

Registered number: OC310282

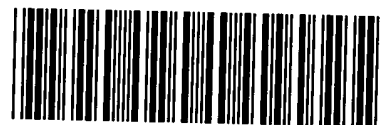
**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**



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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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## **HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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### **INFORMATION**

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#### **Designated members**

R S Bowie  
C H Fortes  
G M Paterson  
J P H Entwisle  
N J Pope

#### **LLP registered number**

OC310282

#### **Registered office**

One London Wall, London, EC2Y 5EA

#### **Independent auditor**

Grant Thornton UK LLP, Grant Thornton House, Melton Street, London, NW1 2EP

#### **Bankers**

Barclays Bank PLC, United Kingdom House, 180 Oxford Street, London, W1D 1EL

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

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The members present their annual report together with the audited financial statements of Hymans Robertson LLP and Subsidiaries (the group) for the year ended 31 March 2016.

#### Principal activities

The principal activity of the group is that of providing actuarial, investment, administration, risk management and consulting services. The entities included in the group during the year and their principal activities were as follows:

Hymans Robertson LLP (the LLP) - Actuarial, investment, administration, risk management and consulting services.

Club Vita LLP - Research into the longevity of members of occupational pension schemes within the UK.

Hymans Robertson Services Limited - Provision of staff and services to the group to 31 March 2016. Now non-trading.

Hymans Limited - Non-trading.

Hymans Robertson DIS Limited - Corporate trustee of the group death in service scheme.

Hymans On-Line Limited - Non-trading.

like minds (UK) Limited - A 50% holding in a creative communications company.

#### Review of business and future developments

The members of Hymans Robertson LLP are pleased to report steady growth and progress for the year to 31 March 2016. Turnover increased by 8% to £74.8m, yielding an increase in pre-tax profits available to members to £19.9m (£16.5m in 2015). This follows a period of significant investment in our service offerings and technology. We are pleased to see these investments now beginning to bear fruit, with double digit income growth rates in our newer markets, alongside continued growth in our DB markets.

Particular highlights this year include the following:

- We are delighted to be holders of four awards at the 2016 Professional Pensions award ceremony:
  - Actuarial Pensions Consultancy of the Year;
  - Investment Consultancy of the Year;
  - Third Party Administrator of the Year; and
  - Defined Contribution Investment Innovation of the Year.

The diverse range of awards illustrates the success of our strategy – sustained excellence in defined benefits whilst establishing a market-leading position in our other chosen markets;

- Our defined benefit pension business continues to grow. Winning the Actuarial and Pensions accolades reflects our sustained commitment to enhancing our client service offering, including developments such as “3DFunding” and “3DAnalytics”. These, coupled with our restless pursuit of the best fit consulting answers for each client help to deliver better outcomes for trustees, sponsors and scheme members;

- Developments such as Club Vita® and Guided Outcomes® have helped us to establish a market leadership position in our newer, non-DB market segments (life and financial services and DC and workplace savings) well ahead of our strategic plans. Club Vita® remains the pre-eminent UK longevity database and, in 2015, we successfully implemented the Guided Outcomes® platform for our initial live clients. Both services are complemented by some of the most talented consultants in the market;

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

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- We continue to take a market leading role in advising local government pension schemes. For example, in 2015 our experts helped the majority of these UK schemes to frame a unified response to the government's investment fund pooling proposals. Our ongoing commitment to public sector clients is also evidenced by "HEAT" (the "Hymans Robertson Employer Asset Tracker") which we developed and which is now helping an increasing number of scheme employers manage risk by tracking their assets within a local government fund;
- We are passionate about giving excellent career opportunities and development support to everyone who works for Hymans Robertson, with the aim of making this the best job they will ever have. We were again recognised as one of the "Sunday Times Best Companies to work for". It remains a priority for us to attract, retain and advance the best talent and in the year we promoted 9 new members;
- like minds (the communications specialists, in whom we have a 50% interest) have continued to grow and are able to combine our deep subject matter expertise and industry insight, with their creative and communications flair. This helps clients to establish employer brands, communicate business strategy, employee benefits, training and reward programmes in a clear and engaging way.

The foundations of our business have always been built on the quality of our people, our underlying values, a relentless focus on doing the right thing for our clients and doing so in a way that is in the public interest. These characteristics when combined, are the reason that we and our clients, believe we are differentiated in our markets.

Our purpose remains to deliver more certain financial futures – for pension schemes, their sponsors, and ultimately for those who matter most, the people who receive the benefit of that clearer future.

#### **Designated members**

The members of the LLP during the year that acted as designated members were:

R S Bowie  
C H Fortes  
G M Paterson  
J P H Entwisle  
N J Pope

#### **Donations**

During the year, the LLP made charitable donations of £111,874 (£133,360 in 2015).

#### **Going concern**

The members have reviewed the financial resources available to the group and LLP and the facilities currently in place and consider them to be adequate to meet its operational needs for the foreseeable future. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the LLP to continue as a going concern.

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## **HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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### **MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Employee involvement**

The Hymans Robertson group is committed to providing fulfilling careers for all our employees. We provide study support for professional qualifications and we invest significant time and money in providing wider development, coaching and mentoring. We actively promote opportunities for internal moves, secondments and promotions to widen our skills base, provide career progression and ensure we have effective succession planning in place.

Employee engagement is key to providing fulfilling careers, excellent client service and business success and we measure it annually and take active steps to sustain it. Our objective is to attract and retain the best talent through a number of measures, including competitive and attractive remuneration packages.

#### **Equal opportunities**

The group is committed to providing opportunities for all and we strongly believe in the importance of equality and inclusion for all our employees. Our diversity and equality policy clearly recognises our obligations in law, but also, as a responsible employer, to ensure fair treatment for everyone in relation to:

- Recruitment;
- Career progression;
- Access to learning and development;
- Terms of employment; and
- Welcoming work environment.

We are particularly focussed on our leadership roles and our clear objective is to tackle any unintended barriers to progression. Additionally, we have well established procedures for assessing and providing for the needs of any of our disabled employees.

#### **Members' capital and interests**

The LLP maintains capital appropriate to the requirements of the business.

The LLP adopts a flexible policy for the subscription of capital. Members are invited to subscribe from time to time such that the LLP maintains its desired level of working capital in the business and has sufficient resources for investment. Equity members' capital is repaid over five years on retirement from the LLP or earlier, on terms agreed by the members. Associate members contribute capital on admission and this is repaid over three years on retirement from the LLP.

During the year members receive monthly drawings. The level of drawings is decided by the members after taking into account the firm's cash requirements for operating and investing activities. The monthly drawings represent payments on account of current year profits and are reclaimable from members until profits have been allocated. Profits are allocated to members automatically on a quarterly basis and in the event of the preparation of the annual financial statements that the amounts already credited to a member exceed their share of the net profit, the amount of any excess allocation would be charged to the member's current account.

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

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#### Members' responsibilities statement

The members are responsible for preparing 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'.

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members 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 LLP and the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP and the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

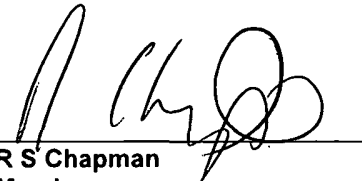
The members are responsible for the maintenance and integrity of the financial information included on LLP and group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Disclosure of information to auditor

Each of the persons who are members at the time when this members' report is approved has confirmed that:

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

This report was approved by the members on 29 June 2016 and signed on their behalf by:

  
N J Pope  
Designated member  
R S Chapman  
Member

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## **HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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We have audited the financial statements of Hymans Robertson LLP for the year ended 31 March 2016 which comprise the group and parent limited liability partnership's balance sheets, the group profit and loss account and statement of retained earnings, the group statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 partnership and members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of members and auditors**

As explained more fully in the Members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent limited liability partnership's affairs as at 31 March 2016 and its 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, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.



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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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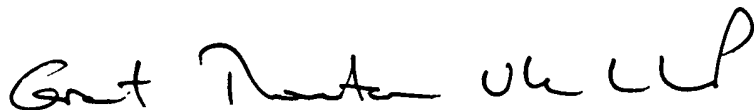
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYMANS ROBERTSON LLP AND  
SUBSIDIARIES**

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**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, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Peter Gamson  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

29 June 2016

**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>74,769,956</b>	68,985,508
Administrative expenses		(55,266,099)	(52,513,407)
Other operating income	4	<b>350,000</b>	-
		<hr/>	<hr/>
<b>Operating profit</b>	5	<b>19,853,857</b>	16,472,101
Share of profit of joint venture		72,033	33,191
		<hr/>	<hr/>
<b>Total operating profit</b>		<b>19,925,890</b>	16,505,292
Interest receivable and similar income		11,804	22,320
Interest payable and expenses	9	(23,817)	(9,910)
		<hr/>	<hr/>
<b>Profit before tax</b>		<b>19,913,877</b>	16,517,702
Tax on profit	10	(414,902)	(468,169)
		<hr/>	<hr/>
<b>Profit for the year before members' remuneration and profit shares</b>		<b>19,498,975</b>	16,049,533
		<hr/>	<hr/>
<b>Profit for the year before members' remuneration and profit shares</b>		<b>19,498,975</b>	16,049,533
Members' remuneration charged as an expense	19	(19,498,975)	(15,820,406)
		<hr/>	<hr/>
<b>Profit for the financial year available for discretionary division among members</b>		<b>-</b>	229,127
		<hr/>	<hr/>

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated profit and loss account.

The notes on pages 14 to 39 form part of these financial statements.

**HYMANS ROBERTSON LLP AND SUBSIDIARIES**  
**REGISTERED NUMBER: OC310282**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	6,692,342	4,516,590
Tangible assets	12	3,818,296	4,546,778
Investments	13	30,884	27,322
		<u>10,541,522</u>	<u>9,090,690</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	24,897,624	22,058,819
Cash at bank and in hand		950,639	979,962
		<u>25,848,263</u>	<u>23,038,781</u>
Creditors: amounts falling due within one year	15	(8,761,612)	(8,440,557)
<b>Net current assets</b>		<u>17,086,651</u>	<u>14,598,224</u>
<b>Total assets less current liabilities</b>		<u>27,628,173</u>	<u>23,688,914</u>
Creditors: amounts falling due after more than one year	16	(2,694,017)	(2,649,486)
<b>Provisions for liabilities</b>			
Other provisions	18	(1,504,182)	(760,368)
<b>Net assets attributable to members</b>		<u><u>23,429,974</u></u>	<u><u>20,279,060</u></u>

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HYMANS ROBERTSON LLP AND SUBSIDIARIES  
REGISTERED NUMBER: OC310282

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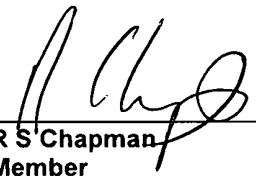
CONSOLIDATED BALANCE SHEET (continued)  
AS AT 31 MARCH 2016

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	Note	2016 £	2015 £
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Members' capital classified as a liability	19	14,616,000	13,570,000
Other amounts		8,813,974	6,709,060
		<u>23,429,974</u>	<u>20,279,060</u>
<b>Total members' interests</b>			
Amounts due from members		(660,554)	(797,993)
Loans and other debtors due to members		23,429,974	20,279,060
		<u>22,769,420</u>	<u>19,481,067</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 29 June 2016.

  
N J Pope  
Designated member

  
R S Chapman  
Member

The notes on pages 14 to 39 form part of these financial statements.

**HYMANS ROBERTSON LLP AND SUBSIDIARIES**  
**REGISTERED NUMBER: OC310282**

**LLP BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Fixed assets</b>			
Intangible assets	11	6,910,681	4,654,168
Tangible assets	12	3,818,296	4,546,778
Investments	13	2,006	2,005
		<u>10,730,983</u>	<u>9,202,951</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	24,750,044	19,956,378
Cash at bank and in hand		666,025	682,196
		<u>25,416,069</u>	<u>20,638,574</u>
Creditors: amounts falling due within one year	15	(8,654,106)	(6,850,035)
<b>Net current assets</b>		<u>16,761,963</u>	<u>13,788,539</u>
<b>Total assets less current liabilities</b>		<u>27,492,946</u>	<u>22,991,490</u>
Creditors: amounts falling due after more than one year	16	(2,694,017)	(2,649,486)
<b>Provisions for liabilities</b>			
Other provisions	18	(1,504,182)	(500,368)
<b>Net assets attributable to members</b>		<u><u>23,294,747</u></u>	<u><u>19,841,636</u></u>


**HYMANS ROBERTSON LLP AND SUBSIDIARIES**  
**REGISTERED NUMBER: OC310282**

**LLP BALANCE SHEET (continued)**  
**AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Members' capital classified as a liability	19	14,616,000	13,570,000
Other amounts		9,001,441	6,819,318
		<u>23,617,441</u>	<u>20,389,318</u>
<b>Members' other interests</b>			
Other reserves		(322,694)	(547,682)
		<u>23,294,747</u>	<u>19,841,636</u>
<b>Total members' interests</b>			
Amounts due from members		(660,554)	(797,993)
Loans and other debtors due to members		23,617,441	20,389,318
Other reserves		(322,694)	(547,682)
		<u>22,634,193</u>	<u>19,043,643</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 29 June 2016.

  
 N J Pope  
 Designated member

  
 R S Chapman  
 Member

**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	19,853,857	16,472,101
<b>Adjustments for:</b>		
Amortisation of intangible assets	475,067	81,904
Depreciation of tangible assets	1,300,228	1,138,819
Gain on disposal of tangible assets	(4,562)	-
Increase in debtors	(2,976,694)	(1,041,920)
Decrease in creditors	(179,131)	(92,233)
Increase in provisions	743,814	498,539
Corporation tax	(463,303)	(438,786)
<b>Net cash generated from operating activities before transactions with members</b>	18,749,276	16,618,424
Members' remuneration charged as an expense	(17,256,622)	(20,432,472)
<b>Net cash generated from operating activities</b>	1,492,654	(3,814,048)
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(2,650,819)	(3,173,474)
Purchase of tangible fixed assets	(609,569)	(2,821,212)
Proceeds from sale of tangible fixed assets	42,385	-
Interest received	11,804	22,320
Dividends received from joint venture	52,322	-
<b>Net cash from investing activities</b>	(3,153,877)	(5,972,366)
<b>Cash flows from financing activities</b>		
Proceeds from asset finance	811,342	-
Repayment of asset finance	(201,625)	(265,953)
Interest paid	(23,817)	(9,910)
Capital introduced by members	1,506,000	1,556,400
Capital repaid to members	(460,000)	-
<b>Net cash used in financing activities</b>	1,631,900	1,280,537
<b>Net decrease in cash and cash equivalents</b>	(29,323)	(8,505,877)
Cash and cash equivalents at beginning of year	979,962	9,485,839
<b>Cash and cash equivalents at the end of year</b>	<u>950,639</u>	<u>979,962</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>950,639</u>	<u>979,962</u>

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

Information on the impact of first-time adoption of FRS 102 is given in note 25.

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 entity's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of Hymans Robertson LLP and its own subsidiaries ("the group") as they formed 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 balance sheet, 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 profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

The investment in 50% of the equity of like minds (UK) Limited is considered to be a joint venture and is therefore accounted for using the equity accounting basis.

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements.

##### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of value added tax and disbursements.

Turnover from professional consultancy services provided is recognised when the group or LLP has performed its obligations and in exchange obtained the right to consideration.

Subscription revenue associated with Club Vita is recognised when the report is delivered to the subscriber. Any joining fees are recognised when the membership pack is delivered.

Commission revenue is recognised as it becomes due or when entitlement to the revenue is certain.



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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.4 Amounts recoverable on contracts

Services provided to clients during the year, which at the balance sheet date have not been billed to clients, have been recognised as turnover in accordance with FRS 102 section 23. Turnover recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the group. Unbilled revenue is included in debtors.

##### 1.5 Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs are deferred and recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the asset so that it will be available for use or sale.
- The intention to complete the asset development.
- The ability to use the developed asset or to sell it.
- How the developed asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the development.

All other research and development expenditure is expensed as incurred.

Amortisation is charged so as to allocate the cost of intangible assets less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Purchased software – 20% per annum straight line
- Deferred development costs – straight line over the period when expected future benefits will arise (maximum of 5 years)

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

##### 1.6 Tangible fixed assets

Tangible fixed assets under the cost model 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

Depreciation 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:

Leasehold improvements	- Straight line over the remaining life of the lease
IT equipment	- 33.3% per annum straight line
Plant & equipment	- 12.5% per annum straight line

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.

#### 1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment in the individual financial statements of Hymans Robertson LLP.

Investments in joint ventures are stated at the entity's share of net assets. The entity's share of the profits or losses of the joint venture are included in the profit and loss account using the equity accounting basis.

#### 1.8 Short-term debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 1.9 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.10 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. Amounts not paid are shown in accruals as a liability in the balance sheet.

#### 1.11 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Operating lease incentives are recognised, on a straight line basis, as a reduction of the rental expense over the lease term on a straight line basis.

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.12 Members' remuneration

Remuneration that is paid under the LLP agreement arising out of an automatic allocation of profits or through some form of contractual commitment is disclosed as "Members' remuneration charged as an expense".

##### 1.13 Members' interests (after profit for the year)

Members subscribe capital in the proportion to their interest in the firm. Members' capital is generally only withdrawn when a member leaves the LLP through retirement, expulsion or cessation. Equity members have capital which is repayable over a period of five years after retirement. Associate members have capital which is repayable over three years after retirement. Capital is classified within members' interests as both a current liability and an amount due in greater than one year in accordance with the repayment terms.

Where a member's current account is overdrawn the balance is classified as "Amounts due from members".

##### 1.14 Taxation

Taxation payable on the LLP profits is the personal liability of members. Consequently, partnership taxation is not accounted for within the financial statements. Sums set aside to settle members' tax obligations are included in the balance sheet within loans and other amounts due to members.

The tax charge shown in the profit and loss account arises from corporation tax on the trading profit for the year of other group undertakings at the prevailing corporation tax rate. This includes the group's share of the joint venture tax charge for the year.

##### 1.15 Provisions for liabilities

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of discounting is material, provisions are determined by discounting the expected value of future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability. The unwinding of any discount is recognised as a finance charge in the profit and loss account.

A contingent liability arises where the group has a possible obligation as a result of past events, or where the group has a present obligation as a result of past events, but where the transfer of economic benefit to settle the obligation is not probable, or the amount of the liability cannot be measured with sufficient reliability.

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

##### Accounting judgments

###### Classification of investment in like minds (UK) Limited

In October 2014 the group entered into an agreement to acquire 50% of the equity of like minds (UK) Limited. The members are comfortable this investment is a joint venture, as there is a contractual relationship between each party with the board comprised of the two original owners and two directors from HR LLP who are required to unanimously consent to the strategic and major financial decisions of the entity.

###### Deferral of development expenditure

Development costs are deferred and recognised as an intangible asset where there is a clear plan to complete the development of an asset which will generate future economic benefit for the group by contributing to profit within a reasonable time frame. Judgment is used to assess the likelihood of the project generating future economic benefits. In order to do this detailed project plans are reviewed and sensitivity analysis run over the potential outturns to ensure the outturn is expected to be profitable. These plans include assessing that we have the available assets and resources in place and have identified an ability to use the asset or sell it. Expenditure will only be deferred, where it is directly attributable to the asset.

Once the asset is brought into use, it will be amortised over its' expected economic life (maximum of 5 years). At each balance sheet date the asset is tested for impairment by reforecasting the future economic benefit, to test if the development will still contribute to profits within a reasonable time frame.

##### Accounting estimates

###### Revenue on service contracts

Revenue on service contracts is recognised in the profit and loss account when the group has performed its obligations and in exchange obtained the right to consideration. In doing so, the group estimate the remaining time and costs to be incurred in completing contracts and the clients' willingness and ability to pay for the services provided. This estimate is initially performed by client directors based on their knowledge of the work being performed. Management perform a further review of amounts billed after the balance sheet date in order to refine the estimate.

###### Trade debtors

The group make certain estimates as to the fair value of trade debtors including unbilled work in progress at the balance sheet date by asking our client directors to estimate the likely value that will be recovered. After the balance sheet date we review the amounts paid and billed prior to the financial statements being finalised and reflect any material variances in the financial statements to reflect management's best estimate of the trade debtors fair value at the balance sheet date.

###### Provisions for PI claims

The group from time to time receives claims in respect of professional service matters. It defends such claims where appropriate and makes provision for the possible amounts considered likely to be payable, up to the deductible under the group's related insurance arrangements. Estimates of the value of any claim is arrived at by reviewing the validity and merits of the claim in order to assess the potential settlement level.

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### Staff costs

Staff costs include a provision for employee short term compensated absences. This was estimated by adding the number of days of accrued unused holiday entitlement with the number of days in employees' sabbatical bank and multiplying by the employees' current daily salary cost and discounted to present value for leave that cannot be taken within the next year. A further adjustment was made to account for employers' national insurance contributions.

#### 3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Rendering of consultancy services	72,810,019	66,871,982
Subscription revenue	784,303	876,331
Commission	1,175,634	1,237,195
	<u>74,769,956</u>	<u>68,985,508</u>

#### 4. Other operating income

	2016 £	2015 £
Other operating income	350,000	-
	<u>350,000</u>	<u>-</u>

The other operating income relates to the sale of software products which we have developed to support our clients. This consideration receivable is not contingent on future performance.

#### 5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Operating lease rentals	2,262,491	2,073,648
Depreciation of tangible fixed assets	1,300,228	1,138,819
Amortisation of intangible assets	475,067	81,904
Exchange differences	(657)	(6,857)
Gain on disposal of tangible assets	(4,562)	-
	<u>(4,562)</u>	<u>-</u>

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**6. Auditor's remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Audit services	<b>48,150</b>	<b>44,500</b>
<b>Fees payable to the group's auditor in respect of:</b>		
Investment tracking reports	<b>8,000</b>	<b>8,000</b>
All other services	<b>6,406</b>	<b>5,700</b>
	<u><b>62,556</b></u>	<u><b>58,200</b></u>

**7. Employees**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>30,645,989</b>	<b>28,704,433</b>
Social security costs	<b>3,345,910</b>	<b>3,248,789</b>
Cost of defined contribution scheme	<b>4,122,056</b>	<b>3,811,156</b>
	<u><b>38,113,955</b></u>	<u><b>35,764,378</b></u>

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 Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

The average monthly number of persons employed during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Fee earners	<b>378</b>	<b>362</b>
Non fee earners	<b>286</b>	<b>271</b>
	<u><b>664</b></u>	<u><b>633</b></u>

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HYMANS ROBERTSON LLP AND SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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8. Information in relation to members

	2016 Number	2015 Number
The average number of members during the year was	71	65
	£	£
The amount of profit attributable to the member with the largest entitlement was	589,348	584,904

9. Interest payable and similar charges

	2016 £	2015 £
On bank loans and overdrafts	8,567	3,173
Interest payable on asset finance	15,250	6,737
	23,817	9,910

10. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	398,753	462,300
Tax on profits arising from the joint venture	16,149	5,869
<b>Total current tax</b>	414,902	468,169

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HYMANS ROBERTSON LLP AND SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>19,913,877</u>	<u>16,517,702</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	3,982,775	3,468,717
<b>Effects of:</b>		
Tax on profits subject to income tax not corporation tax	(3,532,022)	(3,005,369)
Expenses deductible for tax purposes in prior years due to change in accounting standards	(52,000)	(1,048)
Tax on profits arising from the joint venture	16,149	5,869
<b>Total tax charge for the year</b>	<u>414,902</u>	<u>468,169</u>



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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**11. Intangible assets**

**Group**

	IT software £	Deferred development expenditure £	Total £
<b>Cost</b>			
At 1 April 2015	2,769,340	3,565,485	6,334,825
Additions	767,035	1,883,784	2,650,819
Disposals	(504,561)	-	(504,561)
At 31 March 2016	<u>3,031,814</u>	<u>5,449,269</u>	<u>8,481,083</u>
<b>Amortisation</b>			
At 1 April 2015	1,818,235	-	1,818,235
Charge for the year	169,155	305,912	475,067
Disposals	(504,561)	-	(504,561)
At 31 March 2016	<u>1,482,829</u>	<u>305,912</u>	<u>1,788,741</u>
<b>Net book value</b>			
At 31 March 2016	<u>1,548,985</u>	<u>5,143,357</u>	<u>6,692,342</u>
At 31 March 2015	<u>951,105</u>	<u>3,565,485</u>	<u>4,516,590</u>

Deferred development expenditure of £690,562 is in relation to projects still under development and therefore no amortisation is yet being charged. The deferred development expenditure is lower than the corresponding figure in the LLP as a consequence of the margin on intra group charges being eliminated in the consolidated group figures.

Included within the cost of IT software above are assets in the process of development totalling £129,272 and therefore no depreciation is yet being charged.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**11. Intangible assets (continued)**

**LLP**

	IT software £	Deferred development expenditure £	Total £
<b>Cost</b>			
At 1 April 2015	2,769,340	3,703,063	6,472,403
Additions	767,035	1,978,397	2,745,432
Disposals	(504,561)	-	(504,561)
At 31 March 2016	<u>3,031,814</u>	<u>5,681,460</u>	<u>8,713,274</u>
<b>Amortisation</b>			
At 1 April 2015	1,818,235	-	1,818,235
Charge for the year	169,155	319,764	488,919
Disposals	(504,561)	-	(504,561)
At 31 March 2016	<u>1,482,829</u>	<u>319,764</u>	<u>1,802,593</u>
<b>Net book value</b>			
At 31 March 2016	<u>1,548,985</u>	<u>5,361,696</u>	<u>6,910,681</u>
At 31 March 2015	<u>951,105</u>	<u>3,703,063</u>	<u>4,654,168</u>

Deferred development expenditure of £719,282 is in relation to projects still under development and therefore no amortisation is yet being charged.

Included within the cost of IT software above are assets in the process of development totalling £129,272 and therefore no depreciation is yet being charged.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**12. Tangible fixed assets**

**Group**

	Leasehold improvements £	IT equipment £	Other equipment £	Total £
<b>Cost</b>				
At 1 April 2015	5,801,552	5,166,206	1,020,790	11,988,548
Additions	16,211	448,420	144,938	609,569
Disposals	(26,357)	(1,282,292)	(156,179)	(1,464,828)
At 31 March 2016	<u>5,791,406</u>	<u>4,332,334</u>	<u>1,009,549</u>	<u>11,133,289</u>
<b>Depreciation</b>				
At 1 April 2015	2,777,321	3,952,794	711,656	7,441,771
Charge for the year	555,510	664,462	80,256	1,300,228
Disposals	(6,531)	(1,282,292)	(138,183)	(1,427,006)
At 31 March 2016	<u>3,326,300</u>	<u>3,334,964</u>	<u>653,729</u>	<u>7,314,993</u>
<b>Net book value</b>				
At 31 March 2016	<u>2,465,106</u>	<u>997,370</u>	<u>355,820</u>	<u>3,818,296</u>
At 31 March 2015	<u>3,024,231</u>	<u>1,213,413</u>	<u>309,134</u>	<u>4,546,778</u>

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**LLP**

	Leasehold improvements £	IT equipment £	Other equipment £	Total £
<b>Cost</b>				
At 1 April 2015	5,801,552	5,166,206	1,020,790	11,988,548
Additions	16,211	448,420	144,938	609,569
Disposals	(26,357)	(1,282,292)	(156,179)	(1,464,828)
At 31 March 2016	<u>5,791,406</u>	<u>4,332,334</u>	<u>1,009,549</u>	<u>11,133,289</u>
<b>Depreciation</b>				
At 1 April 2015	2,777,321	3,952,794	711,656	7,441,771
Charge for the year	555,510	664,462	80,256	1,300,228
Disposals	(6,531)	(1,282,292)	(138,183)	(1,427,006)
At 31 March 2016	<u>3,326,300</u>	<u>3,334,964</u>	<u>653,729</u>	<u>7,314,993</u>
At 31 March 2016	<u>2,465,106</u>	<u>997,370</u>	<u>355,820</u>	<u>3,818,296</u>
At 31 March 2015	<u>3,024,231</u>	<u>1,213,413</u>	<u>309,134</u>	<u>4,546,778</u>

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**13. Fixed asset investments**

**Group**

	Investment in joint venture £
At 1 April 2015	27,322
Share of profit after tax	55,884
Dividends received	(52,322)
At 31 March 2016	<u>30,884</u>
<b>Net book value</b>	
At 31 March 2016	<u>30,884</u>
At 31 March 2015	<u>27,322</u>

The group holds a 50% interest in like minds (UK) Limited, a creative communications company incorporated in England and Wales.

**LLP**

	Investments in subsidiary companies £	Investment in joint venture £	Total £
At 1 April 2015	2,003	2	2,005
Additions	1	-	1
At 31 March 2016	<u>2,004</u>	<u>2</u>	<u>2,006</u>
<b>Net book value</b>			
At 31 March 2016	<u>2,004</u>	<u>2</u>	<u>2,006</u>
At 31 March 2015	<u>2,003</u>	<u>2</u>	<u>2,005</u>

In March 2016 the investment held in Hymans On-line Limited, a non-trading entity, was transferred from Hymans Robertson Services Limited to Hymans Robertson LLP.

The company holds a 50% interest in like minds (UK) Limited, a creative communications company incorporated in England and Wales.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**Fixed asset investments (continued)**

The following were subsidiary undertakings of the LLP:

<b>Name</b>	<b>Country of incorporation</b>	<b>Proportion of ordinary shares or members' rights held</b>	<b>Nature of business</b>
Club Vita LLP	England and Wales	100 %	Research into the longevity of members of occupational pension schemes within the UK
Hymans Robertson Services Limited	England and Wales	100 %	Provision of staff and services to the Hymans Robertson group to 31 March 2016. Now non-trading.
Hymans Limited	England and Wales	100 %	Non-trading
Hymans Robertson DIS Limited	England and Wales	100 %	Corporate trustee of the group death in service scheme
Hymans On-Line Limited	England and Wales	100 %	Non-trading

**14. Debtors**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>LLP 2016 £</b>	<b>LLP 2015 £</b>
Trade debtors	<b>12,912,327</b>	10,764,435	<b>12,716,227</b>	10,523,835
Amounts owed by group undertakings	-	-	<b>83,636</b>	110,171
Amounts owed by joint venture	<b>252,491</b>	165,802	<b>252,491</b>	300,000
Other debtors	<b>921,278</b>	159,547	<b>921,276</b>	31,808
Prepayments and accrued income	<b>2,505,345</b>	2,724,515	<b>2,470,231</b>	746,551
Amounts recoverable on long term contracts	<b>7,645,629</b>	7,446,527	<b>7,645,629</b>	7,446,020
Amounts due from members	<b>660,554</b>	797,993	<b>660,554</b>	797,993
	<b>24,897,624</b>	22,058,819	<b>24,750,044</b>	19,956,378

A provision for impairment of £130,277 (2015: £147,871) was recognised against trade debtors within the group and £127,777 (2015: £147,871) within the LLP.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**15. Creditors: Amounts falling due within one year**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>LLP 2016 £</b>	<b>LLP 2015 £</b>
Asset finance	<b>206,239</b>	110,622	<b>206,239</b>	110,622
Trade creditors	<b>299,453</b>	356,746	<b>299,453</b>	-
Amounts owed to group undertakings	-	-	<b>323,694</b>	3,101,418
Corporation tax	<b>174,777</b>	239,777	<b>174,777</b>	-
Taxation and social security	<b>3,294,460</b>	2,697,927	<b>3,233,760</b>	2,416,695
Leasehold incentives	<b>643,475</b>	533,370	<b>643,475</b>	533,370
Other creditors	<b>12,332</b>	10,127	<b>12,332</b>	3,918
Accruals and deferred income	<b>4,130,876</b>	4,491,988	<b>3,760,376</b>	684,012
	<b>8,761,612</b>	<b>8,440,557</b>	<b>8,654,106</b>	<b>6,850,035</b>

**16. Creditors: Amounts falling due after more than one year**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>LLP 2016 £</b>	<b>LLP 2015 £</b>
Asset finance	<b>538,330</b>	24,230	<b>538,330</b>	24,230
Leasehold incentives	<b>2,155,687</b>	2,625,256	<b>2,155,687</b>	2,625,256
	<b>2,694,017</b>	<b>2,649,486</b>	<b>2,694,017</b>	<b>2,649,486</b>

The leasehold incentive creditor represents the cash incentive / rent free periods received upon taking the leases on new offices in Glasgow in August 2004, London in March 2006, Edinburgh in August 2009, Birmingham in January 2011, an additional floor in Glasgow in May 2014 and an additional floor in London in December 2015. These are being released back to the Profit and Loss account over the term of the lease (15 years for Glasgow, London and Edinburgh, 10 years for Birmingham, 6 years for the additional floor in Glasgow and 5 years for the additional floor in London).

The asset finance balances have varying terms with the longest period of repayment ending in June 2020. The interest rate being charged on the balance is 2% above the Bank of England base rate.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**17. Financial instruments**

	<b>Group 2016 £</b>	<i>Group 2015 £</i>	<b>LLP 2016 £</b>	<i>LLP 2015 £</i>
Financial assets that are measured at amortised cost	<b>14,904,821</b>	<i>11,934,440</i>	<b>14,507,743</b>	<i>11,638,197</i>
	<u><b>14,904,821</b></u>	<u><i>11,934,440</i></u>	<u><b>14,507,743</b></u>	<u><i>11,638,197</i></u>
Financial liabilities measured at amortised cost	<b>(4,513,259)</b>	<i>(3,429,302)</i>	<b>(4,776,253)</b>	<i>(5,652,965)</i>
	<u><b>(4,513,259)</b></u>	<u><i>(3,429,302)</i></u>	<u><b>(4,776,253)</b></u>	<u><i>(5,652,965)</i></u>

**Financial Risk Management**

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

- Liquidity risk
- Credit risk

The group's policies for financial risk management are outlined below:

**Liquidity risk**

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

Liquidity risk is managed by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by the management team. In the event that operating cash flows would not cover all the financial obligations, the group would be able to use existing credit facilities.

**Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises principally on the group's trade debtors and other receivables. This risk is mitigated principally by the strong on-going relationships we have with our clients. In addition, the group has an established credit policy under which each new client is assessed for their creditworthiness and existing clients are reviewed on a periodic basis.



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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Provisions**

**Group**

	Holiday pay provision £	Other provisions £	Total £
At 1 April 2015	260,000	500,368	760,368
Provided during the year	600,000	504,505	1,104,505
Utilised during the year	(260,000)	(30,883)	(290,883)
Released during the year	-	(69,808)	(69,808)
<b>At 31 March 2016</b>	<b>600,000</b>	<b>904,182</b>	<b>1,504,182</b>

The holiday pay provision represents holiday and sabbatical balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable (including employers' national insurance) for the period of absence discounted to present value.

A provision for professional indemnity claims is included above and reviewed at each year end based on the likely outcome of potential claims against the group.

**LLP**

	Holiday pay provision £	Other provisions £	Total £
At 1 April 2015	-	500,368	500,368
Provided during the year	-	504,505	504,505
Utilised during the year	-	(30,883)	(30,883)
Transfer from subsidiary undertakings	600,000	-	600,000
Released during the year	-	(69,808)	(69,808)
<b>At 31 March 2016</b>	<b>600,000</b>	<b>904,182</b>	<b>1,504,182</b>

The holiday pay provision represents holiday and sabbatical balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable (including employers' national insurance) for the period of absence discounted to present value.

On 31 March 2016 the agreement under which services were supplied by Hymans Robertson Services Limited to the group was terminated by mutual agreement. The holiday pay provision is now considered to be a liability of the LLP.

A provision for professional indemnity claims is included above and reviewed at each year end based on the likely outcome of potential claims against the LLP.

**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**19. Reconciliation of members' interests**

	Members' capital £	Loans and other debts due to members £	Other reserves classified as equity £	Total £
<b>Group members' interests</b>				
At 1 April 2014	11,786,000	10,521,606	-	22,307,606
Members' remuneration charged as an expense	-	15,820,406	-	15,820,406
Result for the year available for discretionary division among members	-	-	229,127	229,127
	<u>11,786,000</u>	<u>26,342,012</u>	<u>229,127</u>	<u>38,357,139</u>
Other division of profits	-	229,127	(229,127)	-
Introduced by members	1,556,400	-	-	1,556,400
Transfer to amounts due to members	227,600	(227,600)	-	-
Drawings	-	(12,046,804)	-	(12,046,804)
Taxation paid	-	(8,385,668)	-	(8,385,668)
	<u>13,570,000</u>	<u>5,911,067</u>	<u>-</u>	<u>19,481,067</u>
<b>At 31 March 2015</b>	<b>13,570,000</b>	<b>5,911,067</b>	<b>-</b>	<b>19,481,067</b>
Members' remuneration charged as an expense	-	19,498,975	-	19,498,975
	<u>13,570,000</u>	<u>25,410,042</u>	<u>-</u>	<u>38,980,042</u>
Introduced by members	1,506,000	-	-	1,506,000
Repaid to members	(460,000)	-	-	(460,000)
Drawings	-	(12,077,988)	-	(12,077,988)
Taxation paid	-	(5,178,634)	-	(5,178,634)
	<u>14,616,000</u>	<u>8,153,420</u>	<u>-</u>	<u>22,769,420</u>
<b>At 31 March 2016</b>	<b>14,616,000</b>	<b>8,153,420</b>	<b>-</b>	<b>22,769,420</b>

On retirement equity members' capital is repayable over five years and as a result of the notice period required the total amount is considered to be repayable after one year. At 31 March 2016 the total capital of equity members has a value of £11,536,000 (2015: £10,600,000). Associate members' capital is repayable over three years upon retirement and at 31 March 2016 this has a value of £3,080,000 (2015: £2,970,000). As a result of the notice period required one third of this is considered to be potentially repayable in less than one year.

Loans and other amounts due to members includes amounts totalling £2,799,055 (2015: £2,819,158) which are repayable after one year.

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**19. Reconciliation of members' interests (continued)**

	Members' capital £	Loans and other debts due to members £	Other reserves classified as equity £	Total £
<b>LLP members' interests</b>				
At 1 April 2014	11,786,000	10,521,606	(203,561)	22,104,045
Members' remuneration charged as an expense	-	15,930,664	-	15,930,664
Result for the year available for discretionary division among members	-	-	(114,994)	(114,994)
	<u>11,786,000</u>	<u>26,452,270</u>	<u>(318,555)</u>	<u>37,919,715</u>
Other division of profits	-	229,127	(229,127)	-
Introduced by members	1,556,400	-	-	1,556,400
Transfer to amounts due to members	227,600	(227,600)	-	-
Drawings	-	(12,046,804)	-	(12,046,804)
Taxation paid	-	(8,385,668)	-	(8,385,668)
	<u>13,570,000</u>	<u>6,021,325</u>	<u>(547,682)</u>	<u>19,043,643</u>
<b>At 31 March 2015</b>	<b>13,570,000</b>	<b>6,021,325</b>	<b>(547,682)</b>	<b>19,043,643</b>
Members' remuneration charged as an expense	-	19,576,184	-	19,576,184
Result for the year available for discretionary division among members	-	-	224,988	224,988
	<u>13,570,000</u>	<u>25,597,509</u>	<u>(322,694)</u>	<u>38,844,815</u>
Introduced by members	1,506,000	-	-	1,506,000
Repaid to members	(460,000)	-	-	(460,000)
Drawings	-	(12,077,988)	-	(12,077,988)
Taxation paid	-	(5,178,634)	-	(5,178,634)
	<u>14,616,000</u>	<u>8,340,887</u>	<u>(322,694)</u>	<u>22,634,193</u>
<b>At 31 March 2016</b>	<b>14,616,000</b>	<b>8,340,887</b>	<b>(322,694)</b>	<b>22,634,193</b>

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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On retirement equity members' capital is repayable over five years and as a result of the notice period required the total amount is considered to be repayable after one year. At 31 March 2016 the total capital of equity members has a value of £11,536,000 (2015: £10,600,000). Associate members' capital is repayable over three years upon retirement and at 31 March 2016 this has a value of £3,080,000 (2015: £2,970,000). As a result of the notice period required one third of this is considered to be potentially repayable in less than one year.

Loans and other amounts due to members includes amounts totalling £2,799,055 (2015: £2,819,158) which are repayable after one year.

Hymans Robertson LLP has taken advantage of Section 408 of the Companies Act 2006 and not included its profit and loss account in the financial statements. Its profit for the year ending 31 March 2016 is £19,801,172 (2015: £15,815,670). This includes an allocation of the profit of Club Vita LLP of £195,520 (2015: £120,678) and a dividend from Hymans Robertson Services Limited of £2,080,000 (2015: £1,400,000). In addition to this Hymans Robertson LLP received a dividend from like minds (UK) Limited for the year ending 31 March 2016 of £52,322 (2015: £NIL).

#### 20. Contingent liabilities

As at 31 March 2016 there were annuities in payment to former members of £152,950 per annum (2015: £150,515). These annuities are payable personally by members of the LLP but there is a contingent guarantee that only in the event of default by all members personally Hymans Robertson LLP would be liable for this payment.

On the basis that default by all members personally is considered highly improbable, this is only presented as a contingent liability.

#### 21. Capital commitments

At 31 March 2016 the group and LLP had capital commitments as follows:

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>LLP 2016 £</b>	<b>LLP 2015 £</b>
Contracted for but not provided in these financial statements	<b>137,060</b>	34,268	<b>137,060</b>	34,268
	<b>137,060</b>	34,268	<b>137,060</b>	34,268

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## HYMANS ROBERTSON LLP AND SUBSIDIARIES

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 22. Commitments under operating leases

At 31 March 2016 the group and the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2016 £</b>	<i>Group 2015 £</i>	<b>LLP 2016 £</b>	<i>LLP 2015 £</i>
Not later than 1 year	<b>3,317,440</b>	2,582,562	<b>3,317,440</b>	2,554,492
Later than 1 year and not later than 5 years	<b>11,660,638</b>	10,007,228	<b>11,660,638</b>	9,984,344
Later than 5 years	<b>1,467,940</b>	3,004,314	<b>1,467,940</b>	3,004,314
<b>Total</b>	<b>16,446,018</b>	15,594,104	<b>16,446,018</b>	15,543,150

This represents the combined commitment for office rentals up to the lease expiration date.

#### 23. Related party transactions

The group has taken advantage of the exemptions allowed under FRS 102 enabling it not to report related party transactions between wholly owned subsidiaries.

In the year to 31 March 2016 the group has provided services to like minds (UK) Limited, a company in which it owns 50% of the equity, of £185,500 (2015: £106,500) and purchased services of £1,843,679 (2015: £648,184). The outstanding amounts owed from like minds (UK) Limited at 31 March 2016 amount to £252,491 (2015: £165,802).

Hymans Robertson LLP has provided a loan to like minds (UK) Limited of £300,000 which is repayable on demand. Interest is charged at the rate of 2% above the base rate of Barclays Bank plc.

During the year key management personnel, which is considered to be the 13 people (2015: 13) comprising the Board and Partnership Council, all of whom are members of the LLP, received compensation of £5,921,347 (2015: £5,534,203).

#### 24. Controlling party

The members consider themselves to be the controlling related parties. The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Hymans Robertson LLP, a limited liability partnership incorporated in England and Wales.

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HYMANS ROBERTSON LLP AND SUBSIDIARIES

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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25. First time adoption of FRS 102

Group

		As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Note		£	£	£	£	£	£
	Fixed assets	4,289,405	-	4,289,405	9,090,690	-	9,090,690
	Current assets	29,900,001	-	29,900,001	23,038,781	-	23,038,781
	Creditors: amounts falling due within one year	(8,700,386)	-	(8,700,386)	(8,440,557)	-	(8,440,557)
	<b>Net current assets</b>	<b>21,199,615</b>	<b>-</b>	<b>21,199,615</b>	<b>14,598,224</b>	<b>-</b>	<b>14,598,224</b>
	<b>Total assets less current liabilities</b>	<b>25,489,020</b>	<b>-</b>	<b>25,489,020</b>	<b>23,688,914</b>	<b>-</b>	<b>23,688,914</b>
	Creditors: amounts falling due after more than one year	(2,724,329)	-	(2,724,329)	(2,649,486)	-	(2,649,486)
1	Provisions for liabilities	(111,829)	(150,000)	(261,829)	(500,368)	(260,000)	(760,368)
	<b>Net assets</b>	<b>22,652,862</b>	<b>(150,000)</b>	<b>22,502,862</b>	<b>20,539,060</b>	<b>(260,000)</b>	<b>20,279,060</b>
1	Capital and reserves	22,652,862	(150,000)	22,502,862	20,539,060	(260,000)	20,279,060

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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**25. First time adoption of FRS 102 (continued)**

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		68,985,508	-	68,985,508
		<hr/> 68,985,508	<hr/> -	<hr/> 68,985,508
Administrative expenses	1	(52,403,407)	(110,000)	(52,513,407)
Other operating income		33,191	-	33,191
		<hr/> 16,615,292	<hr/> (110,000)	<hr/> 16,505,292
<b>Operating profit</b>		<hr/> 16,615,292	<hr/> (110,000)	<hr/> 16,505,292
Interest receivable and similar income		22,320	-	22,320
Interest payable and similar charges		(9,910)	-	(9,910)
Taxation		(468,169)	-	(468,169)
		<hr/> 16,159,533	<hr/> (110,000)	<hr/> 16,049,533
<b>Profit on ordinary activities after taxation and for the financial year</b>		<hr/> <hr/> 16,159,533	<hr/> <hr/> (110,000)	<hr/> <hr/> 16,049,533

Explanation of changes to previously reported profit and equity:

- 1 On adoption of FRS 102 the group has followed the guidance within section 28 and implemented a holiday pay provision which is shown within the provision for liabilities section of the reconciliation and as an administrative expense within the profit and loss account.

HYMANS ROBERTSON LLP AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

25. First time adoption of FRS 102 (continued)

LLP

		As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Note							
	Fixed assets	4,291,408	-	4,291,408	9,202,951	-	9,202,951
	Current assets	27,019,539	-	27,019,539	20,638,574	-	20,638,574
	Creditors: amounts falling due within one year	(6,018,678)	(156,810)	(6,175,488)	(6,578,231)	(271,804)	(6,850,035)
	<b>Net current assets</b>	<b>21,000,861</b>	<b>(156,810)</b>	<b>20,844,051</b>	<b>14,060,343</b>	<b>(271,804)</b>	<b>13,788,539</b>
	<b>Total assets less current liabilities</b>	<b>25,292,269</b>	<b>(156,810)</b>	<b>25,135,459</b>	<b>23,263,294</b>	<b>(271,804)</b>	<b>22,991,490</b>
	Creditors: amounts falling due after more than one year	(2,724,329)	-	(2,724,329)	(2,649,486)	-	(2,649,486)
	Provisions for liabilities	(111,829)	-	(111,829)	(500,368)	-	(500,368)
	<b>Net assets</b>	<b>22,456,111</b>	<b>(156,810)</b>	<b>22,299,301</b>	<b>20,113,440</b>	<b>(271,804)</b>	<b>19,841,636</b>
	Capital and reserves	22,456,111	(156,810)	22,299,301	20,113,440	(271,804)	19,841,636



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**HYMANS ROBERTSON LLP AND SUBSIDIARIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**25. First time adoption of FRS 102 (continued)**

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		69,629,855	-	69,629,855
<hr/>				
Administrative expenses	1	69,629,855 (53,703,907)	- (114,994)	69,629,855 (53,818,901)
<hr/>				
<b>Operating profit</b>		15,925,948	(114,994)	15,810,954
Interest receivable and similar income		14,626	-	14,626
Interest payable and similar charges		(9,910)	-	(9,910)
<hr/>				
<b>Profit on ordinary activities after taxation and for the financial year</b>		15,930,664	(114,994)	15,815,670
<hr/>				

Explanation of changes to previously reported profit and equity:

- 1 On adoption of FRS 102 Hymans Robertson Services Limited (a subsidiary undertaking) recognised a holiday pay provision. Due to the outsourcing agreement covering the provision of services (including staff) between the LLP and Hymans Robertson Services Limited, any increase in costs incurred by the subsidiary undertaking was to be met by the LLP at an agreed rate of uplift and hence the effect of the transition on administrative expenses is higher than that shown for the group. There was a similar level of increase in amounts due to subsidiary undertakings (i.e. current liabilities).