

Barratt & Cooke Limited
Annual report and financial statements
Year ended 31 March 2020



Barratt & Cooke Limited

Annual report and financial statements

Year ended 31 March 2020

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Barratt & Cooke Limited

Officers and professional advisers

The board of directors	W J Barratt S C L Barratt W J Mellor M Piercy C W L Barratt (Non-executive) J M Hunter (Non-executive) N R Savory (Non-executive)
Company secretary	S C L Barratt
Registered office	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Auditor	Lovewell Blake LLP Chartered accountants & statutory auditor Bankside 300 Peachman Way Broadland Business Park Norwich NR7 0LB
Solicitors	Mills & Reeve LLP 1 St James Court Whitefriars Norwich NR3 1RU
Trading address	5 Opie Street Norwich Norfolk NR1 3DW

Barratt & Cooke is the trading name for Barratt & Cooke Limited

Barratt & Cooke Limited

Chairman's statement

Year ended 31 March 2020

The Chairman presents his statement for the year.

I am pleased to report that the year ended 31 March 2020 was a positive year both for Barratt and Cooke and our clients. In a year that presented many challenges, portfolios held up very well given that indices slid considerably, with the FTSE 100 down 22% from 7279 to 5672. Of course, much of this sell off occurred in the latter part of the year due to the COVID-19 crisis. Portfolio positioning was crucial to mitigate the coronavirus risks and underweight exposure to: banking, high street retail, travel and leisure helped protect on the downside. Furthermore, investments in relatively defensive equities, diversifiers (infrastructure and gold), fixed interest (where appropriate) and an ever increasing weighting to overseas equities supported performance.

Of course, we only became aware of the coronavirus at the start of the calendar year and in the nine months prior to this there were other trials to overcome. Brexit was finally set in motion and a General Election was held which saw a landslide win for the Conservative party under its new leader Boris Johnson. Portfolios rallied considerably during this period which helped offset some of the unavoidable losses to come.

At the end of the summer we saw the successful launch of our Opie Street Fund Service which has got off to a good start. These products enable us to manage accounts on behalf of clients who would like to invest under £250,000 and have proved to be a great asset for intergenerational planning and JISAs, as well as attracting new business. Overall net inflows have been considerable, both from existing clients seeking to add more to their equity investments and new clients signing up. Furthermore, the discretionary service, which has proved to be of great benefit in such a volatile market, has seen a further uptick in clients.

Over the course of the year we made considerable progress on a new ESG offering which is soon to be launched. Clearly there is great demand for sustainable and ethical investing and we are well set to embrace this. Rather than 'jumping in' immediately, we considered it important to carry out an incredibly extensive research project focusing on company policy. This way we can ensure that it is only companies which satisfy the criteria that reach the buy list, rather than just following the crowd where many investment houses have an opaque policy on their definition of ESG.

Of course, like the rest of the world during the 2019/2020 financial year we had to change the way in which we operate considerably due to coronavirus, specifically with regard to social distancing. I have often mentioned in communications with clients that we continue to invest in technology (both hardware and software) and these systems stood us in excellent stead to face the challenges presented. In accordance with Government guidelines, having first moved 1/3rd of our staff to the disaster recovery site at the end of February, we then arranged for 90% of all our staff to work from home. The reliance of a few clients on paper transactions as well as monitoring post and signing documentation meant that a few have had to remain in the office but with a strict social distancing policy. I am clearly incredibly grateful to these individuals as well as the IT team and my fellow directors, specifically Sam Barratt (CEO), who has overseen the operational side of the business at this unprecedented time.

The current situation has seen us embrace electronic communication and the vast majority of clients have been pleased with our on-line developments. This change will benefit clients not only during this pandemic but in the future. Our business is based on service as highlighted by our motto:

"If you give a service, you will have a business. If you do not give a service, you do not deserve a business."

Recent client feedback has been overwhelmingly positive and I firmly believe this is a result of not simply 'battening down the hatches' but being proactive with our communications; indeed, clients have received more updates on: service, markets, portfolio repositioning, compliance and functionality than ever. It has been a considerable effort from the advisory, dealing and support teams to keep in constant contact with investors. Working alone at home might have seemed daunting for many at the outset but the attitude of all staff members has been incredibly positive and proactive. We all look forward to getting back into the office but we are very lucky to have a team that has embraced the change (which we hope is temporary) with such gusto.

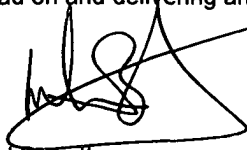
Barratt & Cooke Limited

Chairman's statement

Year ended 31 March 2020

The year-end saw the retirement of one of our Non-Executive Directors, Roy Nicholson, and I would like to extend my thanks for his support, guidance and counsel over his tenure, where he has seen considerable change in the business. He has been a great help to me and my fellow directors. Roy has been replaced by Nigel Savory (though Nigel was appointed last year in order that they could overlap) who continues to provide excellent ideas and direction.

Having weathered the recent storm satisfactorily and with our long-term investment ethos for both client portfolios and Barratt and Cooke, we look forward to the next financial year with great optimism. The launch of new offerings, the development of some of the newer team members, who have demonstrated great talent, and a year of potential opportunity in equity valuations, fills me and the rest of the team with huge excitement. Whilst there is no doubt further challenges will be presented, we look forward to facing them head on and delivering another very positive year.



W J Barratt
Chairman

19 June 2020

Barratt & Cooke Limited

Strategic report

Year ended 31 March 2020

Principal activity

The principal activity of the Company during the year was that of an independently owned firm of stockbrokers. A review of the business can be found in the Chairman's statement.

Financial key performance indicators

Key performance indicators are:

	2020	2019
Turnover (£)	8,956,218	8,282,373
Operating profit (£)	2,085,713	2,006,236
Fixed asset investments (£)	16,320,622	14,169,128
Company's cash (£)	5,669,190	6,400,946
Equity shareholder's funds (£)	22,442,435	20,947,248
Average number of employees	53	53

As noted in the Chairman's statement the Company, like our clients and counterparties, was impacted by the COVID-19 pandemic, which on 23 March 2020 led to the United Kingdom government announcing 'lockdown' regulations. While the key performance indicators for the year ended 31 March 2020 were not materially impacted by the pandemic, the directors are mindful of the need to be measured in their view of prospects for the foreseeable future. While the Company's past significant investment in infrastructure has been beneficial, the directors note the need to be watchful of, and responsive to, how the wider crisis develops and potentially impacts our clients and counterparties.

Notwithstanding this need to be measured, the directors are also mindful of the significant asset base that the Company has carefully built up over an extended period of time; in part as a protection against such circumstances. At 31 March 2020 the asset base included £16.3m of investments (in gilts) and cash balances of £5.7m. These figures remain materially unchanged as at the date of signing this report and underpin the directors' view that the current crisis may be safely navigated.

Principal risks and uncertainties

The Company's core activities are stockbroking and management of investments. In common with other businesses carrying out similar activity, the principal risks and uncertainties that it faces are (in addition to those presented by the COVID-19 pandemic) fluctuations in the stock market and loss of clients' confidence in the financial markets. The directors believe that the Company is well placed to successfully deal with any such challenges should they arise.

Financial risk management objectives and policies

The Company uses various financial instruments including gilts, deposit accounts, cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to ensure sufficient finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Credit risk

The Company's principal credit risk relates to the recovery of amounts owed by clients and counterparties. In order to manage credit risk, there are set limits for clients and counterparties which are reviewed on a regular basis. Debts are regularly chased.

Barratt & Cooke Limited

Strategic report *(continued)*

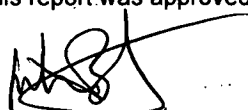
Year ended 31 March 2020

Liquidity risk

The directors consider that liquidity and cashflow are of high importance and therefore monitor it closely. As a result of positive cashflows from operating activities and the strong net asset position, the directors have not identified any issues with liquidity or cashflow during the year. The directors have maintained the cash weighting of the investments at £1million (held within cash at note 17) which is on instant access as these funds may be required to meet the client money requirements. This area is closely monitored to ensure the Company's procedures continue to operate effectively in order to minimise risk.

The directors continue to build up the liquid capital of the Company, reflecting the growing business and the risks involved in the industry. The directors have chosen to build up cash and gilts to minimise, as far as possible, the risks associated with investments.

This report was approved by the board of directors on 19 June 2020 and signed on behalf of the board by:



W J Barratt
Director

Barratt & Cooke Limited

Directors' report

Year ended 31 March 2020

The directors present their Annual report and financial statements of the Company for the year ended 31 March 2020.

Directors

The directors who served the Company during the year were as follows:

W J Barratt
S C L Barratt
W J Mellor
M Piercy
C W L Barratt (Non-executive)
R K E Nicholson (Non-executive)
J M Hunter (Non-executive)
N R Savory (Non-executive)

R K E Nicholson resigned as a Non-executive director on 31 March 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,997,830 (2019: £3,396,535).

A dividend of £502,643 (2019: £1,625,402) was declared to the parent company, Barratt & Cooke Holdings Limited, in the year. The dividend in 2019 included an exceptional interim dividend relating to the realised gain on disposal of the Company's investment in Euroclear.

Events after the end of the reporting period

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

Directors' liability insurance

During the year the Company maintained liability insurance for its directors, as permitted by Section 233 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Donations

The Company donated £36,450 (2019: £13,953) to local charities during the year and intends to make further donations in 2020/2021.

Fixed Assets

The directors are unable to quantify the market value of the freehold land and buildings at 31 March 2020 in the absence of a full professional valuation, the costs of which are not considered justifiable in view of the Company's intention to retain ownership for use in its existing business for the foreseeable future.

Barratt & Cooke Limited

Directors' report *(continued)*

Year ended 31 March 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare the Annual report and financial statements for each financial year. Under that law the directors have elected to prepare the Annual report and 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 the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Annual report and financial statements; and
- prepare the Annual report and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Annual report and financial statements may differ from legislation in other jurisdictions.

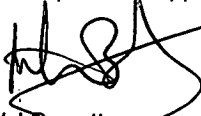
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On 20 March 2020 Grant Thornton UK LLP (our incumbent auditor at the date) completed the sale of their Norwich audit and tax advisory practice to Lovewell Blake LLP. As a consequence of that transaction, Grant Thornton UK LLP resigned as auditor to the Company and, Lovewell Blake LLP were appointed to fill the casual vacancy which therefore arose.

This report was approved by the board of directors on 19 June 2020 and signed on behalf of the board by:


W J Barratt
Director

Barratt & Cooke Limited

Independent auditor's report to the member of Barratt & Cooke Limited

Year ended 31 March 2020

Opinion

We have audited the Annual report and financial statements of Barratt & Cooke Limited ('the Company') for the year ended 31 March 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Annual report and 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 Annual report and 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

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

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

Barratt & Cooke Limited

Independent auditor's report to the member of Barratt & Cooke Limited *(continued)*

Year ended 31 March 2020

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's statement, the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's statement, 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 Chairman's statement, the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Barratt & Cooke Limited

Independent auditor's report to the member of Barratt & Cooke Limited *(continued)*

Year ended 31 March 2020

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 the financial statements.

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

Use of our report

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Tobias Wilson FCA BA (Hons) (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

22 June 2020

Barratt & Cooke Limited

Statement of comprehensive income

Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	8,956,218	8,282,373
Gross profit		8,956,218	8,282,373
Administrative expenses		(6,918,505)	(6,329,461)
Other operating income	4	48,000	53,324
Operating profit	5	2,085,713	2,006,236
(Loss)/gain on disposal of investments		(6,997)	1,042,334
Gain on revaluation of investments		45,381	441,159
Income from fixed asset investments	9	62,390	62,988
Interest receivable and similar income	10	219,503	176,761
Interest payable and similar charges	11	(9,277)	(3,060)
Profit before taxation		2,396,713	3,726,418
Tax on profit	12	(398,883)	(329,883)
Profit for the financial year and total comprehensive income		<u>1,997,830</u>	<u>3,396,535</u>

All the activities of the Company are from continuing operations.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 15 to 28 form part of the financial statements.

Barratt & Cooke Limited

Statement of financial position

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	2,638,208	2,643,745
Investments	15	16,320,622	14,169,128
		<u>18,958,830</u>	<u>16,812,873</u>
Current assets			
Debtors: Amounts falling due within one year	16	771,517	756,781
Cash at bank and in hand	17	5,669,190	6,400,946
		<u>6,440,707</u>	<u>7,157,727</u>
Creditors: Amounts falling due within one year	18	<u>(2,890,727)</u>	<u>(2,969,995)</u>
Net current assets		<u>3,549,980</u>	<u>4,187,732</u>
Total assets less current liabilities		<u>22,508,810</u>	<u>21,000,605</u>
Provisions			
Deferred tax	19	(21,463)	(16,085)
Other provisions	19	<u>(44,912)</u>	<u>(37,272)</u>
		<u>(66,375)</u>	<u>(53,357)</u>
Net assets		<u>22,442,435</u>	<u>20,947,248</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Revaluation reserve	23	557,760	674,519
Merger reserve	23	2,697,071	2,697,071
Profit and loss account	23	<u>19,087,604</u>	<u>17,475,658</u>
Shareholder's funds		<u>22,442,435</u>	<u>20,947,248</u>

The financial statements were approved by the board of directors and authorised for issue on 19 June 2020, and are signed on behalf of the board by:


W J Barratt
Director


S C L Barratt
Director

Company registration number: 05378036

The notes on pages 15 to 28 form part of the financial statements.

Barratt & Cooke Limited

Statement of changes in equity

Year ended 31 March 2020

	Called up share capital £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total £
At 1 April 2018	100,000	233,360	2,697,071	16,145,684	19,176,115
Profit for the year	–	–	–	3,396,535	3,396,535
Net transfer of realised and unrealised investment revaluation movements	–	441,159	–	(441,159)	–
Total comprehensive income for the year	–	441,159	–	2,955,376	3,396,535
Dividends: Equity capital 13	–	–	–	(1,625,402)	(1,625,402)
Total investments by and distributions to owner	–	–	–	(1,625,402)	(1,625,402)
At 31 March 2019	100,000	674,519	2,697,071	17,475,658	20,947,248
Profit for the year	–	–	–	1,997,830	1,997,830
Net transfer of realised and unrealised investment revaluation movements	–	(116,759)	–	116,759	–
Total comprehensive income for the year	–	(116,759)	–	2,114,589	1,997,830
Dividends: Equity capital 13	–	–	–	(502,643)	(502,643)
Total investments by and distributions to owner	–	–	–	(502,643)	(502,643)
At 31 March 2020	100,000	557,760	2,697,071	19,087,604	22,442,435

The notes on pages 15 to 28 form part of the financial statements.

Barratt & Cooke Limited

Statement of cash flows

Year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,997,830	3,396,535
<i>Adjustments for:</i>		
Depreciation of tangible assets	82,924	70,831
Loss/(gain) on disposal of investments	6,997	(1,042,334)
Gain on revaluation of investments	(45,381)	(441,159)
Income from fixed asset investments	(62,390)	(62,988)
Interest receivable	(219,503)	(176,761)
Interest payable and similar charges	9,277	3,060
Taxation charge	398,883	329,883
<i>Changes in:</i>		
(Increase)/decrease in debtors	(14,736)	7,775
Increase in creditors	186,189	335,199
Increase/(decrease) in provisions	7,640	(63)
Cash generated from operations	2,347,730	2,419,978
Tax paid	(268,726)	(287,659)
Net cash from operating activities	<u>2,079,004</u>	<u>2,132,319</u>
Cash flows from investing activities		
Purchase of tangible assets	(77,387)	(86,850)
Purchase of quoted investments	(4,927,600)	(627,904)
Sale of quoted investments	2,814,490	—
Sale of unquoted investments	—	1,116,765
Income from investments	62,390	62,988
Interest received	219,503	176,761
Net cash (used in)/from investing activities	<u>(1,908,604)</u>	<u>641,760</u>
Cash flows from financing activities		
Interest paid	(9,277)	(3,060)
Dividends paid	(892,879)	(1,586,775)
Net cash used in financing activities	<u>(902,156)</u>	<u>(1,589,835)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(731,756)</u>	<u>1,184,244</u>
Cash and cash equivalents at beginning of year	<u>6,400,946</u>	<u>5,216,702</u>
Cash and cash equivalents at end of year	<u>5,669,190</u>	<u>6,400,946</u>

The notes on pages 15 to 28 form part of the financial statements.

Barratt & Cooke Limited

Notes to the annual report and financial statements

Year ended 31 March 2020

1. General information

Barratt & Cooke Limited is a limited liability company incorporated in England and Wales. The Registered Office is Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG.

The principal activity of the Company during the year was that of an independently owned firm of stockbrokers. A review of the business can be found in the Chairman's statement.

2. Accounting policies

Basis of preparation

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

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

Going concern

The Company has generated sufficient financial resources from its activities to allow the directors to believe that the Company is well placed to manage its business risks successfully in the current economic climate.

Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this conclusion they have given specific consideration to the impact that the ongoing COVID-19 pandemic has upon the Company, its clients and its counterparties. While recognising that the current environment is generally a relatively challenging one, the directors are also satisfied that the Company's response to date (in part enabled by historic infrastructure investment) together with its significant asset base, mean that the current crisis may be safely navigated.

Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 33 Key Management Personnel Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Barratt & Cooke Holdings Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions. 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. Revision to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future periods.

The key estimate included in the financial statements is the accrued revenue in relation to fees due but not invoiced. The estimation of these balances requires the combination of two assumptions - (i) revenue accrues evenly on a daily basis, and (ii) a proportion of fees are subsequently cancelled prior to being charged. Refer to notes 3 and 16 (such revenue is included in trade debtors).

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- Credit is taken for brokerage, commissions and settlement fees on the basis of completed deals and of bought and sold contract notes issued up to the last business day prior to the year end.
- ISA management fee income is invoiced based on portfolio valuations at two specified dates during the year. Nominee fees are based on a charge per investment held in a nominee name on a specified date. Income is taken to the Statement of comprehensive income to reflect the amount due in relation to the financial year.
- Fund management fee income is received from the Opie Street Funds based on the valuation of the funds. It is recognised in the year to which it relates. This is a new revenue stream.

Rental income

Rental income is credited to the Statement of comprehensive income in the year in which the income relates.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date in the countries where the Company operates and generates income.

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

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

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

Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	-	not depreciated
Freehold property	-	2% straight line
Furniture and IT equipment	-	25% straight line

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Tangible fixed assets *(continued)*

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unquoted shares, whose market value can be reliably determined, are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Quoted investments are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the year.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

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

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Client monies

The Company is authorised under the Financial Conduct Authority to hold client monies which are segregated from monies belonging to the Company. Accordingly the financial statements have been prepared on the basis that all client money balances are excluded from the financial statements.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when declared as payable. Final equity dividends are recognised when approved by the shareholder at an annual general meeting.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position.

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Currency translation

The Company's functional and presentational currency is GBP.

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

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

Provisions

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Holiday pay provision

The holiday pay provision represents holiday balances accrued as a result of services rendered in the current year and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Financial instruments

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

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

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

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

3. Turnover

Turnover arises from:

	2020 £	2019 £
Investment management and stockbroking services	<u>8,956,218</u>	<u>8,282,373</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

4. Other operating income

	2020 £	2019 £
Rental income	<u>48,000</u>	<u>53,324</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	82,924	70,831
Rent - operating leases	<u>18,127</u>	<u>17,576</u>

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the annual report and financial statements	<u>19,500</u>	<u>20,500</u>
Fees payable to the Company's auditor and its associates for other services:		
Audit-related assurance services	–	34,000
Taxation compliance services	4,450	4,700
Taxation advisory services	4,500	8,500
Other assurance services	–	10,000
Other non-audit services	–	2,500
	<u>8,950</u>	<u>59,700</u>

Audit related assurance services above relate to CASS assurance services. Note that in the current year, the CASS assurance services, other assurance services and other non-audit services were undertaken by another professional services firm.

Taxation advisory services relate to Research and Development claims.

7. Staff costs

The average monthly number of persons employed by the Company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Administrative staff	45	45
Executive directors	4	4
Non-executive directors	4	4
	<u>53</u>	<u>53</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	4,363,375	4,051,929
Social security costs	530,880	490,386
Other pension costs	277,916	274,108
	<u>5,172,171</u>	<u>4,816,423</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	1,900,158	1,757,247
Company contributions to defined contribution pension plans	40,000	40,000
	<u>1,940,158</u>	<u>1,797,247</u>

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

8. Directors' remuneration *(continued)*

During the year payments (noted above) included £12,500 (2019 - £12,500) which were made to third parties in respect of directors' services.

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £443,279 (2019 - £409,219).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £10,000 (2019 - £10,000).

9. Income from fixed asset investments

	2020 £	2019 £
Dividend income from overseas investments	—	39,370
Income from overseas tax reclaim	35,153	—
Interest receivable from UK investments	27,237	23,618
	<u>62,390</u>	<u>62,988</u>

10. Interest receivable and similar income

	2020 £	2019 £
Interest receivable	<u>219,503</u>	<u>176,761</u>

11. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	3	4
Bank charges	8,248	2,860
Gilt interest payable	1,026	196
	<u>9,277</u>	<u>3,060</u>

12. Tax on profit

Major components of tax expense

	2020 £	2019 £
Current tax:		
UK current tax expense	392,209	415,228
Adjustments in respect of prior years	1,296	(95,110)
Total current tax	<u>393,505</u>	<u>320,118</u>

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

12. Tax on profit *(continued)*

	2020 £	2019 £
Deferred tax:		
Origination and reversal of timing differences	5,378	9,765
Tax on profit	<u>398,883</u>	<u>329,883</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:-

	2020 £	2019 £
Profit on ordinary activities before taxation	2,396,713	3,726,418
Profit on ordinary activities by rate of tax	455,375	708,019
Adjustment to tax charge in respect of prior years	1,296	(95,110)
Effect of expenses not deductible for tax purposes	–	71
Effect of capital allowances and depreciation	7,142	7,140
Effect of different UK tax rates on some earnings	(633)	(1,149)
Rounding on tax charge	1	1
Franked investment income	–	(10,933)
Treasury stock adjustments for indexation	(64,298)	(52,984)
Foreign tax credits	–	3,452
Research & Development spend increased deduction	–	(49,400)
Capital gains not taxable	–	(179,224)
Tax on profit	<u>398,883</u>	<u>329,883</u>

Factors that may affect future tax expense

Legislation to reduce the main rate of corporation tax from 19% to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantially enacted. Deferred tax has been provided for at 17% in these financial statements.

13. Dividends

	2020 £	2019 £
Dividends declared during the year	<u>502,643</u>	<u>1,625,402</u>

Interim dividends declared and payable to Barratt & Cooke Holdings Limited amounted to £502,643 (2019: £1,625,402) during the year.

Cash payments from the Company during the year amounted to £892,879 being £502,643 relating to 31 March 2020 year end and £390,236 relating to 31 March 2019 year end.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

14. Tangible assets

	Freehold land and buildings £	Furniture and IT equipment £	Total £
Cost			
At 1 April 2019	2,959,244	970,478	3,929,722
Additions	–	77,387	77,387
At 31 March 2020	2,959,244	1,047,865	4,007,109
Depreciation			
At 1 April 2019	429,127	856,850	1,285,977
Charge for the year	37,590	45,334	82,924
At 31 March 2020	466,717	902,184	1,368,901
Carrying amount			
At 31 March 2020	2,492,527	145,681	2,638,208
At 31 March 2019	2,530,117	113,628	2,643,745

Freehold land and buildings include land at cost of £1,079,712 (2019: £1,079,712) which is not depreciated.

15. Investments

	Shares in group undertakings £	Quoted investments £	Total £
Cost or valuation			
At 1 April 2019	300	14,168,828	14,169,128
Additions	–	4,927,600	4,927,600
Disposals	–	(2,821,487)	(2,821,487)
Revaluations	–	45,381	45,381
At 31 March 2020	300	16,320,322	16,320,622
Impairment			
At 1 April 2019 and 31 March 2020	–	–	–
Carrying amount			
At 31 March 2020	300	16,320,322	16,320,622
At 31 March 2019	300	14,168,828	14,169,128

Quoted investments

The market value of quoted investments at 31 March 2020 was £16,320,322 (2019: £14,168,828).

The historic cost of quoted investments is £15,762,562 (2019: £13,494,309).

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

15. Investments *(continued)*

Investments in subsidiary undertakings

The shares in subsidiary undertakings represent the entire issued share capital of three dormant companies, Barratt & Cooke Nominees Limited, Barratt & Cooke GSI Nominees Limited and Barratt & Cooke Trustees Limited, all of which are registered in England and Wales. All of the dormant companies have 100 issued ordinary shares of £1 each and net assets of £100. Barratt & Cooke Nominees Limited and Barratt & Cooke Trustees Limited act solely as nominees in whose name investments are held by clients of Barratt & Cooke Limited, Barratt & Cooke GSI Nominees Limited holds investments for the Company. They do not trade in their own right.

16. Debtors: Amounts falling due within one year

	2020 £	2019 £
Trade debtors	493,754	554,631
Prepayments and accrued income	253,238	169,075
Other debtors	24,525	33,075
	<u>771,517</u>	<u>756,781</u>

17. Cash at bank and in hand

	2020 £	2019 £
Company money	4,668,289	4,763,507
Company money held for liquidity	1,000,901	1,000,901
Company money retained for future investment	—	636,538
	<u>5,669,190</u>	<u>6,400,946</u>

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	299	390,535
Accruals and deferred income	2,236,335	2,044,888
Corporation tax	195,761	70,982
Social security and other taxes	458,332	463,590
	<u>2,890,727</u>	<u>2,969,995</u>

19. Provisions

	Deferred tax (note 20) £	Holiday pay £	Total £
At 1 April 2019	16,085	37,272	53,357
Charge to profit or loss	5,378	7,640	13,018
At 31 March 2020	<u>21,463</u>	<u>44,912</u>	<u>66,375</u>

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020 £	2019 £
Included in provisions (note 19)	21,463	16,085

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Accelerated capital allowances	21,463	16,085

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2020 £	2019 £
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	16,320,322	14,168,828
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	6,187,469	6,988,652
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	(2,236,634)	(2,435,423)

Financial assets measured at fair value through profit or loss comprise quoted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and accruals.

22. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

23. Reserves

Revaluation reserve

This reserve records the unrealised surplus or deficit created when assets are revalued.

Merger Reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares, on acquisition of Barratt & Cooke Partnership in 2005.

Profit and loss account

This reserve records all current and prior year retained profits and losses.

24. Capital management

Barratt & Cooke Limited is regulated by The Financial Conduct Authority.

The Company has identified the principal operational and financial risks as identified in the Strategic Report. The Company holds capital in excess of the Internal Capital Adequacy Assessment Process (ICAAP) which is assessed on an annual basis.

The total capital resources amount to £22,442,435 (2019: £20,947,248).

25. Analysis of changes in net cash

	At 1 April 2019	Cash flows	At 31 March 2020
	£	£	£
Cash at bank and in hand	6,400,946	(731,756)	5,669,190
Debt due within one year	(390,535)	390,236	(299)
	<u>6,010,411</u>	<u>(341,520)</u>	<u>5,668,891</u>

26. Pension commitments

Employer's pension contributions to the employees' personal pension schemes during the year were £277,916 (2019: £274,108). At 31 March 2020, there were £Nil (2019: £Nil) outstanding pension contributions included in accruals.

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	17,500	17,500
Later than 1 year and not later than 5 years	<u>20,425</u>	<u>37,925</u>
	<u>37,925</u>	<u>55,425</u>

The rental of Wensum Mount, the disaster recovery site, has been central to the measures taken to mitigate the impact of the ongoing COVID-19 pandemic on our operations.

Barratt & Cooke Limited

Notes to the annual report and financial statements *(continued)*

Year ended 31 March 2020

28. Controlling party

The Company is a wholly owned subsidiary of Barratt & Cooke Holdings Limited, a company registered in the United Kingdom. Barratt & Cooke Limited is included in the consolidated accounts of Barratt & Cooke Holdings Limited which can be found at Companies House.

Throughout the year and as at 31 March 2020, the controlling party remained C W L Barratt by virtue of his majority interest in the share capital of Barratt & Cooke Holdings Limited.