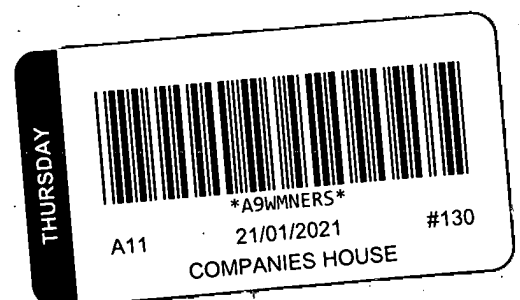


Registered number: 05775751.

**HERMITAGE CAPITAL MANAGEMENT (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**



HERMITAGE CAPITAL MANAGEMENT (UK) LTD

CONTENTS

	Page
Company information	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated statement of changes in equity	10
Company statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the financial statements	13 - 27

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

COMPANY INFORMATION

Director	I S Cherkasov
Company secretary	I S Cherkasov
Registered number	05775751
Registered office	The Aspect 12 Finsbury Square EC2A 1AS
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

The director presents his report and the financial statements for the year ended 29 February 2020.

Results and dividends

The loss for the year, after taxation, amounted to £466,656 (2019 - £515,057).

The director does not recommend a dividend (2019: £nil).

Director

The director who served during the year was:


I S Cherkasov

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

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

This report was approved and signed by the sole director.



I S Cherkasov
Director

Date: 24 June 2020

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020

The director is responsible for preparing the director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the group's financial statements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMITAGE CAPITAL MANAGEMENT (UK) LTD FOR THE YEAR ENDED 29 FEBRUARY 2020

Opinion

We have audited the financial statements of Hermitage Capital Management (UK) Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 February 2020, which comprise the group profit and loss account, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 29 February 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMITAGE CAPITAL MANAGEMENT (UK) LTD (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a group strategic report.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMITAGE CAPITAL MANAGEMENT (UK) LTD (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

Responsibilities of directors

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

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Blick Rothenberg Audit LLP

Nils Schmidt-Soltan (Senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 25 June 2020

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 £	2019 £
Turnover	3	7,796	7,590
Administrative expenses		(839,027)	(971,382)
Other operating income	4	364,242	448,506
Operating loss	5	(466,989)	(515,286)
Interest receivable and similar income	7	333	229
Loss before taxation		(466,656)	(515,057)
Tax on loss	8	-	-
Loss for the financial year		(466,656)	(515,057)
Loss for the financial year attributable to:			
Non-controlling interests		230,000	230,000
Owners of the parent		(696,656)	(745,057)
Loss for the financial year		(466,656)	(515,057)

There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD**CONSOLIDATED BALANCE SHEET
AS AT 29 FEBRUARY 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	115,257	136,984
Current assets			
Debtors: amounts falling due after more than one year	12	159,432	159,432
Debtors: amounts falling due within one year	12	174,595	152,117
Cash at bank and in hand	13	288,135	282,497
		<u>622,162</u>	<u>594,046</u>
Creditors: amounts falling due within one year	14	(4,385,014)	(3,681,969)
Net current liabilities		<u>(3,762,852)</u>	<u>(3,087,923)</u>
Other provisions	15	(34,000)	(34,000)
		<u>(34,000)</u>	<u>(34,000)</u>
Net liabilities		<u>(3,681,595)</u>	<u>(2,984,939)</u>
Capital and reserves			
Called up share capital	16	48,090	48,090
Profit and loss account	17	(3,740,685)	(3,044,029)
Equity attributable to owners of the parent company		<u>(3,692,595)</u>	<u>(2,995,939)</u>
Non-controlling interests		11,000	11,000
Total equity		<u>(3,681,595)</u>	<u>(2,984,939)</u>

The financial statements were approved and authorised for issue by the sole director.


I S Cherkasov
Director

Date: 24 June 2020

HERMITAGE CAPITAL MANAGEMENT (UK) LTD**COMPANY BALANCE SHEET
AS AT 29 FEBRUARY 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	4,252	-
Investments	11	264,000	264,000
Current assets			
Debtors: amounts falling due after more than one year	12	137,500	137,500
Debtors: amounts falling due within one year	12	151,696	129,596
Cash at bank and in hand	13	99,346	75,429
		<u>388,542</u>	<u>342,525</u>
Creditors: amounts falling due within one year	14	(4,393,143)	(3,633,691)
Net current liabilities		<u>(4,004,601)</u>	<u>(3,291,166)</u>
Net liabilities		<u>(3,736,349)</u>	<u>(3,027,166)</u>
Capital and reserves			
Called up share capital	16	48,090	48,090
Profit and loss account		(3,784,439)	(3,075,256)
Total equity		<u>(3,736,349)</u>	<u>(3,027,166)</u>

The financial statements were approved and authorised for issue by the sole director.

I S Cherkasov
Director

Date: 24 June 2020

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2020

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 March 2018	48,090	(2,298,972)	(2,250,882)	11,000	(2,239,882)
Comprehensive income for the year					
Loss for the financial year	-	(745,057)	(745,057)	230,000	(515,057)
Payments made to non-controlling interests	-	-	-	(230,000)	(230,000)
At 28 February 2019 and 1 March 2019	48,090	(3,044,029)	(2,995,939)	11,000	(2,984,939)
Comprehensive income for the year					
Loss for the financial year	-	(696,656)	(696,656)	230,000	(466,656)
Payments made to non-controlling interests	-	-	-	(230,000)	(230,000)
At 29 February 2020	48,090	(3,740,685)	(3,692,595)	11,000	(3,681,595)

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 March 2018	48,090	(2,322,844)	(2,274,754)
Comprehensive income for the year			
Loss for the financial year	-	(752,412)	(752,412)
At 28 February 2019 and 1 March 2019	48,090	(3,075,256)	(3,027,166)
Comprehensive income for the year			
Loss for the financial year	-	(709,183)	(709,183)
At 29 February 2020	48,090	(3,784,439)	(3,736,349)

HERMITAGE CAPITAL MANAGEMENT (UK) LTD**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(466,656)	(515,057)
Adjustments for:		
Depreciation of tangible fixed assets	27,546	26,129
Interest received	(333)	(229)
Increase in debtors	(22,478)	(93,029)
Increase in creditors	703,045	784,095
Net cash generated from operating activities	241,124	201,909
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,819)	-
Interest received	333	229
Net cash (used in)/generated from investing activities	(5,486)	229
Cash flows from financing activities		
Payments to non-controlling interests	(230,000)	(230,000)
Net cash used in financing activities	(230,000)	(230,000)
Net increase/(decrease) in cash and cash equivalents	5,638	(27,862)
Cash and cash equivalents at beginning of year	282,497	310,359
Cash and cash equivalents at the end of year	288,135	282,497

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1. General information

The principal activities of the group are to provide research on investments and work on human rights campaigns.

The company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office and principal place of business is The Aspect, 12 Finsbury Square, London, EC2A 1AS.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Parent company disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- No disclosures have been given for intra-group transactions;
- No statement of cash flows has been presented
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Hermitage Capital Management (UK) Limited and its subsidiary undertaking, Hermitage Capital LLP. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the group has a deficit on shareholders' funds at the balance sheet date. The director considers this basis to be appropriate as he has received assurances of continued financial support from a group company for the foreseeable future, being a period of at least twelve months from the date the financial statements were approved.

The group is monitoring developments regarding the escalation of the Covid-19 pandemic and disruption caused to normal trading. After assessing the potential risk from both direct and indirect factors, the impact to the group in the medium term is not considered significant at present.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue in respect of investment advice is recognised in the period in which the services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

2.5 Tangible fixed assets

Tangible fixed assets 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. A full year of depreciation is charged in the year of acquisition.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over the length of the lease
Office equipment	- 25% straight line

2.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the term of the lease.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.10 Financial instruments

The group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including other debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including other creditors and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

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

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is Sterling (£).

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account within 'administrative expenses'.

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated 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.

2.13 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Provisions for liabilities

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

Provisions are charged as an expense to the consolidated profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Provisions are made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to conclusion of the lease term. These costs are recognised within tangible fixed assets and consequently released to the consolidated profit and loss account over the length of the lease term.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

3. Turnover

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

	2020 £	2019 £
Investment advice	7,796	7,590

Analysis of turnover by country of destination:

	2020 £	2019 £
Rest of the world	7,796	7,590

4. Other operating income

	2020 £	2019 £
Other income	364,242	448,506

5. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	27,546	26,129
Fees payable to the company's auditor for the audit of the company's annual financial statements	9,500	9,500
Fees payable to the company's auditor for the audit of the subsidiary's annual financial statements	9,500	9,500
Fees payable to the group's auditor for non-audit services	5,500	5,500
Exchange differences	(634)	(592)
Operating lease rental expense	122,378	124,000
Operating lease rental income	(21,127)	(21,127)
Defined contribution pension cost	10,201	6,789

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

6. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	160,371	265,206
Social security costs	9,601	30,676
Cost of defined contribution scheme	10,201	6,789
	<u>180,173</u>	<u>302,671</u>

Key management personnel remuneration

Key management personnel remuneration for the year was £230,000 (2019: £230,000)

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

	2020 No.	2019 No.
Operational	4	5
Management	2	2
	<u>6</u>	<u>7</u>

7. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>333</u>	<u>229</u>

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss before taxation	(466,656)	(515,057)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(86,325)	(97,861)
Effects of:		
Expenses not deductible for tax purposes	81,273	75,351
Profits allocated to minority interest	(63,854)	(62,114)
Deferred tax not recognised	68,906	84,624
Total tax charge for the year	-	-

Factors that may affect future tax charges

The company and the group have estimated tax losses of £2,610,000 (2019: £2,279,000) available to carry forward against future trading profits.

There is a potential deferred tax asset of approximately £444,000 (2019: £387,000), which has not been recognised in the financial statements due to the uncertainty concerning the timescale as to its recoverability.

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9. Parent company loss for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year was £709,183 (2019: loss £752,412).

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

10. Tangible fixed assets

Group

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 March 2019	141,320	47,922	189,242
Additions	-	5,819	5,819
At 29 February 2020	141,320	53,741	195,061
Depreciation			
At 1 March 2019	28,296	23,962	52,258
Charge for the year	14,148	13,398	27,546
At 29 February 2020	42,444	37,360	79,804
Net book value			
At 29 February 2020	98,876	16,381	115,257
At 28 February 2019	113,024	23,960	136,984

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

10. Tangible fixed assets (continued)

Company

	Office equipment £
Cost	
Additions	5,669
At 29 February 2020	<u>5,669</u>
Depreciation	
Charge for the year	1,417
At 29 February 2020	<u>1,417</u>
Net book value	
At 29 February 2020	<u><u>4,252</u></u>
At 28 February 2019	<u><u></u></u>

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

11. Fixed asset investments

Company

	Investments in subsidiary undertaking £
Cost or valuation	
At 1 March 2019 and 29 February 2020	264,000
Net book value	
At 29 February 2020	264,000
At 28 February 2019	264,000

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Hermitage Capital LLP	Investment advice	Members capital	96%

Hermitage Capital LLP's registered office address is The Aspect, 12 Finsbury Square, London EC2A 1AS.

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

12. Debtors

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Due after more than one year				
Amounts owed by group undertakings	-	-	137,500	137,500
Other debtors	159,432	159,432	-	-
	<u>159,432</u>	<u>159,432</u>	<u>137,500</u>	<u>137,500</u>
Due within one year				
Other debtors	143,339	130,785	131,604	119,428
Prepayments and accrued income	31,256	21,332	20,092	10,168
	<u>174,595</u>	<u>152,117</u>	<u>151,696</u>	<u>129,596</u>

13. Cash and cash equivalents

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and in hand	288,135	282,497	99,346	75,429

14. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Amounts owed to group undertakings	4,271,912	3,561,045	4,363,166	3,606,071
Other creditors	74,873	85,959	3,748	4,655
Accruals and deferred income	38,229	34,965	26,229	22,965
	<u>4,385,014</u>	<u>3,681,969</u>	<u>4,393,143</u>	<u>3,633,691</u>

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

15. Provisions

Group

	Dilapidations provision £
At 1 March 2019	34,000
At 29 February 2020	<u>34,000</u>

Dilapidations provision

The provision represents the members' assessment of the value of dilapidation work which the group is legally obliged to perform under the rental agreement on its premises. The provision has not been discounted since the effect of discounting is not material.

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
48,090 (2019 - 48,090) Ordinary shares of £1 each	<u>48,090</u>	<u>48,090</u>

17. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

18. Analysis of net debt

	At 1 March 2019 £	Cash flows £	At 29 February 2020 £
Cash at bank and in hand	282,497	5,638	288,135
	<u>282,497</u>	<u>5,638</u>	<u>288,135</u>

HERMITAGE CAPITAL MANAGEMENT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

19. Commitments under operating leases

At 29 February 2020 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	191,277	138,258	58,417	57,562
Later than 1 year and not later than 5 years	531,440	532,295	-	855
Later than 5 years	250,432	383,292	-	-
	<u>973,149</u>	<u>1,053,845</u>	<u>58,417</u>	<u>58,417</u>

20. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with other related parties are as follows:

Relationship	Transaction	Amount		Amount due (to)/from related parties	
		2020	2019	2020	2019
		£	£	£	£
Common control	Recharges	118,694	103,286	1,700,499	1,581,805
	Bad debt provision	(118,694)	(103,286)	(1,700,499)	(1,581,805)

21. Parent undertaking and controlling party

The parent company of the only group of undertakings of which the company is a member is Starcliff S.A., a company incorporated in the British Virgin Islands. Group financial statements are not prepared.

In the opinion of the directors the ultimate controlling party is W Browder.