DIRECTORS

Executive

Robert Plumb	Chief Executive Officer
James Howgego	Chief Financial Officer
Alec Guthrie	Chief Operating Officer

Non-executive

Richard Smith	Chairman
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
No.1 Cornhill
London
EC3V 3ND

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

FINANCIAL HIGHLIGHTS

	YE2019	YE2018	% change
Revenue			
	£28.11m	£25.97m	8%
Profit before interest, tax, amortisation and share based payments			
	£2.41m	£2.21m	9%
Profit before tax			
	£1.69m	£1.46m	16%
Cash generated from operations			
	£3.61m	£2.67m	35%
Adjusted basic earnings per share*			
	4.6p	4.2p	10%
Dividend per share			
	0.47p	0.42p	12%
Units under management			
	80,000 units	74,000 units	8%

* Adjusted basic earnings per share uses profit after tax, before interest, amortisation and share based payments.

REVIEW OF BUSINESS

We are pleased to report revenue growth of 8% to £28.11m (2018: £25.97m). Earnings before interest, share-based payments, amortisation and tax improved by 9% to £2.41m (2018: £2.21m).

We enjoyed revenue and earnings growth from virtually all the Group's business segments and revenue lines. The only exception to this positive trend was in the pre-contract enquiry fees segment where we incurred an 7% fall in revenues as a result of the lower number of property sales. Surveying fees remained steady with a reduction in freehold valuation and consultancy fees being offset by stronger buildings reinstatement valuations and to a lesser extent building surveying work. We experienced strong growth in concierge (site staff) management fees where we have consolidated and improved our service offering. Other areas such as health and safety and fire risk inspections, company secretarial fees and insurance brokerage grew strongly as the continued integration of acquisitions made in previous years contributed to greater cross referral sales opportunities. We recorded further growth in new business volumes with notable improvements in the counties south and east of London. We are particularly pleased with improvements to our new business pipeline resulting from increased contact and relationships with new build developers and the implementation of a more centralised approach to lead processing.

We remain confident in our strategy to deliver a local and personal service through our distributed network of offices while maintaining our adherence to the increasing standards of compliance required of our profession. Although frustrated somewhat by governmental attention to areas other than leasehold, we continue to anticipate legislative changes to our market. In addition to restrictions on freehold and ground rent, higher levels of compliance are expected through future regulation of managing agents. However, while client compliance awareness has significantly improved in the area of health and safety, particularly with regard to fire regulation requirements, a general lack of enforcement of all these regulations can lead to lower standards and consequently create a competitive advantage for those managing agents willing to exploit the lack of enforcement and oversight. Our examination of the reasons behind business lost to unregulated managing agents indicate that this is a significant contributory factor.

The Group continues to centralise areas of non-client facing process from our network of offices to our centralised back office, the majority of which is based in Croydon. This has inevitably incurred reorganisation costs but the benefits in productivity have begun to show. In addition to streamlining our processes, the systems development team in conjunction with user representatives have completed a major exercise to facilitate the uniform application of our property management software to operate on a single database. This is another area in which the group sees significant opportunities for operational efficiencies in the future.

Towards the end of the financial year, the Company completed a number of key acquisitions, which have expanded the Group's network. In November, Dauntons Soar Management Limited (DSML) joined our Central London operations. The business represents an excellent opportunity for HML to manage high end smaller London apartment blocks with a bespoke service methodology. The Group anticipates being able to harness the benefits of DSML's service provision while benefitting from the advantages of economies resulting from HML's back office services. In February, HML acquired Residential Block Management Services Limited (RBMS) in Blackheath. The south eastern quartile of greater London is a region in which HML has been previously under represented. RBMS whose strengths, like ours, have been in serving the Residents Management Company (RMC) market, provides us with greater presence in this area and an opportunity to consolidate our position. Similarly, we acquired Francis Butson based in St Neots, Cambridgeshire, shortly after the year end with a view to establishing ourselves in an area where it had previously been difficult to provide a local and personal service.

In April 2019, as part of our ongoing strategy of developing our lettings management service, we purchased a Birmingham-based lettings management company called Prima Property Services Limited. Our offices in the centre of the city not only facilitate the expansion of our block management services to this geographical region but enable the further development of this complementary property service with a business with whom we have already established a working relationship.

REVIEW OF BUSINESS (CONTINUED)

All acquisitions have been funded by the cash generated from operations, which rose to £3.6m (2018: £2.7m). We are pleased to have further reduced borrowings by £0.5m to a total of £1.2m, thus reducing our debt to equity ratio from 9.4% to 5.9%.

After the recent acquisitions, the Group now manages more than 82,000 property units in 3,000 estates and blocks of flats from 24 offices. Our strategy to focus on owner-occupied and controlled blocks of flats and housing estates sits comfortably with our view of the structural changes ahead for the leasehold market. Improvements to our intragroup products and service offering ensure that they continue to grow as a proportion of our revenues. We anticipate this proportion continuing to grow as we refine our service and add technological efficiency to our systems. While there remains an inevitable degree of uncertainty as to the pace of leasehold reform, the market for our services grows, as does the relevance of scale and efficiency in providing a competitive quality service.

We are in the second year of operating as a single operational management structure under one HML brand and are confident that the benefits of the changes we have made in this area are now beginning to manifest themselves across the business, both financially and in enabling a more engaged employee base. Our management team continues to invest in the development and retention of employees knowing what a significant role morale and the quality of training plays in the provision of our services. On behalf of the board, I would like to express our thanks to our employees whose hard work in these changing and challenging times have enabled the group to continue to grow successfully.

PRINCIPAL RISKS, UNCERTAINTIES AND CHALLENGES

The principal risks, uncertainties and challenges faced by the business are set out below listed in order of priority:

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;
- 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. Staff are also trained to effectively manage the integration of acquisitions.

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.

REVIEW OF BUSINESS (CONTINUED)

Regulatory Risks
The Group may be affected by a changing regulatory and legal environment relating to property and leasehold management 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 the Group takes external advice from the Financial Conduct Authority and other regulatory bodies and constantly monitors the guidance of our professional bodies, taking action where appropriate.

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 20.58% (2018: 20.74%) 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.

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 3) increased from 13.3% to 13.4% during the year. This change was largely due to the additional investment the Group has made in systems and compliance processes.

The overall margin after the inclusion of head office costs also increased from 8.5% to 8.6%.

Group turnover
A combination of acquisitive and organic growth resulted in an increase in turnover of over 8% (2018: 24%) during the year.

Profit from operations
The profit the Group made from operations increased by 14% from £1,521,000 to £1,736,000 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 £2,413,000 (2018: £2,211,000) which represented a 9% improvement on the performance of the previous year. See note 3 for a reconciliation of this calculation.

Earnings per share
During the year, the earnings per share increased by 15% from 2.6p to 3.0p.

KEY PERFORMANCE INDICATORS (CONTINUED)

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; and
- Client complaints

By order of the Board

Robert Plumb
Chief Executive Officer
29 July 2019

DIRECTORS' REPORT

The Directors submit their report and the Group financial statements of HML Holdings plc for the year ended 31 March 2019.

HML Holdings plc is a public limited company, incorporated and domiciled in England and Wales whose shares are traded on the AIM market of the London Stock Exchange. The Company's registered number is 05728008.

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 was a profit of £1,381,000 (2018: £1,162,000). 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 0.47p per share in respect of the year to 31 March 2019 (2018: 0.42p).

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 December 2018, HML PM Limited purchased 100% of the share capital of Dauntons Soar Limited, a residential property management business based in Victoria, London.

On 18 February 2019, HML PM Limited purchased 100% of the share capital of Residential Block Management Services Limited, a residential property management business based in Blackheath, London.

POST BALANCE SHEET EVENTS

For more detail about this event, see note 34.

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:

Robert Plumb
James Howgego
Alec Guthrie
Richard Smith
Geoffrey Griggs
Elizabeth Holden

DIRECTORS' REMUNERATION

The Directors' emoluments in the year are detailed below:

	Annual emoluments incl. pension contributions		Benefits in kind		Total	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Robert Plumb	184	172	9	11	193	183
James Howgego	143	136	3	3	146	139
Alec Guthrie	142	68	-	-	142	68
Richard Smith	51	49	-	-	51	49
Geoffrey Griggs	20	19	-	-	20	19
Elizabeth Holden	20	19	-	-	20	19
	560	463	12	14	572	477

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 2019	31 March 2018
Robert Plumb	2,964,067	2,774,067
James Howgego	1,587,500	1,587,500
Richard Smith	1,952,400	1,952,400
Geoffrey Griggs	533,167	517,167

DIRECTORS' SHARE OPTIONS

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

	Robert Plumb	James Howgego	Alec Guthrie	Richard Smith	Geoffrey Griggs	Elizabeth Holden
2011 share options	-	-	-	-	20,000	-
2012 share options	-	100,000	-	60,000	20,000	-
2013 share options	190,000	100,000	11,250	60,000	25,000	-
2014 share options	180,000	90,000	11,500	50,000	20,000	-
2015 share options	160,000	80,000	21,250	40,000	20,000	20,000
2016 share options	170,000	80,000	30,000	40,000	20,000	20,000
2017 share options	160,000	100,000	60,000	41,000	21,000	21,000
2018 share options	150,000	100,000	100,000	41,000	21,000	21,000
	1,010,000	650,000	234,000	332,000	167,000	82,000

The options issued from 2011 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 2018 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 three 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
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
2017 share options	25.09.17	36.00p
2018 share options	10.09.18	33.50p

During the year ended 31 March 2019, Robert Plumb exercised 190,000 (2018: 50,000) options and Geoffrey Griggs exercised 16,000 (2018: 20,000) options. James Howgego and Richard Smith exercised 100,000 and 50,000 options during the year ended 31 March 2018.

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	20.58%
Oryx International Growth Fund	6,275,000	13.69%
BGF	3,787,018	8.26%
Unicorn Asset Management	3,719,278	8.12%
Robert Plumb	2,964,067	6.47%
City Asset Management	2,133,784	4.66%
Richard Smith	1,952,400	4.26%
James Howgego	1,587,500	3.46%
MD Barnard & Co Limited	1,390,000	3.03%

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 bank debt funding 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 £1,085 (2018: £450) 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 and the Group's auditor was 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 auditor was aware of that information.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 ensuring that they meet their responsibilities under the AIM rules.

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
29 July 2019

The Group strategy is committed to high standards of corporate governance and the Board has ensured that the Company has adopted policies and procedures that the Directors consider appropriate with regard to the Company's size.

In order to fulfill the requirements under AIM Rule 26, the Company has adopted the recommendations of the QCA Corporate Governance Code (the "QCA Code") for small and mid-sized companies from September 2018.

This statement explains the Directors approach to addressing the key principles of the QCA Code during the year ended 31 March 2019.

1. Establish strategy and business model which promotes long-term value for shareholders

HML is a residential property management business. The Group's strategy is to build a network of offices delivering a tailored, local and personal service to our clients and their tenants and leaseholders. Our business model drives efficiency and quality of service through facilitating and centralising our customer facing administration while enabling our offices to engage locally and personally with our clients.

2. Seek to understand and meet shareholder needs and expectations

The Group communicates with current and potential shareholders through the Annual Report and financial statements, the Interim Statement and any trading updates. Directors are available at the Annual General Meeting where shareholders can ask questions or present their views. Where voting decisions are not in line with the Company's expectations the Board will engage with those shareholders to understand and address any issues. In accordance with the AIM rules, specifically Rule 26, the Company has disclosed fully all relevant information so as to ensure that it is fully compliant.

The Company maintains a website (www.hmlgroup.com) where the Annual Report and financial statements can be accessed. The following information is also located on the website:

- copies of regulatory announcements;
- announcements made to relevant industry media;
- Directors' biographies;
- information relating to the Group's services; and
- details of the Group's office network.

All queries raised by shareholders are dealt with by an appropriate senior member of the management team, depending on the nature of the enquiry.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group recognises that good relations with a range of different stakeholder groups is important for long-term success. These stakeholder groups include employees and customers and external stakeholders such as government regulators and shareholders. The Group dedicates time to understanding and acting on the needs and requirements of each of these groups via engagement and satisfaction surveys as well as meetings dedicated to obtaining feedback.

The Group has a formal Health, Safety and Environmental Policy which requires all operations within the Group to pursue economic development whilst protecting the environment. Our team of experts in this area also provide specific advice to our clients when considered necessary.

It is the policy of the Group to consider the health and welfare of employees by maintaining a safe place and system of work as required by legislation.

4. Risk management, considering both opportunities and threats, throughout the organisation

The Group's risks and risk mitigation strategy are explained in detail within the Strategic Report section of the Annual Report each financial year, available on our website.

The Board considers risks relating to the business at every Board Meeting.

The Board are responsible for reviewing and evaluating risk and the Executive Directors meet monthly to review ongoing trading performance, discuss budgets and forecasts and to consider risks relating to the business. Internal controls are internally reviewed on a quarterly basis by the finance team and changes made where appropriate. Any failures in relation to internal controls are immediately reported to the CEO and COO.

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Board, which is set up to control the activities of the Group meeting formally at least four times a year.

As at the year end the Board was composed of three Executive and three Non-Executive Directors. The Board considers its composition appropriate given the size of the Company, it's revenues and profitability. Geoffrey Griggs and Elizabeth Holden are considered by the Board to be independent, notwithstanding the fact that they have shares in the Company.

Each Board member receives the latest financial and management information, which consists of:

- management accounts setting out actual costs and revenues against budgeted costs and revenues;
- cash collection and forecast;
- a statement of profit or loss compared with budget; and
- a statement of financial position including net assets per share.

The Board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Group, whilst delegating authority to individual Executive Directors who are responsible for the day to day management of the business.

All appointments to the Board are discussed at a full board meeting or the Nominations Committee and each member is given the opportunity to meet the individual concerned prior to an appointment being made.

All Directors are subject to re-appointment every three years in accordance with the Company's Articles of Association. Any Director appointed by the Board during the year must stand for re-appointment at the next Annual General Meeting.

The Board has three committees; the Audit Committee, the Remuneration Committee and the Nominations Committee.

The Executive Directors work full time for the company. The two Independent Non-Executive Directors are required to attend all Board Meetings and meetings respectively of the Audit and Remuneration Committees. The Chair oversees the business of the Board and chairs its meetings in addition to weekly meetings with the CEO.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Biographical details of all the current Directors can be found on our website. These demonstrate a range of experience and sufficient calibre to bring independent judgement on the issues of strategy, performance, resources and standards of conduct, which are vital to the continuing success of the Group.

All our Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the Directors receive appropriate training and maintain their CPD as necessary.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

In an effort to strive for continual improvement in the effectiveness of the Board, its committees and the individual Board members, the Company operates an evaluation process.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board believes that a corporate culture based on the Group's core values and behaviours is helpful to maximise shareholder value. The Company maintains and reviews guidance on what is expected of every employee of the Company.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Non-Executive Directors

The primary responsibility of the Non-Executive Directors is to ensure that the strategies proposed by the Executive Directors are fully considered. The Non-Executive Directors are also responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation.

Audit Committee

The Audit Committee meets at least twice a year and consists of Elizabeth Holden and Geoffrey Griggs. In the year ended 31 March 2019, the Audit Committee met on two occasions, with all members present. The duties of the Audit Committee are:

- review of the scope and the results of the audit;
- assessment of the cost effectiveness of the audit;
- monitoring the independence and objectivity of the Auditors;
- review and assessment of current updates of changes in the accounting standards and their likely impact on the Group's financial statements;
- review and assessment of the internal controls of the Company; and
- assessment and competencies of the financial human resources available to the Company.

The Audit committee advises the Board on the appointment, re-appointment or removal of the external Auditors and on their remuneration. The Audit Committee discusses the nature and scope of the audit with the external Auditors and provides a forum for reporting by the Group's external Auditors on any matters it considers appropriate.

Remuneration Committee

The Remuneration Committee consists of Elizabeth Holden and Geoffrey Griggs.
The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of Executive Directors. In doing so the Committee's aims are:

- to ensure that remuneration packages are sufficient to attract and retain Executive Directors of the requisite caliber;
- to ensure that the targets of the Group and its Executive Directors are aligned;
- to ensure that the remuneration policies adopted by the Group give consideration to the guidance of the QCA;
- to consider, and if thought fit, grant options to Executive Directors and staff under the Group's Option Schemes; and
- where applicable, to assess targets that should be used in the fixing of performance related pay for Executive Directors. Such bonuses are paid at the discretion of the Remuneration Committee.

The Remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the Articles of Association.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)

Nominations Committee

The Nominations Committee reviews the necessity of adding to or changing the position of Directors on the Board. When required to, it will meet to consider the process of selecting Directors. It is made up to the three Non-Executive Directors and the Chief Executive Officer.

10. Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Company communicated with current and potential shareholders through the Annual Report and financial statements, the Interim Statement and any trading updates. Directors are available at the Annual General Meeting where shareholders can ask questions or present their views. The outcome of resolutions put to the Annual General Meeting are published and available on the Company's website.

James Howgego
Company Secretary
29 July 2019

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

Opinion

We have audited the financial statements of HML Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Shareholders Equity, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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.

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 2019 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; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

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

Key audit matter	*Description of risk*	*How the matter was addressed in the audit and key observations arising with respect to that risk*
Carrying value and impairment of: goodwill and other intangible assets (Group); investments in subsidiaries and amounts owed by group undertakings (Company).	The Group has significant goodwill and other intangible asset balances and the Company has significant investments in subsidiaries and amounts owed by group undertakings. The assessment of the carrying value requires judgement in assessing forecast future cash flows, growth rates and discount rates. The assessment of the carrying value of these balances and consequently any required impairment is sensitive to these estimates.	We challenged the assumptions used in the impairment model for goodwill, other intangible assets, investments in subsidiaries and amounts owed by group undertakings, as described in Note 10. As part of our procedures we: • assessed the appropriateness of the impairment review methodology, assumptions concerning growth rates and inputs to the discount rate against available market data with the assistance of experts; • compared previously forecast revenue growth rates and gross profit margins with those achieved in previous years; • compared current forecast revenue growth rates and gross profit margins with those achieved in previous years; and • performed sensitivity analysis to calculate the minimum growth rates needed to avoid an asset impairment and compared them to those achieved in previous years.
Corporate acquisitions	The Group completed its acquisitions of Dauntons Soar Management Limited ("Dauntons Soar") on 1 December 2018 and Residential Block Management Services Limited ("RBMS") on 18 February 2019, resulting in the recognition of acquired intangibles and goodwill. Judgement is required in identifying and valuing these acquired intangibles and goodwill, determining the valuation of the other assets and liabilities acquired and consideration paid. In addition, the disclosure requirements in respect of acquisitions are extensive.	We obtained and read the Dauntons Soar and RBMS Sale and Purchase Agreements ("SPAs") to gain an understanding of the key terms of the acquisition, as described in Note 9. In testing these acquisitions we considered whether the identified intangible assets are appropriate and complete by reference to the SPAs and other supporting documentation. We obtained the calculation of the fair value of consideration paid and intangible assets acquired, and assessed the methodology employed, involving experts and corroborated the inputs and assumptions to supporting evidence. We also checked that material fair value adjustments to the net assets were consistent with the accounting standard requirements. We read the disclosures in the financial statements to satisfy ourselves that they are in line with the requirements of the relevant accounting standards.

Key audit matter	*Description of risk*	*How the matter was addressed in the audit and key observations arising with respect to that risk*
Revenue recognition (Group)	Revenue growth is a key performance indicator of the Group. Revenue based targets may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations.	The Group's revenue streams are stated in Note 1. In testing revenue recognition we: • documented controls over revenue recognition which have been designed by the Group to prevent and detect fraud and errors in revenue recognition; and • performed detailed substantive testing of a sample of revenue transactions, including agreement to most recent contract or fee correspondence to ensure that revenue had been recognised in accordance with the Groups accounting policies.

Materiality

The materiality for the Group financial statements as a whole was set at £560,000. This has been determined with reference to the benchmark of the Group's revenue, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 2% of the Group's revenue as presented on the face of the Consolidated Statement of Comprehensive Income.

The materiality for the Parent Company financial statements as a whole was set at £350,000. This has been determined with reference to the benchmark of the Parent Company's total assets as the Parent Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the Company Statement of Financial Position.

An overview of the scope of our audit

Of the Group's 14 reporting components, we subjected 8 to audits for Group reporting purposes and 1 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of the component to the Group. The latter was not individually significant enough to require an audit for Group reporting purposes but was still material to the Group.

The components within the scope of our work covered: all of the Group revenue, Group profit before tax and Group net assets.

The remaining 5 components are exempt from the requirements of the Companies Act 2006, relating to audit of the individual accounts. We performed analysis at a Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team visited one location in the UK covering the components that we subjected to audit.

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Jacques
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 1 August 2019

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
CONTINUING OPERATIONS			
REVENUE	1	28,110	25,968
Direct operating expenses		(24,332)	(22,509)
Central operating overheads		(1,365)	(1,248)
Share based payment charge		(37)	(30)
Amortisation of intangibles		(640)	(660)
Total central operating overheads		(2,042)	(1,938)
Operating expenses		(26,374)	(24,447)
PROFIT FROM OPERATIONS	5	1,736	1,521
Finance costs	4	(50)	(57)
PROFIT BEFORE TAXATION		1,686	1,464
Income tax charge	7	(305)	(302)
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		1,381	1,162
EARNINGS PER SHARE			
Basic	8	3.0p	2.6p
Diluted	8	3.0p	2.5p
ADJUSTED EARNINGS PER SHARE			
Basic	8	4.6p	4.2p
Diluted	8	4.6p	4.1p

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE GROUP

	Share capital £'000	Share premium £'000	Other reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2017	671	2,251	(70)	(15)	10,058	12,895
Profit for the year	-	-	-	-	1,162	1,162
Other comprehensive income	-	-	-	-	-	-
Transactions with owners						
Share based payment charge	-	-	-	-	30	30
Share capital issued	11	199	-	-	-	210
Shares purchased by EBT	-	-	(18)	-	-	(18)
Dividend	-	-	-	-	(168)	(168)
Balance at 31 March 2018	682	2,450	(88)	(15)	11,082	14,111
Profit for the year	-	-	-	-	1,381	1,381
Other comprehensive income	-	-	-	-	-	-
Transactions with owners						
Share based payment charge	-	-	-	-	37	37
Share capital issued	5	48	-	-	-	53
Shares sold by EBT	-	-	1	-	-	1
Dividend	-	-	-	-	(192)	(192)
Balance at 31 March 2019	687	2,498	(87)	(15)	12,308	15,391

HML HOLDINGS PLC
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2019
COMPANY NUMBER: 5728008

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2017	671	2,251	(70)	884	3,736
Profit for the year	-	-	-	58	58
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Share based payment charge	-	-	-	30	30
Share capital issued	11	199	-	-	210
Shares purchased by EBT	-	-	(18)	-	(18)
Dividend	-	-	-	(168)	(168)
Balance at 31 March 2018	682	2,450	(88)	804	3,848
Profit for the year	-	-	-	62	62
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Share based payment charge	-	-	-	37	37
Share capital issued	5	48	-	-	53
Shares sold by EBT	-	-	1	-	1
Dividend	-	-	-	(192)	(192)
Balance at 31 March 2019	687	2,498	(87)	711	3,809

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2019
COMPANY NUMBER: 5728008

ASSETS	Notes	2019 £'000	2018 £'000
NON-CURRENT ASSETS			
Goodwill	10	11,384	10,510
Other intangible assets	11	8,373	7,937
Property, plant and equipment	12	1,030	786
		20,787	19,233
CURRENT ASSETS			
Trade and other receivables	14	3,804	3,930
Cash at bank	15	235	269
		4,039	4,199
TOTAL ASSETS		24,826	23,432
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		6,602	6,112
Borrowings		529	529
Current tax liabilities		357	349
	16	7,488	6,990
NON-CURRENT LIABILITIES			
Deferred tax liability	20	1,268	1,124
Borrowings		679	1,207
	18	1,947	2,331
TOTAL LIABILITIES		9,435	9,321
NET ASSETS		15,391	14,111
EQUITY			
Called up share capital	21	687	682
Share premium	23	2,498	2,450
Other reserve	24	(87)	(88)
Merger reserve	25	(15)	(15)
Retained earnings	26	12,308	11,082
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		15,391	14,111

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2019 and are signed on its behalf by:

Robert Plumb
Director

James Howgego
Director

HML HOLDINGS PLC
COMPANY STATEMENT OF FINANCIAL POSITION
31 March 2019
COMPANY NUMBER: 5728008

	Notes	2019	2018
ASSETS		£'000	£'000
NON-CURRENT ASSETS			
Other intangible assets	11	760	691
Property, plant and equipment	12	91	116
Investment in subsidiary companies	13	8,942	8,942
		9,793	9,749
CURRENT ASSETS			
Trade and other receivables	14	1,940	2,664
		1,940	2,664
TOTAL ASSETS		11,733	12,413
LIABILITIES			
CURRENT LIABILITIES			
Borrowings		529	529
Trade and other payables		6,716	6,829
	16	7,245	7,358
NON-CURRENT LIABILITIES			
Borrowings	18	679	1,207
		679	1,207
TOTAL LIABILITIES		7,924	8,565
NET ASSETS		3,809	3,848
EQUITY			
Share capital	21	687	682
Share premium	23	2,498	2,450
Other reserve	24	(87)	(88)
Retained earnings	26	711	804
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		3,809	3,848

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 £62,000 (2018: £58,000).

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2019 and are signed on its behalf by:

Robert Plumb
Director

James Howgego
Director

	Notes	2019 £'000	2018 £'000
OPERATING ACTIVITIES			
Cash generated from operations	28a	3,606	2,674
Income taxes paid		(297)	(238)
Interest paid		(50)	(57)
NET CASH FROM OPERATING ACTIVITIES		3,259	2,379
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(629)	(410)
Sales/acquisition of own shares		1	(18)
Purchase of software		(245)	(235)
Purchase of client relationships		-	(36)
Purchases of businesses		(994)	77
Payments of deferred/contingent consideration		(759)	(337)
NET CASH USED IN INVESTING ACTIVITIES		(2,626)	(959)
FINANCING ACTIVITIES			
Repayment of loans		(528)	(414)
Net movement in overdraft		-	(648)
Share issue		53	79
Dividend payment		(192)	(168)
NET CASH USED IN FINANCING ACTIVITIES		(667)	(1,151)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(34)	269
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		269	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	235	269

	Notes	2019 £'000	2018 £'000
OPERATING ACTIVITIES			
Cash absorbed by operations	28d	(1,306)	(1,127)
Interest paid		(46)	(54)
NET CASH USED IN OPERATING ACTIVITIES		(1,352)	(1,181)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(29)	(40)
Purchase of software		(245)	(235)
Purchase of business		-	(511)
Sale/acquisition of own shares		1	(18)
Payment of deferred/contingent consideration		(331)	(55)
NET CASH USED IN INVESTING ACTIVITIES		(604)	(859)
FINANCING ACTIVITIES			
Repayment of loans		(528)	(414)
Net movement in overdraft		369	585
Share issue		53	79
Inter-company cash movements		2,254	1,534
Dividends		(192)	(168)
NET CASH FROM FINANCING ACTIVITIES		1,956	1,616
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		-	(424)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-	424
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	-	-

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 29 July 2019.

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 due to good profitability and robust cashflows generated by the Group. 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 information is presented in pounds sterling, prepared on a historical cost basis and, unless otherwise stated is rounded to the nearest thousand.

The principal accounting policies adopted are set out below. The preparation of the financial statements requires 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.

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

The Group and the Company have adopted IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” for the first time this period. These new standards require additional disclosures which have been provided where applicable within notes 1, 2, 14, 15, 16 and 19.

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 2019 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. The extent is set out below:

- IFRS 16: Leases

The Group holds leases on 23 offices and therefore it is expected that IFRS 16 will significantly increase assets and liabilities in the Statement of Financial Position. IFRS 16 “Leases” will be effective for the year ending 31 March 2020 onwards and the impact on the financial statements will be significant. IFRS 16 required lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the substantial majority of the Group’s operating lease commitments (£5.8m on an undiscounted basis, as shown in Note 30 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management are currently working on the new processes and systems that will be required to comply with this accounting standard.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

REVENUE RECOGNITION

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

Revenue is measured at the transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less then no adjustment for a financing component has been made.

Revenue in property management and services companies is recognised over 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:

Client relationships	20 years
Software	8 years

Details of calculations are set out in note 11.

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 and an impairment loss is recognised as an expense immediately.

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 and a reversal of an impairment loss is recognised as income immediately.

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.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset the difference between the asset’s carrying amount and the sum of the consideration received is recognised in profit or loss. The Group derecognises financial liabilities when, and only when the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability and the sum of the consideration paid is recognised in profit or loss.

TRADE AND OTHER RECEIVABLES

Trade receivables and accrued income is held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognized based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at an initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognized in profit or loss.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense 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

The preparation of financial statements in conformity with generally accepted accounting practice required management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reported period.

JUDGEMENTS

In the course of preparing the Group and Company financial statements, the only judgements that may have significant effect are those involving estimations which are explained below.

ESTIMATES

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.

The key estimates made in calculating value in use are shown in note 10. The carrying amount of investments, goodwill and other intangible assets and any related impairment provisions are shown in notes 10, 11 and 13.

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.

Details of the carrying value of goodwill and other intangible assets are set out in notes 10 and 11.

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 notes 9 and 17.

1. REVENUE STREAMS

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

	2019 £'000	2018 £'000
Property management	23,238	21,475
Surveying services	1,822	1,719
Insurance services	3,050	2,774
Total	28,110	25,968

2. 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 Officer and forms the basis of IFRS 8 disclosure.

Principal activities are as follows:

- Property management: residential property management.
- Surveying 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.

2. OPERATING SEGMENTS (CONTINUED)

	2019 Property Management £'000	2019 Surveying Services £'000	2019 Insurance Services £'000	2019 Unallocated/ Corporate £'000	2019 Consolidated £'000	2018 Property Management £'000	2018 Surveying Services £'000	2018 Insurance Services £'000	2018 Unallocated/ Corporate £'000	2018 Consolidated £'000
Revenue										
External revenues	23,238	1,822	3,050	-	28,110	21,475	1,719	2,774	-	25,968
Result										
Profit / (loss) from operations	741	240	2,333	(1,578)	1,736	766	180	2,051	(1,476)	1,521
Net finance costs					(50)					(57)
Profit before tax					1,686					1,464
Income tax					(305)					(302)
Profit for the year					1,381					1,162
Other information										
Property, plant, equipment – capital expenditure	599	1	-	29	629	369	1	-	40	410
Depreciation	(330)	(1)	-	(54)	(385)	(321)	(2)	-	(49)	(372)
Intangible assets - additions	1,705	-	-	245	1,950	3,374	-	-	235	3,609
Amortisation	(464)	-		(176)	(640)	(462)	-	-	(198)	(660)
Share based payment charge	-	-	-	(37)	(37)	-	-	-	(30)	(30)
Assets										
Segment assets	16,093	1,260	4,682	2,791	24,826	17,380	1,027	4,127	898	23,432
Liabilities										
Segment liabilities	(222)	(293)	(996)	(7,924)	(9,435)	393	(213)	(936)	(8,565)	(9,321)

3. PROFIT RECONCILIATION

The reconciliation set out below provides additional information to enable the reader to reconcile to the numbers discussed in the Strategic Report.

	2019 £'000	2018 £'000
Revenue	28,110	25,968
Direct operating expenses	(24,332)	(22,509)
Profit contribution from businesses	3,778	3,459
Central operating overheads	(1,365)	(1,248)
Profit before interest, tax, amortisation and share based payments	2,413	2,211
Finance costs	(50)	(57)
Profit before share based payment charges, amortisation and taxation	2,363	2,154
Amortisation of other intangible assets	(640)	(660)
Share based payment charge	(37)	(30)
Profit before taxation	1,686	1,464

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

4. FINANCE COSTS

	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts	50	57
	50	57

5. PROFIT FROM OPERATIONS

	2019 £'000	2018 £'000
Profit from operations is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
- charge for the year on owned assets	385	372
Amortisation of intangible assets	640	660
Operating lease rentals:		
- land and buildings	970	1,056

Set out below is an analysis of other operating expenses:

	2019 £'000	2018 £'000
Employee salaries and staff related expenses	19,807	17,863
Management costs	377	347
Travel costs	287	268
Advertising costs	95	86
Premises costs	2,046	1,988
Office costs	745	791
Insurance brokerage	761	692
Professional fees	440	531
IT costs	730	756
Depreciation	385	372
Amortisation	640	660
Share based payment charges	37	30
Other expenses	24	63
Total operating expenses	26,374	24,447

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

	2019 £'000	2018 £'000
Fees payable for the statutory audit of the Company's annual accounts	23	19
Fees payable to auditor for other services:		
Statutory audit of the Company's subsidiaries	49	41
Total fees payable to the auditor	72	60

6. EMPLOYEES AND STAFF COSTS

	Group 2019 No.	Group 2018 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management	11	10
Property Management	384	349
Administration	52	47
Finance	102	101
	549	507

	Group 2019 £'000	Group 2018 £'000
Staff costs for the above persons:		
Wages and salaries	16,520	14,983
Social security costs	1,743	1,545
Pension costs	300	157
Share based payment charge	37	30
	18,600	16,715

	Company 2019 No.	Company 2018 No.
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Management	3	5
Administration	14	33
Finance	7	6
	24	44

	Company 2019 £'000	Company 2018 £'000
Staff costs for the above persons:		
Wages and salaries	828	642
Social security costs	135	119
Pension costs	28	20
Share based payment charge	20	16
	1,011	797

6. EMPLOYEES AND STAFF COSTS (CONTINUED)

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

	2019 £'000	2018 £'000
Salaries, fees, bonuses and benefits in kind	546	456
Money purchase pension contributions	26	21
Total Directors' remuneration	572	477
Notional gains on exercise of share options	26	24
Total	598	501

Three (2018: three) Directors are members of the company money purchase scheme.

During the year, two Directors (2018: four) exercised share options. Further details are included in the Directors Report.

Directors' emoluments disclosed above include the following payments:

	2019 £'000	2018 £'000
Emoluments of highest paid Director	193	183

DIRECTORS' TRANSACTIONS

Dividends totaling £29,000 (2018: £25,000) were paid in the year respect of ordinary shares held by the Company's Directors.

7. INCOME TAX

	2019	2018
	£'000	£'000
UK Corporation tax:		
Current tax on profits of the year	326	307
Over provision of tax in previous year	(21)	(5)
Tax attributable to the company and its subsidiaries	305	302

Factors affecting tax charge for the year

The tax assessed for the period is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit before tax	1,686	1,464
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%).	320	278
Effects of:		
Amortisation and non-deductible expenses adjustment	6	29
Over provision in previous year	(21)	(5)
Tax charge for the year	305	302

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 PM 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 (2018: £1,243,000). Consequently, the unprovided deferred tax asset in respect of these losses is £211,000 (2018: £211,000).

8. EARNINGS PER SHARE

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

	2019 £'000	2018 £'000
Earnings		
Profit after tax for the period (used to calculate the basic and diluted earnings per share)	1,381	1,162
Add back:		
Share based payment charge	37	30
Amortisation of intangible assets	640	660
Interest costs	50	57
Adjusted profit after tax for the period	2,108	1,909

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

Number of shares	2019 '000	2018 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	45,630	45,269
Effect of dilutive potential ordinary shares:		
- share options	494	857
Weighted average number of ordinary shares for the purposes of diluted earnings per share	46,124	46,126

Earnings per share		
Basic	3.0p	2.6p
Diluted	3.0p	2.5p
Adjusted earnings per share		
Basic	4.6p	4.2p
Diluted	4.6p	4.1p

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.

9. BUSINESS COMBINATIONS (ACQUISITIONS)

On 1 December 2018, HML PM Limited purchased 100% of the share capital of Dauntons Soar Management Limited, a business based in Victoria, London. The acquisition will not only strengthen 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 transferred is set out below:

	£'000
Consideration	918
Stamp duty	2
Total cost of investment	920
Less:	
Trade and other receivables	(158)
Cash at bank	(210)
Tangible fixed assets	(5)
Trade and other payables	99
Client relationships	(336)
Goodwill	310

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	467
Deferred and contingent consideration	451
	918

Net cash flow arising on the acquisition was £259,000 which represents the consideration and stamp duty paid less cash at bank acquired.

The contingent consideration of £451,000 is due within two years. The contingent consideration is made up of two components, firstly the payment relating to the excess working capital in the business on acquisition and secondly another payment that is adjustable depending on the retention of clients and the arrival of contracted new clients. The payment for working excess capital will be £249,000. The range of potential payments of contingent consideration could vary from £0 to £202,000, however the more likely outcome would be to pay £202,000. Contingent consideration has not been discounted as the discounting is immaterial to the Group.

The business contributed £196,000 to the Group's revenue and increased the Group's profit by £1,000 from the date of the acquisition to the year-end date.

9. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

On 18 February 2019, HML PM Limited purchased 100% of the share capital of Residential Block Management Services Limited, a property management business based in Blackheath, London. The acquisition will strengthen the Group's position in the South East London.

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

	£'000
Consideration	794
Less:	
Tangible fixed assets	(4)
Trade and other receivables	(94)
Cash at bank	(2)
Trade and other payables	146
Client relationships	(420)
Goodwill	420

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	675
Deferred and contingent consideration	119
	794

Net cash flow arising on the acquisition was £673,000 which represents the consideration and transaction costs, less cash at bank.

The contingent consideration of £119,000 is due within one year. The contingent consideration is made up of two components, firstly the payment relating to the excess working capital in the business on acquisition and secondly another payment that is adjustable depending on the reduction of clients. The range of potential payments of contingent consideration could vary from £0 to £119,000, however the more likely outcome would be to pay £119,000. Contingent consideration has not been discounted as the discount would be immaterial to the Group.

The business contributed £168,000 to the Group's revenue and increased the Group's profit by £80,000, from the date of the acquisition to the year-end date.

On 28 February 2019, HML PM Limited purchased a small portfolio of block management instructions from Grillo LLP Chartered Surveyors, a business in Surrey. An initial payment of £51,000 was made with contingent consideration of £11,000 due within one year.

If all business combinations arising in the year had occurred on 1 April 2018, the consolidated revenue and profit for the Group for the year ended 31 March 2019 would have increased to £1,269,000 and £157,000 respectively.

10. GOODWILL

GROUP	Purchased goodwill £'000
Cost:	
1 April 2017	10,189
Additions	1,808
Adjustment to acquisition accounting	(192)
31 March 2018	11,805
Cost:	
1 April 2018	11,805
Additions	874
31 March 2019	12,679
Accumulated impairment:	
1 April 2017	1,295
Charged in the year	-
31 March 2018	1,295
Accumulated impairment:	
1 April 2018	1,295
Charged in the year	-
31 March 2019	1,295
Net book value:	
31 March 2019	11,384
31 March 2018	10,510
31 March 2017	8,894

10. GOODWILL (CONTINUED)

The carrying amount of goodwill was allocated to the cash-generating units (CGU) as follows:

	Goodwill 2019 £'000	Goodwill 2018 £'000
HML Hawksworth Limited	-	1,643
HML PM Limited	9,509	4,034
HML Hathaways Limited	-	1,084
HML LAM Limited (previously HML Shaw Limited)	-	1,873
Faraday Property Mgt Limited	1,754	1,754
Shaw & Co (Surveyors) Limited	121	121
	11,384	10,509

CHANGE IN CASH GENERATING UNITS

On 1 April 2018, the trade of HML Hawksworth Limited, HML Hathaways Limited and HML LAM Limited was transferred to HML PM Limited. Consequently, the goodwill contained within the transferor companies is now allocated to the HML PM Limited CGU.

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 5% 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.

11. OTHER INTANGIBLE ASSETS

GROUP	Client Relationships £'000	Software £'000	Total £'000
Cost:			
1 April 2017	7,466	1,690	9,156
Additions	36	235	271
Arising from acquisition	1,893	-	1,893
Adjustments to acquisition accounting	(171)	-	(171)
31 March 2018	9,224	1,925	11,149
Cost:			
1 April 2018	9,224	1,925	11,149
Additions	-	245	245
Arising from acquisitions	831	-	831
31 March 2019	10,055	2,170	12,225
Accumulated amortisation:			
1 April 2017	1,516	1,036	2,552
Amortisation charged in the year	462	198	660
31 March 2018	1,978	1,234	3,212
Accumulated amortisation:			
1 April 2018	1,978	1,234	3,212
Amortisation charged in the year	464	176	640
31 March 2019	2,442	1,410	3,852
Net book value:			
31 March 2019	7,613	760	8,373
31 March 2018	7,246	691	7,937
31 March 2017	5,950	654	6,604

During the year £245,000 (2018: £235,000) 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 20 years.

The client relationships capitalised have a remaining amortisation period of between 6 and 20 years.

11. OTHER INTANGIBLE ASSETS (CONTINUED)

	Software
COMPANY	£'000
Cost:	
1 April 2017	1,690
Additions	235
31 March 2018	1,925
1 April 2018	1,925
Additions	245
31 March 2019	2,170
Accumulated amortisation:	
1 April 2017	1,036
Amortisation charged in the year	198
31 March 2018	1,234
1 April 2018	1,234
Amortisation charged in the year	176
31 March 2019	1,410
Net book value:	
31 March 2019	760
31 March 2018	691
31 March 2017	654

12. PROPERTY, PLANT AND EQUIPMENT

	Group £'000	Company £'000
Cost:		
1 April 2017	2,044	220
Additions	410	40
On acquisition	56	-
Disposals	(38)	-
31 March 2018	2,472	260
1 April 2018	2,472	260
Additions	620	29
On acquisition	9	-
31 March 2019	3,101	289
Accumulated depreciation:		
1 April 2017	1,343	95
Charged in the year	372	49
Disposals	(29)	-
31 March 2018	1,686	144
1 April 2018	1,686	144
Charged in the year	385	54
31 March 2019	2,071	198
Net book value:		
31 March 2019	1,030	91
31 March 2018	786	116
31 March 2017	701	125

13. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY	Shares in subsidiaries £'000
Cost:	
1 April 2017	7,306
Additions	3,808
31 March 2018 and 31 March 2019	11,114
Provision for impairment:	
31 April 2017	2,172
31 March 2018 and 31 March 2019	2,172
Net book value:	
31 March 2019	8,942
31 March 2018	8,942
31 March 2017	5,134

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

The company directly holds 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%	Dormant
HML PM Limited	Ordinary	100%	100%	Property Management
HML Hathaways Limited ***	Ordinary	100%	100%	Dormant
HML LAM Limited (previously HML Shaw Limited)	Ordinary	100%	100%	Lettings
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%	Dormant
Faraday Property Management	Ordinary	100%	100%	Property Management
HML Services Limited	Ordinary	100%	100%	Dormant
Dauntons Soar Management Services Limited **	Ordinary	100%	100%	Property Management
Residential Block Management Services Limited **	Ordinary	100%	100%	Property Management

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 is indirectly held through HML Hawksworth Limited

** Dauntons Soar Management Limited and Residential Block Management Services Limited are indirectly held through HML PM Limited.

*** Companies are exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts by virtue of the s.479A.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	868	1,584	-	-
Amount owed by subsidiary undertakings	-	-	1,817	2,573
Other receivables	236	128	3	12
Prepayments	1,438	1,198	120	79
Accrued income	1,262	1,020	-	-
	3,804	3,930	1,940	2,664

Trade receivables are non-interest bearing and generally have a 30-90 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

A provision for impairment of trade receivables is established using an expected loss model. Expected loss is recognised when a client is no longer using the Group services and still owes money. Full details are included within Trade and Other Receivables accounting policy in the notes to these accounts.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and in hand	235	269	-	-

The Group has a £1,500,000 overdraft facility with its bankers. The one-year facility was renewed on 31 January 2019 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.

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds in limited because the counter-party is a bank with a high credit rating.

16. CURRENT LIABILITIES

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans and overdrafts	529	529	1,483	1,114
Trade payables	1,261	1,136	149	109
Amounts owed to subsidiary undertakings	-	-	4,529	4,717
Corporation tax	357	349		-
Other taxation and social security costs	1,394	1,123	-	31
Other payables	558	663	143	139
Accruals	1,313	914	283	259
Deferred income	661	669	-	-
Deferred and contingent consideration (note 17)	1,415	1,607	658	989
	7,488	6,990	7,245	7,358

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.

17. DEFERRED AND CONTINGENT CONSIDERATION

	Group £'000	Company £'000
At 1 April 2018	1,607	989
Arising on acquisition	583	-
Amounts paid	(759)	(331)
Write back to consideration	(16)	-
At 31 March 2019	1,415	658

18. NON-CURRENT LIABILITIES

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans	679	1,207	679	1,207
Deferred tax liability	1,268	1,124	-	-
	1,947	2,331	679	1,207

The bank loans are repayable in quarterly instalments over a three to four-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.

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 2019 and its equity at 31 March 2019 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.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 £2,366,000 (2018: £2,732,000).

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 IFRS 9 were as follows:

	2019 £'000	2018 £'000
Financial assets		
Trade and other receivables (financial assets at amortised cost)	2,366	2,732
Cash and cash equivalents	235	269
Total financial assets	2,601	3,001
Financial liabilities		
Trade and other payables (financial liabilities at amortised cost)	(4,805)	(4,083)
Bank overdraft/loan (financial liabilities at amortised cost)	(1,208)	(1,736)
Contingent/deferred consideration (fair value through P&L)	(1,415)	(1,607)
Total financial liabilities	(7,428)	(7,426)
	(4,827)	(4,425)

Trade and other receivables are shown net of the bad debt provision of £126,000 (2018: £66,000).

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 March 2019 trade receivables of £240,000 (2018: £103,000) were overdue but not impaired. The ageing analysis of these trade receivables is as follows:

	2019 £'000	2018 £'000
Up to 3 months past due	63	47
3 to 6 months past due	64	37
Over 6 months past due	113	18
	240	102

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

	2019 £'000	2018 £'000
Financial liabilities payable within one year:		
Trade and other payables	(4,805)	(4,083)
Bank overdraft/loans	(529)	(529)
Deferred and contingent consideration	(1,415)	(1,607)
	(6,749)	(6,219)
Financial liabilities payable between one and five years:		
Bank loan	(679)	(1,207)
	(7,428)	(7,426)

Contractual cash flows are not materially different from carrying value.

20. DEFERRED TAX

	Group £'000
At 31 March 2017	753
Additions in the year	371
At 31 March 2018	1,124
Additions in the year	144
At 31 March 2019	1,268

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 17% by 2020/21. As at 31 March 2019, all such charges have been substantially enacted and have therefore been reflected in the calculation of deferred tax.

21. SHARE CAPITAL

	Group and Company	
	2019	2018
Authorised:	£'000	£'000
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456

	Group and Company	
	2019	2018
Allotted, issued and fully paid ordinary shares of 1.5p:	£'000	£'000
1 April	682	671
Issued during the year – 341,500 (2018:730,539) shares	5	11
31 March	687	682
No. of shares in issue at year end	45,830,135	45,488,635

Shares issued during the year ended 31 March 2019 relate to the exercising of share options by HML staff in August 2018 and February 2019.

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 a 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
10/09/2018	33.50p	33.50p	87	1,040,000	4.50p
25/09/2017	36.00p	36.00p	79	943,000	4.09p
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

22. SHARE OPTIONS (CONTINUED)

The total fair value of options issued in the year was £47,000 (2018: £39,000). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

Options have a vesting period 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 5% which is derived from the bank rate. The expected life of an option is estimated to be 6 years.

At the year-end, 2,214,000 (2018: 1,891,750) of the issued options were exercisable and the weighted average remaining life of all options outstanding was 6.8 years (2018: 6.8 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 £37,000 (2018: £30,000).

A reconciliation of option movements are as follows:

	Number	Weighted av. exercise price
31 March 2017	4,122,600	26.72p
Granted	943,000	36.00p
Lapsed/expired	(410,250)	35.01p
Options exercised	(404,100)	19.47p
31 March 2018	4,251,250	29.58p
Granted	1,040,000	33.50p
Lapsed/expired	(122,750)	34.58p
Options exercised	(341,500)	15.48p
31 March 2019	4,827,000	31.29p

23. SHARE PREMIUM

	Group	Company
	£'000	£'000
31 March 2017	2,251	2,251
Arising on shares issued during the year	199	199
31 March 2018	2,450	2,450
Arising on shares issued during the year	48	48
31 March 2019	2,498	2,498

24. OTHER RESERVE

This reserve relates to the cost of shares held in the employee benefit trust. The trust currently owns 437,418 shares in HML Holdings Plc (2018: 437,418 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. RETAINED EARNINGS

Retained earnings represents the cumulative profits and losses of the Group less dividends paid.

27. DIVIDENDS

The Directors have proposed paying a dividend of 0.47p per share in relation to the current year (2018: 0.42p per share).

If approved, the dividend will be paid on 18 October 2019 to shareholders on the register at 4 October 2019. The corresponding ex-dividend date is 3 October 2019.

28. CASH FLOWS

GROUP	2019 £'000	2018 £'000
a. Reconciliation of operating profit to net cash flow from operating activities		
Profit from operations	1,736	1,521
Adjustments for:		
Depreciation	385	372
Amortisation	640	660
Share based payment charge	37	30
Loss on disposal of fixed assets	-	9
Operating cash flows before movements in working capital	2,798	2,592
Decrease/(increase) in receivables	126	(298)
Increase in payables	682	380
Net cash flow from operating activities	3,606	2,674

	2019 £'000	2018 £'000
b. Reconciliation of cash and cash equivalents		
Cash at bank	235	269
	235	269

c. Reconciliation of liabilities from financing activities

	1 April 2018 £'000	Cash flow £'000	Non-cash £'000	31 March 2019 £'000
Overdraft	-	-	-	-
Borrowings (current)	529	(528)	528	529
Borrowings (non-current)	1,207	-	(528)	679
	1,736	(528)	-	1,208

28. CASH FLOWS (CONTINUED)

COMPANY	2019 £'000	2018 £'000
d. Reconciliation of operating profit to net cash flow from operating activities		
Loss from operations	(1,578)	(1,476)
Depreciation	54	49
Amortisation	176	198
Share based payment charge	37	30
Operating cash flows before movements in working capital	(1,311)	(1,199)
(Increase)/decrease in receivables	(32)	1
Increase in payables	37	71
Net cash out flow from operating activities	(1,306)	(1,127)

	2019 £'000	2018 £'000
e. Reconciliation of cash and cash equivalents		
Cash at bank	-	-
	-	-

f. Reconciliation of liabilities from financing activities

	1 April 2018 £'000	Cash flow £'000	Non-cash £'000	31 March 2019 £'000
Overdraft	585	369	-	954
Borrowings (current)	529	(528)	528	529
Borrowings (non-current)	1,207	-	(528)	679
Amounts owed by subsidiary undertakings	(2,573)	756	-	(1,817)
Amounts owed to subsidiary undertakings	4,717	(188)	-	4,529
	4,465	409	-	4,874

29. 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:

	2019 £'000	2018 £'000
Bank loans	1,208	1,736
Add: Bank overdrafts	-	-
Less: Cash and cash equivalents	(235)	(269)
Net debt	973	1,467
Total equity	15,391	14,111
Total capital resources	16,364	15,578
Net debt to equity ratio	5.9%	9.4%

30. OPERATING LEASE ARRANGEMENTS

The Group was committed to making the following payments under non-cancellable operating leases relating to land and buildings:	2019 £'000	2018 £'000
Within 1 year	1,187	874
Within 2 and 5 years	3,250	2,034
After 5 years	1,350	749
	5,787	3,657

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

31. RELATED PARTY TRANSACTIONS

As at 31 March 2019, LTC Holdings Plc held 20.58% (2018: 20.74%) of the Company's issued share capital. Richard Smith and Geoffrey Griggs are both Directors of HML Holdings plc and Directors of LTC Holdings Plc.

During the year LTC Holdings Plc received a dividend of £40,000 (2018: £35,000) by way of its' shareholding in the Company's share capital. Richard Smith and Geoffrey Griggs received dividends totalling £8,207 (2018: £7,230) and £2,172 (2018: £1,914) respectively.

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.

	2019 £'000	2018 £'000
Sale of tax losses	1,686	1,587
Recharge and payment of expenses incurred	446	1,284
Working capital advances from subsidiaries	(2,100)	(2,000)
Advance on acquisition capital from (2018: from) subsidiaries	(600)	(818)
Increase/decrease in net creditor	(568)	53

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 the Heads of Department.

GROUP	2019 £'000	2018 £'000
Salaries	1,281	1,185
Employer's national insurance	163	150
Pension contributions/benefits in kind	66	58
Share based payments	26	19
	1,536	1,412

COMPANY	2019 £'000	2018 £'000
Salaries	479	559
Employer's national insurance	61	69
Pension contributions and benefits in kind	40	37
Share based payments	20	13
	600	678

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.

32. PENSIONS COMMITMENTS

The Group operates a defined contribution pension scheme for all employees. At 31 March 2019, £54,000 is outstanding and included in payables (2018: £36,000).

33. ADOPTION OF IFRS 9 AND IFRS 15

IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" were both adopted with effect from 1 April 2018 in line with the transitional provisions provided in the new standards. The standards have been adopted using the modified retrospective approach where the prior period amounts have not been restated but any difference between amounts recognised under IFRS 9 and IFRS 15 and those previously recognised under IAS 39, IAS 11 and IAS 18 has been recognised in the opening retained earnings at 1 April 2018.

Under IAS 39, trade and other receivables were classified as loans and receivables, initially recognized at fair value and subsequently at amortised cost. Under IFRS 9, trade and other receivables are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The most relevant category to the Group is financial assets at amortised cost (debt instruments). If the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding, then the Group measures such financial assets at amortised cost.

Overall the adoption of IFRS 15 and IFRS 9 has resulted in no material adjustments to the financial statements.

34. EVENTS SINCE THE REPORTING DATE

On 4 April 2019, HML PM Ltd purchased the trade and assets of Francis Butson and Associates, a residential block management business based in St. Neots, Cambridgeshire. The acquisition gives the Group an office in Cambridgeshire, which will assist in the growth of the Group in that region.

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

	£'000
Consideration	695
Less: the fair value of assets:	
Customer relationships and other assets	(350)
Goodwill	345

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	570
Contingent consideration	125
	695

34. EVENTS SINCE REPORTING DATE (CONTINUED)

Net cashflow arising on the acquisition was £570,000 which represents the consideration paid. The contingent consideration of £125,000 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 £125,000, however the more likely outcome would be to pay £125,000.

On 30 April 2019, HML LAM Ltd purchased the share capital of Prima Property Services Ltd, a small Birmingham based lettings management company.

Due to the acquisitions completing recently and the business being immaterial to the Group, no further disclosure of the acquisition has been made.

35. 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 West Croydon offices of HML Holdings plc, 95 London Road, West Croydon, CR0 2RF on 17th September 2019, 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 2019.

2. To re-appoint the auditors Nexia Smith & Williamson and authorise the Directors to fix their remuneration.

3. To re-elect Geoffrey Griggs who retires by rotation and offers himself for re-election.

4. To re-elect Elizabeth Holden who retires by rotation and offers herself for re-election.

5. 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 voting@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 2019, the Company's issued share capital comprised 45,830,135 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 2019 is 45,830,135.

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 17th September 2019 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 Geoffrey Griggs as a director	☐	☐	☐
4. Re-elect Elizabeth Holden as a director	☐	☐	☐
5. 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 voting@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.