HML HOLDINGS

Reports & Financial Statements

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www.hmlgroup.com

DIRECTORS

Executive

Richard Smith	Chairman
Robert Plumb	Chief Executive Officer
James Howgego	Chief Financial Officer

Non-executive
Geoffrey Griggs
Elizabeth Holden

COMPANY SECRETARY
James Howgego

REGISTERED OFFICE
9-11 The Quadrant
Richmond
Surrey
TW9 1BP

AUDITOR
Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

BANK
Barclays Bank plc
One Churchill Place
London
E14 5HP

NOMINATED ADVISER AND BROKER
finnCap
60 New Broad Street
London
EC2M 1JJ

PUBLIC RELATIONS AGENTS
Tavistock Communications
131 Finsbury Pavement
London
EC2A 1NT

REGISTRARS
Share Registrars Limited
17 West Street
Farnham
Surrey
GU9 7DR

FINANCIAL HIGHLIGHTS

YE2017	YE2016	
Revenue		
£20.91m	£18.56m	13%
Profit before interest, tax, amortisation and share based payments		
£1.84m	£1.63m	12%
Profit before tax		
£1.30m	£1.21m	7%
Cash generated from operations		
£1.88m	£1.61m	17%
Adjusted basic earnings per share		
3.9p	3.8p	3%
Dividend per share		
£0.37p	£0.33p	12%
Units under management		
71,000 units	60,000 units	18%

REVIEW OF BUSINESS

The Board are pleased to report a 13% (2016: 8%) growth in revenues as well as an 18% (2016: 18%) increase in property units under management to 71,000.

Earnings before interest, share based payments, amortisation and tax rose 12% (2016: 6%) to £1,836,000 (2016: £1,634,000). The Group has further expanded the number of office locations to 21 (2016: 15).

This has been a year in which management has focused a significant amount of effort on the integration of acquisitions. In total the Group purchased six block management businesses, three of which were in the first quarter of the year. While all three of these earlier acquisitions have been successful in terms of our primary intragroup services, the value of their incremental earnings potential is only becoming fully realisable as they are integrated onto HML's systems and standardised procedures. The other three acquisitions, substantially larger, were purchased toward the end of the fourth quarter and have not had a material impact on our reported revenues and earnings.

It is pleasing to report higher revenues across all segments of the business with surveying (14% growth) and insurance (8% growth) improving in line with acquisition growth from prior years. Property management continues to enjoy organic and acquisition growth, although it is important to note that this segment would have achieved a further £200,000 in earnings contribution had transactional fees from the sale of properties under management continued at levels of the previous year.

It has been a year in which we have taken several steps forward. We have introduced a new logo and brand for the Group following extensive research and reflection on our values and image. We are progressing towards a single name for our property management offices while accentuating our tailored, personal and local service attributes through the strength in our network of offices. We have also taken significant strides in the centralisation of the management of our human resources not only by upgrading the systems that support them but through a number of initiatives in areas such as recruitment, learning and development, engagement and appraisal. Having grown the staff numbers to over 500 this year, it was pleasing to see some of the early benefits from the investment in these initiatives which are reflected in lower staff turnover and recruitment fees.

We have reported on a number of occasions the emerging differences arising within a market that is more clearly dividing between those offering services that are compliant with the ethical code and practices of our professional bodies and those who seek to compete purely on price with little attention to the peculiarities and complexity of leasehold management. That polarisation has continued with a slowly growing awareness of the susceptibility to the abuse of lessees inherent in the leasehold market. The public light that shone on the recent growth in houses that are unnecessarily sold as leasehold has undoubtedly heightened awareness in this sector. We believe that publicity of practices such as these will support the case for independent and professional managing agents.

We were pleased to welcome new shareholders to our ownership in our December fund raising which facilitated the acquisition of three businesses in the 4th quarter. We are confident that these acquisitions will improve shareholder value.

Our thanks also go to our employees for the hard work that has helped us to accomplish meaningful growth during what has been a challenging year.

HML is emerging as one of the larger managing agents in the independent owner occupied market and remains well positioned to benefit from the growing need for independence and professionalism. We remain determined to build the infrastructure and expertise within our management teams that enables us to accommodate that growth. As such our Board enters the upcoming year with confidence and looks forward to updating shareholders as the year progresses.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the business are set out below:

Acquisitions and investments
Part of the Group's strategy is to acquire and make investments in complementary businesses, services or products as appropriate opportunities arise. The risks the Group may face should it acquire or invest in complementary businesses include:

- Difficulties with the integration and assimilation of the acquired business;
- Diversion of the attention of the Group's management team from other business concerns;
- Availability of favourable acquisition or investment financing; and
- Loss of key employees of any acquired business.

Acquisitions or investments may require the Group to expend significant amounts of cash, which could result in the Group's inability to use the funds for other business purposes.

Additionally, if the Group funds acquisitions through issuances of ordinary shares, the interests of its shareholders will be diluted, which may cause the market price of the ordinary shares to decline.

There is no guarantee that the Directors will be able to complete acquisitions of complementary companies on acceptable terms. Failure to do so over an extended period would limit the Directors' ability to carry out their strategy and would reduce the long term prospects of the Group.

To mitigate the risks in respect of acquisitions and investments, the Group carries out due diligence and produces cash flow projections to ensure that any target is a suitable strategic fit and is financially sound.

Attraction and retention of key employees
The Group depends on its Directors and other key employees and whilst it has entered into contractual arrangements with these individuals, retention of these services cannot be guaranteed.

The Group has attempted to reduce this risk by offering competitive remuneration packages including the opportunity to participate in a share option scheme. The Group also invests in training and development.

Ownership of the Company
LTC Holdings plc (LTCH) currently owns approximately 20.92% (2016: 34.05%) of the ordinary shares of the Group. As a result, it is able to exercise a high degree of influence over all matters requiring approval by shareholders.

Competition
The large majority of the Group's work for existing or new clients or on new projects is won competitively. The Group may face significant competition, including from larger companies which have greater capital and other resources and may result in some margin erosion. There is no assurance that the Group will be able to compete successfully in such a marketplace in the future.

Regulatory Risks
The Group may be affected by the prevailing regulatory and legal environment relating to its business and the insurance services provided by its subsidiary Alexander Bonhill Limited in particular. This includes the regulatory regime of the Market Abuse Regulations (EU No. 596/2014), the Financial Services and Markets Act 2000 and the Conduct of Business rules published there under. To mitigate these risks external advice is taken on Financial Conduct Authority issues and other technical areas.

Financial Risks
Information in respect of the financial risk management objectives and policies of the Group and the exposure of the Group to foreign exchange, interest rate risk, credit risk, liquidity risk and cash flow risk is contained in note 19 of the financial statements.

KEY PERFORMANCE INDICATORS

The Directors use a number of key performance indicators to monitor and appraise the trading and performance of the businesses. The main key performance indicators are as follows:

Operating margins of Group companies
The profit contribution from the operating business (see note 4) fell from 15.7% to 14.9% during the year. This change was largely due to the additional investment the Group has made in systems and compliance processes.

However, the overall margin after the inclusion of head office costs remained static at 8.8%.

Group turnover
A combination of acquisitive and organic growth resulted in an increase in turnover of over 12.7% during the year.

Profit before interest, tax, amortisation and share based payments
The Group made profit before interest, tax, amortisation and share based payments of £1,836,000 (2016: £1,634,000) which represented a 12.4% improvement on the performance of the previous year. See note 4 for a reconciliation of this calculation.

The Directors also monitor the following operational performance indicators:

- New business generated through marketing
- New surveying and insurance business generated from internal referrals
- Potential client enquiries
- Staff retention
- Client complaints

By order of the Board

Robert Plumb
Chief Executive
27 July 2017

The Directors submit their report and the Group financial statements of HML Holdings plc for the year ended 31 March 2017.

HML Holdings plc is a public limited company, incorporated and domiciled in England and Wales whose shares are traded on AIM.

PRINCIPAL ACTIVITIES

The Group's principal activity during the year was the provision of property management and related services in the South East, South West and North West of England.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 March 2017 was a profit of £1,042,000 (2016: £1,012,000). For more details on the performance for the year, see the Review of Business in the Strategic Report.

The Directors propose to pay a dividend of 0.37p per share in respect of the year to 31 March 2017 (2016: 0.33p).

SHARE CAPITAL

Full details of the issued share capital of the Company are set out in note 21 to the financial statements.

ACQUISITIONS

On 1 April 2016, HML Andertons Limited purchased the trade and assets of Coupe Property Consultants, a residential property management business based in Cheltenham.

On 17 May 2016, HML Hawksworth Limited purchased 100% of the share capital of Homes and Watson Limited, a residential property manager in Ingatestone, Essex.

On 25 May 2016, HML Hathaways Limited purchased 100% of the share capital of Arkleygate Estate Management Limited, a residential property manager in Borehamwood, Hertfordshire.

On 2 June 2016, HML Andertons Limited purchased 100% of the share capital of Crown Limited, a residential property manager in Bristol.

On 1 February 2017, HML Andertons Limited purchased 100% of the share capital of Goodacre Property Services Limited, a residential property management business based in Keston, Kent.

On 1 March 2017, HML Andertons Limited purchased 100% of the share capital of Gordon & Company (Property Consultants) Limited, a residential property management business with offices in Covent Garden, Reigate and Bristol.

POST BALANCE SHEET EVENTS

On 1 April 2017, HML Holdings Plc purchased 100% of the share capital of Faraday Property Management Limited, a residential property manager based in Holborn, London.

For more detail about this event, see note 31.

FUTURE DEVELOPMENTS

The Directors will continue to expand the property management services of the business through organic growth and acquisitions.

The Group has strong experience of buying and consolidating acquisitions and the Directors are optimistic that this acquisitive strategy combined with organic growth will ensure the Group continues to grow consistently in terms of turnover and profitability.

DIRECTORS

The following directors have held office during the year:

Richard Smith
Robert Plumb
James Howgego
Geoffrey Griggs
Elizabeth Holden

DIRECTORS' REMUNERATION

The Directors' emoluments in 2017 are detailed below:

	Annual emoluments including pension contributions		Benefits in kind		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Richard Smith	48	47	-	-	48	47
Robert Plumb	162	167	8	9	170	176
James Howgego	124	125	2	2	126	127
Geoffrey Griggs	18	18	-	-	18	18
Elizabeth Holden	16	13	-	-	16	13
	368	370	10	11	378	381

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

Directors' interests in the shares of the Company were as follows:

	Ordinary shares of 1.5p each	
	31 March 2017	31 March 2016
Richard Smith	1,934,025	1,934,025
Robert Plumb	2,724,067	2,604,067
James Howgego	1,487,500	1,487,500
Geoffrey Griggs	497,167	497,167

DIRECTORS' SHARE OPTIONS

Details of options over shares held by Directors are as follows:

	Richard Smith	Robert Plumb	James Howgego	Geoffrey Griggs	Elizabeth Holden
2008 share options	50,000	50,000	100,000	20,000	-
2009 share options	-	-	-	16,000	-
2011 share options	-	-	-	20,000	-
2012 share options	60,000	190,000	100,000	20,000	-
2013 share options	60,000	190,000	100,000	25,000	-
2014 share options	50,000	180,000	90,000	20,000	-
2015 share options	40,000	160,000	80,000	20,000	20,000
2016 share options	40,000	170,000	80,000	20,000	20,000
Total	300,000	940,000	550,000	161,000	40,000

The options issued from 2006 to 2012 are all Enterprise Management Incentive (EMI) approved options, with the exception of the options issued to Geoffrey Griggs which were unapproved.

The options issued in 2013 were all unapproved and the options issued in 2014 to 2016 were CSOP approved except for the options issued to Geoffrey Griggs, Richard Smith and Elizabeth Holden, which were unapproved.

All options have an exercise period of between two and ten years (or earlier with the approval of the Board).

Details of the dates issued and exercise price are set out below:

	Date of issue	Exercise Price
2008 share options	31.03.08	19.00p
2009 share options	30.06.09	10.00p
2010 share options	24.06.10	11.50p
2011 share options	24.06.11	11.75p
2012 share options	26.07.12	17.75p
2013 share options	25.07.13	15.25p
2014 share options	06.08.14	33.00p
2015 share options	08.10.15	41.00p
2016 share options	16.08.16	32.00p

During the year ended 31 March 2017 Robert Plumb exercised 120,000 options.

SIGNIFICANT SHAREHOLDINGS

At the time of approving the financial statements, the Directors had been notified that the following persons had interests amounting to 2% or more in the issued voting share capital of the Company.

	Shares	Percentage
LTC Holdings Plc	9,432,117	20.92%
Oryx International Growth Fund	4,250,000	9.43%
British Growth Fund	3,787,018	8.40%
Unicorn Asset Management	3,721,708	8.25%
Rob Plumb	2,724,067	6.04%
Richard Smith	1,934,025	4.29%
James Howgego	1,487,500	3.30%
MD Barnard & Co Limited	1,390,000	3.08%
City Asset Management	1,357,168	3.01%
Hargreave Hale	1,318,608	2.92%

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision was in place for the benefit of all Directors of the Company and its subsidiaries throughout the year, and is still in place at the date of signing of the financial statements.

FINANCIAL INSTRUMENTS

The Group manages its treasury position through the utilisation of long term debt funding loan and bank overdraft. This helps the Group ensure it is able to pay its short-term liabilities as they become due. The Group does not speculate with derivative instruments and continues to conduct all of its business in sterling. Further information is provided in note 19.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular formal and informal meetings, the company magazine and the annual all employee meeting.

POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year or the preceding year. However charitable donations of £828 (2016: £1,249) were made to local charities.

AUDITOR

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint Nexia Smith & Williamson as auditor will be put to the members at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each person who was a director at the time this report was approved:

- So far as that director was aware there was no relevant available information of which the Company's auditors were not aware; and
- That director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance and since being admitted to AIM, the Company has adopted policies and procedures which reflect but do not fully comply with the principles of the Corporate Governance Code for Small and Mid-sized Quoted companies published by the Quoted Companies Alliance, appropriate to the Company's size.

The Group is led and controlled by a Board comprising three executive directors and two non-executive directors. Board meetings are held on a regular basis and no decision of any consequence is made other than by directors. All directors participate in the key areas of decision-making. The Company has an established Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities.

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Board has complied with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and reasonable steps have been taken to ensure compliance by the Company's applicable employees including adopting a share dealing code for this purpose.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 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;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

James Howgego

Company Secretary

27 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HML HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HML HOLDINGS PLC

We have audited the financial statements of HML Holdings plc for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Shareholders Equity and the related notes 1 to 32. 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 and as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Statement of Directors' Responsibilities set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Councils (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements 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, 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 those financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HML HOLDINGS PLC

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.

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

27 July 2017

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	2017 £'000 Total	2016 £'000 Total
CONTINUING OPERATIONS			
REVENUE	2	20,910	18,564
Direct operating expenses		(17,796)	(15,643)
Central operating overheads		(1,278)	(1,287)
Share based payment charge		(27)	(22)
Amortisation of intangibles		(467)	(390)
Total central operating overheads		(1,772)	(1,699)
Operating expenses		(19,568)	(17,342)
PROFIT FROM OPERATIONS	6	1,342	1,222
Finance costs	5	(39)	(10)
PROFIT BEFORE TAXATION		1,303	1,212
Income tax charge	8	(261)	(200)
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		1,042	1,012
EARNINGS PER SHARE			
Basic	9	2.6p	2.7p
Diluted	9	2.5p	2.6p
ADJUSTED EARNINGS PER SHARE			
Basic	9	3.9p	3.8p
Diluted	9	3.8p	3.6p

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2017

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE GROUP

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Merger reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 31 March 2015	561	129	(85)	(15)	8,198	8,788
Profit for the year	-	-	-	-	1,012	1,012
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	22	22
Share capital issued	22	215	-	-	-	237
Costs incurred by EBT	-	-	(1)	-	-	(1)
Dividend	-	-	-	-	(114)	(114)
Balance at 31 March 2016	583	344	(86)	(15)	9,118	9,944
Profit for the year	-	-	-	-	1,042	1,042
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	27	27
Share capital issued	88	1,907	-	-	-	1,995
Shares sold by EBT	-	-	16	-	-	16
Dividend	-	-	-	-	(129)	(129)
Balance at 31 March 2017	671	2,251	(70)	(15)	10,058	12,895

HML HOLDINGS PLC
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2017

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 31 March 2015	561	129	(85)	905	1,510
Profit for the year	-	-	-	94	94
Other comprehensive income	-	-	-	-	-
Share based payment charge	-	-	-	22	22
Share capital issued	22	215	-	-	237
Costs incurred by EBT	-	-	(1)	-	(1)
Dividend	-	-	-	(114)	(114)
Balance at 31 March 2016	583	344	(86)	907	1,748
Profit for the year	-	-	-	79	79
Other comprehensive income	-	-	-	-	-
Share based payment charge	-	-	-	27	27
Share capital issued	88	1,907	-	-	1,995
Shares sold by EBT	-	-	16	-	16
Dividend	-	-	-	(129)	(129)
Balance at 31 March 2017	671	2,251	(70)	884	3,736

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2017
COMPANY NUMBER: 5728008

ASSETS	Notes	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Goodwill	11	8,894	6,953
Other intangible assets	12	6,604	5,220
Property, plant and equipment	13	701	701
		16,199	12,874
CURRENT ASSETS			
Trade and other receivables	15	5,619	2,505
Cash at bank	16	-	-
		5,619	2,505
TOTAL ASSETS		21,818	15,379
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		5,076	3,517
Borrowings		1,119	597
Current tax liabilities		296	264
	17	6,491	4,378
NON-CURRENT LIABILITIES			
Deferred tax liability	20	753	632
Borrowings		1,679	425
	18	2,432	1,057
TOTAL LIABILITIES		8,923	5,435
NET ASSETS		12,895	9,944
EQUITY			
Called up share capital	21	671	583
Share premium account	23	2,251	344
Other reserve	24	(70)	(86)
Merger reserve	25	(15)	(15)
Retained earnings		10,058	9,118
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		12,895	9,944

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2017 and are signed on its behalf by:

Robert Plumb James Howgego

HML HOLDINGS PLC
COMPANY STATEMENT OF FINANCIAL POSITION
31 March 2017
COMPANY NUMBER: 5728008

	Notes	2017	2016
ASSETS		£'000	£'000
NON-CURRENT ASSETS			
Intangible assets	12	654	604
Property, plant and equipment	13	125	103
Investment in subsidiary companies	14	5,134	5,134
		5,913	5,841
CURRENT ASSETS			
Trade and other receivables	15	4,008	1,421
Cash at bank	16	424	-
		4,432	1,421
TOTAL ASSETS		10,345	7,262
LIABILITIES			
CURRENT LIABILITIES			
Borrowings		471	686
Trade and other payables		4,459	4,403
	17	4,930	5,089
NON-CURRENT LIABILITIES			
Borrowings	18	1,679	425
		1,679	425
TOTAL LIABILITIES		6,609	5,514
NET ASSETS		3,736	1,748
EQUITY			
Share capital	21	671	583
Share premium	23	2,251	344
Other reserve	24	(70)	(86)
Retained earnings		884	907
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		3,736	1,748

As permitted by S.408 Companies Act 2006, the Company has not presented its own income statement. The Company made a profit after tax of £79,000 (2016: £94,000)

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2017 and are signed on its behalf by:

Robert Plumb James Howgego

	Notes	2017 £'000	2016 £'000
OPERATING ACTIVITIES			
Cash generated from operations	27a	1,878	1,606
Income taxes paid		(229)	(173)
Interest paid		(39)	(10)
NET CASH FROM OPERATING ACTIVITIES		1,610	1,423
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(306)	(280)
Sale receipts/(costs) incurred by EBT		16	(1)
Purchase of software		(220)	(208)
Purchases of businesses		(2,390)	(1,066)
Payments of deferred/contingent acquisition		(230)	(356)
Advances to solicitor re: acquisitions		(2,122)	-
NET CASH USED IN INVESTING ACTIVITIES		(5,252)	(1,911)
FINANCING ACTIVITIES			
Drawdown of loans		1,725	575
Repayment of loans		(150)	(86)
Net movement in overdraft		201	(124)
Share issue		1,995	237
Dividend payment		(129)	(114)
NET CASH USED IN FINANCING ACTIVITIES		3,642	488
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	-	-

	Notes	2017 £'000	2016 £'000
OPERATING ACTIVITIES			
Cash absorbed by operations	27c	(1,024)	(1,409)
Interest paid		(36)	(5)
NET CASH USED IN OPERATING ACTIVITIES		(1,060)	(1,414)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(62)	(98)
Purchase of software		(220)	(208)
Sale / (acquisition) of own shares		16	(1)
Advances to solicitor re: acquisition		(2,122)	-
NET CASH USED IN INVESTING ACTIVITIES		(2,388)	(307)
FINANCING ACTIVITIES			
Drawdown of loans		1,725	575
Repayment of loans		(150)	(86)
Net movement in overdraft		(536)	14
Share issue		1,995	237
Inter-company cash movements		967	1,095
Dividends		(129)	(114)
NET CASH FROM FINANCING ACTIVITIES		3,872	1,721
NET INCREASE IN CASH AND CASH EQUIVALENTS		424	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	424	-

GENERAL INFORMATION

HML Holdings plc and its subsidiaries specifically focus on residential property management. The Group operates in the UK.

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 9-11 The Quadrant, Richmond, Surrey, TW9 1BP. The Company's shares are traded on AIM.

The Group consolidated financial statements were authorised for issue by the Board of Directors on 27 July 2017.

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated and parent Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies Act 2006 as applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below. The preparation of the financial statements require the use of estimates and assumptions that affect the reported amount of assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

The Company has taken advantage of s.408 of the Companies Act 2006 not to present its own statement of comprehensive income.

BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 March each year. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies as to benefit from its activities. The excess of costs of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in profit or loss.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Contingent consideration is re-measured to fair value at each reporting date. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the Group

None of the following new standards, interpretations and amendments, effective for the first time from 1 April 2016, have had a material effect on the financial statements of the Group or the Company.

- IAS 1: Presentation of financial statements
- IAS 27: Separate financial statements

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting periods beginning on or after 1 April 2017 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements may have a material effect on the consolidated financial statements of the Group, however the extent of this has not yet been assessed.

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases
- IAS 7: Statement of cash flows

REVENUE RECOGNITION

Revenue represents fees receivable from the provision of a range of property, insurance and surveying services to the residential property sector.

All revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue in property management and services companies is recognised in the period in which the services are provided.

Revenue relating to chartered surveying services is recognised when the services are provided. If services have been provided and not invoiced, the revenue is accrued.

Insurance brokerage is recognised at the start of the policy to which the brokerage relates.

SHARE BASED PAYMENTS

The Group has applied the requirements of IFRS 2 Share based payments. IFRS 2 requires the recognition of a charge for share based payment transactions which include for example share options or restricted shares granted to employees that require a certain length of service before vesting. These are reassessed on an annual basis. The fair value of the options granted is measured on the date at which they are granted by using the Black Scholes option pricing model and is expensed to the statement of comprehensive income over the appropriate vesting period.

PURCHASED GOODWILL

Goodwill arising on acquisition and consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a business at the date of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill is reviewed for impairment annually or more frequently if there is an indication of impairment. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses on goodwill cannot be reversed in future periods.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised over their useful life and assessed for impairment whenever there is an indication of impairment. The amortisation period and the amortisation method for intangible assets are reviewed at least at each financial year end. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Amortisation is provided on straight line basis on intangible assets as follows:

Customer relationships	25 years
Software	8 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Property, plant and equipment:	between 4 and 6 years.
Leasehold improvements:	length of remaining lease.

IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CLIENT MONIES

The management of client monies is part of the Group's residential management activities. This money belongs to clients, but the Group has administrative control over the monies in order to perform management services. These monies are not recognised on the Group statement of financial position.

INVESTMENTS

Investments in subsidiary undertakings held as non-current assets are stated at cost less provision for impairment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become a party to the contractual provisions of the instrument.

TRADE RECEIVABLES

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the set off of the bad debt provision and any impairment loss is recognised in the statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group with maturities of less than three months. Where overall cash balances, after being offset against all overdrafts where a legal right of set off exists, are positive, the balance is presented on the face of the statement of financial position under cash and cash equivalents. Where the net cash balances are negative, the balance is presented as part of bank loans and overdrafts in the statement of financial position and not considered part of cash and cash equivalents.

BORROWINGS

Loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument using an effective rate of interest.

TRADE PAYABLES

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

LEASES

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments, goodwill and other intangible assets
Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash generating units (CGU) to which goodwill and intangible assets have been allocated. The value in use calculation requires an estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The value in use of the CGUs enable an estimate to be made on whether or not there has been any impairment as shown in note 12.

Valuation of share based payments
The charge for share based payments is calculated in accordance with the analysis described in note 22. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates. The Directors draw upon a variety of external sources to aid in the determination of the appropriate data to use in such calculations.

Valuation and useful lives of intangible assets
In order to determine the value of the separately identifiable intangible assets on the acquisition of a business combination, management are required to make estimates of incremental profits when applying the Group's valuation methodologies. Estimate and judgement is also required in determining the appropriate amortisation period. The Directors have based their estimate on historic client retention rates of 96% consequently customer relationship lives are estimated to be 25 years.

Details of the carrying value of goodwill and other intangible assets are set out in notes 11 and 12.

Contingent and deferred consideration
Contingent and deferred consideration relating to acquisitions has been included based on management's estimate of the fair value of the consideration due. Details of this are set out in note 10.

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial information has been prepared using the recognition and measurement principles of IFRS as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information is presented in pounds sterling, prepared on a historical cost basis and, unless otherwise stated, rounded to the nearest thousand.

2. REVENUE STREAMS

The principal revenue streams of the Group are set out below:

	2017 £'000	2016 £'000
Property management	17,572	15,517
Professional services	982	864
Insurance services	2,356	2,183
Total	20,910	18,564

3. OPERATING SEGMENTS

For management purposes, the Group is currently organised into three operating divisions – property management, professional services and insurance services. These divisions are the basis on which the Group reports into the Chief Executive and forms the basis of IFRS 8 disclosure.

Principal activities are as follows:

- Property management: residential property management.
- Professional services: chartered surveying services.
- Insurance services: insurance broking intermediary services.

All of the Group's operations are carried out within the United Kingdom.

Analysis of the segment information about these businesses is presented in the next page. Segment assets include intangibles, plant and equipment, receivables and operating cash. Segment liabilities comprise of operating liabilities and deferred consideration for acquisitions.

There is no trading between reportable segments.

The Group has no major customers.

3. OPERATING SEGMENTS (CONTINUED)

	2017 Property Management £'000	2017 Professional Services £'000	2017 Insurance Services £'000	2017 Unallocated/ Corporate £'000	2017 Consolidated £'000	2016 Property Management £'000	2016 Professional Services £'000	2016 Insurance Services £'000	2016 Unallocated/ Corporate £'000	2016 Consolidated £'000
Revenue										
External revenues	17,572	982	2,356	-	20,910	15,517	864	2,183	-	18,564
Result										
Profit from operations /(loss)	906	178	1,732	(1,474)	1,342	912	128	1,651	(1,469)	1,222
Net finance costs					(39)					(10)
Profit before tax					1,303					1,212
Income tax					(261)					(200)
Profit for the year					1,042					1,012
Other information										
Property, plant, equipment – capital expenditure	270	2	-	62	334	181	1	-	98	280
Depreciation	(264)	(2)	-	(40)	(306)	(246)	(2)	-	(11)	(259)
Intangible assets - capital expenditure	3,572	-	-	220	3,792	1,395	-	-	208	1,603
Amortisation	(297)	-	-	(170)	(467)	(230)	-	-	(160)	(390)
Share based payment charge	-	-	-	(27)	(27)	-	-	-	(22)	(22)
Assets										
Segment assets	14,725	894	3,562	2,637	21,818	10,546	782	3,287	764	15,379
Liabilities										
Segment liabilities	(5,352)	(202)	(752)	(2,617)	(8,923)	(3,275)	(234)	(595)	(1,331)	(5,435)

4. PROFIT RECONCILIATION

The reconciliation set out below provides additional information to enable the reader to reconcile to the numbers discussed in the Chairman's and Chief Executive's report

	2017 £'000	2016 £'000
Revenue	20,910	18,564
Direct operating expenses	(17,796)	(15,643)
Profit contribution from businesses	3,114	2,921
Central operating overheads	(1,278)	(1,287)
Profit before interest, tax, amortisation and share based payments	1,836	1,634
Finance costs	(39)	(10)
Profit before share based payment charges, amortisation and taxation	1,797	1,624
Amortisation of other intangible assets	(467)	(390)
Share based payment charge	(27)	(22)
Profit before taxation	1,303	1,212

Direct operating expenses and central operating overheads include depreciation and staff costs.

5. FINANCE COSTS

	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts	39	10
	39	10

6. PROFIT FROM OPERATIONS

	2017 £'000	2016 £'000
Profit from operations is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
- charge for the year on owned assets	306	259
Amortisation of intangible assets	467	390
Operating lease rentals:		
- land and buildings	818	628

Set out below is an analysis of other operating expenses :

	2017 £'000	2016 £'000
Employee salaries and staff related expenses	14,313	12,895
Management costs	265	253
Travel costs	219	187
Advertising costs	84	46
Communications	517	461
Premises costs	2,023	1,709
Professional fees	738	630
IT costs	539	427
Depreciation	306	259
Amortisation	467	390
Share based payment charges	27	22
Other expenses	70	63
Other operating expenses	19,568	17,342

Amounts payable to the auditor and its related entities in respect of both audit and non-audit services are set out below:

	2017 £'000	2016 £'000
Fees payable for the statutory audit of the Company's annual accounts	12	12
Fees payable to auditor for other services:		
Statutory audit of the Company's subsidiaries	46	39
Total fees payable to the auditor	58	51

7. EMPLOYEES AND STAFF COSTS

	Group 2017 No.	Group 2016 No.
The average monthly number of persons (including directors) employed by the group during the year was:		
Management	11	11
Property Management	294	258
Administration	48	42
Accounts	84	78
	437	389

	Group 2017 £'000	Group 2016 £'000
Staff costs for the above persons:		
Wages and salaries	12,103	11,032
Social security costs	1,236	1,120
Pension costs	108	97
Share based payment charge	27	22
	13,474	12,271

	Company 2017 No.	Company 2016 No.
The average monthly number of persons (including directors) employed by the Company during the year was:		
Management	5	5
Property Management	-	-
Administration	21	17
Accounts	6	5
	32	27

	Company 2017 £'000	Company 2016 £'000
Staff costs for the above persons:		
Wages and salaries	622	838
Social security costs	142	108
Pension costs	22	24
Share based payment charge	13	11
	799	981

7. EMPLOYEES AND STAFF COSTS (CONTINUED)

The total amounts for directors' remuneration in accordance with Schedule 5 of the Accounting Regulations were as follows:

	2017 £'000	2016 £'000
Salaries, fees, bonuses and benefits in kind	364	362
Money purchase pension contributions	14	18
Total Directors' remuneration	378	380
Notional gains on exercise of share options	25	101
Total	403	481

Three directors are members of the company money purchase scheme.

Directors' emoluments disclosed above include the following payments:

	2017 £'000	2016 £'000
Emoluments of highest paid director	170	176

DIRECTORS' TRANSACTIONS

Dividends totalling £22,000 (2016: £20,000) were paid in the year respect of ordinary shares held by the Company's directors.

8. INCOME TAX

	2017 £'000	2016 £'000
UK Corporation tax:		
Current tax on profits of the year	263	220
(Over provision)/under provision of tax in previous year	(2)	(20)
Tax attributable to the company and its subsidiaries	261	200

Factors affecting tax charge for the year

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

	2017 £'000	2016 £'000
Profit before tax	1,303	1,212
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%).	260	243
Effects of:		
Deferred tax assets not recognised	-	(32)
Amortisation and non-deductible expenses adjustment	3	9
(Over provision) in previous year	(2)	(20)
Tax charge for the year	261	200

Future tax charges may be affected by the fact that no deferred tax asset is recognised in respect of losses. Deferred tax assets are not recognised until the utilisation of the losses is probable.

The Group has losses carried forward in its subsidiary, HML Hathaways Limited which can be recovered against future profits arising from the same trade. The total tax losses carried forward to future years are £1,243,000 (2016: £1,243,000). Consequently, the unprovided deferred tax asset in respect of these losses is £211,000 (2016: £249,000).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data

	2017 £'000	2016 £'000
Earnings		
Profit after tax for the period (used to calculate the basic and diluted earnings per share)	1,042	1,012
Add back:		
Share based payment charge	27	22
Amortisation of intangible assets	467	390
Interest costs	39	10
Adjusted profit after the tax for the period	1,575	1,434

The adjusted profit after tax has been used to calculate the basic and diluted adjusted earnings per share.

Number of shares	2017 '000	2016 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	40,628	37,864
Effect of dilutive potential ordinary shares:		
- share options	1,264	1,701
Weighted average number of ordinary shares for the purposes of diluted earnings per share	41,892	39,565

Earnings per share		
Basic	2.6p	2.7p
Diluted	2.5p	2.6p
Adjusted earnings per share		
Basic	3.9p	3.8p
Diluted	3.8p	3.6p

The diluted earnings per share are the basic earnings per share adjusted for the dilutive effect of the conversion into fully paid shares of the outstanding share options.

10. BUSINESS COMBINATIONS (ACQUISITIONS)

On 1 April 2016, HML Andertons Limited purchased the trade and assets of Coupe Property Consultants, a business based in Cheltenham. The acquisition provides the Group with a Cheltenham office and reinforces its' trading position as the leading property manager in the South West.

The fair value of net assets acquired is set out below:

	£'000
Consideration	325
Transaction costs	5
Less: the fair value of assets:	
Customer relationships	(170)
Goodwill	160

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	260
Contingent consideration	65
	325

Net cash flow arising on the acquisition was £265,000 which represents the consideration paid and transaction costs.

The contingent consideration of £65,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £65,000, however the more likely outcome would be to pay £65,000.

It is estimated that the business contributed £205,000 to the Group's revenue and decreased the Group's profit by £11,000, from the date of the acquisition to the year-end date.

10. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 17 May 2016, HML Hawksworth Limited purchased 100% of the share capital of Homes & Watson Partnership Limited, a business based in Ingatestone. The acquisition will strengthen the Group's position in Essex. On the same day, the trade assets and liabilities of Homes and Watson Partnership Limited were transferred to HML Ashton Chater Limited at net book value as set out below.

The fair value of net assets acquired is set out below:

	£'000
Consideration	364
Transaction costs	2
Less: the fair value of assets:	
Customer relationships	(183)
Goodwill	183

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	291
Contingent consideration	73
	364

Net cash flow arising on the acquisition was £293,000 which represents the consideration paid and transaction costs.

The contingent consideration of £73,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £73,000, however the more likely outcome would be to pay £73,000.

The business contributed £180,000 to the Group's revenue and increased the Group's profit by £25,000 from the date of the acquisition to the year-end date.

10. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 25 May 2016, HML Hathaways Limited purchased 100% of the share capital of Arkleygate Limited, a business based in Borehamwood. The acquisition strengthens the Group's position outside North London, an area where the business is looking to expand. The trade and assets of Arkleygate Limited were transferred into HML Hathaways Limited on acquisition.

The fair value of net assets acquired in the acquisition are set out below:

	£'000
Consideration	256
Transaction costs	5
Less: the fair value of assets	
Customer relationships	(139)
Goodwill	122

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	205
Contingent consideration	51
Total consideration	256

Net cash flow arising on the acquisition was £210,000 which represents the consideration paid and transaction costs.

The contingent consideration of £51,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £51,000 however the more likely outcome would be to pay £51,000.

The business contributed £137,000 to the Group's revenue and increased the Group's profit by £18,000 from the date of acquisition to the year-end date.

10. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 2 June 2016, HML Andertons Limited purchased 100% of the share capital of Crown Leasehold Management Limited, a property management business based in Bristol. The acquisition will strengthen the Group's position in the South West and gives the business an office in Bristol. The trade and assets of Crown Leasehold Management Limited were transferred to HML Andertons Limited on acquisition.

The fair value of net assets acquired is set out below:

	£'000
Consideration	291
Transaction costs	2
Less: the fair value of assets:	
Customer relationships	(149)
Goodwill	144

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	233
Contingent consideration	58
	291

Net cash flow arising on the acquisition was £235,000 which represents the consideration and transaction costs.

The contingent consideration of £58,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £58,000 however the more likely outcome would be to pay £58,000.

The business contributed £171,000 to the Group’s revenue and increased the Group’s profit by £11,000, from the date of the acquisition to the year-end date.

10. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 1 February 2017, HML Andertons Limited purchased 100% of the share capital of Goodacre Property Services Limited, a property management business based in Keston, Kent. The acquisition will strengthen the Group's position in Kent and gives the business an office in Keston.

On acquisition the trade and assets were transferred to HML Andertons Limited.

The fair value of net assets transferred is set out below:

	£'000
Consideration	474
Transaction costs	9
Less: the fair value of assets:	
Customer relationships	(244)
Goodwill	239

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	318
Contingent consideration	156
	474

Net cash flow arising on the acquisition was £327,000 which represents the consideration and transaction costs.

The contingent consideration of £156,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £156,000, however the more likely outcome would be to pay £156,000.

The business contributed £32,000 to the Group’s revenue and increased the Group’s profit by £7,000 from the date of the acquisition to the year-end date.

10. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 1 March 2017, HML Andertons Limited purchased 100% of the share capital of Gordon & Company (Property Consultants) Limited, a property management business based in Southern England. The acquisition will strengthen the Group's position in the region and gives the business offices in Reigate and Bristol.

On acquisition, the trade and assets were transferred to HML Andertons Limited.

The fair value of net assets transferred is set out below:

	£'000
Consideration	1,704
Transaction costs	11
Less: the fair value of assets:	
Customer relationships	(753)
Trade and other receivables	(247)
Trade and other payables	247
Goodwill	962

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	997
Contingent consideration	707
	1,704

Net cash flow arising on the acquisition was £1,008,000 which represents the consideration and transaction costs.

The contingent consideration of £707,000 is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £707,000 however the more likely outcome would be to pay £707,000.

The business contributed £78,000 to the Group's revenue and reduced the Group's profit by £35,000 from the date of acquisition to the year-end date.

If all business contributions arising in the year had occurred on 1 April 2016, the consolidated revenue and profit of the Group for the year ended 31 March 2017 would have increased to £22,299,000 and £1,313,000 respectively.

11. GOODWILL

GROUP	Purchased goodwill £'000
Cost:	
1 April 2015	7,525
Additions	723
31 March 2016	8,248
Cost:	
1 April 2016	8,248
Additions	1,941
31 March 2017	10,189
Accumulated impairment:	
1 April 2015	1,295
Charged in the year	-
31 March 2016	1,295
Accumulated impairment:	
1 April 2016	1,295
Charged in the year	-
31 March 2017	1,295
Net book value:	
31 March 2017	8,894
31 March 2016	6,953
31 March 2015	6,230

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

HML Hawksworth Limited
HML Andertons Limited
HML Hathaways Limited
HML Shaw Limited
Shaw & Co (Surveyors) Limited

11. GOODWILL (CONTINUED)

The carrying amount of goodwill and other intangible assets was allocated to the cash-generating units as follows:

	Goodwill 2017 £'000	Goodwill 2016 £'000
HML Hawksworth Limited	1,643	1,429
HML Andertons Limited	4,180	2,612
HML Hathaways Limited	1,077	918
HML Shaw Limited	1,873	1,873
Shaw & Co (Surveyors) Limited	121	121
	8,894	6,953

ANNUAL TEST FOR IMPAIRMENT

During the year, the Group assessed the recoverable amount of each cash-generating unit using a value in use basis.

The cash flow projections for cash generating units are set out over five years using a growth rate of 6% for revenue and 5% for expenses. These projections are based on the experience of the management team and recent management forecasts. Beyond 5 years, a long term growth rate of 2.5% is applied.

The projections are then discounted at a rate of 10% which is approximate to the Weighted Average Cost of Capital for the Group to determine if any cash generating units have been impaired.

It was concluded that no intangible was impaired.

ADDITIONS TO GOODWILL

The additions to goodwill and other intangibles assets during the year were as follows:

Cost:	Goodwill £'000	Other intangibles £'000
1 April 2016	8,248	7,305
Addition – HML Andertons Limited	1,515	1,309
Addition – HML Hawksworth Limited	183	183
Addition – HML Hathaways Limited	122	139
Addition – Software	-	220
Addition – deferred tax	121	-
31 March 2017	10,189	9,156

For more detail on the additions, see note 10.

12. OTHER INTANGIBLE ASSETS

GROUP	Client Relationships £'000	Software £'000	Total £'000
Cost:			
1 April 2015	5,163	1,262	6,425
Additions	-	208	208
Arising from acquisitions	672	-	672
31 March 2016	5,835	1,470	7,305
Cost:			
1 April 2016	5,835	1,470	7,305
Additions	-	220	220
Arising from acquisitions	1,631	-	1,631
31 March 2017	7,466	1,690	9,156
Accumulated amortisation:			
1 April 2015	989	706	1,695
Amortisation charged in the year	230	160	390
31 March 2016	1,219	866	2,085
Accumulated amortisation:			
1 April 2016	1,219	866	2,085
Amortisation charged in the year	297	170	467
31 March 2017	1,516	1,036	2,552
Net book value:			
31 March 2017	5,950	654	6,604
31 March 2016	4,616	604	5,220
31 March 2015	4,174	556	4,730

During the year £220,000 was spent on the purchase and development of the property management software used within the property management business.

Client relationships arising on acquisitions of property management companies are capitalised and classified as other intangible assets on the statement of financial position. As property management companies operate in exceptionally stable marketplaces, the client relationships are considered to have a life of 25 years.

The client relationships capitalised have a remaining amortisation period of between 9 and 25 years.

12. OTHER INTANGIBLE ASSETS (CONTINUED)

	Software
COMPANY	£'000
Cost:	
1 April 2015	1,262
Additions	208
31 March 2016	1,470
1 April 2016	1,470
Additions	220
31 March 2017	1,690
Accumulated amortisation:	
1 April 2015	706
Amortisation charged in the year	160
31 March 2016	866
1 April 2016	866
Amortisation charged in the year	170
31 March 2017	1,036
Net book value:	
31 March 2017	654
31 March 2016	604
31 March 2015	556

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Group £'000	Company £'000
Cost:		
1 April 2015	1,530	60
Additions	280	98
Disposals	(35)	-
31 March 2016	1,775	158
1 April 2016	1,775	158
Additions	334	62
Disposals	(65)	-
31 March 2017	2,044	220
Accumulated depreciation:		
1 April 2015	837	44
Charged in the year	259	11
Disposals	(22)	-
31 March 2016	1,074	55
1 April 2016	1,074	55
Charged in the year	306	40
On acquisition	18	-
Disposals	(55)	-
31 March 2017	1,343	95
Net book value:		
31 March 2017	701	125
31 March 2016	701	103
31 March 2015	693	16

14. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY	Shares in subsidiaries £'000
Cost:	
1 April 2015	7,306
Additions	-
31 March 2016	7,306
1 April 2016	7,306
Additions	-
31 March 2017	7,306
Provision for impairment:	
1 April 2015	2,172
Provided during the year:	-
31 March 2016	2,172
1 April 2016	2,172
Provided during the year:	-
31 March 2017	2,172
Net book value:	
31 March 2017	5,134
31 March 2016	5,134
31 March 2015	5,134

14. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

The company directly holds more than 20% of the equity of the following undertakings:

Subsidiary undertakings:	Class of holding	Percentage ownership interest	Percentage voting power held	Principal activity
HML Hawksworth Limited	Ordinary	100%	100%	Property Management
HML Andertons Limited	Ordinary	100%	100%	Property Management
HML Hathaways Limited	Ordinary	100%	100%	Property Management
HML Shaw Limited	Ordinary	100%	100%	Property Management
Shaw and Company (Surveyors) Limited	Ordinary	100%	100%	Chartered Surveyors
Alexander Bonhill Limited	Ordinary	100%	100%	Insurance Brokers
HML Concierge Services Limited	Ordinary	100%	100%	Concierge Services
HML Company Secretarial Limited	Ordinary	100%	100%	Dormant
HML Ashton Chater Limited*	Ordinary	100%	100%	Property Management
Managed Living Partnerships Limited*	Ordinary	100%	100%	Property Management
HML PM Limited	Ordinary	100%	100%	Dormant

All the companies set out above are incorporated in England & Wales and the registered office of every Company is 9-11 The Quadrant, Richmond, Surrey, TW9 1BP.

* HML Ashton Chater Limited and Managed Living Partnerships Limited are indirectly held through HML Hawksworth Limited

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade receivables	1,320	849	-	-
Amount owed by subsidiary undertakings	-	-	1,795	1,364
Other receivables	2,428	58	2,133	2
Prepayments and accrued income	1,871	1,598	80	55
	5,619	2,505	4,008	1,421

Included in Other receivables was a balance of £2,122,000 which was being held in a solicitor's client account in readiness for the completion of the Faraday Property Management Limited acquisition on 1 April 2017.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Debts are provided once they are overdue and all attempts have been made to recover them. In the directors' opinion there are no material unprovided debtors.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	-	-	424	-

The Group has a £1,500,000 overdraft facility with its bankers. The one year facility was renewed on 31 January 2017 and is secured via cross guarantees and debentures with Group companies which give the Group the ability to set off debit and credit balances in Group bank accounts.

Where overall cash balances, after being offset against all overdrafts, are positive, the balance is presented on the face of the statement of financial position under cash and cash equivalents. Where the net cash balances are negative, the balance is presented as part of bank loans and overdrafts in the statement of financial position.

17. CURRENT LIABILITIES

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans and overdrafts	1,119	597	471	686
Trade payables	539	428	77	5
Amounts owed to subsidiary undertakings	-	-	3,992	4,183
Corporation tax	296	264	-	-
Other taxation and social security costs	964	843	14	14
Other payables	994	597	160	38
Accruals and deferred income	1,336	1,179	216	163
Deferred and contingent consideration	1,243	470	-	-
	6,491	4,378	4,930	5,089

Trade creditors and accruals comprise of amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

18. NON-CURRENT LIABILITIES

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans	1,679	425	1,679	425
Deferred tax liability	753	632	-	-
	2,432	1,057	1,679	425

In March 2017, a new bank loan of £800,000 was taken out to assist with the purchase of various acquisitions.

The bank loans are repayable in quarterly instalments over a four to five year period and attract an interest rate of between 2.0% and 2.4% above LIBOR. Any difference between the interest value in the accounts and the contractual maturity is immaterial.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities and its capital structure expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

Risk management is carried out centrally under policies approved by the board of directors. The board provides written principles for overall risk management.

MARKET RISK

Market risk comprises of the following two risks:

(a) Foreign exchange risk

The Group operates in the UK and is currently not exposed to foreign exchange risk.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the use of its overdraft and the bank loan.

The overdraft is repayable on demand and bears variable interest charge of 1.75% above the Bank of England's base rate.

The Group has two bank loans. The first bank loan for £1,500,000 was taken out in February 2016 and is repayable over 5 years. The loan attracts an interest rate of 2.4% above LIBOR. The second bank loan was for £800,000 and was taken out in March 2017. This loan is repayable over four years and attracts an interest rate of 2.0% above LIBOR.

The Group invests surplus cash in bank deposits which bear interest based on short term money market rates and in doing so exposes itself to fluctuations in money market interest rates.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

If interest rates had been 1% higher or lower and all other variables were held constant the Group's profit for the year ended 31 March 2017 and its equity at 31 March 2017 would have decreased or increased by £3,000 in each case. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonable change in interest rates.

CREDIT RISK

Credit risk is the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. Trade receivables comprise of a large number of individual clients none of which represents in excess of 5% of trade receivables. Receivables in respect of residential property management fees are considered by management to be low risk as the non payment of service charges can result in forfeiture of the respective leases. Receivables balances are also monitored on an ongoing, regular basis with the result that the Group's exposure to bad debts is not significant.

All of the Group's cash and bank balances are held with recognised UK clearing banks.

The maximum exposure to credit risk is £4,773,000 (2016: £1,751,000).

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The Group monitors its risk to a shortage of funds using cash flow forecasting. This is performed on a weekly, quarterly and annual basis. The cash flow forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from the operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Contractual cash flows relating to the Group's financial liabilities are set out below.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities analysed by the categories defined in IAS39 were as follows:

	2017	2016
	£'000	£'000
Financial assets		
Trade and other receivables (loans and receivables)	4,773	1,751
Cash and cash equivalents	-	-
	4,773	1,751
Financial liabilities		
Trade and other payables (financial liabilities at amortised cost)	(2,722)	(2,062)
Bank overdraft/loan (financial liabilities at amortised cost)	(2,798)	(1,022)
Contingent/deferred consideration (fair value through P&L)	(1,243)	(470)
	(6,763)	(3,554)
	(1,990)	(1,803)

Trade and other receivables are shown net of the bad debt provision of £58,000 (2016: £43,000).

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 March 2017 trade receivables of £168,000 (2016: £89,000) were overdue but not impaired. The ageing analysis of these trade receivables is as follows:

	2017 £'000	2016 £'000
Up to 3 months past due	51	2
3 to 6 months past due	38	33
Over 6 months past due	79	54
	168	89

Contractual cash flows relating to the Group's financial liabilities are as follows:

	2017 £'000	2016 £'000
Financial liabilities payable within one year		
Trade and other payables	(2,722)	(2,062)
Bank overdraft/loans	(1,119)	(597)
Contingent Consideration	(1,243)	(470)
	(5,084)	(3,129)
Financial liabilities payable between one and five years		
Bank loan	(1,679)	(425)
	(6,763)	(3,554)

Contractual cash flows are not materially different from carrying value.

20. DEFERRED TAX

	Group and Company
Deferred tax liability	£'000
At 1 April 2015	574
Additions in the year	58
At 31 March 2016	632
Additions in the year	121
At 31 March 2017	753

The deferred tax liability relates to intangible assets of business combinations acquired during the current and previous years.

The UK government has announced future changes to the Corporation tax rate. These changes resulted in a decrease in the standard rate of corporation tax to a standard rate of 20% from April 2016, falling to a rate of 17% by 2020. Consequently, deferred tax has been calculated on this basis.

21. SHARE CAPITAL

	Group and Company	
	2017	2016
Authorised:	£'000	£'000
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456

	Group and Company	
	2017	2016
Allotted, issued and fully paid ordinary shares of 1.5p:	£'000	£'000
1 April	583	561
Issued during the year – 5,874,750 shares	88	22
31 March	671	583
No. of shares in issue at year end	44,758,096	38,883,346

Shares issued during the year ended 31 March 2017 related to the exercising of share options by HML staff in August 2016 and February 2017 and an equity fund raising in December 2016.

22. SHARE OPTIONS

In May 2006, the Company adopted an Enterprise Management Incentive Share Option Plan and an Unapproved Share Option Plan. The options issued have an exercise period of ten years (or earlier with the approval of the Board).

In May 2013, the company introduced company Share Option Plan (CSOP). The options issued have an exercise period of ten years.

Options were valued using the Black Scholes model. The fair value per option granted and the assumption used on the calculation are as follows:

Grant date	Share price at grant date	Exercise price	No. of employees	Share options granted	Fair Value of options
16/08/2016	32.00p	32.00p	64	810,000	3.64p
08/10/2015	41.00p	41.00p	62	834,000	4.31p
06/08/2014	33.00p	33.00p	56	819,500	3.74p
25/07/2013	15.25p	15.25p	51	895,000	2.94p
26/07/2012	17.75p	17.75p	66	886,000	3.01p
24/06/2011	11.75p	11.75p	59	781,000	2.84p
24/06/2010	11.5p	11.5p	8	270,000	2.45p
30/06/2009	10p	10p	76	712,250	2.00p
31/03/2008	19p	19p	75	763,000	1.97p
12/02/2008	22p	22p	8	80,000	2.67p
07/12/2007	24p	24p	5	50,000	2.34p
26/06/2007	39p	39p	55	288,000	1.02p

The total fair value of options issued in the year was £31,000 (2016: £35,000). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

Options have a vesting life of 3 years and an option life of 10 years. The fair value of the options has been calculated using an expected volatility of 20% which is based on historical volatility and a risk-free rate of 4.17% which is derived from the bank rate. The expected life of an option is estimated to be 6 years.

At the year-end, 1,885,100 (2016: 1,649,100) of the issued options were exercisable and the weighted average remaining life of all options outstanding was 6.3 years (2016: 6.4 years)

In accordance with IFRS 2 Share based payments, the fair value of shares issued to management prior to flotation and the fair value at date of grant of the Group’s share options issued on flotation are being charged to the statement of comprehensive income over the restricted and vesting periods respectively.

The share based payment charge for the year is £27,000 (2016: £22,000).

22. SHARE OPTIONS (CONTINUED)

A reconciliation of option movements are as follows:

	Number	Weighted av. exercise price
31 March 2015	4,791,950	19.22p
Granted	834,000	41.00p
Lapsed	(215,750)	24.90p
Options exercised and new equity issued	(1,470,350)	16.02p
31 March 2016	3,939,850	24.76p
Granted	810,000	32.00p
Lapsed	(190,750)	30.22p
Options exercised and new equity issued	(432,500)	18.09p
Expired	(4,000)	17.00p
31 March 2017	4,122,600	26.72p

23. SHARE PREMIUM

	Group	Company
	£’000	£’000
31 March 2015	129	129
Shares issued during the year	215	215
31 March 2016	344	344
Shares issued during the year	1,907	1,907
31 March 2017	2,251	2,251

24. OTHER RESERVE

This reserve relates to the cost of shares held in the employee benefit trust. The trust currently owns 386,918 shares in HML Holdings Plc (2016: 443,918 shares).

25. MERGER RESERVE

On 15 May 2006, a demerger agreement was entered into where LTC Holdings Plc agreed to transfer the business of Hawksworth Management Limited and its subsidiaries to a newly incorporated company, HML Holdings plc. The demerger completed on 2 June 2006 when HML Holdings plc issued 2,577,143 1.5p ordinary shares to acquire the entire share capital of Hawksworth Management Limited.

26. DIVIDENDS

The Directors have proposed paying a dividend of 0.37p per share in relation to the current year (2016: 0.33p per share).

27. CASH FLOWS

		2017	2016
	GROUP	£'000	£'000
a.	Reconciliation of operating profit to net cash flow from operating activities		
	Profit from operations	1,342	1,222
	Adjustments for:		
	Depreciation	306	259
	Amortisation	467	390
	Share based payment charge	27	22
	Profit on disposal of fixed assets	-	13
	Operating cash flows before movements in working capital	2,142	1,906
	Increase in receivables	(992)	(194)
	Increase/(decrease) in payables	728	(106)
	Net cash flow from operating activities	1,878	1,606

		2017	2016
		£'000	£'000
b.	Reconciliation of cash and cash equivalents		
	Cash at bank	-	-
		-	-

27. CASH FLOWS (CONTINUED)

COMPANY	2017 £'000	2016 £'000
c. Reconciliation of operating profit to net cash flow from operating activities		
Loss from operations	(1,474)	(1,468)
Depreciation	40	11
Amortisation	170	160
Share based payment charge	27	22
Operating cash flows before movements in working capital	(1,237)	(1,275)
Increase in receivables	(34)	(11)
Increase/(decrease) in payables	247	(123)
Net cash out flow from operating activities	(1,024)	(1,409)

	2017 £'000	2016 £'000
d. Reconciliation of cash and cash equivalents		
Cash at bank	424	-
	424	-

28. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Directors monitor the level of capital as compared to the Group's long term debt commitments.

The Group reports quarterly to its bankers in terms of covenant performance.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as total equity plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2017 £'000	2016 £'000
Bank loans	2,150	575
Add: Bank overdrafts	648	472
Less: Cash and cash equivalents	-	-
Net debt	2,798	1,047
Total equity	12,895	9,944
Total capital resources	15,693	10,991
Net debt to equity ratio	17.8%	9.5%

29. OPERATING LEASE ARRANGEMENTS

	2017 £'000	2016 £'000
The Group was committed to making the following payments under non-cancellable operating leases relating to land and buildings:		
Expiring within 1 year	754	642
Expiring between 2 and 5 years	1,135	1,169
Expiring after 5 years	94	122
	1,983	1,933

The Group's leases of land and buildings are subject to rent review periods ranging between 2 and 5 years.

30. RELATED PARTY TRANSACTIONS

As at 31 March 2017, LTC Holdings Plc held 20.92% (2016: 34.05%) of the Company's issued share capital. Richard Smith and Geoffrey Griggs are both directors of HML Holdings plc and also directors of LTC Holdings Plc.

During the year LTC Holdings Plc received a dividend of £38,000 (2016: £40,000) by way of its' shareholding in the Company's share capital.

There is no provision against any related party transaction at the year-end and no amounts have been written off during the year.

Transactions between the Company and its subsidiaries are disclosed below.

	2017 £'000	2016 £'000
Sale of tax losses	1,589	1,567
Recharge and payment of expenses incurred	428	275
Working capital advances from subsidiaries	(1,995)	(1,370)
Advance of acquisition capital to subsidiaries	600	-
Reduction in net creditor	622	472

The amounts outstanding are unsecured, with no fixed date for repayment and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

The remuneration of the key management personnel of the Group and the Company is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The key management personnel are considered to be the Directors of each Company in the Group, the main Board Directors and Heads of Department.

GROUP	2017 £'000	2016 £'000
Salaries	1,066	1,163
Employer's national insurance	134	146
Pension contributions/benefits in kind	41	74
Share based payments	20	17
	1,261	1,400

30. RELATED PARTY TRANSACTIONS (CONTINUED)

COMPANY	2017 £'000	2016 £'000
Salaries	527	523
Employer's national insurance	65	64
Pension contributions and benefits in kind	28	33
Share based payments	9	7
	629	627

In accordance with AIM Rule 19, information of individual Directors' remuneration and their interests in the EMI approved and unapproved options has been disclosed in the Directors Report.

31. EVENTS SINCE THE REPORTING DATE

On 1 April 2017, HML Holdings Plc purchased 100% of the share capital of Faraday Property Management Limited, a business based in Holborn, London. The acquisition not only strengthens the Group's position in Central London, but also gives the Group critical mass that will assist in growing the Group's ancillary revenues.

The estimated fair value of net assets acquired is set out below:

	£'000
Consideration	3,383
Less: the fair value of assets:	
Customer relationships	(1,848)
Goodwill	1,535

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	2,122
Shares issued on completion	131
Contingent consideration	1,130
	3,383

Net cashflow arising on the acquisition was £2,122,000 which represents the consideration paid. The contingent consideration of £1,130,000 is due within two years and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £1,130,000, however the more likely outcome would be to pay £631,000.

Due to the acquisition completing recently, it is not possible to disclose the impact on revenue or profit or loss on the year ending 31 March 2018.

32. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

HML HOLDINGS PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of HML Holdings plc will be held at the offices of HML Holdings plc, 9-11 The Quadrant, Richmond, Surrey, TW9 1BP on 19th September 2017, at 11.00 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 2017.
2. To re-appoint the auditors Nexia Smith & Williamson and authorise the Directors to fix their remuneration.
3. To re-elect R Smith who retires by rotation and offers himself for re-election.
4. To approve payment of the dividend.

BY ORDER OF THE BOARD

J A L Howgego
Secretary

Notes to the Notice of Annual/General Meeting

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours (excluding non-working days) before the time of the Meeting shall be entitled to attend and vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR;
- alternatively, the completed proxy form can be scanned and emailed to proxies@shareregistrars.uk.com;
- and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.
If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.
If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

10. As at 31 March 2017, the Company's issued share capital comprised 44,758,096 ordinary shares of 1.5p each. Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 March 2017 is 44,758,096.

11. Except as provided above, members who have general queries about the Meeting should telephone 020 8439 8529 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

HML HOLDINGS PLC

I, being a member of the above-named Company, hereby appoint the chairman of the meeting or (see note 3) ……………………………………(BLOCK CAPITALS) as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Tuesday 19th September 2017 and at every adjournment thereof. I request such proxy to vote on the following resolutions as indicated below:

Resolutions	FOR	AGAINST	ABSTAIN
1. Receive and adopt the Directors' Annual Report and Accounts and the auditors' report thereon	☐	☐	☐
2. Re-appoint Nexia Smith & Williamson as auditors and authorise the directors to agree the auditors' remuneration	☐	☐	☐
3. Re-elect R Smith as a director	☐	☐	☐
4. Approve payment of the dividend	☐	☐	☐

Name(s) of holder ………………….. (BLOCK CAPITALS)

Address of holder …...……………………………………………… (BLOCK CAPITALS)

Signature .... Date ……………………….

Notes:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can only appoint a proxy using the procedures set out in these notes.
2. Please indicate with an 'X' in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
   (a) on any resolution set out above if no instruction is given in respect of that resolution; and
   (b) on any business or resolution considered at the meeting other than the resolutions set out above.
3. If you wish to appoint someone other than the chairman of the meeting as your proxy please delete the words 'the chairman of the meeting' and insert the name of the person you wish to appoint. A proxy need not be a member of the Company.
4. To be effective this form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be sent or delivered to the Company's registrars, **Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR (**or by scan and email to proxies@shareregistrars.uk.com) not less than 48 hours (excluding non-working days) before the scheduled time of the meeting.
5. Where the member is a corporation this form must be under its common seal or signed by an officer, attorney or other person duly authorised by the corporation.
6. In the case of joint holders only one need sign this form, but the names of the other joint holders should be shown in the space provided. The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the holders appear in the register of members in respect of the joint holding.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars.

HML Holdings plc
9-11 The Quadrant
Richmond
Surrey TW9 1BP

Registered in England no. 5728008