principles set out in IAS 19. As at 1 April 2017 the liabilities were valued at £12,924,000 under IAS 19. There has been a re-measurement in year which has resulted in an accounting adjustment of (£608,000) being recorded as a profit. This amount has been disclosed through other comprehensive income, which is part of the retained earnings of the company.

The following table summarises the components of the net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the respective plans.

The liability recognised in the statement of financial position for retirement benefit obligations is:

	2018 £	2017 £
Present value of funded defined benefit obligations	(14,196,000)	(12,924,000)
Fair value of employer assets	<u>9,114,000</u>	<u>7,996,000</u>
Recognised (liability) for defined benefit obligations	<u>(5,082,000)</u>	<u>(4,928,000)</u>

Movements in present value of defined benefit obligation:

	2018 £	2017 £
At 1 April	12,924,000	7,743,000
Current service cost	1,196,000	884,000
Interest cost	339,000	290,000
Re-measurements	(514,000)	3,750,000
Contributions by members	251,000	257,000
At 31 March	<u>14,196,000</u>	<u>12,924,000</u>

Note 13 Employee benefits continued

Movements in fair value of plan assets:

	2018 £	2017 £
At 1 April	7,996,000	5,646,000
Expected return on plan assets	219,000	224,000
Re-measurements	94,000	1,324,000
Administration	(15,000)	(15,000)
Contributions by employer	569,000	560,000
Contributions by members	<u>251,000</u>	<u>257,000</u>
At 31 March	<u>9,114,000</u>	<u>7,996,000</u>

Expenses recognised in the statement of comprehensive income, profit and loss:

	2018 £	2017 £
Current service cost	1,196,000	884,000
Interest on defined benefit pension plan obligation	339,000	290,000
Administration	15,000	15,000
Expected return on defined benefit pension plan assets	<u>(219,000)</u>	<u>(224,000)</u>
Total	<u>1,331,000</u>	<u>965,000</u>

The expense is recognised in the following items in the statement of comprehensive income, profit and loss:

	2018 £	2017 £
Staff costs	1,196,000	884,000
Finance income	(219,000)	(224,000)
Finance expense	<u>354,000</u>	<u>305,000</u>
Total	<u>1,331,000</u>	<u>965,000</u>

Actuarial gains and losses recognised directly in equity in the statement of comprehensive income, profit and loss since 1 April:

	2018 £	2017 £
Re-measurement of assets and liabilities	<u>608,000</u>	<u>(2,426,000)</u>

Note 13 Employee benefits continued

The fair value of the plan assets and the return on those were as follows:

	2018 Fair value £	2017 Fair value £
Equities	7,875,000	6,823,000
Corporate bonds	437,000	435,000
Property	383,000	339,000
Alternatives	310,000	216,000
Cash	109,000	183,000
Total	<u>9,114,000</u>	<u>7,996,000</u>
Actual return on plan assets	313,000	1,548,000

The expected rates of assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The expected return on plan assets 2017/18 is £219,000 (2017: £224,000).

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2018 %	2017 %
Discount rate	2.7	2.6
Expected rate of return on plan assets	3.4	19.4
Future salary increases	2.1	2.2
Pension increases	2.2	2.2

The assumptions relating to longevity underlying the pension liabilities at the financial statement of position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The life expectancy assumption is based on the Funds VitaCurves with improvements from 2007 in line with the medium cohort and a 1% per annum underpin.

The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65 - 22.7 years (male), 25.7 years (female)
- Future retiree upon reaching 65 – 24.9 years (male), 28 years (female)

The Mercer pension statement includes that the salary growth assumptions at the start and end of year have been set by the employer at 2.1%. This is a local assumption and Mercers have stated that this is less prudent than those they would normally use for accounting purposes.

Note 13 Employee benefits continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

Change in assumptions at year ended 31 March 2018	Approximate % movement in Employer Liability	Approximate monetary amount (£)
0.1% increase in Real Discount rate	Decrease 2.5%	(351,000)
1 year increase in member life expectancy	Increase 1.8%	253,000
0.1% increase in the inflation rate	Increase 2.5%	360,000
0.1% increase in assumed pay growth	Increase 0.5%	76,000

The history of the experience gains and losses arising from the defined obligation is as follows:

Actuarial gains and losses are now recognised in the statement of comprehensive income, profit and loss, a re-measurement figure is shown in other comprehensive income.

	2018 £	2017 £
At 1 April	(4,928,000)	(2,097,000)
Finance cost	(762,000)	(405,000)
Re-measurements	608,000	(2,426,000)
At 31 March	<u>(5,082,000)</u>	<u>(4,928,000)</u>

Statement of financial position

	2018 £	2017 £	2016 £	2015 £
Present value of the defined benefit obligation	14,196,000	12,924,000	7,743,000	6,820,000
Fair value of plan assets	<u>(9,114,000)</u>	<u>(7,996,000)</u>	<u>(5,646,000)</u>	<u>(4,824,000)</u>
Deficit	<u>5,082,000</u>	<u>4,928,000</u>	<u>2,097,000</u>	<u>1,996,000</u>

Expenses adjustments

	2018 £/%	2017 £/%	2016 £/%	2015 £/%
Experience gains on plan assets*	94	1,324	(277)	304
as a percentage of plan assets	1%	16.6%	4.9%	63%
Experience gain on plan liabilities	0	798	0	0
as a percentage of plan liabilities	0%	6.2%	0%	0%

* This relates to the re-measurement of plan assets during the year.

The company expects to contribute approximately £569,000 (2017: £598,000) to its defined benefit arrangement in the next financial year.

The most recent valuation recommended that employer contribution rates should be 15.2% from 1 April 2018, we will continue with this rate until the next review.

14 Share capital

Allotted, called up and fully paid.

There are 100 issued shares including 17 that are held in treasury.

	2018	2017
Issued 83 ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

The shareholders hold votes in proportion to their shareholding with Herefordshire Council holding 85% of votes and Wye Valley NHS Trust holding 15%. The company does not pay dividends but the shareholders can decide to distribute some or all surplus income for an accounting year to contributors of the company in proportion to the use made of services provided by the company by contributors. The current contributors are Herefordshire Council and Wye Valley NHS Trust.

15. Reserves

Profit or loss reserves represent current and prior period profit or loss.

16 Operating leases

There are no non-cancellable operating lease rentals at 31 March 2018 (2017: none)

17 Capital commitments

There are no capital commitments at 31 March 2018 (2017: none).

18 Contingencies

There are no contingencies affecting Hoople Ltd.

19 Ultimate controlling party

The company is controlled by Herefordshire Council by virtue of its majority shareholding in the company. The parent company financial statements are publically available.

20 Related parties

Herefordshire Council

Herefordshire Council is the parent company of Hoople Ltd.

During the year the company provided services totalling £7,797,862 (2017: £6,989,769), interim agency sales totalling £1,467,960 (2017: £1,081,273) and received goods and services totalling £780,497 (2017: £829,841) from Herefordshire Council, a shareholder of the company.

The balance at the year-end was £482,623 (2017: £516,383) consisting of a receivable of £210,628 (2017: £246,420) and a payable of £693,251 (2017: £762,803).

Wye Valley NHS Trust

During the year the company provided services totalling £1,734,564 (2017: £1,648,593) and received goods and services totalling £3,512 (2017: £9,605) from Wye Valley NHS Trust, a shareholder of the company.

The balance at the year-end was £115,519 (2017: £150,530) consisting of a receivable of £146,131 (2017: £192,806) and a payable of £30,612 (2017: £42,276).

Note 20 Related parties continued

Non-Executive Directors

Cllr. David Harlow and Cllr, Harry Bramer, Cabinet Members and Mr Geoff Hughes, Director – Herefordshire Council. Herefordshire Council is a shareholder of the company.

Mr Andrew Cottom, Non-Executive Director – Wye Valley NHS Trust. Wye Valley NHS Trust is a shareholder of the company.

21 Subsequent events

There have been no material post balance sheet events since 31 March 2018.