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**BARWOOD CAPITAL LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**



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**BARWOOD CAPITAL LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Barlow G L Brogden S J Chambers H M Elrington (appointed 15 May 2018) J A Greenslade E G Henson A J Rudge G Wood (appointed 11 March 2019)
<b>Company secretary</b>	EMW Secretaries Limited
<b>Registered number</b>	06884336
<b>Registered office</b>	4 Waterside Way The Lakes Bedford Road Northampton NN4 7XD
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 4th Floor 199 Avebury Boulevard Milton Keynes MK9 1AU
<b>Bankers</b>	Santander UK Plc 2 Triton Square Regent's Place London NW1 3AN
<b>Solicitors</b>	EMW Law Seebeck House 1 Seebeck Place Davy Avenue Knowlhill Milton Keynes MK5 8FR

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**BARWOOD CAPITAL LIMITED**

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## BARWOOD CAPITAL LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Business review

In the year ended 31 March 2019 Barwood Capital Limited (the Company) the company generated a net operating profit of £1,021,364 (2018: £1,990,433).

The Company has built an outstanding track record in delivering above average returns to investors. Over the last 10 years the Company has invested in over £511m of regional property assets and delivered an average 14.4% Investor IRR per annum on Funds to date.

The Company is authorised by the Financial Conduct Authority (FCA) to establish, operate or wind up unregulated collective investment schemes (funds) whose main purpose is to invest in permitted immovable (property) in the UK or abroad.

The Barwood Residential Investment Platform (BRIP) was launched during the year and is the Company's first Platform dedicated to residential property development. The Platform targets the development of small residential sites in good locations with proven demand. BRIP0918 package closed in September 2018 raising £4.9m and as at 31st March 2019 had invested in a site in New Malden with sites at Sutton, Benenden and Tongham completing shortly after the year end. BRIP0319 package closed in March 2019 raising £4.4m and has invested in its first site in Wimbledon, with further sites in the pipeline.

Barwood Property 2017 LP (the 2017 Fund) is a 5-year fund investing in regional commercial and alternative opportunities in the UK and was closed in February 2018. It has been fully committed before the expiry of its investment period, with around 50% of its equity committed to five speculative logistics projects along with a further 28% committed to a Multi-Let Industrial (MLI) programme. The 2017 Fund also has an allocation to the alternative property sector with around 22% committed to Care Homes, Residential Development, Hotels and Petrol Filling Stations. With an excellent spread of assets secured, the Company is confident of achieving the target investor return of 15% IRR per annum and is on the verge of pre-letting two of its speculative logistics development projects, ahead of plan.

Barwood Property 2015 LP (the 2015 Fund) is a 5-year fund investing in regional real estate opportunities in the UK and was closed in June 2015. Nearly 40% of the 2015 Fund has been committed to industrial/logistics projects with around 20% to offices and the balance to residential, retail and alternatives. During the year, the Fund completed the sale of its industrial units at Cambridge to M&G at a very strong price. The Fund also realised its first residential investment at Reigate in June 2018. Having received planning consent in Dec 2017 for 400-nursing accommodation units on the site at Riverside House, the Fund continues to have positive dialogue from NHSi, a central body whose approval will be required for a 40 year lease to the Northampton General Hospital. Shortly after the year end, the Fund completed the sale of the logistics unit at Birmingham 100 for £12.48m, having secured a 10 year lease with Primaflow, part of the Travis Perkins Group. BCL is confident of exceeding the investor target return of 15%, having already returned 98% of the capital raised.

Barwood Commercial Property Limited Partnership (the 2012 Fund) is a 5-year fund which Barwood Capital closed in November 2012. This was raised with a major corporate pension fund as a cornerstone investor to invest directly in UK regional commercial real estate opportunities ranging from options over land with the potential for planning consent, to the acquisition of buildings with existing tenants and the potential for refurbishment or redevelopment. The 2012 Fund was invested in three planning opportunities, three extensive refurbishments and three developments across several commercial property sectors, with a focus on industrial. All assets have now been divested and investors received an overall 16% per annum return on their investment, equating to a 1.9x equity multiple. The Fund was wound up in 2018.

Barwood Property Investment Limited Partnership (the 2009 Fund) was a 5-year income fund which Barwood Capital closed in September 2009, to invest in high yielding UK industrial warehouses and regional offices. A requirement of the Fund was that all assets should have some income secured. All assets have now been divested and investors received an overall 12% per annum return on their investment, equating to a 1.6x equity multiple. The Fund was wound up in 2016.

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## BARWOOD CAPITAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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Barwood Capital earns fees from the management and operation of its funds and is entitled to a share of the overall profits that the funds achieve. The timing of these profit share receipts has a material impact on the financial results of the Company. The divestment of the 2012 Fund and the respective receipt of the profit share has contributed to the profits for the current financial year. The Directors are confident that the Company will continue to generate profits as it continues to manage its existing property funds, whilst exploring new opportunities in the residential and alternative property sectors, including, care homes, retirement villages and key worker accommodation.

#### Key performance indicators

The Directors assess the Company's performance using the following key performance indicators:

- Gross Profit was £1,778,394 (2018: £1,526,086) for the period ending 31 March 2019. This provides a measure of the fee income and profit shares that Barwood Capital earned from its activities.
- Net Operating Profit was £1,021,364 (2018: £1,990,433) for the period ending 31 March 2019. This provides a measure of the returns from Barwood Capital's activities after operating costs have been accounted for.
- Current assets under management plus available cash amounted to £298.2m at 31 March 2019 (2018: £108.4m). This provides a measure of the investment and management of funds raised by Barwood Capital.
- Value of total property assets invested in since inception (2009) is £511m (2018: £264m).
- Average Investor IRR achieved from funds to date is 14.4% (2018: 8.4%).

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



**J A Greenslade**  
Director

Date: 10/7/19

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## BARWOOD CAPITAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The Directors present their report and the financial statements for the year ended 31 March 2019.

#### Principal activity

The Company is principally engaged in UK regional property investment and development management.

#### Results and dividends

The profit for the year, after taxation, amounted to £801,662 (2018: £1,637,161).

The Directors have not recommended payment of a dividend (2018: £747,650).

#### Directors

The Directors who served during the year were:

A Barlow  
R W Bowen (resigned 12 February 2019)  
G L Brogden  
S J Chambers  
H M Elrington (appointed 15 May 2018)  
J A Greenslade  
E G Henson  
A J Rudge  
G Wood (appointed 11 March 2019)

#### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- 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.

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 financial statements may differ from legislation in other jurisdictions.

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**BARWOOD CAPITAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Future developments**

There is currently no plan to materially change the operations of the Company during the coming year.

**Qualifying third party indemnity provisions**

The Company has granted an indemnity to all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

**Post balance sheet events**

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

**Disclosure of information to auditor**

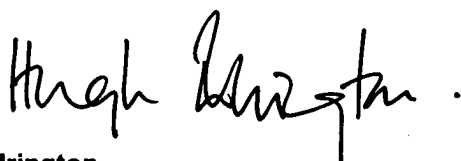
The directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**H M Elrington**  
Director

Date: 10 - 07 - 2019



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARWOOD CAPITAL LIMITED

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### Opinion

We have audited the financial statements of Barwood Capital Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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 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

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 12 months from the date when the financial statements are authorised for issue.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARWOOD CAPITAL LIMITED  
(CONTINUED)**

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**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. 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 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

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 or the Directors' Report.

**Matters on which we are required to report by exception**

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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARWOOD CAPITAL LIMITED (CONTINUED)

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### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

### **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.

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](http://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.

*Grant Thornton UK LLP*

Gareth Norris FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

Date: 15 July 2019

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**BARWOOD CAPITAL LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

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	Note	2019 £	2018 £
Turnover	4	1,778,394	1,526,086
<b>Gross profit</b>		<b>1,778,394</b>	<b>1,526,086</b>
Administrative expenses		(2,633,143)	(1,868,097)
Other operating income	5	1,876,113	2,332,444
<b>Operating profit</b>	6	<b>1,021,364</b>	<b>1,990,433</b>
Interest receivable and similar income	10	25,357	-
Interest payable and expenses	11	(23,910)	(8,923)
<b>Profit before tax</b>		<b>1,022,811</b>	<b>1,981,510</b>
Tax on profit	12	(221,149)	(344,349)
<b>Profit for the financial year</b>		<b>801,662</b>	<b>1,637,161</b>

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 12 to 28 form part of these financial statements.

**BARWOOD CAPITAL LIMITED**  
**REGISTERED NUMBER:06884336**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	14	200,462	67,999
Investments	15	108	106
		<u>200,570</u>	<u>68,105</u>
<b>Current assets</b>			
Stock	16	535,397	-
Debtors: amounts falling due after more than one year	17	282,522	-
Debtors: amounts falling due within one year	17	197,342	1,815,737
Cash at bank and in hand	18	1,520,783	610,898
		<u>2,536,044</u>	<u>2,426,635</u>
Creditors: amounts falling due within one year	19	(849,982)	(1,507,603)
<b>Net current assets</b>		<u>1,686,062</u>	<u>919,032</u>
<b>Total assets less current liabilities</b>		<u>1,886,632</u>	<u>987,137</u>
Creditors: amounts falling due after more than one year	20	(74,784)	-
<b>Provisions for liabilities</b>			
Deferred tax	22	(28,827)	(5,778)
<b>Net assets</b>		<u><u>1,783,021</u></u>	<u><u>981,359</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	5,000	5,000
Profit and loss account	24	1,778,021	976,359
		<u><u>1,783,021</u></u>	<u><u>981,359</u></u>

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

  
**G Wood**  
 Director

Date: 10/07/2019

The notes on pages 12 to 28 form part of these financial statements.

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BARWOOD CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	5,000	976,359	981,359
<b>Comprehensive income for the year</b>			
Profit for the year	-	801,662	801,662
<b>At 31 March 2019</b>	<u>5,000</u>	<u>1,778,021</u>	<u>1,783,021</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	5,000	86,848	91,848
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,637,161	1,637,161
Dividends: Equity capital	-	(747,650)	(747,650)
<b>At 31 March 2018</b>	<u>5,000</u>	<u>976,359</u>	<u>981,359</u>

The notes on pages 12 to 28 form part of these financial statements.

**BARWOOD CAPITAL LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	801,662	1,637,161
<b>Adjustments for:</b>		
Depreciation of tangible assets	52,287	10,037
Interest paid	23,910	8,923
Interest received	(25,357)	-
Taxation charge	221,149	344,349
(Increase)/decrease in stocks	(535,397)	-
Decrease/(increase) in debtors	1,335,873	(1,610,481)
Increase in creditors	208,713	218,481
Corporation tax (paid)/received	(316,827)	-
<b>Net cash generated from operating activities</b>	<b>1,766,013</b>	<b>608,470</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(79,750)	(77,280)
Purchase of fixed asset investments	(2)	(1)
Sale of fixed asset investments	-	1
Interest received	11,645	-
<b>Net cash used in investing activities</b>	<b>(68,107)</b>	<b>(77,280)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance leases	(16,461)	-
Dividends paid	(747,650)	-
Interest paid	(23,910)	(8,923)
<b>Net cash used in financing activities</b>	<b>(788,021)</b>	<b>(8,923)</b>
<b>Net increase in cash and cash equivalents</b>	<b>909,885</b>	<b>522,267</b>
Cash and cash equivalents at beginning of year	610,898	88,631
<b>Cash and cash equivalents at the end of year</b>	<b>1,520,783</b>	<b>610,898</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,520,783	610,898
	<b>1,520,783</b>	<b>610,898</b>

The notes on pages 12 to 28 form part of these financial statements.

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## BARWOOD CAPITAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

Barwood Capital Limited is a private company limited by shares and incorporated in England and Wales. The Company's registered number is 06884336. Its registered head office is located at 4 Waterside Way, The Lakes, Bedford Road, Northampton, United Kingdom, NN4 7XD.

The principal activity of the Company is detailed in the Directors' report.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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 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 (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The Directors have considered the working capital needs of the business by preparing detailed plans and forecasts for future projects, reviewing results for those plans on a regular basis and ensuring that adequate facilities are in place to cover fluctuations in future projects for the next 12 months and have concluded that the Company will be able to meet its liabilities as they fall due.

The Directors therefore consider that the Company will continue in operational existence for the foreseeable future and accordingly the Directors consider it appropriate to prepare the financial statements on a going concern basis.

##### 2.3 Revenue

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:

##### Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Motor vehicles	- 6 years straight line
Fixtures & fittings	- 5 years straight line
Office equipment	- 1 - 2 years straight line
Computer equipment	- 1 - 2 years straight line

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.

**2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.6 Stock**

Stock is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

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

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**2. Accounting policies (continued)**

**2.8 Cash and cash equivalents**

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

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

**2.9 Basis of consolidation**

The Company does not consolidate its subsidiaries as they are either dormant or immaterial. Refer to note 15 for a summary of these subsidiaries.

**2.10 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**2. Accounting policies (continued)**

**2.11 Creditors**

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

**2.12 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

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

**2.14 Pensions**

**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 a separate entity. 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. The assets of the plan are held separately from the Company in independently administered funds.

**2.15 Interest income**

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

**2.16 Provisions for liabilities**

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**2. Accounting policies (continued)**

**2.17 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 reporting 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 reporting date.

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

Preparation of the financial statements requires the Directors to make judgements, estimates and assumptions concerning the future. These are made based on all knowledge, available information and through consultation with professional advisers where necessary. There are not considered to be any such estimates which may give rise to a material adjustment to the carrying amount of assets or liabilities where the actual result is not the same as that predicted.

*Valuation of work in progress*

The valuation of work in progress involves management estimates regarding the future recoverability of these balances and estimation of any provisions for future losses. Management base these estimations on their review and knowledge of each individual project, taking into account any post year end events. Actual outcomes may vary to those initially anticipated and this could lead to a material variation in the assets, liabilities and profits reported.

**4. Turnover**

The whole of the turnover is attributable to the principal activity of the business as detailed in the Directors' report.

All turnover arose within the United Kingdom.

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**5. Other operating income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit share income	<b><u>1,876,113</u></b>	<b><u>2,332,444</u></b>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>52,287</b>	<b>10,037</b>
Rent expenses	<b><u>55,953</u></b>	<b><u>47,634</u></b>

**7. Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b><u>17,000</u></b>	<b><u>14,000</u></b>

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

Audit-related assurance services	<b>4,120</b>	<b>4,000</b>
Taxation compliance services	<b>4,100</b>	<b>2,675</b>
	<b><u>8,220</u></b>	<b><u>6,675</u></b>

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**8. Employees**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,644,798</b>	<b>1,145,177</b>
Social security costs	<b>239,438</b>	<b>114,935</b>
Cost of defined contribution scheme	<b>67,948</b>	<b>61,688</b>
	<b>1,952,184</b>	<b>1,321,800</b>

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

<b>2019</b>	<b>2018</b>
<b>No.</b>	<b>No.</b>
<b>18</b>	<b>14</b>

**9. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>1,160,628</b>	<b>544,261</b>
Company contribution to defined contribution plan	<b>38,086</b>	<b>47,435</b>

During the year retirement benefits were accruing to five Directors (2018 - five) in respect of defined contribution pension schemes. Remuneration in respect of the highest paid Director was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Director's emoluments	<b>332,257</b>	<b>156,705</b>
Company contribution to defined contribution plan	<b>11,176</b>	<b>11,430</b>
	<b>343,433</b>	<b>168,135</b>

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BARWOOD CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**10. Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>25,357</b>	<b>-</b>

**11. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other loan interest payable	<b>23,910</b>	<b>8,923</b>

**12. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the period	<b>198,100</b>	<b>338,571</b>
<b>Total current tax</b>	<b>198,100</b>	<b>338,571</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>23,049</b>	<b>5,778</b>
<b>Total deferred tax</b>	<b>23,049</b>	<b>5,778</b>
<b>Taxation on profit on ordinary activities</b>	<b>221,149</b>	<b>344,349</b>

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BARWOOD CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,022,811</u>	<u>1,981,510</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	194,334	376,487
Effects of:		
Fixed asset differences	523	196
Expenses not deductible for tax purposes	29,003	3,675
Deferred tax not recognised	-	(31,610)
Adjust closing deferred tax to average rate of 20%	(3,391)	(680)
Adjust opening deferred tax to average rate of 19.00%	680	(3,719)
Total tax charge for the year	<u>221,149</u>	<u>344,349</u>

Factors that may affect future tax charges

The main rate of UK corporation tax in the year was 19% and the rate will reduce to 17% from 1 April 2020. This change has been substantively enacted at the balance sheet date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled of the asset realised.

13. Dividends

	2019 £	2018 £
Proposed dividends	<u>-</u>	<u>747,650</u>

**BARWOOD CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**14. Tangible fixed assets**

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	-	62,044	5,515	54,659	122,218
Additions	105,000	9,166	35,499	35,085	184,750
At 31 March 2019	<u>105,000</u>	<u>71,210</u>	<u>41,014</u>	<u>89,744</u>	<u>306,968</u>
<b>Depreciation</b>					
At 1 April 2018	-	4,108	2,466	47,645	54,219
Charge for the year on owned assets	-	14,010	1,790	26,279	42,079
Charge for the year on leased assets	10,208	-	-	-	10,208
At 31 March 2019	<u>10,208</u>	<u>18,118</u>	<u>4,256</u>	<u>73,924</u>	<u>106,506</u>
<b>Net book value</b>					
At 31 March 2019	<u>94,792</u>	<u>53,092</u>	<u>36,758</u>	<u>15,820</u>	<u>200,462</u>
At 31 March 2018	<u>-</u>	<u>57,936</u>	<u>3,049</u>	<u>7,014</u>	<u>67,999</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	<u>94,792</u>	<u>-</u>



**BARWOOD CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**15. Fixed asset investments**

	Investments in subsidiary companies £	Investments in partnerships £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	6	100	106
Additions	2	-	2
At 31 March 2019	<u>8</u>	<u>100</u>	<u>108</u>
<b>Net book value</b>			
At 31 March 2019	<u>8</u>	<u>100</u>	<u>108</u>
At 31 March 2018	<u>6</u>	<u>100</u>	<u>106</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Barwood General Partner 2015 Limited	Corporate advisory services	Ordinary	100%
Barwood Capital (CPF2012) Limited	Dormant	Ordinary	100%
Barwood Capital (CPF2015) Limited	Dormant	Ordinary	100%
Barwood General Partner 2017 Limited	Dormant	Ordinary	100%
Barwood Capital (CPF2017) Limited	Dormant	Ordinary	100%
Barwood Capital (RIPDM1) Limited	Dormant	Ordinary	100%
Barwood Capital (RIPDM2) Limited	Dormant	Ordinary	100%
Barwood General Partner 2015 (Nominee) Limited*	Dormant	Ordinary	100%
Barwood General Partner 2017 (Nominee) Limited*	Dormant	Ordinary	100%
Barwood General Partner 2012 Limited	Corporate advisory services	Ordinary	100%

\* Indirect subsidiary undertakings of the company

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**15. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Barwood General Partner 2015 Limited	5	1
Barwood Capital (CPF2012) Limited	1	-
Barwood Capital (CPF2015) Limited	1	-
Barwood General Partner 2017 Limited	1	-
Barwood Capital (CPF2017) Limited	1	-
Barwood Capital (RIPDM1) Limited	1	-
Barwood Capital (RIPDM2) Limited	1	-
Barwood General Partner 2015 (Nominee) Limited*	1	-
Barwood General Partner 2017 (Nominee) Limited*	1	-
Barwood General Partner 2012 Limited	1	-

During the year the Company acquired 100% of the share capital of Barwood Capital (RIPDM1) Limited and Barwood Capital (RIPDM2) Limited at par.

**16. Stock**

	2019 £	2018 £
Work in progress	535,397	-

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**17. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Amounts owed by related parties	<b>282,522</b>	-
	2019 £	2018 £
Amounts owed by related parties	<b>175,271</b>	<b>1,797,432</b>
Other debtors	<b>450</b>	-
Prepayments	<b>21,621</b>	<b>18,305</b>
	<b>197,342</b>	<b>1,815,737</b>

**18. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<b>1,520,783</b>	<b>610,898</b>

**19. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	<b>65,015</b>	<b>48,399</b>
Amounts owed to group undertakings	<b>153,818</b>	<b>20,211</b>
Corporation tax	<b>198,246</b>	<b>316,973</b>
Other taxation and social security	<b>102,534</b>	<b>119,546</b>
Obligations under finance lease and hire purchase contracts	<b>10,519</b>	-
Other creditors and accruals	<b>319,850</b>	<b>1,002,474</b>
	<b>849,982</b>	<b>1,507,603</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**20. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
<b>Net obligations under finance leases and hire purchase contracts</b>		
1-2 years	10,824	-
2-5 years	63,960	-
	<u>74,784</u>	<u>-</u>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

**21. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,520,783	610,898
Financial assets measured at amortised cost	458,243	1,797,432
	<u>1,979,026</u>	<u>2,408,330</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(623,986)</u>	<u>(1,071,084)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise amounts owed by related parties, other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and dividends payable.

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BARWOOD CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**22. Deferred taxation**

	2019 £
At 1 April 2018	(5,778)
Charged to profit or loss	(23,049)
<b>At 31 March 2019</b>	<b>(28,827)</b>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(29,236)	(6,299)
Short term timing differences	409	521
	<b>(28,827)</b>	<b>(5,778)</b>

**23. Share capital**

	2019 £	2018 £
10,000 Ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
5,000 Ordinary shares of £1 each	5,000	5,000

**24. Reserves**

**Profit & loss account**

Includes all current and prior period retained profits and losses.

**25. Contingent liabilities**

The Company had no contingent liabilities at 31 March 2019 or at 31 March 2018.

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**BARWOOD CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**26. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Not later than 1 year	12,823	-
Later than 1 year but less than 5 years	79,302	-
	<u>92,125</u>	<u>-</u>

**27. Capital commitments**

The Company had no capital commitments at 31 March 2019 or at 31 March 2018.

**28. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £67,948 (2018: £61,688). Contributions totalling £2,405 (2018: £3,059) were payable to the fund at the balance sheet date and are included in other creditors and accruals.

**29. Commitments under operating leases**

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	39,334	37,950
Later than 1 year and not later than 5 years	24,675	60,088
	<u>64,009</u>	<u>98,038</u>

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## BARWOOD CAPITAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 30. Related party transactions

The Company has taken the exemption available from disclosing transactions and balances with all wholly owned subsidiary companies forming part of the group of which Barwood Capital Holdings Limited is the ultimate parent undertaking.

During the year the Company provided services (consultancy and promotion) to limited partnerships and their subsidiary undertakings with common members accounting to £3,541,839 (2018: £2,135,825), of which £154,145 (2018: £1,792,147) were outstanding at the end of the year.

During the year the Company also provided services in exchange for management fees to companies under common control totalling £112,669 (2018: £87,590) of which £21,125 (2018: £5,284) were outstanding at the end of the year.

During the year the Company provided a 15% interest bearing unsecured loan to an entity under common control repayable on 2 July 2020 with a total principal amount not exceeding £400,000. As at 31 March 2019, the principal balance of £268,811 (2018: £Nil) was outstanding and the outstanding interest receivable was £13,712 (2018: £Nil).

Key management personnel remuneration was £1,138,285 (2018: £591,696).

#### 31. Controlling party

The Company's ultimate parent undertaking is Barwood Capital Holdings Limited, by virtue of its 100% shareholding. The ultimate controlling parties are Joanna Greenslade and Hugh Elrington by virtue of their majority shareholding in the parent company.