

Registered number: 07667924

HARWOOD CAPITAL MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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HARWOOD CAPITAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	J J Brade C J Hart (appointed 14 September 2021) J C Keith C H B Mills L T Mills A R Durrant S Cabessa C P H Mills N H B Mills (appointed 14 September 2021)
Company secretary	Derringtons Limited
Registered number	07667924
Registered office	6 Stratton Street Mayfair London W1J 8LD
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 14th Floor 33 Cavendish Square London W1G 0PW
Bankers	Bank of Scotland Plc 23 Threadneedle Street London EC2P 2EH

HARWOOD CAPITAL MANAGEMENT LIMITED

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HARWOOD CAPITAL MANAGEMENT LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The Directors present their strategic report on the Group for the year ended 31 March 2021.

Business review

The Company is a holding Company of a Group which provides investment management and advisory services to active value and discretionary private clients through its subsidiaries, which includes Harwood Capital LLP, a Company authorised and regulated by the Financial Conduct Authority (FCA).

Results and performance

The results for the year are detailed in the Directors' report.

Excluding fair value movements, The Harwood Group had delivered another good performance in the 12 months to 31 March 2021.

The Directors are pleased with the progress made during the year.

Business environment

The coronavirus pandemic created uncertainty during the year, however the Group was able to continue providing its services without interruption. The Directors are confident that the Group will be able to continue largely unaffected should there be any further lock downs. The economic mood, whilst still uncertain, has become more confident as the Government has gradually opened the economy. The Group has considerable financial resources and is well positioned for the future.

Strategy

The success of the Company, and its subsidiaries is dependent on proper selection, pricing and ongoing management of the risks that they might face. The Group continually seeks opportunities within the private equity space that meet its criteria and has a successful track record of generating value for its investors.

The Group undertakes thorough analysis before entering into trades. It trades in securities and derivatives, via an external trading account, where it has identified value both over the long and short term. Many potential investments are identified, but only those which meet the Group's risk appetite, and those that add value to the business, are selected.

Financial key performance indicators

The Board monitors the progress of the Group by reference to the following KPIs:

	2021	2020
	£	£
Net assets	155,641,646	127,035,639
Operating profit (excluding fair value movements)	59.2%	-1.53%

HARWOOD CAPITAL MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with the regulatory, legal and ethical framework is a high priority for the Group. The main risks faced by the Group are detailed below. A handful of option contracts remain open at the year end and these are carefully monitored. All investments are regularly reviewed. An assessment is made as to their suitability in light of current market information and sentiment. Appropriate action is taken if it has been deemed necessary.

Market risk

The Group is exposed to market risk as the derivatives values are based on the value of the underlying securities which are subject to market fluctuations. A market downturn may result in the price of the underlying securities declining meaning that the buyer of the put options may exercise the option resulting in the Group having to purchase the underlying security.

Credit risk

The Group is exposed to credit risk on derivative contracts, which arises as a result of counterparty credit risk and movements in the fair value of credit derivatives. The Group's exposure to counterparty risk is affected by the nature of the trades, the credit worthiness of the counterparty, and netting and collateral arrangements.

Exchange rate risk

The Group is exposed to movements in exchange rates as it holds foreign currency accounts. Movements in exchange rates will affect the value of these currencies when converted into UK sterling. The Group does not hedge against exchange rate risk.

Collateral cash balances are maintained in order to cover risks on derivative contracts.

HARWOOD CAPITAL MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Directors' statement of compliance with duty to promote the success of the Group

Section 172(1) statement

The board of directors of Harwood Capital Management Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) Companies Act 2006.

Interests of members of the company

Harwood Capital Management Limited is a private company and the ultimate parent company within the Harwood Group. It is family owned and the full Board consists of seven directors, three of whom are members of the family that are the ultimate shareholders. The day-to-day operations of the Company are managed by the executive directors.

In common with many private companies the interests of the Board and the shareholders are aligned in that the Company should create value by generating strong and sustainable results.

The Company is the parent of a Group which is regulated by the Financial Conduct Authority (FCA). The Group's Compliance department ensures that we adhere not just to the letter of the law, but the spirit. The Pillar 3 disclosure and The Stewardship Code disclosure and be found on our website www.harwoodcapital.co.uk.

The interests of employees and customers

The Company does not have any employees or customers. It is a holding company and does not trade.

The interests of our suppliers

Due to the nature of our activities the Company's only suppliers are those that provide a service, such as auditing, taxation, or legal advice.

We continue to pay all our suppliers promptly and within the terms agreed. During the year we paid all the suppliers within 30 days of receipt of the invoice.

Where disputes arise, we strive to reach outcomes that are satisfactory and fair to both the Company and its suppliers.

The impact of the Company's operations on the community and the environment

We are committed to maintaining a reputation for high standards of business conduct with all our stakeholders and the wider community. We are conscious of our impact on the environment and try to minimise our carbon footprint. The Company, as well as the whole Group, operates from one site which only uses electricity, and 56% of the electricity from our supplier is from renewable sources.

Future Developments

The political environment in the UK has stabilised, but the Coronavirus has resulted in lockdowns during the year. As new strains appear in the environment, there may be further lockdowns.

The economic environment is still uncertain following the lock down, however, the Group's revenues are largely from private equity funds and closed ended investment trusts. We invest in unquoted or micro-cap business and the revenue stream has not been impacted materially. The management will closely monitor the situation and act accordingly to mitigate any impact.

HARWOOD CAPITAL MANAGEMENT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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

C H B Mills

C H B Mills
Director

Date: *22/12/2021*

HARWOOD CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors

The directors who served during the year were:

J J Brade
J C Keith
C H B Mills
L T Mills
A R Durrant
S Cabessa
C P H Mills

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Principal activity

The principal activity of the Company is that of a holding Company of a Group which provides consultancy, investment management and advisory services to active value and private equity clients through its subsidiaries Harwood Capital LLP and Harwood Holdco Limited. Harwood Capital LLP is authorised and regulated by the Financial Conduct Authority (FCA).

HARWOOD CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Going Concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the review of the business above. The financial position of the Company, its cash flows and liquidity position are reflected on the balance sheet.

The Group has considerable financial resources and ongoing investment management contracts in relation to the funds it manages. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Derivatives

During the period the Group sold/wrote and purchased financial instruments that are traded or cleared on a recognised exchange. The only instruments traded were equity related put options which the Group sold and purchased. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date.

The Group as a holder of exchange traded instruments provides margin daily with cash or other security at the exchange, to which the Group looks for ultimate settlement.

There were 5 (2020: 4) unexpired option contracts at the period end. (All contracts expire within 21 months following the year-end).

For writing and purchasing the put options, the Group paid net premiums of £84,483 (2020: received £3,769,854), based on the option price at the time of writing. At the period end the Group had made a net unrealised gain of £711,506 (2020: loss of £1,199,517) based on the option prices at 31 March 2021.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £28,372,209 (2020 - loss £1,279,893).

The directors do not recommend the declaration of a final dividend for the year ended 31 March 2021. There were no dividends paid during the period.

Political contributions

During the year, the Group made political donations of £500 (2020: £42,000). Of the total amount £500 (2020: £nil) was paid to The Conservative Party Mayoral Election campaign, £nil (2020: £25,000) was paid to The Conservative Party, £nil (2020: £5,000) to The Brexit Coalition, £nil (2020: £5,000) to Surrey Heath Conservative Association, £nil (2020: £2,500) to Leeds East Conservative Association, £nil (2020: £2,500) to Brexit Supporters of South Yorkshire, £nil (2019: £1,000) to City of London and Westminster Conservative Association and £nil (2020: £1,000) to West Berkshire Conservative Association.

HARWOOD CAPITAL MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Insurance

Throughout the period the Group maintained insurance to provide protection to clients against losses arising from any negligent or dishonesty of the Company's employees.

The Group also maintained, throughout the period, liability insurance for its Directors and officers as permitted by section 233 of the Companies Act 2006.

Conflicts of interest

Following the changes introduced by the Companies Act 2006, effective on 1 October 2008, and authorised in the Articles of Association, the Board reviewed the Group's conflicts of interest policy. The Board introduced briefings for Directors on their obligations with regard to conflicts of interest and has a process for the proper management of confidential information when a Director is conflicted and for the approach to be adopted in such circumstances.

Matters covered in the strategic report

The business review and risk reviews form part of the Strategic Report.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Group since the year end, apart from the Coronavirus pandemic as mentioned under Future Developments in the Strategic Report.

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

C H B Mills

C H B Mills
Director

Date: *22/12/2021*

HARWOOD CAPITAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARWOOD CAPITAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Harwood Capital Management Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related 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 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

HARWOOD CAPITAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARWOOD CAPITAL MANAGEMENT LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

HARWOOD CAPITAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARWOOD CAPITAL MANAGEMENT LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the group, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the group's remuneration and bonus policies and performance targets
- the industry and environment in which it operates; and
- requirement of the regulations of the Financial Conduct Authority (FCA).

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- *laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation and distributable profits legislation;*
- the timing of the recognition of commercial income;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- compliance with the regulation of the Financial Conduct Authority (FCA)
- manipulation of specific performance measures to meet remuneration targets;
- recoverability of debtors; and
- going concern of the group

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- inquiries of management and those charged with governance as to whether the group complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and

HARWOOD CAPITAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARWOOD CAPITAL MANAGEMENT
LIMITED (CONTINUED)

- regulation and fraud;
- obtaining an understanding of the relevant controls and testing their operation during the period;
 - obtaining an understanding of the policies and controls over the recognition of income in implementation during the year;
 - review documentation relating to compliance with the regulations;
 - identifying and testing journal entries, in particular any journal entries posted;
 - assessing the recovery of debtors in the period since the balance sheet date;
 - reviewing the financial statements for compliance with the relevant disclosure requirements;
 - performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud; and
 - evaluating the underlying business reasons for any unusual transactions.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Auditors' Report.

Use of our report

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

Simmons Gainsford LLP

Atulya Mehta, FCCA (Senior Statutory Auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

14th Floor
33 Cavendish Square
London

W1G 0PW

Date: 22/12/2021

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	As restated 2020 £
Turnover		36,021,823	31,014,368
Cost of sales		(8,797,406)	(20,968,132)
Gross profit		27,224,417	10,046,236
Administrative expenses		(6,130,502)	(10,561,463)
Other operating income	5	227,979	41,171
Fair value movements		14,010,371	(3,664,679)
Operating profit/(loss)	6	35,332,265	(4,138,735)
Share of profit of joint ventures		572,172	(315,589)
Total operating profit/(loss)		35,904,437	(4,454,324)
Income from other fixed asset investments		269,506	1,598,879
Profit on disposal of investments		27,744	1,257,452
Interest receivable and similar income	11	153,322	158,039
Interest payable and similar expenses		(2,189)	(95,577)
Profit/(loss) before tax		36,352,820	(1,535,531)
Tax on profit/(loss)	12	(6,235,864)	581,834
Profit/(loss) for the financial year		30,116,956	(953,697)
Profit/(loss) for the year attributable to:			
Non-controlling interests		1,744,747	326,196
Owners of the parent		28,372,209	(1,279,893)
		30,116,956	(953,697)

There were no other comprehensive income for 2021 or 2020.

The notes on pages 23 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Profit/(loss) for the financial year	30,116,956	(953,697)
Other comprehensive income		
Total comprehensive income attributable to:		
Non-controlling interest	1,744,747	326,196
Owners of the parent Company	28,372,209	(1,279,893)
	<u>30,116,956</u>	<u>(953,697)</u>

The notes on pages 23 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

		2021 £	As restated 2020 £
	Note		
Fixed assets			
Intangible assets	13	123,281	110,477
Tangible assets	14	23,349,513	19,578,530
Investments	15	44,117,518	28,816,224
Investment property	16	19,797,675	10,130,463
		<u>87,387,987</u>	<u>58,635,694</u>
Current assets			
Stocks	17	41,076,030	33,837,187
Debtors: amounts falling due after more than one year	18	2,125,000	-
Debtors: amounts falling due within one year	18	12,022,990	8,174,415
Cash at bank and in hand	19	32,550,904	44,596,862
		<u>87,774,924</u>	<u>86,608,464</u>
Creditors: amounts falling due within one year	20	(15,635,754)	(16,259,421)
Net current assets		<u>72,139,170</u>	<u>70,349,043</u>
Total assets less current liabilities		<u>159,527,157</u>	<u>128,984,737</u>
Creditors: amounts falling due after more than one year	21	(296,481)	(261,744)
Provisions for liabilities			
Deferred taxation	23	(3,589,030)	(1,687,354)
		<u>(3,589,030)</u>	<u>(1,687,354)</u>
Net assets		<u>155,641,646</u>	<u>127,035,639</u>
Capital and reserves			
Called up share capital	24	1,000	1,000
Share premium account	25	64,359,219	64,359,219
Other reserves	25	722,446	7,846,475
Profit and loss account	25	89,784,790	54,288,552
Equity attributable to owners of the parent Company		<u>154,867,455</u>	<u>126,495,246</u>
Non-controlling interests		774,191	540,393
		<u>155,641,646</u>	<u>127,035,639</u>

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

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

C H B Mills

C H B Mills
Director

Date: *22/12/2021*

The notes on pages 23 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	15	76,010,914	77,036,080
Investment property	16	4,339,359	4,339,359
		<u>80,350,273</u>	<u>81,375,439</u>
Current assets			
Debtors: amounts falling due within one year	18	27,930,834	22,782,475
Cash at bank and in hand	19	889,894	68,262
		<u>28,820,728</u>	<u>22,850,737</u>
Creditors: amounts falling due within one year	20	(9,141,081)	(8,850,853)
Net current assets		<u>19,679,647</u>	<u>13,999,884</u>
Total assets less current liabilities		<u>100,029,920</u>	<u>95,375,323</u>
Provisions for liabilities			
Deferred taxation	23	(314,690)	(314,690)
		<u>(314,690)</u>	<u>(314,690)</u>
Net assets		<u>99,715,230</u>	<u>95,060,633</u>
Capital and reserves			
Called up share capital	24	1,000	1,000
Share premium account	25	64,359,219	64,359,219
Other reserves	25	1,341,572	1,341,572
Profit and loss account	25	34,013,439	29,358,842
		<u>99,715,230</u>	<u>95,060,633</u>

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

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

C H B Mills

22/12/2021

C H B Mills
Director

The notes on pages 23 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 April 2020 (as previously stated)	1,000	64,359,219	8,666,515	54,288,552	127,315,286	540,393	127,855,679
Prior year adjustment	-	-	(820,040)	-	(820,040)	-	(820,040)
At 1 April 2020 (as restated)	1,000	64,359,219	7,846,475	54,288,552	126,495,246	540,393	127,035,639
Comprehensive income for the year							
Profit for the year	-	-	-	28,372,209	28,372,209	1,744,747	30,116,956
Total comprehensive income for the year	-	-	-	28,372,209	28,372,209	1,744,747	30,116,956
Deferred tax on fair value loss on fixed asset investments and shares	-	-	419,562	(419,562)	-	-	-
Fair value loss on fixed asset investments and shares held in stock	-	-	(7,276,202)	7,276,202	-	-	-
Transfer of fair value adjustment on disposal	-	-	(267,389)	267,389	-	-	-
Payments to non-controlling interest	-	-	-	-	-	(1,510,949)	(1,510,949)
At 31 March 2021	1,000	64,359,219	722,446	89,784,790	154,867,455	774,191	155,641,646

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 April 2019 (as previously stated)	1,000	64,359,219	29,591,514	32,225,079	126,176,812	2,246,153	128,422,965
Prior year adjustment	-	-	2,986,332	(1,524,927)	1,441,405	(847,705)	593,700
At 1 April 2019 (as restated)	1,000	64,359,219	32,557,846	30,700,152	127,618,217	1,398,448	129,016,685
Comprehensive income for the year							
Profit for the year	-	-	-	(1,279,893)	(1,279,893)	326,156	(953,697)
Total comprehensive income for the year	-	-	-	(1,279,893)	(1,279,893)	326,156	(953,697)
Deferred tax on fair value loss on fixed asset investments and shares	-	-	510,377	(510,377)	-	-	-
Fair value loss on fixed asset investments and shares held in stock	-	-	(7,522,979)	7,522,979	-	-	-
Transfer of fair value adjustment on disposal	-	-	(17,698,769)	17,698,769	-	-	-
Acquisition of non-controlling interests	-	-	-	156,922	156,922	(34,731)	122,191
Payments to non-controlling interest	-	-	-	-	-	(1,149,520)	(1,149,520)
At 31 March 2020	1,000	64,359,219	7,846,475	54,288,552	126,495,246	540,353	127,035,639

HARWOOD CAPITAL MANAGEMENT LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	1,000	64,359,219	1,341,572	29,358,842	95,060,633
Profit for the year	-	-	-	4,654,597	4,654,597
At 31 March 2021	1,000	64,359,219	1,341,572	34,013,439	99,715,230

The notes on pages 23 to 48 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2019	1,000	64,359,219	1,341,572	11,397,818	77,099,609
Profit for the year	-	-	-	17,961,024	17,961,024
At 31 March 2020	1,000	64,359,219	1,341,572	29,358,842	95,060,633

The notes on pages 23 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021	2020
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	30,116,956	(953,697)
Adjustments for:		
Amortisation of intangible assets	11,196	11,196
Depreciation of tangible assets	315,685	290,659
Loss on disposal of tangible assets	(118,735)	25,115
(Increase) in fixed assets held for sale	(242,214)	(1,257,452)
Interest paid	2,189	95,577
Interest received	(153,322)	(158,039)
Taxation charge	6,235,864	(581,834)
(Increase)/decrease in stocks	(7,238,843)	24,164,947
(Increase)/decrease in debtors	(5,671,468)	1,709,153
(Decrease) in creditors	(4,761,707)	(2,468,619)
Net fair value (gains)/losses recognised in P&L	(14,010,371)	3,664,679
Share of operating (loss)/profit in joint ventures	(572,172)	315,589
Corporation tax (paid)	(559,264)	(1,983,749)
Foreign exchange	31,587	(829,622)
Net cash generated from operating activities	3,385,381	22,043,903
Cash flows from investing activities		
Purchase of intangible fixed assets	(24,000)	(84,200)
Purchase of tangible fixed assets	(13,040)	(160,554)
Purchase of investment properties	(10,565,546)	-
Sale of investment properties	1,453,421	5,501,946
Purchase of listed investments	(249,614)	(270,733)
Sale of listed investments	846,922	399,088
Purchase of unlisted and other investments	(5,419,840)	(29,763,741)
Sale of unlisted and other investments	1,054,564	1,666,649
Purchase of fixed asset investments	(5,867)	85,275
Purchase of share in joint ventures	-	(500,000)
Purchase of share in associates	(225,000)	-
Sale of share in associates	-	24,215,000
Income from investments	(269,506)	999,349
Dividends received	-	599,530
Net cash from investing activities	(13,417,506)	2,687,609

HARWOOD CAPITAL MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Cash flows from financing activities	2021 £	2020 £
Repayment of loans	(2,125,000)	(2,900,000)
Associates interest paid	(2,189)	(95,577)
Joint ventures interest paid	153,322	158,039
Net cash used in financing activities	<u>(1,973,867)</u>	<u>(2,837,538)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(12,005,992)</u>	<u>21,893,974</u>
Cash and cash equivalents at beginning of year	44,556,880	22,662,906
Cash and cash equivalents at the end of year	<u><u>32,550,888</u></u>	<u><u>44,556,880</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	32,550,904	44,596,862
Bank overdrafts	<u>(16)</u>	<u>(39,982)</u>
	<u><u>32,550,888</u></u>	<u><u>44,556,880</u></u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The company is a private limited company, limited by shares and is incorporated in England and Wales. The address of its registered office is 6 Stratton Street, Mayfair, London, W1J 8LD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the cost of stock, revaluation of fixed asset investments and investments in associates and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared to give a 'true and fair view' and have departed from the Companies Act 2006 only to the extent required to provide a 'true and fair view'. The departure is explained in note 2.10 below

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

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- The requirement to present a statement of cash flows and related notes
- The total amount of key management personnel compensation
- Financial instrument disclosures, including categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The following companies have been excluded from consolidation on the basis that in total they are immaterial:

- Stratton Street (Anthony) Limited
- Stratton Street (Mouse No. 1) Limited

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the fair value method based on market price on AIM, a member of the London Stock Exchange. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the fair value of the entity. Changes in fair value are recognised in the consolidated profit and loss account.

2.4 Going concern

The Group has considerable financial resources and ongoing investment management contracts in relation to the funds it manages. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Revenue

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 as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- the costs incurred and the costs to complete the contract can be measured reliably
- the assets under management at the end of the reporting period can be measured reliably; and
- performance of the investment portfolio is met.

Premium income received from the sale of options is recognised when an option has expired. If an option is exercised, or a payment is made to close out a particular position, then the cost is released against the asset acquired.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over the useful economic life.

Other intangible assets

Intangible assets including website costs are capitalised when it is considered that they will generate future economic returns. Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties and freehold land, 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, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2%
Plant & machinery	- 25%
Fixtures & fittings	- 25%
Office equipment	- 25%
Assets under construction	- 0%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Investment property

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

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 Stocks

Investments in listed and unlisted company shares held as stock are remeasured to market value at each Balance sheet date. Unlisted shares are valued at prices obtained from accredited sources. Where such a source is difficult to obtain then Harwood Capital LLP uses reasonable discretion to determine a fair value for the asset. Gains and losses on remeasurement are recognised in profit or loss for the period.

Other stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

In 2020 a property transferred from investment property had been initially recognised in stock at a deemed cost equal to its fair value at the date of transfer. This treatment is contrary to the Companies Act 2006, which requires stock to be recorded at its historic cost, but is in accordance with FRS 102 and, in the opinion of the directors, is necessary to give a true and fair view of the financial position of the company.

2.11 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Financial instruments (continued)

deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are 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 amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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.

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

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.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.13 Government grants

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 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 profit or loss 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.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.18 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider the following to be significant areas of judgement or key sources of estimation uncertainty:

- The income accrued by a subsidiary company at the year end was calculated by reference to specific asset management agreements in place for each investment. These fees are generated on a percentage basis of both rental income for the assets and sales proceeds generated on disposal. These fees are due at specific intervals under asset management agreements and as such certain accruals were taken for part periods up to the year end where the company could not invoice.
- Unlisted shares are valued at prices obtained from accredited sources. Where such a source is difficult to obtain then the Group uses reasonable discretion to determine a fair value for the asset. Gains and losses on remeasurement are recognised in profit or loss for the period.

4. Turnover

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

	2021 £	2020 £
Fees receivable from rendering of services	19,811,062	13,657,685
Sales and income from trading	14,635,715	16,588,320
Rental income receivable	747,943	632,000
Other income	827,103	136,363
	<u>36,021,823</u>	<u>31,014,368</u>

All turnover arose within the United Kingdom (2020: £47,203 arose in the United States).

5. Other operating income

	2021 £	2020 £
Other operating income	801	64,572
Government grants receivable	14,182	-
Profit on disposal of fixed asset investments	212,996	(23,401)
	<u>227,979</u>	<u>41,171</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Exchange differences	19,604	(699,324)
Other operating lease rentals	30,000	15,000
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	43,020	60,550
	<u> </u>	<u> </u>

Fees payable to the Group's auditor and its associates in respect of:

All other services	18,830	30,525
	<u> </u>	<u> </u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Employees

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

	Group 2021 £	Group 2020 £
Wages and salaries	1,722,394	2,106,183
Social security costs	195,910	272,692
Cost of defined contribution scheme	71,435	130,265
	<u>1,989,739</u>	<u>2,509,140</u>

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

	2021 No	2020 No
Executives	1	2
Administration	20	26
Directors	7	7
	<u>28</u>	<u>35</u>

The Company has no employees other than directors, who did not receive any remuneration (2020 - £NIL)

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	153,702	116,735
Compensation for loss of office	-	26,000
	<u>153,702</u>	<u>142,735</u>

Directors' emoluments equates to Key Management Personnel compensation.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Income from investments

	2021	2020
	£	£
Income from fixed asset investments	269,506	999,349
Dividends received - listed investments	-	599,530
	<u>-</u>	<u>599,530</u>

11. Interest receivable

	2021	2020
	£	£
Other interest receivable	153,322	158,039
	<u>153,322</u>	<u>158,039</u>

12. Taxation

	2021	As restated
	£	2020
		£
Corporation tax		
Current tax on profits for the year	4,280,813	399,975
Adjustments in respect of previous periods	53,375	(274,784)
Total current tax	<u>4,334,188</u>	<u>125,191</u>
Deferred tax		
Origination and reversal of timing differences	1,901,676	(707,025)
	<u>1,901,676</u>	<u>(707,025)</u>
Taxation on profit/(loss) on ordinary activities	<u>6,235,864</u>	<u>(581,834)</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	As restated 2020 £
Profit/(loss) on ordinary activities before tax	36,352,820	(1,535,531)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	6,907,036	(291,751)
Effects of:		
Capital allowances for year in excess of depreciation	37,097	10,013
Utilisation of tax losses	(36,199)	-
Adjustments to tax charge in respect of prior periods	53,375	(274,784)
Deferred tax differences leading to an increase (decrease) in taxation	1,901,676	(707,025)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(696,733)	490,105
Non-taxable income relating to fair value movement on investments	(2,030,705)	-
Capital gains	50,939	128,289
Unrelieved tax losses carried forward	1,830	71,038
Other differences leading to an increase (decrease) in the tax charge	47,548	(7,719)
Total tax charge for the year	6,235,864	(581,834)

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Intangible assets

Group and Company

	Website costs £	Goodwill £	Total £
Cost			
At 1 April 2020	147,870	4,440,535	4,588,405
Additions	24,000	-	24,000
At 31 March 2021	<u>171,870</u>	<u>4,440,535</u>	<u>4,612,405</u>
Amortisation			
At 1 April 2020	37,393	4,440,535	4,477,928
Charge for the year on owned assets	11,196	-	11,196
At 31 March 2021	<u>48,589</u>	<u>4,440,535</u>	<u>4,489,124</u>
Net book value			
At 31 March 2021	<u>123,281</u>	<u>-</u>	<u>123,281</u>
At 31 March 2020	<u>110,477</u>	<u>-</u>	<u>110,477</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2020	12,772,866	183,874	988,859	4,064	8,414,075	22,363,738
Additions	-	-	13,040	-	4,073,628	4,086,668
At 31 March 2021	12,772,866	183,874	1,001,899	4,064	12,487,703	26,450,406
Depreciation						
At 1 April 2020	1,787,423	173,107	822,500	2,178	-	2,785,208
Charge for the year on owned assets	255,458	3,270	56,144	813	-	315,685
At 31 March 2021	2,042,881	176,377	878,644	2,991	-	3,100,893
Net book value						
At 31 March 2021	10,729,985	7,497	123,255	1,073	12,487,703	23,349,513
At 31 March 2020	10,985,443	10,767	166,359	1,886	8,414,075	19,578,530

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Fixed asset investments

Group

Cost or valuation	Investments in associates £	Listed investments £	Unlisted investments £	Other fixed asset investments £	Investment in joint ventures £	Total £
At 1 April 2020 (as previously stated)	-	697,830	2,113,343	5,896	1,294,689	4,111,758
Prior Year Adjustment	-	-	24,704,466	-	-	24,704,466
At 1 April 2020 (as restated)	-	697,830	26,817,809	5,896	1,294,689	28,816,224
Additions	2,366,690	499,148	8,356,216	-	-	11,222,054
Disposals	-	(871,354)	(4,491,655)	(5,867)	-	(5,368,876)
Revaluations	-	(115,412)	10,377,637	-	-	10,262,225
Transfers to debtors	-	-	(463,798)	-	-	(463,798)
At 31 March 2021	2,366,690	210,212	40,596,209	29	1,294,689	44,467,829
Impairment						
Charge for the period	-	-	-	-	350,311	350,311
Net book value						
At 31 March 2021	2,366,690	210,212	40,596,209	29	944,378	44,117,518
At 31 March 2020 (as restated)	-	697,830	26,817,809	5,896	1,294,689	28,816,224

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 April 2020	75,391,080	1,645,000	77,036,080
Disposals	(674,855)	-	(674,855)
At 31 March 2021	74,716,225	1,645,000	76,361,225
Impairment			
Charge for the period	-	350,311	350,311
At 31 March 2021	-	350,311	350,311
Net book value			
At 31 March 2021	74,716,225	1,294,689	76,010,914
At 31 March 2020	75,391,080	1,645,000	77,036,080

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Harwood Holdco Limited	England & Wales	Holding company	Ordinary	100%
Harwood Capital LLP	England & Wales	Investment management / advisory		99%
Growth Financial Services Ltd	England & Wales	Financial consulting/advisory	Ordinary	100%
North Atlantic Value GP III Limited	England & Wales	General Partner of Private Equity Fund	Ordinary	100%
North Atlantic Value GP IV Limited	England & Wales	General Partner of Private Equity Fund	Ordinary	100%
Harwood Real Estate Limited	England & Wales	Management of real estate	Ordinary	60%
Harwood Capital Nominees Limited	England & Wales	Nominee client asset rules	Ordinary	100%
Stratton Street (Mouse No1) Limited	England & Wales	Dormant	Ordinary	60%
Optess Limited	England & Wales	Auto enrolment pensions	Preference	100%
1 Orchard Place (Freehold) Limited	England & Wales	Investment property	Ordinary	100%
Odyssean Capital LLP	England & Wales	Investment management / advisory	Ordinary	50%
CNM (Cowleaze Road) Limited	England & Wales	Investment property	Ordinary	100%
Harwood Property Investments Limited *	England & Wales	Investment property	Ordinary	60%
Harwood Squirrel Limited *	England & Wales	Investment property	Ordinary	60%
Harwood Dunstanville Limited *	England & Wales	Investment property	Ordinary	60%
Stratton Street (Anthony) Limited *	England & Wales	Dormant	Ordinary	60%
North Atlantic Value GP V LLP	England & Wales	General Partner of Private Equity Fund	Ordinary	100%
Bass Real Estate No. 13 Limited *	England & Wales	Investment property	Ordinary	60%
Harwood Private Capital LLP	England & Wales	Investment property	Ordinary	50%
Harwood Capital Management (Gibraltar) Limited	Gibraltar	Investment management/advisory	Ordinary	100%

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Fixed asset investments (continued)

Subsidiary undertakings (continued)

* These entities are indirect subsidiaries of Harwood Capital Management Limited.

The Multifamily Housing REIT Limited and OPT Retirement solutions were dissolved on 22 September 2020. Harwood America Inc a 100% owned subsidiary was dissolved in the year

The results of Odyssean Capital LLP for year ended 31 March 2021 and Harwood Private Capital LLP for period end 31 March 2021 are shown below.

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(Loss) £
Odyssean Capital LLP	2,299,253	2,203,844
Harwood Private Capital LLP	537,944	199,001

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Investment property

Group

	Freehold investment property £
Valuation	
At 1 April 2020	10,130,463
Additions at cost	10,565,546
Disposals	(1,794,264)
Surplus on revaluation	895,930
At 31 March 2021	19,797,675

The 2021 valuations were made by the directors, on an open market value basis.

At 31 March 2021

Company

	Freehold investment property £
Valuation	
At 1 April 2020	4,339,359
At 31 March 2021	4,339,359

The 2021 valuations were made by the directors, on an open market value basis.

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Stocks

	Group 2021 £	Group As restated 2020 £
Property Held for Sale	3,781,539	4,339,674
Stocks and shares	37,294,491	29,497,513
	<u>41,076,030</u>	<u>33,837,187</u>

The value of stocks and shares at the year end is made up of historic cost of £34,255,297 (2020 - £28,901,616) and fair value adjustment of £3,039,194 (2020 - £595,897)

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	2,125,000	-	-	-
	<u>2,125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	1,836,399	2,047,967	-	-
Amounts owed by group undertakings	-	-	20,639,528	19,007,906
Amounts owed by joint ventures and associated undertakings	257,783	-	256,583	-
Other debtors	4,432,690	3,842,813	833	568,869
Prepayments and accrued income	5,496,118	2,283,635	7,033,890	3,205,700
	<u>12,022,990</u>	<u>8,174,415</u>	<u>27,930,834</u>	<u>22,782,475</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	32,550,904	44,596,862	889,894	68,262
Less: bank overdrafts	(16)	(39,982)	-	-
	<u>32,550,888</u>	<u>44,556,880</u>	<u>889,894</u>	<u>68,262</u>

Included within cash at bank and in hand is Investment cash of £18,432,418 (2020: £34,064,041) which represents cash held within collateral accounts, traded options or dealing accounts. The cash in the collateral accounts is the margin required to cover open option positions and cannot be used for trading.

Santander UK Plc holds a fixed charge over the assets of certain companies within the group.

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	16	39,982	-	-
Trade creditors	847,731	630,486	-	2,160
Amounts owed to group undertakings	-	-	-	1,607
Amounts owed to joint ventures	-	315,589	-	315,589
Corporation tax	3,599,161	289,694	534,812	-
Other taxation and social security	185,694	109,944	-	-
Other creditors	9,163,692	8,991,555	8,518,724	8,511,157
Accruals and deferred income	1,839,460	5,882,171	87,545	20,340
	<u>15,635,754</u>	<u>16,259,421</u>	<u>9,141,081</u>	<u>8,850,853</u>

21. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £
Accruals and deferred income	<u>296,481</u>	<u>261,744</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. Financial instruments

	Group 2021 £	Group 2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	85,193,519	62,647,515

Financial assets measured at fair value through profit or loss comprise of investments in associates and joint ventures, fixed asset investments and stocks and shares.

The basis for determining fair values are as stated in the accounting policy for each type of asset.

23. Deferred taxation

Group

	2021 £
At beginning of year (as restated)	1,687,354
Charged to profit or loss	1,901,676
At end of year	3,589,030

Company

	2021 £
At beginning of year	314,690
At end of year	314,690

	Group 2021 £	Group As restated 2020 £	Company 2021 £	Company As restated 2020 £
Tax liability on fair value adjustment	3,589,030	1,687,354	314,690	314,690

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

24. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 10,000) Ordinary shares of £0.10 each	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

25. Reserves

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

The Other Reserve arose in 2012 following the acquisition of J O Hambro Capital Management Limited ("JOHCML"), a former subsidiary undertaking, by BT Investment Management Limited. This reserve of £54,616,458 represents the excess of proceeds over the company's investment in JOHCML.

The balancing figure comprises the fair value gains on fixed asset investments net of associated deferred tax.

Profit and loss account

The profit and loss account does not contain any non-distributable reserves in the current or prior periods.

26. Prior year adjustment

In the opinion of the directors, in a subsidiary company investments in certain funds have historically been incorrectly shown as stock, as these funds are held for a longer period for appreciation in value. Therefore, the directors have restated the comparatives to correctly reflect these funds to be included as fixed asset investments. As a result of this prior year adjustment, the comparatives have been restated as follows:

Stock has reduced by £24,704,466
Fixed asset investments has increased by £24,704,466
Deferred tax liability has increased by £820,040
Loss for the year has increased by £820,040

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

27. Contingent liabilities

At the balance sheet date a group company had entered into an agreement to commit funds of up to £14,239,464 (2020: £8,500,000) to a UK SME funds.

At the balance sheet date a group company had entered into an agreement to commit funds of up to £666,000 (2020: £Nil) to certain investments.

28. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £71,435 (2020: £105,432). Contributions totaling £52,378 (2020: £45,297) were payable to the fund at the balance sheet date.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

29. Related party transactions

Group and Company

Included within creditors there is a balance of £8,500,000 (2020: £8,500,000) owed to a director. This is an interest free loan and is repayable on demand.

Group

The ultimate controlling party of the Company and Chief Investment Officer of a subsidiary LLP, holds shares in a listed entity which is jointly managed by this LLP.

He is interested in the contract of the provision of administration and management services to this entity.

During the year, the subsidiary LLP was owed £48,497 (2020: £300,157) from several funds managed by its subsidiary undertakings, these balances are unsecured, interest free and payable on demand.

A designated member of a subsidiary LLP, is also a director and one of the key management personnel of the company. He is a director of certain investee companies of funds managed or advised by this LLP and in the course of performing his responsibilities may receive fees for services or hold shares or options in those companies.

Members of a subsidiary LLP are directors of certain investee companies of funds managed or advised by the LLP and in the course of performing their responsibilities may receive fees for services or hold shares or options in those companies.

One group company acts as a General Partner and provides management services to a Limited Partnership where they receive a priority profit share in respect of these services. The total profit share receivable during the year amounted to £2,121,904 (2020: £3,056,279) which has been received in full by the year end date.

One group company acts as a General Partner and provides management services to another Limited Partnership where they receive a priority profit share in respect of these services. The total profit share received during the year amounted to £145,691 (2020: £146,292) and at the year end the amount due from the entity was £109,393 (2020: £73,096).

One group company acts as a General Partner and provides management services to another Limited Partnership where they received a priority profit share in respect of these services. The total profit share received during the year amounted £2,408,743 (2020: £236,066).

During the year a group company paid rent of £30,000 (2020: £15,000) to one of its directors.

At the balance sheet date an amount £37,309 (2020: £Nil) was due from a director of the company, this amount was repaid post year end.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

30. Controlling Party

The group considers C H B Mills as the ultimate controlling party in both this and the preceding year by virtue of his shareholding in the company.

31. Subsidiaries

The following companies are exempt from publishing audited accounts under Section 479A of the Companies Act 2006:

Name	Registration Number
1 Orchard Place (Freehold) Limited	12936660
Bass Real Estate No 13 Limited	09778408
CNM (Cowleaze Road) Limited	10661754
Growth Financial Services Limited	01692312
Harwood Dunstanville Limited	11123307
Harwood Holdco Limited	03628075
Harwood Property Investments Limited	10223881
Harwood Real Estate Limited	06935534
North Atlantic Value GP III Limited	06731498
North Atlantic Value GP 4 Limited	09214778
North Atlantic Value GP 5 LLP	OC427867
Optess Limited	10320894
Harwood Squirrel Limited	10682639

32. Analysis of net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	44,596,862	(12,045,958)	32,550,904
Bank overdrafts	(39,982)	39,966	(16)
Debt due within 1 year	(8,545,297)	(7,081)	(8,552,378)
	<u>36,011,583</u>	<u>(12,013,073)</u>	<u>23,998,510</u>