

**PHARON INDEPENDENT FINANCIAL ADVISERS
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

COMPANY INFORMATION

Directors	Roger Keith O'Shea (resigned 30 August 2021) Nicholas David O'Shea Elizabeth Evelyn Jane Rule Andrew Keith O'Shea Robert James Cragg
Company secretary	Robert James Cragg
Registered number	01105564
Registered office	Lawrence House Summer Hill Harbledown Canterbury Kent CT2 8GT
Independent auditors	Magee Gammon Corporate Limited Chartered Accountants & Statutory Auditors Henwood House Henwood Ashford Kent TN24 8DH
Bankers	RBS Central Corp Banking Corporate Banking Centre 5-10 Great Tower Street London EC3P 3HX

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The directors present their strategic report along with the audited financial statements of the company for the year ended 31 December 2021.

Business review

The Directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the balance sheet date.

The Company's principal activity throughout the year was that of independent financial advisers. The company also holds client money and assets, and is thus classified as a MiFID firm. This review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties faced.

Trading conditions in 2021 were expected to be difficult with turmoil in the financial markets and the uncertainty surrounding the impacts of Brexit and the ongoing COVID-19 pandemic. However these factors had very little impact on the performance of the business in the period under review, with results remaining consistent with previous periods. The Company operates comfortably within the strict budgetary controls in place and benefits from a debt free balance sheet. The directors expect continued profitability in the 2022 year.

The continued aim of the Company is to provide quality independent financial advice.

The directors are satisfied with the financial position of the Company and are able to look to the future with optimism.

Principal risks and uncertainties

The Company's principal financial instruments comprise bank balances, listed investments, trade debtors, trade creditors and operating lease arrangements. The purpose of these instruments is to finance the Company's operations.

Due to the nature of the financial instruments used by the Company there is no exposure to price risk other than in respect of listed investments. Price risk exposure, in respect to listed investments, is managed by day to day monitoring of financial markets. The Company's approach to managing other risks applicable to the financial instruments concerned is as follows:

Environmental Risk

With the uncertainty around the COVID-19 pandemic and Brexit still ongoing, there is an inherent risk that the financial market may be impacted with continued developments. Any risk, in respect to these factors, are expected to be temporary. The directors believe the company is in a good financial position to mitigate any risk these factors may impose.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to clients and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Liquidity risk

In respect of bank balances the liquidity risk is managed by maintaining positive balances at all times.

Financial key performance indicators

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole and also those which the Financial Conduct Authority requires. These indicators being turnover and capital resources.

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Other key performance indicators

The directors consider the Company's employment level as a key performance indicator of the success of the Company, as consistent and improving levels indicate growth of the business and contentness of the employees. During the financial year to 31 December 2021, the average number of employees increased from 33 to 34. This positive result, even through one of the most uncertain times in recent history, further substantiates the successful performance of the Company.

Directors' statement of compliance with duty to promote the success of the Company

The Company comfortably complied during the year (and continues to comply) with the capital resource requirements of the FCA, which means that the Company continues to maintain its financial capability providing a strong base for future growth. The directors are constantly reviewing expenditure to keep the capital resource requirement to a minimum whilst increasing financial stability. In doing so, the directors believe that they are acting in good faith to promote the success of the Company for the benefit of its members as a whole.

This report was approved by the board on 29 September 2022 and signed on its behalf.

.....
Nicholas David O'Shea
Director

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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, but with assistance and guidance from our auditors.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £2,137,185 (2020 - £1,411,992).

The directors do not recommend a final dividend in respect to the results of the financial period under review.

Directors

The directors who served during the year were:

Roger Keith O'Shea (resigned 30 August 2021)
Nicholas David O'Shea
Elizabeth Evelyn Jane Rule
Andrew Keith O'Shea
Robert James Cragg

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

Outside of the COVID-19 pandemic and Brexit, which have had very little impact on the performance of the business, there are no significant developments expected to further impact the Company and how it operates. The Company operates comfortably within the strict budgetary controls in place and benefits from a positive balance sheet. The directors expect continued profitability in the 2022 year.

Engagement with suppliers, customers and others

The directors believe that by complying with current FCA legislation and with the capital resource requirements of the FCA, the Company is in a strong position to meet the requirements of its suppliers customers and others. The Company continues to maintain its financial capability providing a strong base for future growth. The directors are constantly reviewing expenditure to keep the capital resource requirement to a minimum whilst increasing financial stability. In doing so, the directors believe that they are acting in good faith to promote the success of the Company for the benefit of its members as a whole.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, Magee Gammon Corporate Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2022 and signed on its behalf.

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Nicholas David O'Shea
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

Opinion

We have audited the financial statements of Pharon Independent Financial Advisers Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the 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 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 December 2021 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 set out 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED
(CONTINUED)**

Auditors' 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 Auditors' 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:

Capability of the audit in detecting irregularities including fraud

Based on our understanding of the company, we have considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk was related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that 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, misrepresentations or through collusion.

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Evaluation of controls designed to prevent and detect irregularities; and
- Assessing journal entries as part of our planned audit approach.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHARON INDEPENDENT FINANCIAL ADVISERS 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 Auditors' 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.

Andrew John Childs F.C.A. (Senior Statutory Auditor)

for and on behalf of

Magee Gammon Corporate Limited

Chartered Accountants

Statutory Auditors

Henwood House

Henwood

Ashford

Kent

TN24 8DH

30 September 2022

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 £	2020 £
Turnover	4	5,083,350	4,172,663
Cost of sales		(2,235,667)	(1,966,296)
Gross profit		2,847,683	2,206,367
Administrative expenses		(430,385)	(376,407)
Gain from changes in fair value of current asset investments		87,142	(58,041)
Operating profit		2,504,440	1,771,919
Income from fixed assets investments		52,979	56,017
Profit/(loss) on disposal of listed investments		90,254	(64,394)
Interest receivable and similar income	9	300	2,388
Profit before tax		2,647,973	1,765,930
Tax on profit	10	(510,788)	(353,938)
Profit after tax		£ 2,137,185	£ 1,411,992
Retained earnings at the beginning of the year		4,181,469	3,906,967
Profit for the year		2,137,185	1,411,992
Dividends declared and paid		(3,238,508)	(1,137,490)
Retained earnings at the end of the year		£ 3,080,146	£ 4,181,469

The notes on pages 12 to 24 form part of these financial statements.

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED
REGISTERED NUMBER:01105564

BALANCE SHEET
AS AT 31 DECEMBER 2021

		2021 £	2020 £
Fixed assets			
Tangible assets	13	25,348	-
Investments	14	100	100
		<u>25,448</u>	<u>100</u>
Current assets			
Debtors: amounts falling due within one year	15	122,062	84,268
Current asset investments	16	1,206,811	1,467,809
Cash at bank and in hand	17	2,401,312	3,079,756
		<u>3,730,185</u>	<u>4,631,833</u>
Creditors: amounts falling due within one year	18	(557,888)	(384,440)
		<u>3,172,297</u>	<u>4,247,393</u>
Net current assets			
		<u>3,172,297</u>	<u>4,247,393</u>
Total assets less current liabilities		<u>3,197,745</u>	<u>4,247,493</u>
Provisions for liabilities			
Deferred tax	20	(22,422)	(84)
Other provisions	21	(36,447)	(7,210)
		<u>(58,869)</u>	<u>(7,294)</u>
Net assets		<u>£ 3,138,876</u>	<u>£ 4,240,199</u>
Capital and reserves			
Called up share capital	22	26,980	26,980
Share premium account	23	31,320	31,320
Capital redemption reserve	23	430	430
Profit and loss account	23	3,080,146	4,181,469
		<u>£ 3,138,876</u>	<u>£ 4,240,199</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.

.....
Nicholas David O'Shea
Director

The notes on pages 12 to 24 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,137,185	1,411,992
Adjustments for:		
Depreciation of tangible assets	2,283	-
Interest received	(53,279)	(58,405)
Taxation charge	510,788	353,938
(Increase) in debtors	(37,794)	(30,700)
Increase in creditors	75,978	44,249
Increase/(decrease) in provisions	29,236	(104,916)
Net fair value (gains)/losses recognised in P&L	(87,142)	58,041
Corporation tax (paid)	(399,553)	(300,222)
Net cash generated from operating activities	2,177,702	1,373,977
Cash flows from investing activities		
Purchase of tangible fixed assets	(27,631)	-
Sale of listed investments	(90,254)	64,394
Purchase of short-term listed investments	(626,699)	(314,067)
Sale of short-term listed investments	1,073,667	314,067
Interest received	300	2,388
Dividends received	52,979	56,017
Net cash from investing activities	382,362	122,799
Cash flows from financing activities		
Dividends paid	(3,238,508)	(1,137,490)
Net cash used in financing activities	(3,238,508)	(1,137,490)
Net (decrease)/increase in cash and cash equivalents	(678,444)	359,286
Cash and cash equivalents at beginning of year	3,079,756	2,720,470
Cash and cash equivalents at the end of year	£ 2,401,312	£ 3,079,756
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,401,312	3,079,756
	£ 2,401,312	£ 3,079,756

The notes on pages 12 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Pharon Independent Financial Advisers Limited is a private company, limited by shares, incorporated in England & Wales.

The registered company number is 01105564.

The registered office of the Company is Lawrence House, Summer Hill, Harbledown, Canterbury, Kent,
CT2 8GT.

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 Company's functional and presentational currency is GBP (£) and is rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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:

Office equipment	-	33% to 50%
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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 profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 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.

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 Balance Sheet.

2.14 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 Income and Retained Earnings.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 the accounting estimates are recognised in the period in which the estimate is revised if the revisions affect only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Financial advice	£ <u>5,083,350</u>	£ <u>4,172,663</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	£ <u>8,500</u>	£ <u>8,300</u>

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

All other services	£ <u>3,636</u>	£ <u>1,711</u>
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PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Employees

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

	2021 £	2020 £
Wages and salaries	1,486,976	1,324,722
Social security costs	163,010	136,383
Cost of defined contribution scheme	259,745	287,544
	<u>£ 1,909,731</u>	<u>£ 1,748,649</u>

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

	2021 No.	2020 No.
	18	19
Management, administration and support		
	16	14
Sales		
	<u>34</u>	<u>33</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	257,952	252,819
Company contributions to defined contribution pension schemes	76,058	82,707
	<u>£ 334,010</u>	<u>£ 335,526</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £87,578 (2020 - £77,800).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,131 (2020 - £7,454).

8. Income from investments

	2021 £	2020 £
Income from current asset investments	52,979	56,017
	<u>£ 52,979</u>	<u>£ 56,017</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Interest receivable

	2021 £	2020 £
Other interest receivable	300	2,388
	<u>£ 300</u>	<u>£ 2,388</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	488,450	347,906
Adjustments in respect of previous periods	-	71
Total current tax	<u>£ 488,450</u>	<u>£ 347,977</u>
Deferred tax		
Origination and reversal of timing differences	5,381	662
Unrealised surplus on investments	16,957	5,299
Total deferred tax	<u>£ 22,338</u>	<u>£ 5,961</u>
Taxation on profit on ordinary activities	<u>£ 510,788</u>	<u>£ 353,938</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>£ 2,647,973</u>	<u>£ 1,765,930</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	503,115	335,527
Effects of:		
Capital allowances for year in excess of depreciation	(6,713)	-
Adjustments to tax charge in respect of prior periods	-	71
Other timing differences leading to an increase (decrease) in taxation	5,190	5,299
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	996	12,234
Capital gains	18,266	423
Dividends from UK companies	(10,066)	(10,644)
Movement in fair value of investments	-	11,028
Total tax charge for the year	<u>£ 510,788</u>	<u>£ 353,938</u>

There were no factors that may affect future tax charges.

11. Dividends

	2021 £	2020 £
Dividends paid	<u>£ 3,238,508</u>	<u>£ 1,137,490</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible assets

	Goodwill £
Cost	
At 1 January 2021	253,603
	<hr/>
At 31 December 2021	253,603
	<hr/>
Amortisation	
At 1 January 2021	253,603
	<hr/>
At 31 December 2021	253,603
	<hr/>
Net book value	
At 31 December 2021	£ -
	<hr/> <hr/>
<i>At 31 December 2020</i>	£ -
	<hr/> <hr/>

13. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2021	10,628
Additions	27,631
	<hr/>
At 31 December 2021	38,259
	<hr/>
Depreciation	
At 1 January 2021	10,628
Charge for the year on owned assets	2,283
	<hr/>
At 31 December 2021	12,911
	<hr/>
Net book value	
At 31 December 2021	£ 25,348
	<hr/> <hr/>
<i>At 31 December 2020</i>	£ -
	<hr/> <hr/>

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	100
	<hr/>
At 31 December 2021	£ 100
	<hr/>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Lawrence House Nominees Limited	Lawrence House, Summer Hill, Harbledown, Canterbury Kent, CT2 8GT	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit
Lawrence House Nominees Limited	100	-

15. Debtors

	2021 £	2020 £
Trade debtors	16,350	19,550
Other debtors	2,565	3,035
Prepayments and accrued income	103,147	61,683
	<hr/>	<hr/>
	£ 122,062	£ 84,268
	<hr/>	<hr/>

PHARON INDEPENDENT FINANCIAL ADVISERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Current asset investments

	2021	2020
	£	£
Listed investments	£ <u>1,206,811</u>	£ <u>1,467,809</u>

17. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	£ <u>2,401,312</u>	£ <u>3,079,756</u>

18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	11,069	11,980
Corporation tax	229,189	140,292
Other taxation and social security	159,792	133,518
Other creditors	105,648	35,246
Accruals and deferred income	52,190	63,404
	<u>£ 557,888</u>	<u>£ 384,440</u>

19. Financial instruments

	2021	2020
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	3,608,123	4,547,565
Financial assets that are debt instruments measured at amortised cost	66,761	65,709
	<u>£ 3,674,884</u>	<u>£ 4,613,274</u>

Financial liabilities

Financial liabilities measured at amortised cost	£ <u>(168,906)</u>	£ <u>(110,628)</u>
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Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and current asset investments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Deferred taxation

	2021 £	2020 £
At beginning of year	(84)	5,877
Charged to profit or loss	(22,338)	(5,961)
At end of year	£ (22,422)	£ (84)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(373)	5,008
Unrealised capital gains	(22,049)	(5,092)
	£ (22,422)	£ (84)

21. Provisions

	Other provision £	Commission provision £	Total £
At 1 January 2021	-	7,211	7,211
Charged to profit or loss	30,543	(1,307)	29,236
At 31 December 2021	£ 30,543	£ 5,904	£ 36,447

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
23,202 (2020 - 23,202) ordinary shares of £1.00 each	23,202	23,202
1,349 (2020 - 1,349) AA ordinary shares of £1.00 each	1,349	1,349
1,349 (2020 - 1,349) AB ordinary shares of £1.00 each	1,349	1,349
540 (2020 - 540) CA ordinary shares of £1.00 each	540	540
540 (2020 - 540) CB ordinary shares of £1.00 each	540	540
	£ 26,980	£ 26,980

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Reserves

Share premium account

The share premium account represents consideration paid for share capital over par value. This is non-distributable profit

Capital redemption reserve

The capital redemption reserve represents the amount of reserves kept on the acquisition of its own shares. This is non-distributable profit.

Profit and loss account

The profit and loss account is a reserve of the accumulated profit and loss after tax and dividends. This reserve is fully distributable.

24. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	3,079,756	(678,444)	2,401,312
Liquid investments	1,467,809	(260,998)	1,206,811
	<u>£ 4,547,565</u>	<u>£ (939,442)</u>	<u>£ 3,608,123</u>

25. 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 £259,745 (2020 - £287,544).

26. Related party transactions

During the year the company paid rent totalling £82,296 (2020 - £82,296) in respect to property under the control of one of the directors and shareholders. No balance was due at the balance sheet date in respect to this transaction (2020 - £Nil).

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