

Company Registration No. 00756128 (England and Wales)

**HARVARD INTERNATIONAL LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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HARVARD INTERNATIONAL LIMITED

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HARVARD INTERNATIONAL LIMITED

Officers and Advisers

Directors

Zhuoyan Xu (Chief Executive Officer)

Xuhui Zhou (Chairman)

Lei Li (Director)

Registered Office

Unit 4, Maple Grove Business Centre

Lawrence Road

Hounslow

TW4 6DR

Solicitors

Wragge & Co LLP

55 Colmore Row

Birmingham B3 2AS

HARVARD INTERNATIONAL LIMITED

Strategic Report

The Directors have pleasure in submitting their report and financial statements for the year ended 31 December 2020.

Principal Group and Company Activities and Review of Operations

The principal activity of the Group is that of importer and distributor of consumer electronics in the UK.

The principal activity of the Company is that of an investment holding company and does not trade.

Our key product strategy is to monitor market trends and retailer feedback to enter product categories with good growth opportunities or where exiting brands or lower competition represent more profitable options.

The Group has now completed the process of focused on improving the longer term outlook by exiting non-profitable, high returning or low margin, highly competitive product areas.

Stock cleansing activities have been completed, with a drastic reduction in obsolete or end of line inventories.

The new brand and product strategy has started to deliver positive results through a more compelling and contemporary brand proposition enabling the business to phase out low margin, high volume products that were a burden on cash flow and nett profitability.

Revenues increased in line with expectations, whilst the group shunned low margin, unprofitable accounts and products. Gross margins remained stable therefore, despite the increase in revenue.

Aggressive action was taken throughout the year to extricate the business from various contractual obligations and reduce disproportionate overheads, considering the scale of the business.

2019 saw the completion of the management restructure and re-location of company office to a more suitable location and the 2020 results show the benefit of this restructure.

Further to the successful Goodmans brand refresh, value was realised through the sale on non-core product category company trademarks to a large retail chain. This also enables wider exposure of the brand, raising awareness and visibility.

Future developments

The Group will continue to implement plans to reduce costs in all areas of the business as it adapts to the needs of a more streamlined product portfolio.

Through 2020 the Group will maintain its lean operation, strengthening competitiveness through reduced operational costs and a diligent adherence to the new product portfolio selection criteria that improve overall margin position.

Principal risks and uncertainties

The principal risks facing the Group arise from changes in technology and consumer habits and the continuingly challenging retail environment with reduced consumer spending on non-essential goods due to future economic uncertainty. The Group is focused on quicker time to market for new product development to enable growth based on changing market needs.

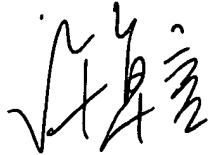
On-going devaluation of Sterling increases the cost of products imported for our main manufacturing area, China. Increased product costs across the market for all imported goods is likely to dampen demand and challenge margins as cost price increases are passed on.

The historical risk and issues relating to excessive product returns has been mitigated through a successful strategy of migrating the product portfolio away from high R&D dependant, technically complex and risky product areas such as Set Top Box. This successful product strategy has seen reduction in product returns that will only continue to improve.

Strategic Report (continued)

Some risk remains surrounding potential failure of Far East manufacturing partners to meet required quality level, but this is mitigated through a Harvard organisational structure that has its own inspection and QC team in China and implementing group wide Conditions of Trade with stringent quality and testing criteria.

The Group continues its variable cost model strategy to minimise the impact of any economic downturn and enable it to swiftly react to new business opportunities.

A handwritten signature in black ink, appearing to be 'Zhuoyan Xu', written in a cursive style.

Zhuoyan Xu - Group CEO

Date: 23 December 2021

HARVARD INTERNATIONAL LIMITED

Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements, for the year ended 31 December 2020.

Future developments in the business of the Group are included in the strategic report.

Results and Dividends

The results of the Group are set out in the Consolidated Income Statement on page 5. The directors did not recommend payment of an ordinary dividend (2019: £nil).

Directors

The following directors who have held office throughout the year, except as noted, were as follows:

Zhuoyan Xu (Chief Executive Officer)

Xuhui Zhou (Chairman)

Lei Li (Director)

Statement of directors' responsibilities

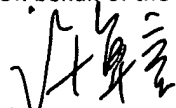
The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



Zhuoyan Xu - Group CEO

Date: 23 December 2021

HARVARD INTERNATIONAL LIMITED

Consolidated Income Statement for the year ended 31 December 2020

	Notes	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Revenue	2	1,338	1,023
Cost of sales		(519)	(388)
Gross profit		819	635
Net operating expenses	3	(196)	(1,279)
Other income		-	-
Operating profit / (loss) before exceptional items		623	(644)
Exceptional items		-	-
Operating profit / (loss) after exceptional items	4	623	(644)
Finance income	5	-	15
Profit / (loss) before tax		623	(629)
Taxation	7	-	-
Profit / (loss) for the period		623	(629)
Attributable to:			
Equity holders of the parent		623	(629)

Consolidated Statement of Comprehensive Income

Profit / (loss) for the period	623	(629)
Other comprehensive income		
Other comprehensive income net of tax	2	669
Other comprehensive income net of tax	2	669
Total comprehensive income (all attributable to owners of the parent)	625	40

HARVARD INTERNATIONAL LIMITED

Consolidated Statement of Financial Position at 31 December 2020

		Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
	Notes		
Non-current assets			
Investments	9	-	-
Property, plant & equipment	8	-	1
Total non-current assets		-	1
Current assets			
Inventories	10	448	623
Trade and other receivables	11	5,482	4,237
Cash and cash equivalents		111	461
Total current assets		6,041	5,321
Total assets		6,041	5,322
Current liabilities			
Trade and other payables	13	1,765	1,671
Income tax payable		118	118
Provisions for liabilities		-	-
Total current liabilities		1,883	1,789
Total liabilities		1,883	1,789
Net assets		4,158	3,533
Equity attributable to equity holders of the parent			
Share capital	16	5,134	5,134
Share premium	17	3,239	3,239
Capital redemption reserve	17	15,377	15,377
Translation reserve	17	(6,528)	(6,530)
Retained earnings		(13,064)	(13,687)
Total equity		4,158	3,533

For the year ending 31 December 2020, the group and company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the group and company to obtain an audit of its financial statements for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime and were approved by the Board of Directors by:



Zhuoyan Xu
Group CEO

Date: 23 December 2021

Company Registration Number 00756128

HARVARD INTERNATIONAL LIMITED

Company Statement of Financial Position at 31 December 2020

	Notes	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Non-current assets			
Investments	9	1	1
Total non-current assets		1	1
Current Assets			
Trade and other receivables	11	6,712	6,712
Total current assets		6,713	6,713
Total assets		6,713	6,713
Current liabilities			
Trade and other payables	13	6,475	6,475
Total current liabilities		6,475	6,475
Total liabilities		6,475	6,475
Net assets		238	238
Equity attributable to equity holders of the parent			
Share capital	16	5,126	5,134
Share premium	17	3,239	3,239
Capital redemption reserve	17	18,095	18,095
Investment in own shares	17	-	-
Share based payment reserve	17	-	-
Retained earnings		(26,222)	(26,222)
Total equity		238	238

For the year ending 31 December 2020, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime and were approved by the Board of Directors and authorised for issue by:

Zhuoyan Xu
Group CEO

Date: 23 December 2021

Company Registration Number 00756128

HARVARD INTERNATIONAL LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

Equity attributable to owners of the parent

	Share capital (£'000)	Share premium account (£'000)	Capital redemption reserve (£'000)	Translation reserve (£'000)	Retained earnings (£'000)	Total (£'000)
Group:						
At 1 January 2020	5,134	3,239	15,377	(6,530)	(13,687)	3,533
Loss for the year	-	-	-	-	623	623
Transactions with owners	-	-	-	-	623	623
Other comprehensive income	-	-	-	2	-	2
At 31 December 2020	5,134	3,239	15,377	(6,528)	(13,064)	4,158
At 1 January 2019	5,134	3,239	15,377	(7,199)	(13,058)	3,493
Loss for the year	-	-	-	-	(629)	(629)
Transactions with owners	-	-	-	-	(629)	(629)
Other comprehensive income	-	-	-	669	-	669
At 31 December 2019	5,134	3,239	15,377	(6,530)	(13,687)	3,533

HARVARD INTERNATIONAL LIMITED

Company Statement of Changes in Equity for the year ended 31 December 2020

Equity attributable to owners of the parent

	Share capital (£'000)	Share premium account (£'000)	Capital redemption reserve (£'000)	Translation reserve (£'000)	Retained earnings (£'000)	Total (£'000)
Company:						
At 1 January 2020	5,126	3,239	18,095	-	(26,222)	238
Profit for the year	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
At 31 December 2020	5,126	3,239	18,095	-	(26,222)	238

Company:						
At 1 January 2019 (as previously reported)	5,134	3,239	18,095	-	(26,222)	246
Amendment to share capital	(8)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
Transactions with owners	(8)	-	-	-	-	(8)
Other comprehensive income	-	-	-	-	-	-
At 31 December 2019	5,126	3,239	18,095	-	(26,222)	238

HARVARD INTERNATIONAL LIMITED

Consolidated Statement of Cash Flows		Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
	Notes		
Cash flow from operating activities			
Cash from operations	18	(352)	(447)
Net cash used in operating activities		(352)	(447)
Cash flows from investing activities			
Interest received		-	15
Purchase of property, plant and equipment		-	-
Net cash inflow from investing activities		-	15
Cash flows from financing activities			
Movement in translation reserve		2	669
Net cash used in financing activities		2	669
Net increase / (decrease) in cash and cash equivalents		(350)	237
Cash and cash equivalents at beginning of period		461	224
Cash and cash equivalents at end of period	18	111	461

HARVARD INTERNATIONAL LIMITED

Notes to the Accounts

1. Principal Accounting Policies

Accounting Policies

Harvard International Limited is a company incorporated in the United Kingdom under the Companies Act. The Group has adopted the accounting policies set out below in preparation of these financial statements. All of these policies have been applied consistently throughout the periods presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis. They have been prepared in accordance with *International Financial Reporting Standards*, *International Accounting Standards* and *Interpretations* (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ('adopted IFRSs') and with those parts of the Companies Act 2006 applicable to companies' reporting under IFRS. The Parent Company's financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The Directors have taken advantage of the exemption offered by section 408 of the Companies Act 2006 not to present a separate income statement for the Parent Company. The financial statements have been prepared on the historic cost basis, except for the revaluation of financial instruments.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Basis of consolidation

The financial information consolidates the financial information of Harvard International Limited and its subsidiary undertakings. The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

HARVARD INTERNATIONAL LIMITED

Notes to the Accounts

Going concern

As described in the Review of operations on page 2, the current economic climate is difficult and the group has reported a loss for four of the last five years.

The directors' consider that the outlook presents significant challenges in terms of sales volume and pricing as well as input costs. Whilst the directors have implemented plans to reduce costs in warehousing and operating overheads to preserve cash flow these circumstances create uncertainties over future trading and cash flows. As such the ultimate controlling party has informed the group that he has undertaken to continue to provide such financial support as the group requires for its continued operations.

On the basis of their assessment of the group's financial position and ability of the ultimate controlling party's ability to provide the support undertaken the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsidiaries

Subsidiaries are entities over which the Group has control, either directly or indirectly, being the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold in the year are consolidated from the effective date of acquisition or to the effective date of disposal as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is credited to the income statement in the period of acquisition. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Revenue

Revenue which excludes value added tax and sales between Group companies, represents the invoiced value of goods sold in the year. Revenue is recognised at the point when the goods are dispatched to the customer.

Taxation

The tax expense represents the sum of the corporation tax currently payable and the deferred tax charge.

The corporation tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each yearend date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

HARVARD INTERNATIONAL LIMITED

1. Principal Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation.

Assets are depreciated, so as to write off their carrying value over their expected useful lives on a straight line basis as follows:-

- Leasehold improvements: over the term of the lease.
- Furniture, fixtures and equipment: 15 per cent per annum.
- Motor vehicles: 25 per cent per annum.
- Tooling: over the first year of product's life.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents all direct costs incurred in bringing stocks to their current condition and location including an appropriate proportion of overheads and is calculated on a first-in, first-out basis.

Investments

The Parent Company's investments in subsidiary companies are shown at cost less provision for any impairment.

Foreign Currencies

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentational currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into Sterling at contracted rates or, where no contract exists, at average monthly rates. Monetary assets and liabilities denominated in foreign currencies which are held at the year-end are translated into Sterling at the year-end exchange rates. Exchange differences on monetary items are taken to the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges. Translation differences on any non-monetary items are reported as part of the fair value gain or loss recognised in respect of that financial instrument.

(iii) Group companies

The balance sheets of overseas subsidiary undertakings are translated into Sterling at the rate of exchange ruling at the year-end date. Profits and losses of overseas subsidiary undertakings are expressed in Sterling utilising average monthly rates. Exchange differences arising on the translation of the opening shareholder's funds are recognised as a separate component of equity, within the translation reserve.

On consolidation, exchange differences arising from the retranslation of the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

Borrowing costs

The Group capitalises borrowing costs, being interest on bank import advances, relating to the purchase of inventories. The capitalisation rate is based on an estimate of inventory transit times and a weighted average of the borrowing costs.

1. Principal Accounting Policies (continued)

Leases

Assets held under operating leases are not reported in the balance sheet. Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Rentals under operating leases are charged on a straight-line basis to the income statement over the lease term. Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Rental income from these leases is recognised on a straight line basis over the term of the lease.

Pensions

Group companies contribute to defined contribution pension schemes on behalf of the Directors and other members of staff. Costs are charged to the income statement as incurred.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

(ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

HARVARD INTERNATIONAL LIMITED

1. Principal Accounting Policies (continued)

(ii) Loans and receivables (continued)

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flow - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Warranty provision

A provision is made in the period of sale to cover the estimated future liability for warranty returns and the associated costs. Costs actually incurred are charged against this provision. Costs in excess of the provision are recognised directly through the income statement whilst any over provision of these costs is released through the income statement where such costs are lower than anticipated.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in-the-money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1. Principal Accounting Policies (continued)

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Share Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

HARVARD INTERNATIONAL LIMITED

1. Principal Accounting Policies (continued)

New IFRS standards and interpretations newly adopted

There were no new IFRS standards for mandatory adoption on 1 January 2020 which had a material impact on the Group.

New IFRS standards and interpretations not yet adopted

A number of standards and other pronouncements are in issue that are not yet effective and have not been adopted, many of which are not relevant to the firm. Management does not anticipate these to have a material impact on the Group.

1. Principal Accounting Policies (continued)**Critical accounting estimates and judgments**

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying Group accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to warranty claims and stock provisions.

(i) Provisions

The company's provisions are based on the best information available to management at the balance sheet date. The most significant provision currently is in relation to the provision to cover the estimated future liability for warranty returns. The associated costs and the rights to return goods if customers are dissatisfied or goods are damaged.

(ii) Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated and directly attributable costs of completion and costs to be incurred in marketing, selling and distribution. Net realisable value includes, where necessary, provisions for slow moving and damaged inventory. The provision represents the difference between the cost of stock and its estimated net realisable value, based on ageing and other factors.

Calculation of these provisions requires judgements to be made which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

2. Revenue

The geographical analysis of turnover of continuing operations by geographical location of customer is as follows:

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
United Kingdom	1,338	1,023
	<u>1,338</u>	<u>1,023</u>

3. Net operating expenses

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Selling and distribution	42	142
Administration	154	1,137
	<u>196</u>	<u>1,279</u>

4. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Staff costs (note 6)	141	236
Depreciation of fixed assets	1	-
Operating lease payments under property leases	(1)	23
Defined contribution pension expense	9	9
Foreign exchange (gain) / loss	1	(2)

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of the accounts. Profit after taxation for the year of £Nil (31 December 2019: £Nil) has been dealt with in the accounts of the Company.

5. Finance income

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Finance income comprises:		
Interest receivable	-	15
	-	15

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6. Employee Information

During the year no directors exercised any share options.

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

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Staff Costs (including Directors) were:		
Wages and salaries	101	204
Social security costs	40	23
Pension contributions	9	9
	150	236

Key management, consisting of the Main Board Directors and the Directors of the UK subsidiary companies, received the following compensation:

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Wages and salaries	26	30
Social security costs	2	3
Pension contributions	1	1
	29	34

No directors accrued benefits under the money purchase pension scheme.

During the year no directors exercised any share options.

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

Remuneration for qualifying services	26	28
Social security costs	2	3
Pension contributions	1	1
	29	34

The average number of persons employed by the Group (including Directors) during the year as follows:

	Number	Number
Selling and administration	4	3
Warehousing, distribution and manufacturing	1	3
	5	6

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7. Taxation

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
The tax charge comprises:		
UK corporation tax on profits for the year at 19.00% (2019: 19.25%)	-	-
Adjustments for previous periods	-	-
Non-UK taxation		
- Current	-	-
- <i>Adjustment in respect of prior years</i>	-	-
Total current taxation	-	-
Deferred tax – Origination and reversal of temporary timing differences	-	-
– <i>Adjustments in respect of prior years</i>	-	-
Total taxation credit in the income statement	-	-
Factors affecting taxation charge:		

The taxation expense on the loss for the period differs from the amount computed by applying the corporation tax rate to the loss before taxation as a result of the following factors:

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Profit / (loss) for the period before tax	623	(629)
Effects of:		
Non allowable and non taxable items	-	-
Depreciation in excess of capital allowances	-	-
Tax losses (utilised) / not recognised	(623)	629
Total taxation credit	-	-

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8. Property, plant and equipment

	Leasehold Improvements £'thousands	Furniture, Fixtures and Equipment £'thousands	Property, Plant and Equipment Total
	£'000	£'000	£'000
Group:			
Cost			
At 1 January 2019	-	382	382
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	-	382	382
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	-	382	382
Aggregate depreciation			
At 1 January 2019	-	381	381
Amount provided	-	-	-
Eliminated amount on disposal	-	-	-
At 31 December 2019	-	381	381
Amount provided	-	1	-
Eliminated on disposal	-	-	-
At 31 December 2020	-	382	382
Net book value			
At 31 December 2020	-	-	-
Net book value			
At 31 December 2019	-	1	1

There are no assets that have been pledged as security in the Group.
There are no fixed assets held by the Company.

9. Investments

Investments in Subsidiaries:

All investments were fully impaired at 31 December 2020

Other Investments:

	Company 31-Dec 2020 £'000	Company 31-Dec 2019 £'000
Carrying value at beginning and end of period	1	1
Total investments	1	1

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9. Investments (continued)

A summary of subsidiary companies is shown below:

Name of Company	Country of incorporation and principal place of business	% of capital held	Class of capital issued	Nature of Business
Held directly:				
Alba Broadcasting Corporation Limited*	England	100	2 £1 ordinary shares	Audio, vision and consumer electronic equipment importer and distributor
View21 Limited*	England	100	113,208 £1 ordinary shares	
Harvard Property Holdings Limited*	England	100	521,008 £1 ordinary shares	Property holding
Held indirectly:				
Harvard Maritime Limited**	Hong Kong	100	100,000,000 HK \$1 ordinary shares, 960,000,000 HK \$1 redeemable ordinary shares	Importer and exporter
Bush Australia PTY Limited***	Australia	100	100,000 Aus \$1 shares	Importer and distributor
Grundig Australia PTY Limited***	Australia	100	1,000,001 Aus \$1 shares	Importer and distributor

Advantage has been taken of the exemptions available under the Companies Act 2006 not to disclose Group subsidiary companies, which are dormant, as they have not affected the figures shown in the accounts.

* - Unit 4, Maple Grove Business Centre, Laurence Road, Hounslow, TW4 6DR

** - Room 2107, Lippo Centre, Tower 2, 89 Queensway, Admiralty, Hong Kong

*** - Level 32, 1 Market Street, Sydney, NSW 2000, Australia

10. Inventories

	Year ended 31-Dec 2020	Year ended 31-Dec 2019
	£'000	£'000
Goods for resale	448	623
Stock in transit	-	-
	448	623

Finished goods are shown net of a provision of £185,303 (2019 - £262,974).

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11. Trade and other receivables

	Group 31-Dec 2020 £'000	Group 31-Dec 2019 £'000	Company 31-Dec 2020 £'000	Company 31-Dec 2019 £'000
Trade receivables	615	91	-	-
Amounts owed by subsidiaries	-	-	5,882	5,882
Amounts owed by related companies	4,853	3,953	900	900
Other receivables	-	165	-	-
Prepayments and accrued income	14	26	-	-
Deferred Tax Asset	-	2	-	-
VAT				
	5,482	4,237	6,782	6,782

Trade and other receivables are shown after deducting a provision for impairment of £10k (2019: £81k). The credit to the income statement was £Nil (2019: £280k). The decrease in the trade debtor impairment charge reflects the application of the Group's provisioning policy in respect of bad and doubtful debts. The Directors consider that the carrying amount of trade and other debtors approximates their fair value.

As at 31 December 2020, trade and other receivables outside their payment terms yet not impaired are as follows:

	Total £'000	0-1 month £'000	1-2 months £'000
31 December 2020	15	15	-
31 December 2019	15	15	-

12. Financial risk management and financial instruments

At the year-end the Group had no gain on forward foreign exchange contracts (2019: £nil).

Fair value of financial assets and liabilities

Derivative financial instruments are recognised at fair value in the balance sheet. The carrying value of all other financial assets and liabilities, including trade balances, cash and cash equivalents and bank loans, approximate to their fair values in both the current and prior years.

Liquidity risk

Fair value estimation

The fair value of derivative financial instruments is based on 'Mark to Market' prices as provided by the Group's bankers. The nominal value less impairment provision of trade receivables and payables, as well as bank loans, is assumed to approximate their fair value.

None of the Group's financial instruments were traded in active markets at the year end date.

As regards liquidity, the Group's policy has sought, since the current structure was first established in the 1970's, to ensure continuity of funding through the maintenance of excellent relationships with its banks. Through the use of extensive Trade Finance facilities, the Group is able to ensure the availability of required funding. Furthermore, as the proportion of the Group's purchases on open credit increases, the Group's reliance on external funding will reduce.

12. Financial risk management and financial instruments (continued)

Foreign currency risk

Most of the Group's purchases are in currencies different from the selling currency. It is the Group's policy to eliminate a part of this exposure when purchase programmes are planned through a combination of forward currency contracts and options. All remaining exposure is eliminated at the time of shipment. Gains and losses on instruments used for hedging are not realised until the exposure that is being hedged is itself recognised. The fair value of the gain on instruments used for hedging at 31 December 2020 was £Nil (2019: £nil).

The Group's policy does not give rise to instruments used for hedging having more than one year to their maturity. As a result any unrealised gain or loss on instruments used for hedging at the balance sheet date will be recognised in the income statement of the next accounting period.

The Group has overseas subsidiary companies operating in Hong Kong and Australia. The Group's Sterling balance sheet is partly protected from movements in exchange rates by financing a proportion of its net investment in foreign currencies.

Financial risks

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings and net funds. Where necessary the Group borrows in the desired currencies at floating rates of interest. It is the view of the Group that banks are service providers in the same way as shipping companies, insurance companies etc. Having several banks, the Group can utilise this competitive situation to ensure that all banks lend on the best borrowing terms. This is further enhanced by the fact that banks have traditionally provided facilities at lower rates of interest on trade finance than for other types of borrowing because of the short-term nature of the liability. Added to this, the Group has enjoyed an unblemished reputation with its banks for many years, having always been extremely prompt in meeting its obligations and handling all matters appertaining to its business with banks efficiently.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, investments and derivative financial instruments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group is exposed to credit risk via its trade receivables. Concentrations of credit risk will also exist due to material amounts receivable from individual customers. Major customers are all blue chip institutions and procedures are in place to ensure customers have appropriate credit histories. The maximum credit risk exposure at the year end date is in total represented by the trade receivables figure, which is net of appropriate provisions.

Capital management

The capital structure of the Group is presented in the statement of financial position. Notes 16 and 17 provide details on equity and Note 13 on any loans and overdrafts.

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12. Financial risk management and financial instruments (continued)

Currency exposures

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to enable successful future development of the business. The Board monitors return on capital and determines the overall level of dividends payable to shareholders.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

As explained above, the Group's objectives in managing the currency exposures arising from its net investment overseas are to retain some potential for currency related appreciation while partially hedging against currency depreciation. Gains and losses arising from these structural currency exposures are recognised in the statement of comprehensive income.

The table below shows the Group's currency exposures; in other words, those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposure comprises the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved. As at 31 December 2020 the exposures were as follows:-

Functional currency of Group operation	Net foreign currency monetary assets/(liabilities) in £000					
	£		US \$		Total	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
HK\$	4,853	3,953	-	-	4,853	3,953
£	(696)	(401)	-	-	(696)	(401)
A\$	-	-	-	-	-	-
PLN	-	-	-	-	-	-
	4,157	3,552	-	-	4,157	3,552

Maturity of long-term financial liabilities

There were no long term financial liabilities for the Group at 31 December 2020 (2019: £nil).

Borrowing facilities

As at 31 December 2020 the Group had no undrawn borrowings and trade finance related facilities (2019: £nil).

13. Trade and other payables

	Group 31-Dec-20 £'000	Group 31-Dec-19 £'000	Company 31-Dec-20 £'000	Company 31-Dec-19 £'000
Trade creditors	128	136	-	-
Amounts owed to subsidiaries	-	-	6,476	6,476
Other creditors	34	716	-	-
Other taxation & social security	12	13	-	-
Accruals	1,591	806	-	-
	1,765	1,671	6,476	6,476

14. Provisions for liabilities

	Group 31-Dec 2020 £'000	Group 31-Dec 2019 £'000
Balance at 1 January 2020	-	43
Charged to the income statement	-	-
Utilised in period	-	(43)
Balance at 31 December 2020	-	-

For certain products the Group has incurred an obligation to exchange the item if it breaks prematurely due to a lack of quality or give the client a refund if he is not satisfied

The above provision included a provision for warranty claims. The warranty provision is based on an assessment of future claims reference to past claims and is expected to be utilised within the following financial period.

15. Deferred Taxation

At 31 December 2020 the Group had operating losses carried forward in respect of which no deferred tax asset were recognised amounting to approximately £84.5 million (2019: £85.1 million) and such losses comprise mainly UK tax losses. The Directors do not consider it appropriate to recognise any deferred tax asset to reflect the potential benefit arising from such timing differences as at 31 December 2020, because it is not probable that sufficient future taxable profits will be available to utilise these losses in the foreseeable future. There are no expiry date restrictions to these losses.

At 31 December 2020, the undistributed earnings of overseas subsidiaries capable of making a dividend was £nil (2019: £nil). No deferred tax liabilities have been recognised in respect of unremitted earnings because the Group is in a position to control the timing of the reversal of these temporary timing differences and it is probable that such differences will not reverse in the foreseeable future.

16. Share Capital

	Company 2020 £'000	Company 2019 £'000
Authorised:		
At 31 December 2020 and 31 December 2019, 51,275,685 Ordinary Shares of 10p each	5,126	5,126
Allotted, called up and fully paid:		
At 31 December 2020 and 31 December 2019 51,275,685 Ordinary Shares of 10p each	5,126	5,126

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17. Nature and purpose of other reserves

Share premium account

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value.

	Share Premium £'000
Balance at 1 January and 31 December 2020	3,239

Capital redemption reserve

This reserve relates to the value of shares redeemed or cancelled by the Company, thus maintaining the capital of the Company after such redemption or cancellation.

	Capital Redemption Group £'000	Capital Redemption Company £'000
Balance at 1 January and 31 December 2020	15,377	18,095

Translation reserve

The translation reserve is used to record exchange differences arising from translation of the financial statements of foreign subsidiaries. It is also used to record the net exchange differences on monetary items that form part of the net investment in foreign operations.

	Translation Reserve £'000
Opening balance at 1 January 2020	(6,530)
Exchange differences on translation of foreign operations	2
Closing balance at 31 December 2020	(6,528)

18. Cash flow from operating activities:

	Year ended 31-Dec 2020 £'000	Year ended 31-Dec 2019 £'000
Operating profit / (loss) after exceptional items	623	(644)
Adjustments for:		
Depreciation of property, plant & equipment	1	-
(Increase) / decrease in receivables	(1,246)	24
Decrease in inventories	175	226
Increase / (decrease) in payables	95	(10)
(Decrease) in provisions	-	(43)
Increase/(decrease) in tax provisions	-	-
Loss on disposal of fixed assets	-	-
Cash flow used in operating activities	(352)	(447)
Net Cash		
Cash and cash equivalents	111	461

Cash and cash equivalents comprise cash at bank and bank overdrafts all with a maturity of three months or less.

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19. Guarantees and other financial commitments

(a) No capital commitments had been authorised or contracted for but not provided in the accounts by the Group or the Company (31 December 2019: £nil).

(b) The Group has entered into non-cancellable leases in respect of plant and machinery, the payments for which extend over a period of up to three years. The total annual rental (including interest) for the period ended 31 December 2020 was (£1k) (31 December 2019: £187k) of which £nil (31 December 2019: £nil) was applicable to the Company. The lease agreements provide that the Group will pay all insurance. The total rental (including interest) for the remainder of the leases is:

	Property leases	
	Group year ended	Group year ended
	31-Dec-20	31-Dec-19
	£'000	£'000
Within one year	-	-
Within two to five years	-	-
	-	-

(c) Information on the Group's financial instruments is given in Note 12.

20. Related party disclosures

i) The Directors do not receive any remuneration from the Company (2019: £nil) as their emoluments are borne by subsidiaries. It is impracticable to isolate the cost of service to the Company from the cost of service to the other members of the Group.

ii) The Company's investments in subsidiary companies have all been previously impaired as given in Note 9.

iii) Harvard International Limited guarantees the borrowings of its subsidiaries.

iv) The remuneration of the directors, who are the key management personnel of the group, is set out in Note 6.

21. Ultimate controlling party

The company's immediate parent undertaking at the year-end is Geeya Technology (Hong Kong) Limited. Geeya Technology (Hong Kong) Limited was previously owned by Chengdu Geeya Technology Co Limited. On 17 October 2016 the entire share capital of Geeya Technology (Hong Kong) Limited was purchased by Xuhui Zhou and on this date Xuhui Zhou became the ultimate controlling party of the company.

The smallest group of companies for which group financial statements are prepared and of which the company is a member is Geeya Technology (Hong Kong) Limited group.