

REGISTRAR OF COMPANIES

Company Registration No. 04264507 (England and Wales)

HCD GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014



HCD GROUP LIMITED

DIRECTORS AND ADVISERS

Directors

Mr A H Dyer
Mr J D Butler
Mr S Hicks
Mr N G J Cole
Mr S Highwood
Mr DJ Davies (Appointed 1 September 2014)

Secretary

Mr S Hicks

Company number

04264507

Registered office

2 Links Court
Links Business Park
St Mellons
CARDIFF
South Glamorgan
UK
CF3 0LT

Registered auditors

Broomfield & Alexander Limited
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CARDIFF
UK
CF23 8AB

HCD GROUP LIMITED

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HCD GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

The results for the year and financial position of the company and the Group are as shown in the annexed financial statements. The Directors of HCD Group consider 2014 to be an extremely successful year and are proud of the results achieved and the platform secured to ensure the business continues to grow from strength to strength in the future.

HCD Group is a multi-disciplinary construction consultancy business operating from nine offices throughout the UK. Its principal activities as a percentage of overall turnover are as follows:-

- Approved Inspector services – 64% (last year 69%)
- Project management and cost consultancy services – 11% (last year 11%)
- Consulting Engineering – 10% (last year 10%)
- Fire strategy and other specialist advice – 15% (last year 10%)

Following the credit crunch of 2008 and the resulting economic recession the Group, along with the Construction Industry in general suffered in the economic turmoil and endured a number of years of reduction in turnover. Whilst in 2011 we bucked the trend within the Construction Industry with 12% growth there followed minor contraction of 7% across 2012 and 2013. However, for 2014 we have seen a significant turnaround for the Group with newly secured work and project delivery almost back to pre 2008 levels. The speed of this market transformation was startling and has resulted in the Group posting turnover of £6,378,527; 15% growth against the previous year's £5,555,793. The posted Operating Profit (before interest and tax) of £1,000,732 is a great achievement and represents an Operating Margin of 15.7%.

The Approved Inspector core business remains strong although turnover growth was more modest here compared to other parts of the Group, with an increase on 2013 of 5.2%. This was however in line with expectations and as noted and predicted in our Business Review Statement for 2013 the turnover is back to 2012 levels. We also commented in 2013 that we expect stronger growth thereafter with a much improved 2015. Nothing has changed and this remains our belief as we begin 2015 with an order book significantly ahead of its equivalent a year ago. Growth of between 12% and 15% is forecast for 2015.

Our Fire Strategy business grew turnover significantly in 2013 by 39.6% to £552k. We were anticipating further rapid growth in 2014 as we had developed a platform and model for such growth. Our forecast proved to be correct as we report growth in 2014 of 66% with turnover at £918,270 more than doubling the size of the business within 2 years. We have quickly established the "Fusion Fire Engineering" brand as a leading player in this market and a very credible alternative to the more established competition. We offer a unique service understanding risk, delivery challenges and the value drivers that modern day clients desire which has enabled the business to post an Operating Profit of £266,586 at a margin of 29%. Further expansion is forecast for 2015.

We have had a couple of difficult years in HCD Management Ltd, our Project Management and Cost Consultancy Services business following a reduction in turnover of in 2012 and 2013 (although an increased profit and margin was posted in 2013). We had expected growth in excess of 10% for 2014 (as reported in last year's statement) and have exceeded this with growth of 16%. A modest increase in Operating profit has been posted too at £82,215 with an operating margin of 11% (up slightly on 2013's 10%). With legislation changes to the CDM Regulations due in April, 2015 may prove to be a little more uncertain for HCD Management although the secured order book for 2015 is up on the equivalent last year. We expect modest growth in 2015 of no more than 5%.

HCD Eng Ltd offering Civil & Structural Engineering consultancy is our smallest business. It grew its turnover in 2013 and we further improved on this again in 2014 with 22% growth, having significantly strengthened the team and client base. Our client retention has been exceptional and our reputation regularly opening more doors particularly in the residential care, hotel and London commercial sectors. This has enabled HCD Eng to post a turnover of £660,548 and a modest operating profit of £46,396 at a 7% operating margin.

HCD GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

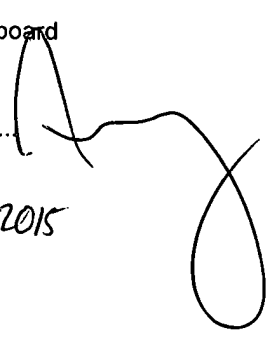
FOR THE YEAR ENDED 31 DECEMBER 2014

At the time of writing, by the end of February 2015 across the HCD Group we have currently secured turnover for 2015 at 27% ahead of the same time last year and we therefore forecast another successful year for 2015.

On behalf of the board

.....
Mr A H Dyer
Director

.....
16 March 2015



HCD GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Principal activities

The principal activity of the company continued to be that of building surveyors and building management consultants.

Results and dividends

The consolidated profit and loss account for the year is set out on page 7.

Directors

The following directors have held office since 1 January 2014:

Mr A H Dyer
Mr J D Butler
Mr S Hicks
Mr N G J Cole
Mr S Highwood
Mr DJ Davies

(Appointed 1 September 2014)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

HCD GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

.....
Mr A H Dyer

Director

16 March 2015



HCD GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HCD GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of HCD Group Limited for the year ended 31 December 2014 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1-2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

HCD GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HCD GROUP LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Thomas BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of Broomfield & Alexander Limited

24 MARCH 2015
.....

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CARDIFF
UK
CF23 8AB

HCD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	6,378,527	5,555,793
Cost of sales		(2,871,059)	(2,813,043)
Gross profit		3,507,468	2,742,750
Administrative expenses		(2,506,736)	(2,113,571)
Operating profit	3	1,000,732	629,179
Other interest receivable and similar income		862	63
Interest payable and similar charges	4	(13,491)	(13,104)
Profit on ordinary activities before taxation		988,103	616,138
Tax on profit on ordinary activities	5	(226,951)	(148,577)
Profit on ordinary activities after taxation		761,152	467,561

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

HCD GROUP LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2014

		Group		Company	
	Notes	2014	2013	2014	2013
		£	£	£	£
Fixed assets					
Intangible assets	8	353,329	401,126	-	-
Tangible assets	9	84,442	132,333	57,146	96,963
Investments	10	-	-	517,080	517,080
		<u>437,771</u>	<u>533,459</u>	<u>574,226</u>	<u>614,043</u>
Current assets					
Debtors	11	2,057,958	1,825,747	76,106	56,727
Cash at bank and in hand		107,262	7,814	89	302
		<u>2,165,220</u>	<u>1,833,561</u>	<u>76,195</u>	<u>57,029</u>
Creditors: amounts falling due within one year	12	(1,023,922)	(1,044,701)	(474,476)	(552,179)
Net current assets		<u>1,141,298</u>	<u>788,860</u>	<u>(398,281)</u>	<u>(495,150)</u>
Total assets less current liabilities		<u>1,579,069</u>	<u>1,322,319</u>	<u>175,945</u>	<u>118,893</u>
Creditors: amounts falling due after more than one year	13	(26,250)	(13,039)	(26,250)	(13,039)
Provisions for liabilities	14	(2,421)	(8,779)	(4,988)	(11,579)
		<u>1,550,398</u>	<u>1,300,501</u>	<u>144,707</u>	<u>94,275</u>
Capital and reserves					
Called up share capital	16	3,360	3,360	3,360	3,360
Other reserves	17	90	90	90	90
Profit and loss account	17	1,546,948	1,297,051	141,257	90,825
Shareholders' funds	18	<u>1,550,398</u>	<u>1,300,501</u>	<u>144,707</u>	<u>94,275</u>

Approved by the Board and authorised for issue on 16th March 2015

Mr S Hicks
Director

Company Registration No. 04264507

HCD GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	£	2014 £	£	2013 £
Net cash inflow from operating activities		882,153		776,966
Returns on investments and servicing of finance				
Interest received	862		63	
Interest paid	(10,927)		(9,738)	
Net cash outflow for returns on investments and servicing of finance		(10,065)		(9,675)
Taxation		(127,058)		(128,087)
Capital expenditure				
Payments to acquire tangible assets	(19,413)		(102,243)	
Receipts from sales of tangible assets	-		3,525	
Net cash outflow for capital expenditure		(19,413)		(98,718)
Equity dividends paid		(511,255)		(518,776)
Net cash inflow before management of liquid resources and financing		214,362		21,710
Financing				
New long term bank loan	101,250		101,000	
Repayment of long term bank loan	(75,677)		(45,333)	
Repayment of other short term loans	-		(27,019)	
Capital element of hire purchase contracts	(8,691)		(8,688)	
Net cash inflow from financing		16,882		19,960
Increase in cash in the year		231,244		41,670

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	1,000,732	629,179
	Depreciation of tangible assets	67,306	56,946
	Amortisation of intangible assets	47,797	47,797
	Loss on disposal of tangible assets	-	634
	Increase in debtors	(234,835)	(102,754)
	Increase in creditors within one year	1,153	145,164
	Net cash inflow from operating activities	882,153	776,966

2	Analysis of net debt	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	7,814	99,448	-	107,262
	Bank overdrafts	(218,077)	131,796	-	(86,281)
		(210,263)	231,244	-	20,981
	Finance leases	(17,378)	8,689	-	(8,689)
	Debts falling due within one year	(51,317)	(3,673)	-	(54,990)
	Debts falling due after one year	(4,350)	(21,900)	-	(26,250)
		(73,045)	(16,884)	-	(89,929)
	Net debt	(283,308)	214,360	-	(68,948)

3	Reconciliation of net cash flow to movement in net debt	2014	2013
		£	£
	Increase in cash in the year	231,244	41,670
	Cash inflow from increase in debt	(16,884)	(46,026)
	Movement in net debt in the year	214,360	(4,356)
	Opening net debt	(283,308)	(278,952)
	Closing net debt	(68,948)	(283,308)

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when the goods and services are provided.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	33% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	33% on cost and 15% on cost
Motor vehicles	25% on cost

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Long term contracts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (Continued)

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Share-based payments

The company operates a number of share-based payment schemes. The fair value at the date of grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each balance sheet date, the company revises its estimate of the number of equity instruments which are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. On vesting or exercise, the difference between the expense charged to the income statement and the actual cost to the company is transferred to retained earnings. Where new shares are issued, the proceeds received are credited to share capital and share premium.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2014	2013
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	47,797	47,797
Depreciation of tangible assets	67,306	56,946
Loss on disposal of tangible assets	-	634
Operating lease rentals		
- Plant and machinery	140,470	143,615
- Other assets	227,566	235,379
Fees payable to the group auditors for audit services:	23,500	19,850
Fees payable to group auditors for taxation services:	5,000	4,000
	<u> </u>	<u> </u>

4 Interest payable	2014	2013
	£	£
On bank loans and overdrafts	4,766	5,611
On other loans wholly repayable within five years	1,867	1,140
Other interest	6,858	6,353
	<u> </u>	<u> </u>
	<u>13,491</u>	<u>13,104</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5	Taxation	2014 £	2013 £
	Domestic current year tax		
	U.K. corporation tax	231,312	129,681
	Adjustment for prior years	1,997	-
	Total current tax	<u>233,309</u>	<u>129,681</u>
	Deferred tax		
	Origination and reversal of timing differences	(6,358)	18,896
		<u>(6,358)</u>	<u>18,896</u>
		<u>226,951</u>	<u>148,577</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>988,103</u>	<u>616,138</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.4% (2013 - 23%)	<u>231,216</u>	<u>141,712</u>
	Effects of:		
	Depreciation	14,310	7,316
	Non deductible expenses	9,117	19,697
	Capital allowances	(7,625)	(33,844)
	Change in tax rate	-	(2,713)
	Marginal relief	(1,038)	(3,822)
	Other tax adjustments	(12,672)	1,335
		<u>2,092</u>	<u>(12,031)</u>
	Current tax charge for the year	<u>233,309</u>	<u>129,681</u>

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2014 £	2013 £
Holding company's profit for the financial year	<u>561,687</u>	<u>553,932</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7	Dividends	2014	2013
		£	£
	Ordinary interim paid	<u>511,255</u>	<u>518,776</u>
8	Intangible fixed assets Group	Goodwill	
		£	
	Cost		
	At 1 January 2014 & at 31 December 2014	<u>955,942</u>	
	Amortisation		
	At 1 January 2014	554,816	
	Charge for the year	<u>47,797</u>	
	At 31 December 2014	<u>602,613</u>	
	Net book value		
	At 31 December 2014	<u>353,329</u>	
	At 31 December 2013	<u>401,126</u>	

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

9 Tangible fixed assets

Group	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2014	978,779	293,841	1,272,620
Additions	18,178	1,235	19,413
At 31 December 2014	996,957	295,076	1,292,033
Depreciation			
At 1 January 2014	855,344	284,941	1,140,285
Charge for the year	60,679	6,627	67,306
At 31 December 2014	916,023	291,568	1,207,591
Net book value			
At 31 December 2014	80,934	3,508	84,442
At 31 December 2013	123,433	8,900	132,333

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Net book values			
At 31 December 2014	12,310	-	12,310
At 31 December 2013	20,998	-	20,998
Depreciation charge for the year			
31 December 2014	8,688	-	8,688
31 December 2013	5,068	-	5,068

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

9 Tangible fixed assets (Continued)

Tangible fixed assets

Company

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2014	468,661	168,485	637,146
Additions	2,471	1,235	3,706
At 31 December 2014	471,132	169,720	640,852
Depreciation			
At 1 January 2014	374,665	165,518	540,183
Charge for the year	41,614	1,909	43,523
At 31 December 2014	416,279	167,427	583,706
Net book value			
At 31 December 2014	54,853	2,293	57,146
At 31 December 2013	93,996	2,967	96,963

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 31 December 2014	12,310	-	12,310
At 31 December 2013	20,998	-	20,998
Depreciation charge for the year			
31 December 2014	8,688	-	8,688
31 December 2013	5,068	-	5,068

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

10 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 January 2014 & at 31 December 2014	517,080
Net book value	
At 31 December 2014	517,080
At 31 December 2013	517,080

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
HCD Building Control Limited	UK	Ordinary	100.00
HCD Management Limited	UK	Ordinary	100.00
HCD Eng Limited	UK	Ordinary	100.00
HCD Specialist Services Limited	UK	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
HCD Building Control Limited	Building approval inspectors
HCD Management Limited	Construction project management
HCD Eng Limited	Consultant structural engineering
HCD Specialist Services Limited	Construction industry regulatory audits

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

11 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,808,936	1,601,764	-	-
Amounts recoverable on long term contracts	110,654	81,666	-	-
Amounts owed by group undertakings	-	-	25,959	-
Corporation tax	-	2,624	-	2,624
Other debtors	32,835	34,423	20,907	22,806
Prepayments and accrued income	105,533	105,270	29,240	31,297
	<u>2,057,958</u>	<u>1,825,747</u>	<u>76,106</u>	<u>56,727</u>

12 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	141,271	269,394	141,271	176,469
Net obligations under finance lease and hire purchase contracts	8,689	8,689	8,689	8,689
Trade creditors	54,062	58,496	20,552	24,669
Amounts owed to group undertakings	-	-	167,371	221,169
Corporation tax	233,309	129,682	51,489	24,587
Other taxes and social security costs	431,989	416,197	17,824	21,174
Directors current accounts	56,322	45,314	56,322	45,314
Other creditors	40,233	25,878	-	-
Accruals and deferred income	58,047	91,051	10,958	30,108
	<u>1,023,922</u>	<u>1,044,701</u>	<u>474,476</u>	<u>552,179</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13 Creditors : amounts falling due after more than one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Bank loans	26,250	4,350	26,250	4,350
Net obligations under finance leases and hire purchase agreements	-	8,689	-	8,689
	<u>26,250</u>	<u>13,039</u>	<u>26,250</u>	<u>13,039</u>
Analysis of loans				
Wholly repayable within five years	81,240	55,667	81,240	55,667
Included in current liabilities	(54,990)	(51,317)	(54,990)	(51,317)
	<u>26,250</u>	<u>4,350</u>	<u>26,250</u>	<u>4,350</u>
Loan maturity analysis				
In more than one year but not more than two years	26,250	4,350	26,250	4,350

The overdraft and bank loans are secured by personal guarantees from the directors A H Dyer, J D Butler and N G J Cole and a guarantee and debenture from HCD Group Limited and its subsidiaries, HCD Engineering Limited, HCD Building Control Limited, HCD Specialist Services Limited and HCD Management Limited.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	8,689	8,689	8,689	8,689
Repayable between one and five years	-	8,689	-	8,689
	<u>8,689</u>	<u>17,378</u>	<u>8,689</u>	<u>17,378</u>
Included in liabilities falling due within one year	(8,689)	(8,689)	(8,689)	(8,689)
	<u>-</u>	<u>8,689</u>	<u>-</u>	<u>8,689</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 January 2014	8,779
Profit and loss account	(6,358)
Balance at 31 December 2014	<u>2,421</u>

Company

Balance at 1 January 2014	11,579
Profit and loss account	(6,591)
Balance at 31 December 2014	<u>4,988</u>

The deferred tax liability is made up as follows:

	Group 2014 £	2013 £	Company 2014 £	2013 £
Accelerated capital allowances	<u>2,421</u>	<u>8,779</u>	<u>4,988</u>	<u>11,579</u>

15 Share-based payment transactions

At the year end the company had 27,000 (2013: 3,000) outstanding share options. 3,000 of these options are exercisable upon achieving certain turnover and profit margin targets. The remaining 24,000 options are exercisable on sale of the company.

The estimated fair value of the share options at the balance sheet date is £0.01 per share. The exercise price is considered by the directors to equate to the fair value of the shares at the grant date. The total recognised expense relating to share based payments in 2014 was £nil (2013: £nil).

16 Share capital	2014 £	2013 £
Allotted, called up and fully paid		
336,000 Ordinary of 1p each	<u>3,360</u>	<u>3,360</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

17 Statement of movements on reserves Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2014	90	1,297,051
Profit for the year	-	761,152
Dividends paid	-	(511,255)
Balance at 31 December 2014	90	1,546,948

Other reserves

Capital redemption reserve

Balance at 1 January 2014 & at 31 December 2014	90
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Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2014	90	90,825
Profit for the year	-	561,687
Dividends paid	-	(511,255)
Balance at 31 December 2014	90	141,257

Other reserves

Capital redemption reserve

Balance at 1 January 2014 & at 31 December 2014	90
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HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

18 Reconciliation of movements in shareholders' funds	2014	2013
Group	£	£
Profit for the financial year	761,152	467,561
Dividends	(511,255)	(518,776)
Net addition to/(depletion in) shareholders' funds	249,897	(51,215)
Opening shareholders' funds	1,300,501	1,351,716
Closing shareholders' funds	1,550,398	1,300,501
	2014	2013
Company	£	£
Profit for the financial year	561,687	553,932
Dividends	(511,255)	(518,776)
Net addition to shareholders' funds	50,432	35,156
Opening shareholders' funds	94,275	59,119
Closing shareholders' funds	144,707	94,275

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19 Financial commitments

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

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	63,003	27,140	16,152	87,876
Between two and five years	129,496	118,701	134,034	92,562
	<u>192,499</u>	<u>145,841</u>	<u>150,186</u>	<u>180,438</u>

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

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	-	-	-	3,103
Between two and five years	85,000	85,000	14,860	11,453
	<u>85,000</u>	<u>85,000</u>	<u>14,860</u>	<u>14,556</u>

20 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	<u>262,661</u>	<u>133,473</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2013 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>116,395</u>	<u>100,927</u>
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HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Directors	7	5
Staff	79	75
	<u>86</u>	<u>80</u>

Employment costs

	2014 £	2013 £
Wages and salaries	3,283,092	3,014,915
Social security costs	376,253	351,269
Other pension costs	32,844	31,426
	<u>3,692,189</u>	<u>3,397,610</u>

22 Related party relationships and transactions

Group

Transactions with other companies within the group have not been disclosed as the company has taken advantage of FRS8 (Related Party Transactions).

During the year the group occupied premises owned by The Amigos Partnership, of which certain directors of the company and their wives are partners. Rent of £85,000 (2013: £85,000) was paid to the partnership during the year. No balances were outstanding at the year end.

During the year HCD Building Control, a subsidiary of HCD Group Limited, also occupied premises owned by a partnership in which certain directors of the company are partners. Rent of £30,000 (2013: £30,000) was paid to the partnership during the year. No balances were outstanding at the year end.