

# **Hearthstone Investment Management Limited**

## **Annual Report and Financial Statements**

**For the Year Ended 31 December 2020**



**Company number: 09651253**

# **Hearthstone Investment Management Limited**

## **Report and financial statements 2020**

<b>Contents</b>	<b>Page</b>
Strategic report	2
Directors' report	4
Directors' responsibility statement	5
Independent auditor's report	6
Statement of income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

# Hearthstone Investment Management Limited

## Strategic report For the year ended 31 December 2020

The directors present their strategic report on the affairs of the company for the year ended 31 December 2020.

### Review of the business

Hearthstone Investment Management Limited (HIML) is established to offer investment management services to institutional clients looking to invest in private rented residential property funds.

Activities have focused on the structuring and marketing of a new product, **Hearthstone Residential Fund 2** ("HRF2"), a 10-year English Limited Partnership with a strategy to invest in mainstream private residential assets across the UK, consisting principally of clusters of houses and unbroken blocks of flats.

HRF2 had its First Close on 30 October 2020, raising £97m of commitments from three local government pension schemes.

### Business review

Hearthstone Residential Fund 1 ("HRF1") continued to progress with the delivery of new homes from previously contracted transactions during the year. At the end of December 2020, HRF1 had an occupancy rate of 97% and rent collection in excess of 99%. The resilience of the income streams and low levels of arrears and voids during this period enabled the fund to continue with its progressive distribution policy returning £3.7m to investors throughout the year.

Having successfully had a first close on HRF2 in October 2020, the focus was twofold: on deployment and further capital raising. By the end of the year HRF2 had exchanged and completed on its first transactions across two sites. Furthermore, following the year end in May 2021, HRF2 had a second close securing a further investor commitment of £20m.

### Financial Performance

The company recorded profit for the year after taxation of £168,239 (2019: £805,127). The lower profit arose from the year-on-year reduction in acquisition fees within HRF1. The additional income derived from the first and second closes on HRF2 will continue to support the company's future growth into 2021 and beyond.

### Financial Position

The company has been trading for a number of years now and the balance sheet position has continued to improve, during the year the company saw a reduction in profits however the net asset position remained consistent showing the company is in good financial health.

### Principal risks and uncertainties

The key risk facing the company arises from short term economic instability ultimately impacting on the tenant demand for private rented property within HRF1 and the country as a whole. Management look to address the risk arising from tenant demand through its letting strategy, which is set according to prevailing market conditions, and through a robust asset selection process that all potential transactions undergo including ensuring tenant demand is supported in the local area. Further oversight on potential acquisitions and the tenant demand associated with these is provided by an independent Investment Committee. The risks in relation to the Coronavirus and Brexit are laid out below.

### Coronavirus impact

At the date of signing, the impact and duration of the Coronavirus was more fully understood in light of good progress with the UK vaccination program and a clear roadmap setting out the easing of restrictions. This positive outlook has driven house price growth and improved investor sentiment. The Directors will continue to monitor the impact of

# Hearthstone Investment Management Limited

## Strategic report For the year ended 31 December 2020

Coronavirus and believe that sufficient flexibility exists to mitigate any ongoing risks. Revenue from HRF1 and HRF2 is unimpacted by the Coronavirus as fees are charged on investor commitments not as a percentage of assets under management and forecasts have been prepared on this basis which show the company is a going concern. Accordingly, the accounts are prepared on the going concern basis (refer to note 1).

### Brexit impact

Both HRF1 and HRF2 are UK domiciled and all the investors are domiciled in the UK. Furthermore, all properties acquired, let and managed are in the UK. The EU (Future Relationship) Bill setting out the EU-UK post-Brexit deal was approved by the UK parliament at the end of December 2020 avoiding both a no deal scenario and the UK having to trade on WHO terms. Whilst the business' operating model has not been materially impacted by Brexit, there is still uncertainty as to how the future EU-UK relationship with respect to financial services will operate which could impact upon the ability to attract EU investors.

### Future Developments

Management are focusing on making HRF2 fully income-producing as deliveries of new stock continue, and on proactive asset management strategies. In addition, management are looking to secure further investment by way of a final close on HRF2.

Approved by the Board of Directors on 23/6/2021 and signed on its behalf by



A Tarbit  
Director

23 Austin Friars  
London  
EC2N 2QP

# Hearthstone Investment Management Limited

## Directors' report For the year ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the strategic report, the financial statements and auditor's report, for the year ended 31 December 2020.

### Principal activities

The principal activity of the company is the provision of fund management and property advisory services.

### Going concern

Having reviewed the operational profile of the business on the basis of the information available to them and having considered all potential uncertainties facing the company, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements. Further detail is provided in note 1 to the financial statements. Any impacts upon the company in respect of Brexit and the Coronavirus are outlined in the Strategic Report.

### Dividends

The dividend for the year was £250,000 (2019: £nil).

### Directors

The directors who served during the year and to the date of signing these accounts were as follows:

R Otten  
A Smith  
M Drysdale  
A Collett  
A Tarbit  
C Bucher  
R Twigg

### Auditor

During the year, PKF Francis Clark were re-appointed auditors for the company and group.

### Information for the Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors on 23/6/2021 and signed on its behalf by



A Tarbit  
Director

23 Austin Friars  
London  
EC2N 2QP

# **Hearthstone Investment Management Limited**

## **Directors' responsibilities statement For the year ended 31 December 2020**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether Financial Reporting Standard 102 has been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and 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 financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of Hearthstone Investment Management Limited**

## **Opinion**

We have audited the financial statements of Hearthstone Investment Management Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Income, Statement of Financial Position, Statement of Changes in Equity 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 (United Kingdom Generally Accepted Accounting Practice) ) incorporating the requirements of Section 1A.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **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.

## **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

## **Independent auditor's report to the members of Hearthstone Investment Management Limited (continued)**

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company, we identified that the principal risks of non-compliance with laws and regulations related to acts by the company which were contrary to applicable laws and regulations, including fraud.

We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the Companies Act 2006 and relevant tax legislation. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to fraudulent financial reporting and non-compliance with legislation.

Audit procedures performed by the engagement team include, but were not limited to, review of board minutes, detailed substantive testing regarding the legislative requirements and inquiries of management. We also addressed the risk of management override of internal controls, including testing of journals and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

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



## **Independent auditor's report to the members of Hearthstone Investment Management Limited (continued)**

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
James Barrett (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

North Quay House  
Sutton Harbour  
Plymouth  
Devon  
PL4 0RA

Date: 24/06/2021

## Hearthstone Investment Management Limited

### Statement of income

For the year ended 31 December 2020

	Note	Year ended 2020 £	Year ended 2019 £
Turnover	2	1,344,963	1,829,364
Operating expenses		(1,130,055)	(807,842)
<b>Operating profit</b>		<b>214,908</b>	<b>1,021,522</b>
Interest receivable & similar income		27	120
Interest payable and similar charges		(3,328)	(24,048)
<b>Profit before taxation</b>	3	<b>211,607</b>	<b>997,594</b>
Taxation on profit	5	(43,368)	(192,467)
<b>Profit after taxation</b>		<b>168,239</b>	<b>805,127</b>

### Statement of comprehensive income

There are no recognised gains or losses in the current or preceding year other than the profit for that year. Accordingly, no separate statement of comprehensive income is presented. All activities derive from continuing operations.

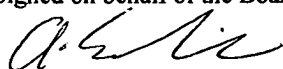
# Hearthstone Investment Management Limited

## Statement of financial position As at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible fixed assets	6	50,000	60,000
Investments	7	83,046	65,366
		<hr/>	<hr/>
		133,046	125,366
<b>Current assets</b>			
Debtors	8	354,573	344,225
Cash at bank & in hand		473,179	789,787
		<hr/>	<hr/>
		827,752	1,134,012
<b>Creditors: amounts falling due within one year</b>	9	(335,600)	(348,667)
		<hr/>	<hr/>
<b>Net current assets</b>		492,152	785,345
<b>Total assets less current liabilities</b>		625,198	910,711
<b>Creditors: amounts falling due after one year</b>	10	-	(225,000)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		625,198	685,711
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	9,574	9,278
Share premium account		25,433	4,481
Profit and loss account		590,191	671,952
		<hr/>	<hr/>
<b>Shareholders' funds/(deficit)</b>		625,198	685,711
		<hr/>	<hr/>

The financial statements of Hearthstone Investment Management Limited (registered number 9651253) were approved by the Board of Directors on 23/6/2021.

Signed on behalf of the Board of Directors



A Tarbit  
Director

# Hearthstone Investment Management Limited

## Statement of changes in equity Year ended 31 December 2020

	Issued share capital	Share premium account	Profit & loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2020	9,278	4,481	671,952	685,711
Shares capital issued (note 11)	296	20,952	-	21,248
Profit for the year	-	-	168,239	168,239
Dividends paid out	-	-	(250,000)	(250,000)
<b>Balance at 31 December 2020</b>	<b>9,574</b>	<b>25,433</b>	<b>590,191</b>	<b>625,198</b>

	Issued share capital	Share premium account	Profit & loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2019	9,278	4,481	(133,175)	(119,416)
Profit for the year	-	-	805,127	805,127
<b>Balance at 31 December 2019</b>	<b>9,278</b>	<b>4,481</b>	<b>671,952</b>	<b>685,711</b>

# Hearthstone Investment Management Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### Statement of compliance

The company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100: 'Application of Financial Reporting Requirements issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 102 as issued by the Financial Reporting Council.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention.

The financial statements have been prepared in accordance with FRS 102 Section 1A – The Financial Reporting Standard applicable in the UK and Republic of Ireland (March 2018) and the Companies Act 2006.

#### Summary of disclosure exemptions

As permitted by FRS 102, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Hearthstone Investments Limited. The group accounts of Hearthstone Investments Limited are available to the public and can be obtained as set out in note 14.

#### Turnover

Turnover represents the net amounts receivable from the Hearthstone Residential Fund 1 and 2 for investment management services. Turnover is recognised on an accruals basis for both management and transaction fees.

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the strategic report. The strategic report on page 2 describes the financial position of the company and its business risks.

#### Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Hearthstone Investment Management Limited

## Notes to the financial statements For the year ended 31 December 2020 (continued)

### Financial instruments

#### *Classification*

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

#### *Recognition and measurement*

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Loans are initially measured at the present value of future payments, discounted at a market rate of interest, and are subsequently carried at amortised cost using the effective interest method.

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Key sources of estimation uncertainty**

The directors do not consider there to be any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **2. Segment information**

The Company's sole activity is that of a fund manager and all turnover will arise within the United Kingdom.

### **3. Profit before tax**

Profit before taxation is stated after charging:

	Year ended 2020	Year ended 2019
	£	£
Amortisation	10,000	10,000

# Hearthstone Investment Management Limited

## Notes to the financial statements

### For the year ended 31 December 2020 (continued)

The relevant portion of the group audit fee relating to the company was borne by the ultimate holding company, Hearthstone Investments Limited. The audit fee payable by Hearthstone Investments Limited was £10,600 (2019 - £10,000).

#### 4. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 2020 No	Year ended 2019 No
Administration	8	6

	Year ended 2020 £	Year ended 2019 £
Their aggregate remuneration comprised:		
Wages and salaries	810,534	518,705
Social security costs	93,926	59,166
Pensions	10,381	3,722
	<u>914,841</u>	<u>581,593</u>

#### Directors' remuneration and transactions

Directors' remuneration comprised:

	2020 £	2019 £
Salary	387,506	361,933
Pensions	1,423	1,180

The highest paid director received £132,475 (2019: £107,905) during the year. The number of directors who were accruing retirement benefits was 1 (2019: 1).

# Hearthstone Investment Management Limited

## Notes to the financial statements For the year ended 31 December 2020 (continued)

### 5. Tax on profit

The tax charge comprises:

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax	43,026	171,478
Adjustments in respect of prior period	99	-
<b>Total current tax charge/(credit)</b>	<b>43,125</b>	<b>171,478</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	237	20,989
Adjustments in respect of prior period	6	-
<b>Total deferred tax charge/(credit)</b>	<b>243</b>	<b>20,989</b>
<b>Total tax on profit</b>	<b>43,368</b>	<b>192,467</b>

### Reconciliation of tax charge

	2020	2019
	£	£
<b>Profit before tax</b>	<b>211,607</b>	<b>997,594</b>
Tax charge/(credit) at standard UK corporation tax rate of 19.00%. (2019: 19.00%)	40,205	189,543
Effects of:		
Fixed asset differences	(233)	-
Expenses not deductible for tax purposes	1,846	1,047
Income not taxable for tax purposes	(342)	(23)
Other permanent differences	(113)	-
Adjustment to total tax charge in respect of prior periods	105	-
Fixed asset timing differences (amortisation)	1,900	1,900
<b>Tax charge for the year</b>	<b>43,368</b>	<b>192,467</b>



# Hearthstone Investment Management Limited

## Notes to the financial statements

### For the year ended 31 December 2020 (continued)

#### 6. Intangible Assets

During 2016 the company acquired the investment business of Mill Group for an agreed fee of £100,000. The purpose of this was to enable the company to structure and market a new product, Hearthstone Residential Fund 1 ("HRF1"), a 10-year English Limited Partnership with a strategy to invest in mainstream private residential assets across the UK, consisting principally of residential property.

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 31 December 2019 & 2020	100,000
	<hr/>
<b>Amortisation</b>	
At 1 January 2020	40,000
Charge for the year	10,000
	<hr/>
At 31 December 2020	50,000
	<hr/>
<b>Net book value</b>	
At 31 December 2020	50,000
	<hr/>
<b>Net book value</b>	
At 31 December 2019	60,000
	<hr/>

#### 7. Fixed asset investments

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Subsidiary undertakings	6	6
Other investments	83,040	65,360
	<hr/>	<hr/>
	83,046	65,366
	<hr/>	<hr/>

The company has investments in the following subsidiary undertakings. All subsidiaries are incorporated in the United Kingdom and operated from the same registered address as the parent company, given in note 14. The company has a 100% holding in the following entities:

Hearthstone Investments (FP) Limited

Hearthstone Investments (GP) Limited

Hearthstone Investments (GP2) Limited

# Hearthstone Investment Management Limited

## Notes to the financial statements For the year ended 31 December 2020 (continued)

### 8. Debtors: amounts falling due within one year

	2020	2019
	£	£
Trade debtors	341,829	314,222
Amounts owed by group undertakings	4,500	3,581
Other debtors	4,500	25,060
Deferred tax recognised	-	243
Prepayments & accrued income	3,744	1,119
	<u>354,573</u>	<u>344,225</u>

### 9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	40,046	-
Directors' current accounts (refer note 13)	-	7,581
Other tax & social security	114,912	146,822
Amounts owed to group undertakings	-	-
Current taxation	43,125	171,478
Accruals	137,517	22,786
	<u>335,600</u>	<u>348,667</u>

### 10. Creditors: amounts falling due after one year

	2020	2019
	£	£
Directors' loans (refer note 13)	-	75,000
Amounts owed to group undertakings	-	150,000
	<u>-</u>	<u>225,000</u>

# Hearthstone Investment Management Limited

## Notes to the financial statements For the year ended 31 December 2020 (continued)

### 11. Share capital

	2020		2019	
	No	£	No	£
Issued and fully paid				
Ordinary shares of £1 each	9,574	9,574	9,278	9,278

During the year the Company issued 296 new ordinary shares of £1 each. 148 of the shares were issued at a subscription price of £142.57 per share. The remaining 148 shares were issued at nominal value of £1 per share. The shares were issued to provide further capital to fund the operations of the business.

### 12. Contingent liabilities

There were no disclosable contingent liabilities at the balance sheet date or the date of signing of these accounts.

### 13. Related party transactions

During 2020 repayments of £75,000 were made against loans provided to the company from certain directors. The amount remaining outstanding at the year end was nil. (2019 - £75,000). The loans carry an interest rate of 5% and are unsecured. Unpaid interest is recorded in note 9 and disclosed as directors' current account balances.

During 2020 net repayments of £146,419 were made against loans provided to the company by the parent undertaking. The amount remaining outstanding at the year end was £nil. (2019 - £146,419). The loan incurred interest of £2,219 (2019 - £17,000).

During 2019 the company committed to co-invest in HRF1 – a closed ended 10-year residential Limited partnership. At 31 December 2020, the total net amount invested was £79,020 (2019 - £65,360) out of a total investment commitment of £84,333. Hearthstone Investment Management Limited acts as Asset Manager to the fund.

During 2020 the company committed to co-invest in HRF2 – a closed ended 10-year residential Limited partnership. At 31 December 2020, the total net amount invested was £4,020 (2019 - nil) out of a total investment commitment of £47,000. Hearthstone Investment Management Limited acts as Asset Manager to the fund.

### 14. Controlling party

The directors regard Hearthstone Investments Limited, a company incorporated in the United Kingdom, as the ultimate controlling party.

Hearthstone Investments Limited is the parent company of the largest and smallest group of which the company is a member for which group financial statements are drawn up. Copies of the financial statements are available from the company's registered office, 23 Austin Friars, London EC2N 2QP.