

Company Number: 02316414

CHARACTER FINANCIAL SERVICES LIMITED

UNAUDITED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 March 2022



CHARACTER FINANCIAL SERVICES LIMITED

CONTENTS

	Page
Company Information	2
Directors' Report	3-4
Strategic Report	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flow	9
Notes to the Financial Statements	10-21

CHARACTER FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS: S M Burrows
D G E Stanley
L G Wallis

REGISTERED OFFICE: Winterton House
High Street
Westerham
England
TN16 1AJ

REGISTERED NUMBER: 02316414

CHARACTER FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 March 2022

The directors present their report together with the unaudited financial statements for the year to 31 March 2022.

Directors

The directors who served during the year were as follows:

S M Burrows
D G E Stanley
L G Wallis
A D Malyon (resigned 29 October 2021)

Statement of directors' responsibilities

The directors are responsible for preparing the director's 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 company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 enable them to ensure that the financial statements comply with the requirements of 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.

International Financial Reporting Standards, as adopted by the European Union ('IFRS')

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 March 2022

Directors' third party indemnity provisions

The company had in place Directors' and Officers' indemnity insurance cover during the financial year.

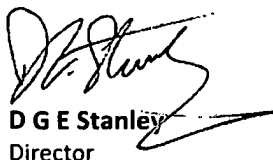
Strategic Report

Information previously disclosed in the Directors' Report including the business review, the key performance indicators and risks and uncertainties are now disclosed in the Strategic Report.

Going concern basis of accounting

The financial statements have been prepared on the going concern basis. Covid-19 initially had a negative impact on the business however we have reduced costs and restructured the business to return to profitability. The company has net current and non-current assets and therefore the directors believe that the company has sufficient resources to meet its liabilities as they fall due.

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


D G E Stanley
Director

Date: 22 July 2022

STRATEGIC REPORT
FOR THE YEAR ENDED 31 March 2022

Introduction

The directors present their Strategic Report for the year ended 31 March 2022.

Principal activity

The principal activity of the company during the year was the provision of financial services.

Results and review of business

The results for the year of the company are set out on page 6.

The profit on ordinary activities before taxation for the year £57,028 (2021 loss: £141,481). No dividends were paid in the year (2021: £nil).

Development and performance of the business during the year

Income has continued to be in line with budgetary expectations whilst the UK market for retail business continues to trade at a low premium to risk level.

Future developments

The company's future developments are to grow the customer base organically to meet the demands of the current market.

Key performance indicators

The directors consider the key financial performance indicators to be the amount of commission and fees.

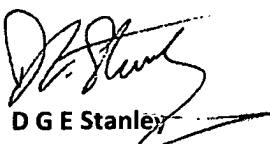
Financial risk management

Given the small size of the company and of its board, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors.

Liquidity risk

The company actively manages its working finance to ensure the company has sufficient funds for operations

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


D G E Stanley
Director

Date: 22 July 2022

CHARACTER FINANCIAL SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2022**

	Note	2022 £	2021 £
Revenue			
Commission and fees	2	407,358	414,094
		<u>407,358</u>	<u>414,094</u>
Cost of Sales			
Commission to producers		(58,618)	(70,946)
Operating expenses			
Staff costs	3	(143,527)	(265,306)
Other operating costs		(148,187)	(218,611)
		<u>(291,714)</u>	<u>(483,917)</u>
Operating profit/(loss)		57,026	(140,769)
Finance income	5	2	-
Finance costs	6	-	(712)
Profit/(loss) before tax	4	57,028	(141,481)
Income tax credit / (expense)	7	-	(924)
Profit/(loss) for the year and total comprehensive income		57,028	(142,405)

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 10 to 21 form part of these financial statements.

CHARACTER FINANCIAL SERVICES LIMITED

Company Number: 2316414

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 March 2022**

	Notes	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,082	3,727
Deferred tax	17	-	-
		<u>4,082</u>	<u>3,727</u>
Current assets			
Trade and other receivables	9	488,970	337,378
Cash and cash equivalents	14	2,897	322,442
		<u>491,867</u>	<u>659,820</u>
Total assets		<u>495,949</u>	<u>663,547</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	10	234,504	467,706
Total liabilities		<u>234,504</u>	<u>467,706</u>
Equity			
Share capital	11	120,447	120,447
Share premium account	12	2,500	2,500
Capital redemption reserve	12	23,053	23,053
Retained earnings	12	<u>115,444</u>	<u>49,841</u>
Total equity		<u>261,444</u>	<u>195,841</u>
Total liabilities and equity		<u>495,948</u>	<u>663,547</u>

For the year ending 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 10 to 21 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue and are signed on its behalf by:

D G E Stanley
Director
Date: 22 July 2022



CHARACTER FINANCIAL SERVICES LIMITED

**STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 31 March 2022**

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
At 31 March 2020	120,447	2,500	23,053	192,246	338,246
Loss for the year	-	-	-	(141,481)	(141,481)
At 31 March 2021	120,447	2,500	23,053	50,765	196,765
Profit for the year	-	-	-	57,028	57,028
At 31 March 2022	120,447	2,500	23,053	107,793	253,793

The notes on pages 10 to 21 form part of these financial statements.

CHARACTER FINANCIAL SERVICES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2022**

		2022	2021
	Notes	£	£
Cash generated from operations			
Profit/(loss) before taxation		57,028	(142,405)
Depreciation of property, plant and equipment		2,235	1,587
Finance costs		-	712
Finance income		(2)	-
Changes in working capital			
Trade and other receivables		(151,592)	(53,031)
Trade and other payables		(224,624)	82,603
Deferred tax charge		-	924
		<u>(316,955)</u>	<u>(109,610)</u>
Cash generated from operations			
Finance costs		-	(712)
Net cash outflow from operating activities		<u>(316,955)</u>	<u>(110,322)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,590)	(2,818)
Net cash from investing activities		<u>(2,590)</u>	<u>(2,818)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		-	-
Dividends paid		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Movement in cash and cash equivalents		(319,545)	(113,140)
Cash and cash equivalents at beginning of year		322,442	435,582
Cash and cash equivalents at end of the year	14	<u>2,897</u>	<u>322,442</u>

The notes on pages 10 to 21 form part of these financial statements.

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies and presentation of annual financial statements

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated. The company is a limited liability company and is incorporated and domiciled in England and Wales. Items included in these financial statements are presented and measured in Sterling being the functional currency of the primary economic environment in which the company operates.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

The financial statements have been prepared under the historical cost convention.

Going concern basis of accounting

The financial statements have been prepared on the going concern basis. Covid-19 initially had a negative impact on the business however we have reduced costs and restructured the business to return to profitability. The company has net current and non-current assets and therefore the directors believe that the company has sufficient resources to meet its liabilities as they fall due.

Functional currency and foreign exchange

The company had no transactions in a currency other than the functional currency during the year.

Significant judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. The directors do not consider there to be any significant estimates.

Revenues

Revenue represents commission and fees. Credit is taken for commission and fee income at the date on which the application is completed and accepted and renewals are recognised on their renewal date.

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies and presentation of annual financial statements (continued)

Taxation

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property and equipment. The rates enacted or substantively enacted at the statement of financial position date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Property, plant and equipment

The costs of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefit associated with the item will flow to the company; and
- the cost of the item can be reliably measured.

Costs include costs incurred to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replacement part is derecognised.

Property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment

Depreciation is provided on a straight-line basis to write off the cost, less estimated residual values, of all items of property, plant and equipment evenly over their expected lives. It is calculated at the following rates:

Fixtures and fittings and computer equipment	25% or 33% straight line
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CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies and presentation of annual financial statements (continued)

Financial Instruments

a) Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash balances, cash deposits and cash on call.

b) Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by expected credit losses in accordance with IFRS 9 'Financial Instruments'.

c) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. The amounts are unsecured, non-interest bearing, are normally settled within 60 days and are stated at cost.

Dividends

Dividends are recognised as a liability and a deduction from equity in the period in which they have been declared and approved by the company's shareholders. Interim dividends are recognised as a deduction from equity in the period in which they are paid.

New IFRSs, interpretations and amendments not yet effective

There are no new standards that may have a significant impact on the financial statements.

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Revenues

All revenue derives from the United Kingdom, and was obtained from the provision of financial services.

3. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

	2022	2021
	No.	No.
Number of sales staff	2	2
Number of technical staff	1	1
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	£	£
Wages and salaries	117,930	226,265
Social security costs	15,282	24,374
Benefits in kind	7,732	14,667
Other pension costs	2,583	-
	<u>143,527</u>	<u>265,306</u>

The remuneration of key management and directors is described in note 15.

4. Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of owned property, plant and equipment	<u>2,235</u>	<u>1,587</u>

5. Finance income

	2022	2021
	£	£
Interest receivable	<u>2</u>	<u>-</u>

6. Finance costs

	2022	2021
	£	£
Bank interest payable	<u>-</u>	<u>712</u>

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Corporation Tax

	2022	2021
	£	£
Major components of the tax expense		
Corporation tax expense	-	-
Corporation tax expense / (credit)	-	-
Origination and reversal of temporary differences	-	924
Adjustment in respect of prior periods	-	-
Expense	-	-
Deferred tax (note 17)	-	924
Total tax (credit) / expense	-	924

Taxation differs from the standard rate of corporation tax of 19% (2021: 19%) in the UK as applied to the profit as explained below:

Profit/(Loss) before tax	57,028	(141,481)
Tax on ordinary activities at standard rate of 19% (2021: 19%)	10,835	(26,881)
Effects of:		
Expenses not deductible for tax purposes	(148)	742
Adjustments in respect of previous periods – deferred tax	1,052	-
Adjust closing deferred tax rate to CT rate	-	-
Deferred tax not recognised	(11,740)	27,064
Group relief surrendered/(claimed)	-	-
Intercompany write off income	-	-
Total tax (credit) / expense	0	924

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. Property, plant and equipment

	Fixtures, fittings and computer equipment £	Total £
Cost		
At 31 March 2021	6,349	6,349
Additions during the year	2,590	2,590
Disposal during the year	-	-
At 31 March 2022	<u>8,939</u>	<u>8,939</u>
Accumulated depreciation		
At 31 March 2021	2,622	2,622
Charge for the year	2,235	2,235
On disposals	-	-
At 31 March 2022	<u>4,857</u>	<u>4,857</u>
Net book value at 31 March 2022	<u>4,082</u>	<u>4,082</u>

	Fixtures, fittings and computer equipment £	Total £
Cost		
At 31 March 2020	3,531	3,531
Additions during the year	2,818	2,818
Disposal during the year	-	-
At 31 March 2021	<u>6,349</u>	<u>6,349</u>
Accumulated depreciation		
At 31 March 2020	1,035	1,035
Charge for the year	1,587	1,587
On disposals	-	-
At 31 March 2021	<u>2,622</u>	<u>2,622</u>
Net book value at 31 March 2021	<u>3,727</u>	<u>3,727</u>

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. Trade and other receivables

	2022 £	2021 £
Amounts owed by related companies (note 13)	475,721	332,760
Other receivables and prepayments	13,249	4,618
	<u>488,970</u>	<u>337,378</u>

The directors consider that the carrying value of trade and other receivables approximated their fair value.

10. Trade and other payables

	2022 £	2021 £
Trade payables	582	13,964
Amounts owed to related companies (note 13)	166,803	157,900
Other taxation and social security	5,566	9,711
Accruals	9,540	2,800
Other creditors	52,013	283,331
	<u>234,504</u>	<u>467,706</u>

The directors consider that the carrying value of trade and other payables approximated their fair value.

11. Share Capital

	2022 £	2021 £
Authorised:		
1,500,000 Ordinary shares of 10p each	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid:		
1,204,470 Ordinary shares of 10p each	<u>120,447</u>	<u>120,447</u>

12. Reserves

Share premium	- The share premium reserve comprises the premium paid over the nominal value of the shares for shares issued.
Capital redemption	- The capital redemption reserve represents share capital repurchased by the company not yet cancelled.
Retained earnings	- The retained earnings reserve represents the cumulative surplus or deficit of the company.

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. Related parties

	2022	2021
	£	£
Related party balances:		
The following related party balances due from / (to) the company were:		
Character Advantage Limited	236,185	236,185
Character Wealth Management Limited	-	-
Character Investments Limited	239,536	96,575
	<u>475,721</u>	<u>332,760</u>
 Wisemans Insurance Services Limited	 (166,803)	 (157,900)
Character Investments Limited	-	-
	<u>(166,803)</u>	<u>(157,900)</u>

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,897	322,442

Cash and cash equivalents comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Cash at bank includes £0 (2021: £310,776) held in insurer money accounts.

15. Emoluments of key management

Key management is considered to be the directors:

The directors' aggregate emoluments in respect of qualifying services were:

	2022 £	2021 £
Emoluments receivable	95,000	110,000
Benefits in kind	3,221	4,097
Pension contributions	833	10,000
	<u>99,054</u>	<u>124,097</u>

The highest paid director received emoluments (including benefits-in-kind) as follows:

	2022 £	2021 £
Emoluments receivable	60,000	50,000
Benefits in kind	2,317	2,529
Pension contributions	833	10,000
	<u>63,150</u>	<u>62,529</u>

The number of directors accruing retirement benefits was 1 (2021: 1).

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments by category:

	Assets 2022 £	2021 £
Loans and receivables at amortised cost:		
Cash and cash equivalents (note 14)	2,897	322,442
Amounts owed by related companies (note 13)	475,720	332,759
	478,617	655,201
	Liabilities 2022 £	2021 £
Financial liabilities as amortised cost:		
Trade payables (note 10)	582	13,964
Amounts owed by related companies (note 13)	166,803	157,900
	167,385	171,864

Financial risk management objectives and policies

The company's financial instruments, which are recognised in the statement of financial position, comprise cash and cash equivalents and receivables. The accounting policies and methods adopted, including the basis of measurement applied are disclosed in note 1, where relevant. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes above, where applicable.

The company does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken.

The company monitors the financial risks relating to the company's operations.

There were no financial instruments not recognised in the statement of financial position.

Liquidity risk

The company actively manages its operating cash flows and the availability of funding so as to ensure that its funding needs are met. In order to mitigate any liquidity risk that the company may face, the company's policy is to continuously monitor forecast and actual cashflows.

At 31 March 2022 the company had cash and cash equivalents of £2,897 (2021: £322,442).

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Financial instruments (continued)

Interest rate risk

The company's exposure to interest rate risk is minimal as the company's only borrowings are other trade creditors at £nil interest.

Foreign currency exchange risk

The company does not currently engage in foreign currency denominated transactions.

Capital risk

Capital consists of share capital and retained earnings. The board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company is an FCA registered firm and therefore is required to meet certain capital requirements imposed upon it. These requirements have been met during the year ended 31 March 2022.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The company's exposure to this risk is minimised by the size and rating of the majority of its product providers. *The credit risk on liquid funds is limited because the counterparties are financial institutions with high credit ratings.*

In accordance with IFRS 9 the company has used the simplified approach to measure expected credit losses on trade receivables.

Having made this assessment, the directors consider a £nil provision is required for expected credit losses.

The fair values of trade and other receivables do not differ from the values at which they are carried in the financial statements.

The company's maximum exposure to credit risk is £478,618 being cash and cash equivalents and trade receivables (2021: £655,201).

CHARACTER FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. Deferred taxation

Deferred taxation is calculated in full on temporary timing differences under the liability method. The movement on the deferred taxation account is shown below:

	2022	2021
	£	£
At 31 March 2021	-	(924)
Expense to income statement (note 7)	-	924
At 31 March 2022	-	-

18. Parent company and ultimate parent company

The parent company is Character Investments Limited.

The ultimate parent company is Character Investments Limited, Winterton House, High Street, Westerham, Kent, TN16 1AJ, a company incorporated in the United Kingdom, which is the parent of both the smallest and the largest groups of which the company is a member. Copies of the financial statements of Character Investments are available to the public and may be obtained from Winterton House, High Street, Westerham, Kent, TN16 1AJ.