

Company Registration No. 01785610 (England and Wales)

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

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BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Mr P R Simms Mr L Pittal Mr A Katten Mr T Simms (Resigned 12 February 2022) |
| Company number | 01785610 |
| Registered office | 8 Prospect Place Welwyn Hertfordshire AL6 9EN |
| Auditor | UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW |
| Bankers | Barclays Bank Leicester LE87 2BB |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

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BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present the strategic report for the period ended 31 December 2021.

The accounting reference date was amended during the period to 31 December, from 31 March, with the current period covering the 9 months to 31 December 2021.

Fair review of the business

The principal activity of the group is the provision of financial and investment management services.

The company has been regulated by the Financial Conduct Authority (FCA) throughout the year.

The directors are satisfied with the performance of the business in the year, which continues to be affected by the external environment market conditions including the COVID 19 pandemic and war in Ukraine. With reference to the company's key performance indicators set out below, despite revenues and profits decreasing in comparison to the previous financial year, the company posted a strong profit and the balance sheet remains in considerable surplus.

Principal risks and uncertainties

The company's main uncertainty is how the current economic climate and uncertainty surrounding Covid-19 and the war in Ukraine will affect appetite for financial planning. There are also regulatory risks due to the nature of our business.

Development and performance

We feel that the servicing strength and technical expertise of the NLP Financial Management Limited Group, of which we are a member, is enabling new and exciting services to be offered to our clients and further increase the service offering across the group as a whole.

Key performance indicators

The company's key performance indicators are as follows:

| | Dec-21 | Mar-21 |
|-------------------|---------------|---------------|
| Turnover | £1,741,817 | £2,009,295 |
| Profit before tax | £147,729 | £176,082 |
| Total equity | £626,528 | £900,175 |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021


Promoting the success of the company

The senior management and board, including the directors meet regularly to review the likely consequences of any decision in the long term, including reviewing product offerings, when and how to introduce new software (e.g. Customer Relationship Management (CRM) system), and whether to expand in a particular business sector.

Employees come from a diverse range of backgrounds (education, religion, race, gender, age) from the UK and Europe. Senior management review the employees' needs on a regular basis, including providing study leave for key exams for new joiners, and providing a mix of on-line and classroom-based courses during the year for other employees. The office is in Welwyn, to which employees arrive by private transportation. Whilst senior management always have an open door policy, there are reviews during the year when formal feedback on the company and on individuals is sought and then disseminated and acted upon accordingly. Motivated and well trained staff are better able to assist clients make the best decisions for their businesses.

The company always looks for best practice, and in line with this, aims to pay all suppliers on a timely basis. Regulators also form a key part of the oversight function and information is sent to the FCA on a timely basis. The company prides itself on its strong customer relations and this has resulted in numerous repeat clients. The company is conscious of its impact environmentally and socially and is always looking to improve their technologies.

On behalf of the board



Mr L Pittal

Director

26/4/22

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the period ended 31 December 2021.

Principal activities

The principal activity of the company is the provision of financial and investment management services.

Results and dividends

The results for the period are set out on page 10.

Ordinary dividends were declared amounting to £400,000 (Mar-21: £Nil). The directors do not recommend payment of a further dividend.

The principal risks and future developments are covered in the strategic report on page 1.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr P R Simms

Mr L Pittal

Mr A Katten

Mr T Simms

(Resigned 12 February 2022)

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Pillar 3 Disclosure

In accordance with the rules of the Financial Conduct Authority, the company has published information on its risk management objectives and policies and on its regulatory capital requirements and resources, the remuneration code and stewardship code. This information is available by mailing request by contacting Birchwood Investment Management Limited, 8 Prospect Place, Welwyn, Hertfordshire, AL6 9EN.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

On behalf of the board



Mr L Pittal
Director

Date: 26/4/22

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company 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 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 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**

Opinion

We have audited the financial statements of Birchwood Investment Management Limited (the 'company') for the period ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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.

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as FCA regulations and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misstatement of revenue.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and regulatory reports, including correspondence with the FCA, review of correspondence with legal advisors, enquiries of management, testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Hutson (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Date: 26 April 2022

Chartered Accountants
Statutory Auditor

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021**

| | | 9 months ended 31 December 2021 £ | Year ended 31 March 2021 £ |
|--|--------------|--|---|
| | Notes | | |
| Turnover | 3 | 1,741,817 | 2,009,295 |
| Administrative expenses | | (1,594,107) | (1,872,379) |
| Other operating income | | - | 42,061 |
| | | | |
| Operating profit | 4 | 147,710 | 178,977 |
| | | | |
| Interest receivable and similar income | 8 | 19 | 281 |
| Interest payable and similar expenses | 9 | - | (3,176) |
| | | | |
| Profit before taxation | | 147,729 | 176,082 |
| | | | |
| Tax on profit | 10 | (21,376) | (33,437) |
| | | | |
| Profit for the financial period | | 126,353 | 142,645 |

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

| | | As at 31 December 2021 | | As at 31 March 2021 | |
|---|-------|------------------------------|----------------|------------------------|----------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 30,817 | | 36,270 |
| Current assets | | | | | |
| Debtors | 15 | 266,166 | | 617,302 | |
| Cash at bank and in hand | | 761,819 | | 716,662 | |
| | | <u>1,027,985</u> | | <u>1,333,964</u> | |
| Creditors: amounts falling due within one year | 16 | <u>(429,238)</u> | | <u>(467,273)</u> | |
| Net current assets | | | 598,747 | | 866,691 |
| Total assets less current liabilities | | | 629,564 | | 902,961 |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 17 | <u>3,036</u> | (3,036) | <u>2,786</u> | (2,786) |
| Net assets | | | <u>626,528</u> | | <u>900,175</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 8,000 | | 8,000 |
| Share premium account | | | 29,600 | | 29,600 |
| Profit and loss reserves | 20 | | 588,928 | | 862,575 |
| Total equity | | | <u>626,528</u> | | <u>900,175</u> |

The financial statements were approved by the board of directors and authorised for issue on 26/4/22 and are signed on its behalf by:



Mr L Pittal
Director

Company Registration No. 01785610

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2021

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-------|-----------------------|----------------------------------|-------------------------------------|------------|
| Balance at 1 April 2020 | | 8,000 | 29,600 | 719,930 | 757,530 |
| Year ended 31 March 2021: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 142,645 | 142,645 |
| Balance at 31 March 2021 | | 8,000 | 29,600 | 862,575 | 900,175 |
| Period ended 31 December 2021: | | | | | |
| Profit and total comprehensive income for the period | | - | - | 126,353 | 126,353 |
| Dividends | 11 | - | - | (400,000) | (400,000) |
| Balance at 31 December 2021 | | 8,000 | 29,600 | 588,928 | 626,528 |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

| | | Dec 2021 | | Mar 2021 | |
|---|--------------|-----------------|------------------|-----------------|------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 25 | | 480,807 | | (85,789) |
| Interest paid | | | - | | (3,176) |
| Income taxes paid | | | (34,172) | | (46,992) |
| | | | | | |
| Net cash inflow/(outflow) from operating activities | | | 446,635 | | (135,957) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (1,497) | | (2,984) | |
| Interest received | | 19 | | 281 | |
| | | | | | |
| Net cash used in investing activities | | | (1,478) | | (2,703) |
| Financing activities | | | | | |
| Dividends paid | | (400,000) | | - | |
| | | | | | |
| Net cash used in financing activities | | | (400,000) | | - |
| | | | | | |
| Net increase/(decrease) in cash and cash equivalents | | | 45,157 | | (138,660) |
| Cash and cash equivalents at beginning of period | | | 716,662 | | 855,322 |
| | | | | | |
| Cash and cash equivalents at end of period | | | 761,819 | | 716,662 |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Birchwood Investment Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 Prospect Place, Welwyn, Hertfordshire, AL6 9EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Although COVID-19 has had a big impact on investment markets the company remains profitable, and individuals are working efficiently from home and office. The balance sheet remains in considerable surplus, thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Income is recognised when the service has been provided, which is generally when the funds have been transferred to the service provider. Management and ongoing fees are recognised as they are earned. All income is recognised exclusive of VAT.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|----------------------|
| Fixtures, fittings & equipment | 25% reducing balance |
|--------------------------------|----------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including loans from fellow group companies that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

During the prior year, the Company benefited from receipts from the UK government under the Coronavirus Job Retention Scheme ("CJRS") of £42,061. The amounts received were presented within 'Other operating income' on the Statement of Comprehensive Income. No amounts were received in the current period.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Client money and assets held

The company holds money and client assets on behalf of its clients, the balance of client money at 31 December 2021 was £nil (Mar-21: £570,426). The company does not include this balance or the corresponding liability on its balance sheet.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****2 Judgements and key sources of estimation uncertainty****(Continued)****Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provisions

At each reporting date, an assessment is made for bad debts. Provisions are made in respect of specific debts when considering the age of the debt plus other financial information available at the reporting date. An increase or reduction in provision is recognised in profit and loss.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | Dec-21 | Mar-21 |
|---|------------------|------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Commission received | 154,318 | 212,201 |
| Management fees | 1,295,036 | 1,513,715 |
| Financial advice | 292,463 | 283,379 |
| | <u>1,741,817</u> | <u>2,009,295</u> |

| | Dec-21 | Mar-21 |
|----------------------|---------------|---------------|
| | £ | £ |
| Other revenue | | |
| Interest income | 19 | 281 |
| Grants received | - | 42,061 |
| | <u></u> | <u></u> |

| | Dec-21 | Mar-21 |
|---|------------------|------------------|
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | <u>1,741,817</u> | <u>2,009,295</u> |

4 Operating profit

| | Dec-21 | Mar-21 |
|---|---------------|---------------|
| | £ | £ |
| Operating profit for the period is stated after charging/(crediting): | | |
| Government grants | - | (42,061) |
| Depreciation of owned tangible fixed assets | 6,950 | 11,498 |
| Operating lease charges | <u>83,692</u> | <u>37,438</u> |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****5 Auditor's remuneration**

| | Dec-21 | Mar-21 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 15,000 | 15,000 |

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

| | Dec-21 | Mar-21 |
|----------------|---------------|---------------|
| | Number | Number |
| Management | 4 | 4 |
| Administration | 19 | 19 |
| Total | 23 | 23 |

Their aggregate remuneration comprised:

| | Dec-21 | Mar-21 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 889,732 | 1,102,151 |
| Social security costs | 76,106 | 123,914 |
| Pension costs | 55,480 | 71,052 |
| | 1,021,318 | 1,297,117 |

7 Directors' remuneration

| | Dec-21 | Mar-21 |
|--------------------------------------|---------------|---------------|
| | £ | £ |
| Remuneration for qualifying services | 159,728 | 127,330 |

The Key Management Personnel are deemed to be the directors of the company.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****8 Interest receivable and similar income**

| | Dec-21 | Mar-21 |
|--|-------------------|-------------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 19 | 281 |
| | <u> </u> | <u> </u> |
| Investment income includes the following: | | |
| Interest on financial assets not measured at fair value through profit or loss | 19 | 281 |
| | <u> </u> | <u> </u> |

9 Interest payable and similar expenses

| | Dec-21 | Mar-21 |
|--|-------------------|-------------------|
| | £ | £ |
| Other finance costs: | | |
| Interest on finance leases and hire purchase contracts | - | 3,176 |
| | <u> </u> | <u> </u> |

10 Taxation

| | Dec-21 | Mar-21 |
|--|-------------------|-------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 23,917 | 34,154 |
| Adjustments in respect of prior periods | (2,791) | 585 |
| | <u> </u> | <u> </u> |
| Total current tax | 21,126 | 34,739 |
| | <u> </u> | <u> </u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 250 | (1,302) |
| | <u> </u> | <u> </u> |
| Total tax charge | 21,376 | 33,437 |
| | <u> </u> | <u> </u> |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****10 Taxation****(Continued)**

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

| | Dec-21 | Mar-21 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit before taxation | 147,729 | 176,082 |
| | <u> </u> | <u> </u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (Mar-21: 19.00%) | 28,069 | 33,456 |
| Tax effect of expenses that are not deductible in determining taxable profit | 11,015 | 566 |
| Group relief | (18,455) | - |
| Under/(over) provided in prior years | 18 | - |
| Deferred tax adjustments in respect of prior years | 729 | (585) |
| | <u> </u> | <u> </u> |
| Taxation charge for the period | 21,376 | 33,437 |
| | <u> </u> | <u> </u> |

11 Dividends

| | Dec-21 | Mar-21 |
|------------|-------------------|-------------------|
| | £ | £ |
| Final paid | 400,000 | - |
| | <u> </u> | <u> </u> |

Dividends of £50 per share were paid during the period.

12 Intangible fixed assets

| | Goodwill |
|--------------------------------------|-------------------|
| | £ |
| Cost | |
| At 1 April 2021 and 31 December 2021 | 30,000 |
| | <u> </u> |
| Amortisation and impairment | |
| At 1 April 2021 and 31 December 2021 | 30,000 |
| | <u> </u> |
| Carrying amount | |
| At 31 December 2021 | - |
| | <u> </u> |
| At 31 March 2021 | - |
| | <u> </u> |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

13 Tangible fixed assets

| | Fixtures, fittings & equipment £ |
|------------------------------------|--|
| Cost | |
| At 1 April 2021 | 255,602 |
| Additions | 1,497 |
| | <u>257,099</u> |
| At 31 December 2021 | <u>257,099</u> |
| Depreciation and impairment | |
| At 1 April 2021 | 219,332 |
| Depreciation charged in the period | 6,950 |
| | <u>226,282</u> |
| At 31 December 2021 | <u>226,282</u> |
| Carrying amount | |
| At 31 December 2021 | 30,817 |
| | <u>30,817</u> |
| At 31 March 2021 | <u>36,270</u> |
| | <u>36,270</u> |

14 Financial instruments

| | Dec-21 £ | Mar-21 £ |
|---|----------------|----------------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 194,547 | 580,496 |
| | <u>194,547</u> | <u>580,496</u> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 325,363 | 358,660 |
| | <u>325,363</u> | <u>358,660</u> |

15 Debtors

| | Dec-21 £ | Mar-21 £ |
|---|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade debtors | 191,892 | 177,159 |
| Amounts owed by group undertakings | - | 400,000 |
| Other debtors | 2,655 | 3,337 |
| Prepayments | 71,619 | 36,806 |
| | <u>266,166</u> | <u>617,302</u> |
| | <u>266,166</u> | <u>617,302</u> |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****16 Creditors: amounts falling due within one year**

| | Dec-21 | Mar-21 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 48,326 | 21,255 |
| Amounts owed to group undertakings | 111,044 | 198,750 |
| Corporation tax | 21,108 | 34,154 |
| Other taxation and social security | 82,767 | 74,459 |
| Other creditors | 1,008 | - |
| Accruals and deferred income | 164,985 | 138,655 |
| | <u>429,238</u> | <u>467,273</u> |

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities Dec-21 | Liabilities Mar-21 |
|---------------------------------|-------------------------------|-------------------------------|
| | £ | £ |
| Balances: | | |
| Accelerated capital allowances | <u>3,036</u> | <u>2,786</u> |
| | | Dec-21 |
| Movements in the period: | | £ |
| Liability at 1 April 2021 | | 2,786 |
| Charge to profit or loss | | 250 |
| Liability at 31 December 2021 | | <u>3,036</u> |

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2021****18 Retirement benefit schemes**

| | Dec-21 | Mar-21 |
|---|---------------|---------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 55,480 | 71,052 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

| | Dec-21 | Mar-21 | Dec-21 | Mar-21 |
|-------------------------------|---------------|---------------|---------------|---------------|
| | Number | Number | £ | £ |
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £1 each | 8,000 | 8,000 | 8,000 | 8,000 |

20 Profit and loss reserves

Profit and loss reserves include all current and prior period retained profits and losses.

21 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Dec-21 | Mar-21 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Within one year | 30,000 | 30,000 |
| Between two and five years | 54,000 | 78,000 |
| | 84,000 | 108,000 |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

22 Related party transactions

The company paid rent totalling £22,500 (Mar-21: £30,000) to Closefirm Ltd, a company in which a director has a material interest. An amount of £Nil was owed at the year end (Mar-21: £Nil).

At the end of the prior period, an amount of £400,000 was owed by Truinvest Group Ltd, a company under the common control of Truinvest Holdings Ltd. This amount was settled by a dividend in the current period.

Management services were received from Truinvest Holdings Ltd, resulting in charges incurred of £130,000 in the period (Mar-21: £nil). An amount of £15,000 was payable at the year-end (Mar-21: £nil). These charges were not incurred at arms length.

The key management personnel are considered to be the directors, therefore their remuneration has been disclosed in note 7.

23 Ultimate controlling party

The company's immediate parent is NLP Financial Management Limited. NLP Financial Management Limited is under the control of parent undertaking, Truinvest Holdings Limited. The Group was acquired by Truinvest Group Limited on 2 March 2021, with the shares transferred to Truinvest Holdings Limited on 31 December 2021.

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

24 IFPRU and Country by Country reporting

The Company is subject to the Country by Country Reporting obligation under article 89 of the Capital Requirements Directive IV.

The firm has published its annual reporting obligation for the period ended 31 December 2021 in these financial statements as follows:

| | | |
|-----|--|-----------------------------------|
| i | Names of company, subsidiaries or branches, nature of activities and geographical location | N/A |
| ii | Turnover | Note 3 |
| iii | Number of employees on the full time equivalent basis | Note 6 |
| iv | Profit or loss before tax | Statement of comprehensive income |
| v | Tax on profit or loss | Note 10 |
| vi | Public subsidies received | £nil |

As defined under IFPRU 9, the Company's return on assets, calculated as a net profit/loss divided by the total balance sheet, for the period ended 31 December 2021, is set out below:

| | |
|------------------|------------|
| Net profit | £126,353 |
| Assets | £1,058,802 |
| Return on assets | 11.9% |

BIRCHWOOD INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

25 Cash generated from/(absorbed by) operations

| | Dec-21 | Mar-21 |
|--|----------------|-----------------|
| | £ | £ |
| Profit for the period after tax | 126,353 | 142,645 |
| Adjustments for: | | |
| Taxation charged | 21,376 | 33,437 |
| Finance costs | - | 3,176 |
| Investment income | (19) | (281) |
| Depreciation and impairment of tangible fixed assets | 6,950 | 11,498 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 351,136 | (260,185) |
| Decrease in creditors | (24,989) | (16,078) |
| Cash generated from/(absorbed by) operations | <u>480,807</u> | <u>(85,788)</u> |

26 Analysis of changes in net funds

| | 1 April 2021 | Cash flows | 31 December 2021 |
|--------------------------|---------------------|-------------------|-------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | <u>716,662</u> | <u>45,157</u> | <u>761,819</u> |