

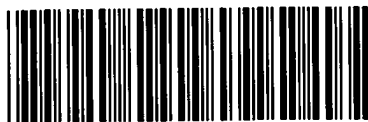
HMCA/S plc

Registered number: 01362094

Directors' report and financial statements

For the year ended 30 June 2017

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COMPANY INFORMATION

Directors	B J Skrentny T A Briggs B A R Skrentny A Baker J M Blackmore A D Harrop P D Allott
Company secretary	M C Upton
Registered number	01362094
Registered office	Beech Hall 62 High Street Knaresborough North Yorkshire HG5 0EA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Mazars House Gelderd Road Gildersome Leeds LS27 7JN
Bankers	Barclays Bank Plc Bank of Ireland Santander Ulster Bank Limited ACC Bank Plc
Solicitors	Clarion Elizabeth House 13-19 Queen St Leeds West Yorkshire LS1 2TW

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Introduction

The directors present their Strategic report for the year ended 30 June 2017.

Business review

The statement of comprehensive income is set out on page 9 and shows turnover for the year of £13,427,503 (2016: £12,162,082) and profit for the financial year of £1,076,611 (2016: £1,356,291). HMCA undertakes activities in the UK, Ireland and the EEA, but accounts in sterling only and is therefore susceptible to fluctuations in the Foreign Exchange market. In the prior financial year a foreign currency surplus of £392,585 was included within the profit for the year.

The directors are pleased to report an increase in both new members and income during the period under review, particularly as this is against a back drop of greater financial regulation and the decision by HM Government to raise Insurance Premium Tax (IPT) to historically high levels.

As the interest rate offered by financial institutions continues to fall, the company has continued to actively manage its investment portfolio. At 30 June 2017 the market value of fixed asset investments was £6,804,890 (2016: £5,765,486).

The company's shareholders funds is disclosed in the statement of changes in equity on page 12 and has increased to £12,750,629 at 30 June 2017, an increase of £1,000,111 in the year. Called up share capital remains at £3,000,000.

HMCA has continued its policy of reviewing staffing levels in each department, making sure that we have quality staff with the right level of knowledge and training to ensure that we are in a strong position to develop the business. The Directors are pleased to report that we have increased staff levels by 20% compared to 2016. We will continue to recruit to enhance our customer service as required.

In November 2016 a new company called HMCA Care Limited was incorporated, as a wholly owned subsidiary. HMCA Care Limited will be used to enhance the HMCA brand, facilitate the offering of new products and collect ancillary premium commissions. The Directors consider the results of HMCA Care Limited to be insignificant in the context of HMCA/S PLC. These consolidated financial statements present the results of the Company and subsidiary. Further explanation can be found in the accounting policy note.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Principal risks and uncertainties

The company offers customers a range of insurance benefits at competitive prices. The company bears currency risk as it receives both euro and sterling subscriptions from members whilst reporting in sterling. The company manages its exposure to currency risk by keeping income received in Euro accounts, unless the opportunity arises to take advantage of the weakness of sterling to convert euros into sterling.

As insurance premiums are paid mainly by direct debit and amounts owed to the company from customers are wholly immaterial at any given time, the company bears little credit risk. In the event that an insurance premium is not paid by a customer then that customer is not provided with insurance cover under the relevant products and the company will not be required to make payments to insurers.

In common with many businesses, the company relies on its IT infrastructure to deliver a high quality service to our customers, maintain our member records and produce timely, accurate and relevant financial and other information. During the year the Board, working closely with our principal underwriter, approved the investment in a new IT software system that will improve and strengthen our IT infrastructure.

The company does not have any bank loan, overdraft or other loan facilities as at 30 June 2017 and trades from accumulated cash surpluses. Management monitors cash flow and balances on a weekly basis as part of the overall control procedures. The Board reviews the management accounts on a monthly basis to monitor cash flow.

The company holds a portfolio of investments. These are managed by an internal investment committee, in conjunction with the company's investment broker and are deemed to be invested in medium risk positions.

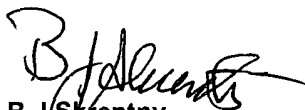
Financial key performance indicators

The Directors approve expenditure on a daily basis and various reports are produced on a regular basis to monitor the performance of the company. Management accounts are produced promptly each month and circulated to all Board members. The Board considers cash flow and balances on both a weekly and monthly basis. The target of the Board is to continually improve the financial position of the company compared to the prior year and to maintain a significant level of net assets.

Other key performance indicators

New business and lapse numbers are analysed daily by the directors with a standard report showing how many live and lapsed members we have every day compared to the preceding year.

This report was approved by the board on *27 September 2017* and signed on its behalf.


B J Skrentny
Chairman

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,076,611 (2016 - £1,356,291).

Dividends totaling £76,500 (2016: £72,000) were paid during the year.

Directors

The directors who served during the year were:

B J Skrentny
T A Briggs
B A R Skrentny
A Baker
J M Blackmore
A D Harrop
P D Allott (appointed 1 March 2017)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Future developments

The philosophy of the company is to continually grow and expand whilst keeping within the general market we have traded within for over 35 years. To achieve this we must look at different ways to attract new customers. The company generates a substantial amount of new business via postal marketing and responses but has also developed its web based and telephone responses.

Our Customer Services Team has been expanded with new staff members who help run our dedicated new customer helpline that allows us to ensure that every new and potential customer has the opportunity to speak to a knowledgeable member of staff before they take the decision to join. It is the Directors' opinion that there can be no replacement for the personal touch, a view which is reflected in the feedback we receive from new members.

After the year end, the directors have incorporated a holding company for HMCA, Scriven Park Estates Limited (SPEL). SPEL will have a different Board of Directors to HMCA and in time will receive assets and liabilities not considered core to the operation of HMCA. This will in turn allow HMCA to concentrate on its principal operations.

Shortly after the year end HM Government announced its' intention to introduce the General Data Protection Regulations (GDPR) in May 2018. The Directors believe that GDPR will have a profound impact on both the Company and the Insurance industry in general. As a result the Directors have appointed Directors Philip Allott and Andrew Baker to assess and co-ordinate HMCA's response to this legislation. This will involve undertaking an internal audit and drawing up an action plan to ensure that HMCA and its Partners are fully compliant prior to the proposed implementation date.

We continue to strive to ensure our staff have all the right tools to continue with our expected high level of customer service well into the future.

Qualifying third party indemnity provisions

Appropriate directors' and officers' liability insurance cover is in place in respect of all the company's directors.

Other branches in the European Union

HMCA/S plc has offices in Dublin.

Matters covered in the strategic report

The mandatory disclosures in relation to the principal risks and uncertainties are considered by the directors to be of strategic importance. These have therefore been included in the Strategic Report.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Post balance sheet events

There have been no significant events affecting the Group since the year end, other than those disclosed above.


Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the going concern basis of accounting is continued to be adopted in preparing the financial statements.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2017 and signed on its behalf.


B J Skrentny
Chairman

**CORPORATE SOCIAL RESPONSIBILITY REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Report for the year

The Directors take their Corporate Responsibility duties very seriously and have appointed a Director to review and allocate resources to a range of projects both locally and nationally.

In the year ended 30 June 2017 donations have been made to a number of organisations including:

- Meadowside School, Knaresborough,
- St John's Church, Knaresborough,
- Knaresborough Civic Society – Jubilee Fountain,
- Life Destiny Church, Knaresborough; and
- the National Autistic Society.

HMCA also donate money to our local school St James's to encourage creative writing. In addition, the Company has made office space available to the Turn Trust Charity that would have a rental value of £75,000 in the year ended 30 June 2017.

HMCA involve themselves in the local community and we have participated in Knaresborough Open Gardens this summer.

The Directors will look to continue to make additional donations in the coming year.



J M Blackmore
Director

Date 27/9/17

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HMCA/S PLC

Opinion

We have audited the financial statements of HMCA/S plc (the 'parent company') and its subsidiary (the 'group') for the year ended 30 June 2017 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Positions, the Group and Company Statement of Changes in Equity, the Group Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 30 June 2017 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HMCA/S PLC

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HMCA/S PLC

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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.



Ian Wrightson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Date: 29th September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 £	2016 £
Turnover	4	13,427,503	12,162,082
Cost of sales		(8,134,818)	(7,378,432)
Gross profit		5,292,685	4,783,650
Administrative expenses		(4,386,407)	(4,236,124)
Other operating income	5	14,000	3,041
Gain arising on fair value of investments	6	97,266	797,848
Operating profit	7	1,017,544	1,348,415
Income from fixed assets investments	11	282,615	328,277
Loss on disposal of investments		(53,410)	(133,822)
Interest receivable	12	40,675	2,303
Interest payable	13	(35,479)	-
Profit before tax		1,251,945	1,545,173
Tax on profit	14	(175,334)	(188,882)
Profit for the financial year		1,076,611	1,356,291
Profit for the year attributable to:			
Owners of the parent company		1,076,611	1,356,291
		<u>1,076,611</u>	<u>1,356,291</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 17 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	15	4,687,095	1,022,136
Investments	16	6,804,890	5,765,486
Investment property	17	528,135	-
		<u>12,020,120</u>	<u>6,787,622</u>
Current assets			
Debtors: amounts falling due within one year	18	338,472	622,441
Current asset investments		-	3,500,000
Cash at bank and in hand	19	2,628,315	2,972,545
		<u>2,966,787</u>	<u>7,094,986</u>
Creditors: amounts falling due within one year	20	(2,148,807)	(2,015,052)
Net current assets		<u>817,980</u>	<u>5,079,934</u>
Total assets less current liabilities		<u>12,838,100</u>	<u>11,867,556</u>
Provisions for liabilities			
Deferred tax	21	(87,831)	(117,398)
		<u>(87,831)</u>	<u>(117,398)</u>
Net assets		<u>12,750,269</u>	<u>11,750,158</u>
Capital and reserves			
Called up share capital	22	3,000,000	3,000,000
Profit and loss account	24	9,750,269	8,750,158
		<u>12,750,269</u>	<u>11,750,158</u>

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

27 September 2017



B J Skrentny
Chairman

The notes on pages 17 to 34 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	15	4,687,095	1,022,136
Investments	16	6,804,990	5,765,486
Investment property	17	528,135	-
		<u>12,020,220</u>	<u>6,787,622</u>
Current assets			
Debtors: amounts falling due within one year	18	337,983	622,441
Current asset investments		-	3,500,000
Cash at bank and in hand	19	2,624,444	2,972,545
		<u>2,962,427</u>	<u>7,094,986</u>
Creditors: amounts falling due within one year	20	(2,147,955)	(2,015,052)
Net current assets		<u>814,472</u>	<u>5,079,934</u>
Total assets less current liabilities		<u>12,834,692</u>	<u>11,867,556</u>
Provisions for liabilities			
Deferred taxation	21	(87,831)	(117,398)
		<u>(87,831)</u>	<u>(117,398)</u>
Net assets		<u>12,746,861</u>	<u>11,750,158</u>
Capital and reserves			
Called up share capital	22	3,000,000	3,000,000
Profit and loss account brought forward		8,673,658	7,393,867
Profit for the year		<u>1,073,203</u>	<u>1,356,291</u>
Profit and loss account carried forward		<u>9,746,861</u>	<u>8,750,158</u>
		<u>12,746,861</u>	<u>11,750,158</u>

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


B. Skrentny
Chairman

27 September 2017

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	3,000,000	8,750,158	11,750,158
Comprehensive income for the year			
Profit for the year	-	1,076,611	1,076,611
Dividends: Equity capital	-	(76,500)	(76,500)
At 30 June 2017	3,000,000	9,750,269	12,750,269

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2015	3,000,000	7,465,867	10,465,867
Comprehensive income for the year			
Profit for the year	-	1,356,291	1,356,291
Dividends: Equity capital	-	(72,000)	(72,000)
At 30 June 2016	3,000,000	8,750,158	11,750,158

The notes on pages 17 to 34 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	3,000,000	8,750,158	11,750,158
Comprehensive income for the year			
Profit for the year	-	1,073,204	1,073,204
Dividends: Equity capital	-	(76,500)	(76,500)
At 30 June 2017	3,000,000	9,746,862	12,746,862

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2015	3,000,000	7,465,867	10,465,867
Comprehensive income for the year			
Profit for the year	-	1,356,291	1,356,291
Dividends: Equity capital	-	(72,000)	(72,000)
At 30 June 2016	3,000,000	8,750,158	11,750,158

The notes on pages 17 to 34 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,076,611	1,356,291
Adjustments for:		
Depreciation of tangible assets	142,846	153,584
Profit on disposal of tangible assets	-	(5,850)
Interest paid	35,479	-
Income from investments including interest	(323,290)	(330,580)
Taxation charges	175,334	188,882
Decrease/(increase) in debtors	283,969	(162,604)
Increase in creditors	34,508	322,724
Net fair value gains	(97,265)	(797,848)
Corporation tax paid	(105,656)	(230,486)
Loss on disposal of investments	53,410	133,823
Net cash generated from operating activities	1,275,946	627,936
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,807,805)	(93,869)
Sale of tangible fixed assets	-	5,850
Purchase of investment properties	(528,135)	-
Purchase of listed investments	(1,678,254)	(5,078,784)
Sale of listed investments	682,705	9,391,042
Purchase of unlisted and other investments	-	(185,294)
Sale of unlisted and other investments	-	214,272
Sale/ (purchase) of short term unlisted investments	3,500,000	(3,500,000)
Interest received	40,675	2,303
Income from investments	282,617	328,277
Net cash from investing activities	(1,508,197)	1,083,797

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

	2017 £	2016 £
Cash flows from financing activities		
Dividends paid	(76,500)	(72,000)
Interest paid	(35,479)	-
Net cash used in financing activities	<u>(111,979)</u>	<u>(72,000)</u>
Net (decrease)/increase in cash and cash equivalents	(344,230)	1,639,733
Cash and cash equivalents at beginning of year	2,972,545	1,332,812
Cash and cash equivalents at the end of year	<u>2,628,315</u>	<u>2,972,545</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,628,315	2,972,545
	<u>2,628,315</u>	<u>2,972,545</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. General information

HMCA/S PLC, company number 01362094, is limited by share capital, registered under the Companies Act in England and Wales. The address of its registered office is Beech Hall, 62 High Street, Knaresborough, HG5 0EA.

HMCA/S PLC offers customers a range of insurance benefits at competitive prices and is a cover holder for various insurance products provided by a panel of underwriters.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

The Group has considerable financial resources and strong relationships with both customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. On this basis the going concern basis of accounting is continued to be adopted in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.4 Turnover and cost of sales**

Turnover comprises the total of subscriptions and management fees. Cost of sales comprises payments to insurers. Turnover is recognised as principal (gross) on the basis that the company acts as an undisclosed agent for the ultimate principal. Both turnover and cost of sales are recognised as and when received or paid. In respect of policy subscriptions received by direct debit, these are taken to income when received. The directors believe that this reflects the substance of the transaction as in all cases, other than the 30 day cooling off period, policies are non-cancellable. The same terms apply in respect of the cost of sales associated with these policies.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2%
Motor vehicles	- 25%
Fixtures & fittings	- 20%
Computer equipment	- 20% and 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.6 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.7 Investments**

Listed investments are re-measured to fair value at each reporting date. Fair value gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period.

Unlisted investments whose fair value can be reliably determined, are re-measured to fair value at each reporting date. Fair value gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.12 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.16 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.17 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.18 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.20 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use

Where an indication of impairment exists, the directors have carried out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation has required the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order to calculate present value.

(ii) Determining residual values and useful economic lives of tangible assets

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The actual lives of these assets can vary depending on a variety of factors which may not be wholly predictable at the outset.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****4. Turnover**

All turnover is attributable to the Company's principal activity as disclosed in the directors' report with the exception of management fees receivable. The company operates in the UK, Ireland and EEA.

All turnover arose within the United Kingdom and Ireland.

5. Other operating income

	2017 £	2016 £
Net rents receivable	14,000	3,041

6. Fair value movements

	2017 £	2016 £
Gain on foreign exchange retranslation	-	312,311
Gain on revaluation of investments	97,265	485,537
	<u>97,265</u>	<u>797,848</u>

7. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	142,846	153,584
Audit of the Group's annual financial statements	15,000	13,750
Exchange differences	(2,785)	(80,274)
Operating lease rental cost	19,857	48,638
Defined contribution pension cost	128,677	173,687

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****8. Auditor's remuneration**

	2017 £	2016 £
Audit of the Group's annual accounts	15,000	13,750
Fees payable to the Group's auditor in respect of:		
Taxation compliance services	3,250	2,500
All other services	15,672	14,622
	<u>18,922</u>	<u>17,122</u>

9. Employees

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

	2017 £	2016 £
Wages and salaries	1,248,127	1,109,546
Social security costs	115,627	100,002
Cost of defined contribution scheme	128,677	173,687
	<u>1,492,431</u>	<u>1,383,235</u>

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

	2017 No.	2016 No.
Employees including directors	<u>42</u>	<u>35</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****10. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	285,281	303,391
Company contributions to defined contribution pension schemes	50,380	116,313
	<u>335,661</u>	<u>419,704</u>

During the year retirement benefits were accruing to 4 directors (2016 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £70,435 (2016 - £66,781).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,034 (2016 - £71,250).

11. Income from investments

	2017 £	2016 £
Income from fixed asset investments	<u>282,615</u>	<u>328,277</u>

Income from fixed asset investments comprises dividends and interest received on listed and unlisted investments for the period.

12. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>40,675</u>	<u>2,303</u>

13. Interest payable and similar charges

	2017 £	2016 £
Other loan interest payable	<u>35,479</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
14. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	203,464	122,682
Adjustments in respect of previous periods	1,437	21,550
Total current tax	<u>204,901</u>	<u>144,232</u>
Deferred tax		
Origination and reversal of timing differences	(13,057)	44,650
Changes to tax rates	(16,510)	-
Total deferred tax	<u>(29,567)</u>	<u>44,650</u>
Taxation on profit on ordinary activities	<u><u>175,334</u></u>	<u><u>188,882</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	<u>1,251,945</u>	<u>1,545,173</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	247,259	309,035
Effects of:		
Expenses not deductible for tax purposes	21,905	27,259
Non-taxable fair value movements	(25,213)	(159,570)
Unrealised chargeable (losses)/ gains	(14,238)	54,164
Dividends from UK companies	(55,816)	(63,556)
Adjustments to tax charge in respect of prior periods	1,437	21,550
Total tax charge for the year	<u><u>175,334</u></u>	<u><u>188,882</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
15. Tangible fixed assets
Group and Company

	Land and Buildings £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2016	908,826	292,656	145,717	273,074	1,620,273
Additions	3,651,302	108,711	22,382	25,410	3,807,805
At 30 June 2017	4,560,128	401,367	168,099	298,484	5,428,078
Depreciation					
At 1 July 2016	34,204	200,338	116,105	247,490	598,137
Charge for the year on owned assets	36,042	72,916	12,164	21,724	142,846
At 30 June 2017	70,246	273,254	128,269	269,214	740,983
Net book value					
At 30 June 2017	4,489,882	128,113	39,830	29,270	4,687,095
At 30 June 2016	874,622	92,318	29,612	25,584	1,022,136

The net book value of land held as at 30 June 2017 was £1,875,000 (2016: £175,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
16. Fixed asset investments
Group

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 July 2016	5,023,221	742,265	5,765,486
Additions	1,678,254	-	1,678,254
Disposals	(736,115)	-	(736,115)
Revaluations	75,753	21,512	97,265
At 30 June 2017	<u>6,041,113</u>	<u>763,777</u>	<u>6,804,890</u>

Net book value

At 30 June 2017	<u>6,041,113</u>	<u>763,777</u>	<u>6,804,890</u>
At 30 June 2016	<u>5,023,221</u>	<u>742,265</u>	<u>5,765,486</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
HMCA Care Limited	Ordinary	100 %	Insurance Introducer

The aggregate of the share capital and reserves as at 30 June 2017 and of the profit for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit £
HMCA Care Limited	3,508	3,408
	<u>3,508</u>	<u>3,408</u>

Listed investments

The fair value of the listed investments at 30 June 2017 was £6,041,113 (2016 - £5,023,221).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
16. Fixed asset investments (continued)
Company

	Investments in subsidiary companies £	Listed investments £	Unlisted investments £	Total £
Cost or valuation				
At 1 July 2016	-	5,023,221	742,265	5,765,486
Additions	100	1,678,254	-	1,678,354
Disposals	-	(736,115)	-	(736,115)
Revaluations	-	75,753	21,512	97,265
At 30 June 2017	100	6,041,113	763,777	6,804,990
Net book value				
At 30 June 2017	100	6,041,113	763,777	6,804,990
At 30 June 2016	-	5,023,221	742,265	5,765,486

17. Investment property
Group and Company

	Freehold investment property £
Valuation	
Additions at cost	528,135
At 30 June 2017	528,135

All investment property was purchased during the year, the directors believe that the fair value of the investment property at the year end is not materially different to the purchase cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****18. Debtors**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	329,453	311,554	328,964	311,554
Other debtors	9,019	33,247	9,019	33,247
Prepayments and accrued income	-	277,640	-	277,640
	<u>338,472</u>	<u>622,441</u>	<u>337,983</u>	<u>622,441</u>

19. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	2,628,315	2,972,545	2,624,444	2,972,545

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	1,672,400	1,512,139	1,672,400	1,512,139
Corporation tax	113,537	14,291	112,685	14,291
Other taxation and social security	48,014	41,690	48,014	41,690
Accruals and deferred income	314,856	446,932	314,856	446,932
	<u>2,148,807</u>	<u>2,015,052</u>	<u>2,147,955</u>	<u>2,015,052</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
21. Deferred taxation**Group**

	2017 £
At beginning of year	(117,398)
Charged to profit or loss	29,567
At end of year	(87,831)

	Group 2017 £	Company 2017 £
Accelerated capital allowances	(1,289)	(1,289)
Unrealised chargeable gains	(86,542)	(86,542)
	(87,831)	(87,831)

22. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
3,000,000 Ordinary shares of £1 each	3,000,000	3,000,000

23. Dividends

	2017 £	2016 £
Dividends paid on equity capital	76,500	72,000

24. Reserves**Profit & loss account**

This reserve represents cumulative profits and losses, less dividends paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

25. Capital commitments

At 30 June 2017 the Company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	2,612,000
	<u>-</u>	<u>2,612,000</u>

At the end of 2016 the company had committed to the purchase of freehold property amounting to £2,612,000. This transaction was completed in the year ended 30 June 2017. There are no capital commitments at the 30 June 2017.

26. Pension commitments

The pension costs, as shown in note 9, represent the company's contribution to a group personal pension plan for employees. There are no pension creditors outstanding at the year end. The company pays all the administration costs of the pension scheme and no commission is deducted by the pension advisors.

27. Commitments under operating leases

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

Group	2017 £	2016 £
Not later than 1 year	10,125	49,535
Later than 1 year and not later than 5 years	40,501	118,238
Later than 5 years	32,064	39,931
	<u>82,690</u>	<u>207,704</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

28. Related party transactions

Included within cost of sales is £8,031,449 (2016: £7,077,479) representing insurance premiums payable to The Care Insurance Company Limited (TCICL), a related party by virtue of common ultimate ownership. During the year the company charged TCICL £458,252 (2016: £377,412) in respect of management fees and reimbursement of computer expenses. At the year end the Company owed TCICL £1,268,665 (2016: 1,243,289). During the year a loan was issued by TCICL to HMCA/S PLC which was repaid during the year, interest totalling £35,479 was charged on the loan during the year.

Arcadia 7 Limited, a company in which T A Briggs, a director of HMCA/S PLC, is also a director was charged rent of £3,000 (2016: £3,000).

T A Briggs and J M Blackmore are directors and B A Skrentny is the beneficial owner of HMCA Services Limited. HMCA Services Limited charged the Company £1,361,854 (2016: £1,347,949) during the year in respect of printing, mailing, stationary, postage and marketing services. The Company charged HMCA Services Limited £22,250 (2016: £777) in management fees during the year. At the year end the Company owed HMCA Services Limited £45,053 (2016: £nil).

29. Controlling party

At 30 June 2017 the ultimate controlling party was J D Skrentny.