

Registered number: 07667924

HARWOOD CAPITAL MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024



HARWOOD CAPITAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	C P H Mills N H B Mills C H B Mills C J Hart L T Mills A R Durrant S Cabessa J J Brade C D Fleming (appointed 31 March 2024)
Company secretary	Sgh Company Secretarial Limited
Registered number	07667924
Registered office	6 Straton Street Mayfair London W1J 8LD
Independent auditors	Sumer Auditco Limited 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 2024

Introduction

The Directors present their strategic report on the Group for the year ended 31 March 2024.

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 2024.

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

Business environment

The economic climate has been gradually improving during 2024. The new government inherited an economy which was performing well compared to the other G7 economies; inflation had reached the Bank of England's 2% target, and the economy was growing. The much anticipated first budget increased taxes more than expected. The Office for Budget Responsibility judged that the budget would temporarily boost GDP in the near term, but also expects the budget to increase inflation by up to 50 basis points. Consequently, interest rates in the UK are likely to be reduced more slowly than had been anticipated.

Geopolitical uncertainty continues. The conflicts in Ukraine and Gaza have been ongoing, with no sign of ending. The recent election of Donald Trump will set the United States on a very different course. Next year we will find out how his policies effect the global economy; whether the much-publicised tariffs are enacted and whether they lead to a global trade war with the US.

The company, however, has considerable financial resources and is well positioned for the future.

Strategy

The success of the Company is dependent on proper selection, pricing and ongoing management of the risks that they face. The Company has continued to trade in securities and derivatives where it has identified value both over the long and short term. Only those which meet our risk appetite and add value to the business are selected.

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.

HARWOOD CAPITAL MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Financial key performance indicators

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

	2024	2023
	£	£
Net assets	195,158,888	182,837,224
Operating profit (excluding fair value movements)	34.9%	39.3%

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 and Company. The main risks faced by the Company are detailed below. The Company only trades in options occasionally. A few option contracts remain open at the year end. These are carefully monitored, and all investments are regularly reviewed. An assessment is made as to their suitability considering current market sentiment. Appropriate action is taken if it is 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 2024

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 can 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Future Developments

The Group's primary source of revenue is from trading in financial instruments and investment income, such as dividends and interest received. The income receivable covers any financial obligations of the company and there are no changes contemplated that would impair the company's ability to meet its financial obligations.

This report was approved by the board on 19/12/2024 | 09:33 GMT

and signed on its behalf.

Christopher Mills

C H B Mills
Director

HARWOOD CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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, Harwood Private Equity LLP and Harwood Holdco Limited. Harwood Capital LLP and Harwood Private Equity LLP are authorised and regulated by the Financial Conduct Authority (FCA).

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 2 (2023: 9) unexpired option contracts at the period end.

For writing and purchasing the put options, the Group received net premiums of £2,596,567 (2023: £434,607), based on the option price at the time of writing. At the period end the Group had made a net unrealised gain of £449,930 (2023: £1,691,658) based on the option prices at 31 March 2024.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £12,230,622 (2023 - £7,376,612).

The directors do not recommend the declaration of a final dividend for the year ended 31 March 2024. There were no dividends paid during the period.

HARWOOD CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Directors

The directors who served during the year were:

C P H Mills
N H B Mills
C H B Mills
C J Hart
L T Mills
A R Durrant
S Cabessa
J J Brade
J C Keith (resigned 12 September 2023)
C D Fleming (appointed 31 March 2024)

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 Group 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Sumer Auditco Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19/12/2024 | 09:33 GMT

and signed on its behalf.


C H B Mills
Director

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 2024, which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the 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 2024 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

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

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.

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:

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.

HARWOOD CAPITAL MANAGEMENT LIMITED

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

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.

Sumer Audit

Atulya Mehta, (FCCA) (Senior statutory auditor)

for and on behalf of

Sumer Auditco Limited

Chartered Accountants

Statutory Auditors

14th Floor

33 Cavendish Square

London

W1G 0PW

Date: 19/12/2024

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £	2023 £
Turnover	4	34,869,887	28,492,376
Cost of sales		(16,058,494)	(10,906,376)
Gross profit		<u>18,811,393</u>	<u>17,586,000</u>
Administrative expenses		(6,753,897)	(7,000,295)
Exceptional administrative expenses		(35,275)	-
Other operating income	5	137,769	620,273
Fair value movements		3,963,689	868,431
Operating profit	6	<u>16,123,679</u>	<u>12,074,409</u>
Share of profit of joint ventures		329,793	788,318
Total operating profit		<u>16,453,472</u>	<u>12,862,727</u>
Income from other fixed asset investments		303,016	396,169
Amounts written off investments		231,708	362,131
Interest receivable and similar income	11	1,920,317	966,241
Interest payable and similar expenses		(82)	(28,256)
Profit before tax		<u>18,908,431</u>	<u>14,559,012</u>
Tax on profit	12	(4,637,645)	(5,258,117)
Profit for the financial year		<u><u>14,270,786</u></u>	<u><u>9,300,895</u></u>
Profit for the year attributable to:			
Non-controlling interests		2,040,164	1,924,283
Owners of the parent		12,230,622	7,376,612
		<u><u>14,270,786</u></u>	<u><u>9,300,895</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated profit and loss account.

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £	2023 £
Profit for the financial year		14,270,786	9,300,895
Other comprehensive income			
Profit for the year attributable to:			
Non-controlling interest		2,040,164	1,924,283
Owners of the parent Company		12,230,622	7,376,612
		<u>14,270,786</u>	<u>9,300,895</u>

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	14	9,523	12,904
Tangible assets	15	10,150,649	10,438,772
Investments	16	79,139,206	72,778,522
Investment property	17	34,985,617	35,153,891
		<u>124,284,995</u>	<u>118,384,089</u>
Current assets			
Stocks	18	38,822,294	38,348,075
Debtors	19	8,343,067	10,569,767
Cash at bank and in hand	20	41,544,102	35,532,718
		<u>88,709,463</u>	<u>84,450,560</u>
Creditors: amounts falling due within one year	21	(11,277,676)	(13,341,061)
Net current assets		<u>77,431,787</u>	<u>71,109,499</u>
Total assets less current liabilities		<u>201,716,782</u>	<u>189,493,588</u>
Provisions for liabilities			
Deferred taxation	23	(6,736,423)	(6,625,588)
Other provisions		(30,776)	(30,776)
		<u>(6,767,199)</u>	<u>(6,656,364)</u>
Net assets		<u><u>194,949,583</u></u>	<u><u>182,837,224</u></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	22,033,626	17,792,672
Profit and loss account	25	108,326,568	100,336,900
Equity attributable to owners of the parent Company		<u>194,720,413</u>	<u>182,489,791</u>
Non-controlling interests		229,170	347,433
		<u><u>194,949,583</u></u>	<u><u>182,837,224</u></u>

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

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

19/12/2024 | 09:33 GMT

Christopher Mills

C H B Mills
Director

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED
REGISTERED NUMBER: 07667924

COMPANY BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	As restated 2023 £
Fixed assets			
Investments	16	75,786,225	75,761,225
Investment Property	17	4,429,916	4,427,478
		<u>80,216,141</u>	<u>80,188,703</u>
Current assets			
Debtors	19	38,188,114	35,004,380
Cash at bank and in hand	20	1,805,372	5,259,476
		<u>39,993,486</u>	<u>40,263,856</u>
Creditors: amounts falling due within one year	21	(8,811,512)	(9,511,613)
Net current assets		<u>31,181,974</u>	<u>30,752,243</u>
Total assets less current liabilities		<u>111,398,115</u>	<u>110,940,946</u>
Provisions for liabilities			
Deferred taxation	23	(104,483)	(104,483)
		<u>(104,483)</u>	<u>(104,483)</u>
Net assets		<u>111,293,632</u>	<u>110,836,463</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	45,591,841	45,134,672
		<u>111,293,632</u>	<u>110,836,463</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
19/12/2024 | 09:33 GMT

Christopher Mills

C H B Mills
Director

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	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 2023	1,000	64,359,219	17,792,672	100,336,900	182,489,791	347,433	182,837,224
Comprehensive income for the year							
Profit for the year	-	-	-	12,230,622	12,230,622	2,040,164	14,270,786
Total comprehensive income for the year				12,230,622	12,230,622	2,040,164	14,270,786
Deferred tax on fair value loss on fixed asset investments and shares	-	-	(101,972)	101,972	-	-	-
Fair value loss on fixed asset investments and shares held in stock	-	-	4,298,541	(4,298,541)	-	-	-
Transfer of fair value adjustment on disposal	-	-	(163,552)	163,552	-	-	-
Transfer from revaluation reserve	-	-	207,937	(207,937)	-	-	-
Payments to non-controlling interest	-	-	-	-	-	(2,158,427)	(2,158,427)
At 31 March 2024	1,000	64,359,219	22,033,626	108,326,568	194,720,413	229,170	194,949,583

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	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 2022	1,000	64,359,219	19,847,654	90,398,093	174,605,966	737,086	175,343,052
Prior year adjustment			3,482,142	(3,482,142)			
At 1 April 2022	1,000	64,359,219	23,329,796	86,915,951	174,605,966	737,086	175,343,052
Comprehensive income for the year							
Profit for the year	-	-	-	7,376,612	7,376,612	1,924,283	9,300,895
Total comprehensive income for the year							
Deferred tax on fair value loss on fixed asset investments and shares	-	-	-	7,376,612	7,376,612	1,924,283	9,300,895
Fair value loss on fixed asset investments and shares held in stock	-	-	(3,458,253)	3,458,253	-	-	-
Transfer of fair value adjustment on disposal	-	-	(2,133,371)	2,133,371	-	-	-
Payments to non-controlling interest	-	-	54,500	(54,500)	-	-	-
Removal of NCI due to subsidiaries now being 100% owned	-	-	-	-	-	(1,806,723)	(1,806,723)
	-	-	-	507,213	507,213	(507,213)	-
At 31 March 2023	1,000	64,359,219	17,792,672	100,336,900	182,489,791	347,433	182,837,224

HARWOOD CAPITAL MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2023 (as previously stated)	1,000	64,359,219	1,341,572	44,666,043	110,367,834
Prior year adjustment - correction of error	-	-	-	468,629	468,629
At 1 April 2023 (as restated)	1,000	64,359,219	1,341,572	45,134,672	110,836,463
Profit for the year	-	-	-	457,169	457,169
At 31 March 2024	1,000	64,359,219	1,341,572	45,591,841	111,293,632

The notes on pages 24 to 48 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2022	1,000	64,359,219	1,341,572	39,884,030	105,585,821
Profit for the year	-	-	-	5,250,642	5,250,642
At 31 March 2023	1,000	64,359,219	1,341,572	45,134,672	110,836,463

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	£	£
Cash flows from operating activities		
Profit for the financial year	14,270,786	9,300,895
Adjustments for:		
Amortisation of intangible assets	3,381	7,856
Depreciation of tangible assets	332,231	328,941
Loss on disposal of tangible assets	178	279
Interest paid	82	28,256
Interest received	(1,920,317)	(966,241)
Taxation charge	4,546,603	5,258,117
(Increase) in stocks	(1,943,662)	(6,351,283)
Decrease in debtors	1,750,643	2,704,318
(Decrease)/increase in creditors	(1,758,663)	1,753,909
Increase in provisions	-	30,776
Net fair value (gains) recognised in P&L	(3,963,689)	(868,431)
Share of operating (loss) in joint ventures	(127,873)	(788,318)
Share of operating (loss) in associates	(303,016)	(396,169)
Corporation tax (paid)	(4,269,008)	(2,530,827)
Foreign exchange	62,456	(428,514)
Revaluation of stock	1,381,250	(33,818)
(Profit) on disposal of fixed asset investment	(231,708)	(362,131)
(Profit) on disposal of investment property	(112,769)	(596,979)
Bad debt	427,763	592,275
Impairment of stock	88,193	-
Net cash generated from operating activities	8,232,861	6,682,911

HARWOOD CAPITAL MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(3,600)
Purchase of tangible fixed assets	(44,351)	(151,969)
Sale of tangible fixed assets	65	-
Purchase of investment properties	(635,127)	(6,180,573)
Sale of investment properties	916,170	3,890,989
Purchase of listed investments	(51,769)	(2,279,353)
Sale of listed investments	51,054	(63,800)
Purchase of unlisted and other investments	(8,114,485)	(8,402,781)
Sale of unlisted and other investments	5,210,581	3,555,924
Sale of share in joint ventures	250,000	-
Loans provided	-	(1,200,000)
Repayment of loan	800,000	-
Net cash from investing activities	<u>(1,617,862)</u>	<u>(10,835,163)</u>
Cash flows from financing activities		
Interest paid	27,387	(787)
Interest received	1,527,424	673,661
Profits paid to non-controlling interests	(2,158,426)	(1,806,724)
Net cash used in financing activities	<u>(603,615)</u>	<u>(1,133,850)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,011,384</u>	<u>(5,286,102)</u>
Cash and cash equivalents at beginning of year	35,532,718	40,818,820
Cash and cash equivalents at the end of year	<u><u>41,544,102</u></u>	<u><u>35,532,718</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	41,544,102	35,532,718
	<u><u>41,544,102</u></u>	<u><u>35,532,718</u></u>

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2024**

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash at bank and in hand	35,532,718	6,011,384	-	41,544,102
Debt due within 1 year	(8,500,213)	650,000	(4,036)	(7,854,249)
	<u>27,032,505</u>	<u>6,661,384</u>	<u>(4,036)</u>	<u>33,689,853</u>

The notes on pages 24 to 48 form part of these financial statements.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 Nominees Limited.

2.3 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

2.4 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

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.

2.6 Interest income

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

2.7 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.8 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.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.10 Intangible assets

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.

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.

2.11 Tangible fixed assets

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

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 and machinery	- 25%
Motor vehicles	- 25%
Fixtures and fittings	- 25%
Office equipment	- 25%

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.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.12 Investment property

Investment property is carried at fair value determined annually by external valuers 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 profit or loss.

2.13 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.

2.14 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.15 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

2.16 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.17 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Financial liabilities

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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:

	2024 £	2023 £
Fees receivable from rendering of services	13,533,354	14,310,269
Sales and income from trading	19,630,278	12,856,287
Rental income receivable	1,522,509	1,170,053
Other income	183,746	155,767
	<u>34,869,887</u>	<u>28,492,376</u>

All turnover arose within the United Kingdom.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

5. Other operating income

	2024 £	2023 £
Other operating income	-	23,294
Sundry income	25,000	-
Profit on disposal of fixed asset investments	112,769	596,979
	<u>137,769</u>	<u>620,273</u>

6. Operating profit

The operating profit is stated after charging:

	2024 £	2023 £
Exchange differences	62,456	(428,514)
Other operating lease rentals	40,000	30,000
	<u>102,456</u>	<u>(398,514)</u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2024 £	2023 £
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	55,450	53,785
Fees payable to the Company's auditors and their associates in respect of:		
All non-audit services not included above	27,800	27,015
	<u>83,250</u>	<u>80,800</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

8. Employees

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

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Wages and salaries	1,443,666	1,457,381	1,091,268	541,217
Social security costs	126,440	185,414	105,331	66,569
Private medical	42,858	27,023	33,044	-
Cost of defined contribution scheme	55,530	(1,613)	41,494	11,373
	<u>1,668,494</u>	<u>1,668,205</u>	<u>1,271,137</u>	<u>619,159</u>

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

	2024 No.	2023 No.
Executives	2	1
Administration	13	17
Directors	9	8
	<u>24</u>	<u>26</u>

The Company has no employees other than the directors, who did not receive any remuneration (2023 - £NIL)

9. Directors' remuneration

	2024 £	2023 £
Directors' emoluments	<u>147,771</u>	<u>442,460</u>

Directors' emoluments equates to Key Management Personnel compensation.

10. Income from investments

	2024 £	2023 £
Income from fixed asset investments	<u>303,016</u>	<u>396,169</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

11. Interest receivable

	2024 £	2023 £
Other interest receivable	1,920,317	966,241

12. Taxation

	2024 £	2023 £
Corporation tax		
Current tax on profits for the year	4,352,440	2,394,781
Adjustments in respect of previous periods	174,370	(588,222)
	4,526,810	1,806,559
Total current tax	4,526,810	1,806,559
Deferred tax		
Origination and reversal of timing differences	110,835	3,451,558
Total deferred tax	110,835	3,451,558
Taxation on profit on ordinary activities	4,637,645	5,258,117

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - lower than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	2024 £	2023 £
Profit on ordinary activities before tax	18,908,431	14,559,012
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%)	4,727,108	2,766,212
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	83,497	-
Capital allowances for year in excess of depreciation	80,253	1,030
Utilisation of tax losses	(29,452)	(6,539)
Higher rate taxes on overseas earnings	(279,017)	(136,366)
Adjustments to tax charge in respect of prior periods	174,370	(588,222)
Deferred tax differences leading to an increase (decrease) in taxation	110,835	3,451,558
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(1,470,963)	(351,184)
Non-taxable income relating to fair value movement on investments	10,025	19,982
Capital gains	1,195,199	138,380
Profit/loss on capital disposals	(11,623)	-
Other differences leading to an increase (decrease) in the tax charge	47,413	(36,734)
Total tax charge for the year	4,637,645	5,258,117

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Exceptional items

	2024 £	2023 £
Impairment of fixed asset investments	35,275	-

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

14. Intangible assets

Group and Company

	Website costs £	Goodwill £	Total £
Cost			
At 1 April 2023	179,470	4,440,535	4,620,005
At 31 March 2024	179,470	4,440,535	4,620,005
Amortisation			
At 1 April 2023	166,566	4,440,535	4,607,101
Charge for the year on owned assets	3,381	-	3,381
At 31 March 2024	169,947	4,440,535	4,610,482
Net book value			
At 31 March 2024	9,523	-	9,523
At 31 March 2023	12,904	-	12,904

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

15. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 April 2023	12,851,474	183,874	99,442	521,436	523,165	14,179,391
Additions	-	1,146	-	8,417	34,788	44,351
Disposals	-	-	-	-	(585)	(585)
At 31 March 2024	<u>12,851,474</u>	<u>185,020</u>	<u>99,442</u>	<u>529,853</u>	<u>557,368</u>	<u>14,223,157</u>
Depreciation						
At 1 April 2023	2,553,795	182,454	26,233	510,126	468,011	3,740,619
Charge for the year on owned assets	255,458	1,468	24,860	11,261	39,184	332,231
Disposals	-	-	-	-	(342)	(342)
At 31 March 2024	<u>2,809,253</u>	<u>183,922</u>	<u>51,093</u>	<u>521,387</u>	<u>506,853</u>	<u>4,072,508</u>
Net book value						
At 31 March 2024	<u>10,042,221</u>	<u>1,098</u>	<u>48,349</u>	<u>8,466</u>	<u>50,515</u>	<u>10,150,649</u>
At 31 March 2023	<u>10,297,679</u>	<u>1,420</u>	<u>73,209</u>	<u>11,310</u>	<u>55,154</u>	<u>10,438,772</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Fixed asset investments

Group

	Investments in associates £	Listed investments £	Unlisted investments £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost or valuation						
At 1 April 2023	4,278,494	2,119,504	65,085,806	29	1,294,689	72,778,522
Additions	209,043	51,769	8,114,485	-	-	8,375,297
Disposals	-	(29,944)	(4,999,983)	-	(250,000)	(5,279,927)
Revaluations	-	(19,175)	3,284,489	-	-	3,265,314
At 31 March 2024	<u>4,487,537</u>	<u>2,122,154</u>	<u>71,484,797</u>	<u>29</u>	<u>1,044,689</u>	<u>79,139,206</u>

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 April 2023	74,116,225	1,645,000	75,761,225
Additions	275,000	-	275,000
Capital Repayment	-	(250,000)	(250,000)
At 31 March 2024	<u>74,391,225</u>	<u>1,395,000</u>	<u>75,786,225</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. 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	Ordinary	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 4 Limited	England & Wales	General Partner of Private Equity Fund	Ordinary	100%
Harwood Real Estate Limited	England & Wales	Management of real estate	Ordinary	100%
Harwood Capital Nominees Limited	England & Wales	Nominee client asset rules	Ordinary	100%
Stratton Street (Mouse No1) Limited	England & Wales	Dormant	Ordinary	100%
Optess Limited	England & Wales	Auto enrolment pensions	Preference	100%
Harwood Business Parks Investment Limited	England & Wales	Investment property	Ordinary	100%
Odyssean Capital LLP	England & Wales	Investment management / advisory	Ordinary	50%
Harwood (Cowleaze Road) Limited	England & Wales	Investment property	Ordinary	100%
Harwood Property Investments Limited *	England & Wales	Investment property	Ordinary	100%
Harwood Private Capital GP Limited *	England & Wales	Investment property	Ordinary	50%
Stratton Street (Anthony) Limited *	England & Wales	Dormant	Ordinary	100%
North Atlantic Value GP 5 LLP	England & Wales	General Partner of Private Equity Fund	Ordinary	100%
Bass Real Estate No. 13 Limited*	England & Wales	Investment property	Ordinary	100%
Harwood Private Capital LLP	England & Wales	Investment property	Ordinary	50%
Harwood Capital Management (Gibraltar) Limited	Gibraltar	Investment management/advisory	Ordinary	100%
Harwood Private Equity LLP	England & Wales	Investment management / advisory	Ordinary	100%
North Atlantic Investment Services Limited	England & Wales	Investment management / advisory	Ordinary	100%

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

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

The results of Odyssean Capital LLP, Harwood Private Capital LLP and Harwood Private Capital UK GP Limited for the year ended 31 March 2024 are shown below.

The aggregate of the share capital and reserves as at 31 March 2024 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Odyssean Capital LLP	1,539,414	1,222,790
Harwood Private Capital LLP	1,522,640	717,203
Harwood Private Capital UK GP Limited	2,415	101,032

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

17. Investment property

Group

	Freehold investment property £
Valuation	
At 1 April 2023	35,153,891
Additions at cost	635,127
Disposals	(803,401)
At 31 March 2024	34,985,617

The 2024 valuations were made by the director, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2024 £	2023 £
Historic cost	26,332,640	26,332,640
	<u>26,332,640</u>	<u>26,332,640</u>

Company

	Freehold investment property £
Valuation	
At 1 April 2023	4,427,478
Additions at cost	2,438
At 31 March 2024	4,429,916

The 2024 valuations were made by the director, on an open market value for existing use basis.

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. Stocks

	Group 2024 £	Group 2023 £
Property Held for Sale	3,338,193	3,363,193
Stocks and shares	35,484,101	34,984,882
	<u>38,822,294</u>	<u>38,348,075</u>

The value of stocks and shares at the year end is made up of historic cost of £36,953,544 (2023 - £34,951,064) and fair value adjustment of £-1,381,250 (2023 - £33,818).

19. Debtors

	Group 2024 £	Group As restated 2023 £	Company 2024 £	Company As restated 2023 £
Due after more than one year				
Other debtors	-	2,125,000	-	-
	<u>-</u>	<u>2,125,000</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	3,056,212	2,256,122	3,713	4,782
Amounts owed by group undertakings	-	-	33,786,553	31,054,655
Amounts owed by joint ventures and associated undertakings	1,028,313	957,079	678,002	606,768
Other debtors	2,115,831	2,608,845	157,180	1,496
Prepayments and accrued income	2,142,711	2,622,721	3,562,666	3,336,679
	<u>8,343,067</u>	<u>10,569,767</u>	<u>38,188,114</u>	<u>35,004,380</u>

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

20. Cash and cash equivalents

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Cash at bank and in hand	41,544,102	35,532,718	1,805,372	5,259,476
	<u>41,544,102</u>	<u>35,532,718</u>	<u>1,805,372</u>	<u>5,259,476</u>

Included within cash at bank and in hand is Investment cash of £30,799,622 (2023: £24,946,087) 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.

21. Creditors: Amounts falling due within one year

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Trade creditors	278,728	703,522	124,229	323,167
Amounts owed to group undertakings	-	-	450,000	-
Corporation tax	928,677	607,961	-	326,645
Other taxation and social security	161,680	179,691	-	-
Other creditors	7,896,674	9,197,055	7,873,991	8,498,399
Accruals and deferred income	2,011,917	2,652,832	363,292	363,402
	<u>11,277,676</u>	<u>13,341,061</u>	<u>8,811,512</u>	<u>9,511,613</u>

22. Financial instruments

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Financial assets				
Financial assets measured at fair value through profit or loss	152,947,117	146,280,488	75,786,225	75,761,225

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

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

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

23. Deferred taxation

Group

	2024	2023
	£	£
At beginning of year	(6,625,588)	(3,174,030)
Charged to profit or loss	(110,835)	(3,451,558)
At end of year	(6,736,423)	(6,625,588)

Company

	2024	2023
	£	£
At beginning of year	(104,483)	(104,483)
At end of year	(104,483)	(104,483)

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2024	2023	2024	2023
	£	£	£	£
Tax liability on fair value adjustment	(6,736,423)	(6,625,588)	-	-
Capital allowances for year in excess of depreciation	-	-	(104,483)	(104,483)

24. Share capital

	2024	2023
	£	£
Allotted, called up and fully paid		
10,000 (2023 - 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.

HARWOOD CAPITAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

Company

During the current period, the members have identified that a performance fee payable of £468,629 was incorrectly accrued in the year ended 31 March 2023 in a subsidiary. This has resulted in a restatement of the comparative figures with an increase in investment income and accrued income.

27. Contingent liabilities

At the balance sheet date a group company had entered into agreements to commit funds of up to £5,001,965 (2023: £6,721,429) to UK SME funds.

At the balance sheet date the a group company had entered into agreements to commit funds of up to £1,750,739 (2023: £2,148,239) to US funds.

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 £55,530 (2023: £25,104). Contributions totaling £4,249 (2023: £213) 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 2024

29. Related party transactions

Group and Company

Included within creditors there is a balance of £7,850,000 (2023: £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 £190,761 (2023: £98,333) 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 £838,147 (2023: £1,018,862) 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 £nil (2023: £36,398) and at the year end the amount due from the entity was £nil (2023: £nil).

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 £3,200,000 (2023: £3,200,000) which had £800,000 (2023: £NIL) outstanding at the year end date.

During the year a group company paid rent of £40,000 (2023: £30,000) to one of its directors.

30. Post balance sheet events

Company

Post year end a subsidiary undertaking has lost it's main contract, as a result the investment of £150k and the receivable amount of £1.5m will be written off in the next period.

HARWOOD CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

31. 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.

32. Subsidiaries

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

Name	Registration Number
Harwood Business Parks Investment Limited	12936660
Bass Real Estate No 13 Limited	09778408
Harwood (Cowleaze Road) Limited	10661754
Growth Financial Services Limited	01692312
— 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	QC4278967
Optess Limited	10320894