

First Charles Investments Limited
Financial Statements
31 March 2021



First Charles Investments Limited

Financial Statements

Year ended 31 March 2021

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First Charles Investments Limited

Directors' Report

Year ended 31 March 2021

The directors present their report and the financial statements of the Company for the year ended 31 March 2021.

Principal activities and business review

The Company did not trade during the year.

Directors

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

D David
BSE Freshwater

The Articles of Association of the Company do not require the directors to retire by rotation.

Directors' responsibilities statement

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

The Directors have also considered the impact of the Covid-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility on the macro economy and the particular market that the company and the Daejan Holdings Limited group operates in. The directors have considered the impact on the group, as explained in note 3.

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 UK Accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the company and 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 judgments 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

First Charles Investments Limited

Directors' Report *(continued)*

Year ended 31 March 2021

Auditor

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

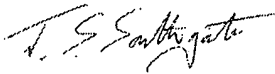
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 8 November 2021 and signed on behalf of the board by:



J S Southgate
Company Secretary

Registered office:
Freshwater House
158-162 Shaftesbury Avenue
London
England
WC2H 8HR

First Charles Investments Limited

Independent Auditor's Report to the Members of First Charles Investments Limited

Year ended 31 March 2021

Opinion

We have audited the financial statements of First Charles Investments Limited ("the Company") for the year ended 31 March 2021 which comprise the Balance Sheet and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 3 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

First Charles Investments Limited

Independent Auditor's Report to the Members of First Charles Investments Limited (continued)

Year ended 31 March 2021

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the company's policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

First Charles Investments Limited

Independent Auditor's Report to the Members of First Charles Investments Limited (continued)

Year ended 31 March 2021

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under 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 the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

First Charles Investments Limited

Independent Auditor's Report to the Members of First Charles Investments Limited

(continued)

Year ended 31 March 2021

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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



Richard Kelly (Senior Statutory Auditor)

For and on behalf of
KPMG LLP
Chartered Accountants & statutory auditor
15 Canada Square
London
E14 5GL

15 November 2021

First Charles Investments Limited

Balance Sheet

31 March 2021

	Note	2021 £	£	2020 £
Current assets				
Debtors	6	–		5,050
Creditors: amounts falling due within one year	7	<u>(19,142)</u>		<u>(24,192)</u>
Net current liabilities			<u>(19,142)</u>	<u>(19,142)</u>
Total assets less current liabilities			<u>(19,142)</u>	<u>(19,142)</u>
Capital and reserves				
Called up share capital	8		97	97
Other reserve	9		3,730	3,730
Profit and loss account	9		<u>(22,969)</u>	<u>(22,969)</u>
Shareholder deficit			<u>(19,142)</u>	<u>(19,142)</u>

The company did not trade during the current year or prior year and has not made either a profit or loss.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 8 November 2021, and are signed on behalf of the board by:



BSE Freshwater
Director

Company registration number: 01293651

The notes on pages 8 to 12 form part of these financial statements.

First Charles Investments Limited

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The Company is a company limited by shares, registered in England and Wales. The address of the registered office is Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared under the going concern basis which the directors consider to be appropriate for the following reasons:

At the balance sheet date, the Company is in a net current liability position. The ultimate parent company, Daejan Holdings Limited has indicated their willingness to make available financing to enable the Company to meet its working capital requirements for at least twelve months from the date of approval of the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The continuing Covid-19 pandemic has had a negative impact on the macro economy and the particular market that the Company and the Daejan Holdings Limited group ("the Group") operates in. The directors have placed a particular focus on the Group's going concern assessment given the intercompany loans received and have considered the principal risks to the Group.

The directors have prepared the cash flow forecasts of the Group for at least twelve months from the date of approval of the financial statements. In this forecast, the directors have taken account of the implications of Covid-19 which would impact the cash inflows and outflows. The directors have modelled a severe but plausible downside scenario in respect of the Group's cash flows and considered the likelihood of the Group's loan covenants being breached in the coming 12 months and remedy packages in the event that these covenants are breached. The result of this forecast indicates that in this scenario the Company cash needs are still within the available financial resources.

First Charles Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

The directors have considered the ability and intent of the parent company to provide continuous financial support and concluded that the parent company has the ability and intention to provide the necessary financial support for a period of at least twelve months from the date of approval of the financial statements should it be required. Based on the above, and having taken into account the risks and uncertainties, including the impact of Covid-19 that exist within the business, the directors have concluded that the Group has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements and that there is no material uncertainty to this position, as the directors have a reasonable expectation that the Company has adequate resources under all plausible circumstance to continue in operational existence for the foreseeable future by meeting its liabilities and commitments as they fall due.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Disclosure exemptions

The Company's ultimate parent undertaking, Daejan Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Daejan Holdings Limited are prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Basic and other financial instruments.

First Charles Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Income available for distribution

Under the Articles of Association, realised capital profits are not available for distribution as dividends and these profits are taken to a non-distributable reserve.

Related party transactions

The Company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirements to disclose transactions with other companies in the Daejan Holdings Limited group.

4. Remuneration of directors

The directors did not receive any remuneration during the year or in the previous year.

Apart from the directors, there were no other employees of the Company during the year or in the previous year.

5. Auditor's remuneration

Audit fees are borne by the ultimate parent company and are not recharged to the Company.

First Charles Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

6. Debtors

	2021 £	2020 £
Amounts owed by group undertakings and undertakings in which the Company has a participating interest	<u>—</u>	<u>5,050</u>

All debtors are payable within one year or are payable on demand and interest free.

7. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	5	5
Amounts owed to group undertakings and undertakings in which the Company has a participating interest	<u>19,137</u>	<u>24,187</u>
	<u>19,142</u>	<u>24,192</u>

All intra-group loans are sterling loans repayable on demand and interest free.

8. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	7	7	7	7
10% non-cumulative non-voting preference shares of £1 each	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>
	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>

The preference shares confer the right on the holders to receive a non-cumulative dividend each year at the rate of 10% net on the amounts paid up. These shares would rank above the ordinary shares and be redeemable at par, in the event of the winding up of the Company. There are insufficient reserves to pay a dividend.

9. Reserves

The Profit and loss account reserve records retained earnings and accumulated losses.

The Other reserve records a non-distributable reserve.

First Charles Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

10. Controlling party

The Company's ultimate controlling party is its ultimate and immediate parent company, Daejan Holdings Limited, which is incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Daejan Holdings Limited. The consolidated financial statements of Daejan Holdings Limited are available to the public and may be obtained from the Daejan Holdings Limited website (www.daejanholdings.com) or Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. No other group financial statements include the results of the Company.