

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company No. 03048100



BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

CONTENTS

Company information	1
Strategic report	2
Report of the directors	3
Report of the auditors	4 - 6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Cash Flow Statement	10
Notes to the financial statements	11 - 24
Non-Statutory Information	
Detailed profit and loss account	25 - 26

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

COMPANY NUMBER

03048100

DIRECTORS

John Kyle Stone
John Robert Simmonds
Michael Pace Balzan
Nigel Patrick John Green
Stephen Blaney

REGISTERED OFFICE

28 St James's Square
London, SW1Y 4JH
United Kingdom

INDEPENDENT AUDITORS

Haslers
Old Station Road
Loughton
Essex
IG10 4PL

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR END 31 DECEMBER 2021

INTRODUCTION

The company's principal activity during the year continued to be the provision of regulated investment, pensions and insurance mediation services to British nationals living in the UK. The company is authorised and regulated by the Financial Conduct Authority having license number 179731.

BUSINESS REVIEW

The state of the company's affairs is as shown in the attached financial statements. The Company incurred a loss for the year as a result of a one-off claw back of ongoing income. The directors deem that both the level of business and the year-end financial position were satisfactory. The directors expect that the company will trade profitably in the future, notwithstanding the current market situation.

During the year under review the directors did not pay out any dividends (2020: €NIL). The Company generated a loss for the year of €118,570 as opposed to a profit in 2020 of €1,167,305, which has led to retained profits being carried forward of €9,185,581 (2020: €9,304,151).

PRINCIPAL RISKS AND UNCERTAINTIES

We believe the company is well placed to continue to deal with the effects of the current market situation but is still expecting growth in the coming year. There are no major changes proposed in our principal activities in the next year. The company remains liquid and profitable. The company is not subject to normal price, credit or liquidity and cashflow risks. The company operates in a manner whereby cashflow is generated to meet existing liabilities.

FINANCIAL KEY PERFORMANCE INDICATORS

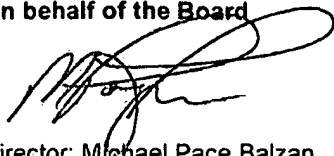
On 31st December 2020 the UK left the EU and as a result it can no longer avail itself of its regulatory passports into the EU. On 1st January 2021, the Company transferred all its EU resident clients to its sister Company, Blevins Franks Wealth Management Limited. The sister Company has all the necessary permissions to continue servicing its clients. This has led to a decrease in revenue and expenditure for the year when compared to the previous year. However this is in line with the Board of Directors' plans and in line with its growth plan in the long term.

The Directors are confident that the performance of the company will continue to improve for the foreseeable future and the company has shown that it can continue to operate efficiently through some turbulent times.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Throughout the year the Company has restructured its affairs post Brexit (as explained above) and successfully operated in a COVID-19 environment. Whilst it is felt that the business has successfully overcome these matters, we continue to monitor the situation and will act accordingly if necessary.

On behalf of the Board



Director: Michael Pace Balzan
Date:

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Directors and their interests

The directors who served during the period were as follows:-

John Kyle Stone
John Robert Simmonds
Michael Pace Balzan
Stephen Blaney
Nigel Patrick John Green

Future Developments

There are further plans to continue growing the business by attracting new clients in the markets we operate.

Statement of Directors' responsibilities

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

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

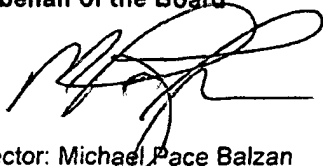
So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware,
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information, and

Auditors

Pursuant to a written resolution of the members, the company has dispensed with the holding of Annual General Meeting, the requirement to lay accounts at such meetings, and the obligation to appoint auditors annually. Haslers, Chartered Accountants will therefore continue to act as auditors.

On behalf of the Board



Director: Michael Pace Balzan
Date:

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

OPINION

We have audited the financial statements of Blevins Franks Financial Management Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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 International accounting standards in conformity with the requirements of the Companies Act 2006.

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 loss for the year then ended;
- have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

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 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.

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.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include FCA regulations.

We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of documentation generated and assessing the extent of compliance with the relevant laws and regulations.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

The principal risks relate to intercompany transactions, journal entries that impact the profit for the year and management bias in accounting estimates.

Procedures performed to address these were as follows:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud,
- Review of board minutes for evidence of any significant changes,
- Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities.
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process,
- Challenging assumptions and judgements made by management in its significant accounting estimates: and
- Identifying and testing journal entries, in particular any unusual journal entries posted around the year-end and journal entries posted by infrequent system users.
- Reviewing correspondence with the FCA for any evidence of non compliance with regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

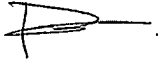
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

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.



Charalambos Patsalides (Senior statutory auditor)

for and on behalf of
Haslers

Chartered Accountants
Statutory Auditor
Old Station Road
Loughton
Essex
IG10 4PL
Date: 21 April 2022

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT
For the period ended 31 December 2021

	Notes	2021 €	2020 €
Revenue	2	5,364,033	30,997,262
Direct costs		<u>(648,999)</u>	<u>(6,450,401)</u>
Gross Profit		4,715,034	24,546,861
Administrative expenses		(4,874,746)	(22,597,076)
Other operating income		<u>98,873</u>	<u>340,290</u>
(Loss) / profit before financing activities	3	(60,839)	2,290,075
Finance costs		(18,554)	(97,342)
(Loss) / profit before tax		<u>(79,393)</u>	<u>2,192,733</u>
Tax expense	6	<u>(39,177)</u>	<u>(1,025,428)</u>
(Loss) / profit for the year		<u><u>(118,570)</u></u>	<u><u>1,167,305</u></u>

All amounts relate to continuing activities. There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

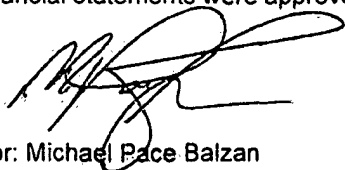
There was no other comprehensive income for 2021 or 2020.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

BALANCE SHEET
COMPANY NUMBER 03048100
As at 31 December 2021

		€	€	€	€
Non-current assets					
Property and equipment	7		63,297		523,291
Deferred tax asset	8		100,615		100,615
Right-of-use assets	9		179,755		1,714,392
			<u>343,667</u>		<u>2,338,298</u>
Current assets					
Trade and other receivables	10	9,739,399		9,265,803	
Cash and cash equivalents		<u>1,202,696</u>		<u>7,559,392</u>	
		<u>10,942,095</u>		<u>16,825,195</u>	
Current liabilities	11	<u>(1,631,753)</u>		<u>(8,237,010)</u>	
Net current assets			9,310,342		8,588,185
Total assets less current liabilities			<u>9,654,009</u>		<u>10,926,483</u>
Provision for liabilities and charges					
Claims provision	12		(262,751)		(180,003)
Non current liabilities					
Lease liabilities	9		-		(1,236,652)
Net assets			<u>9,391,258</u>		<u>9,509,828</u>
Capital and reserves					
Share capital	13		239,889		239,889
Currency translation reserve			(34,212)		(34,212)
Retained earnings	14		<u>9,185,581</u>		<u>9,304,151</u>
Total equity			<u>9,391,258</u>		<u>9,509,828</u>

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



Director: Michael Pace Balzan

Date:

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2021

	Called up Share Capital €	Currency translation reserve €	Retained earnings €	Total €
At 1st January 2020	239,889	(34,212)	8,136,846	8,342,523
Profit for the period	-	-	1,167,305	1,167,305
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2020	239,889	(34,212)	9,304,151	9,509,828
Loss for the period	-	-	(118,570)	(118,570)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2021	239,889	(34,212)	9,185,581	9,391,258

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

CASH FLOW STATEMENT
For the year ended 31 December 2021

	Notes	2020 €	2020 €
Cash flow (used in) / from operating activities	15	(5,915,213)	2,865,842
Taxation paid		(374,734)	(623,477)
Interest paid		(18,554)	(97,342)
Net cash generated (used in) / from operating activities		(6,308,501)	2,145,023
Cash flow from investing activities			
Payments to acquire fixed assets		(48,195)	(321,570)
Net cash used used in investing activities		(48,195)	(321,570)
Net movement in cash and cash equivalents		(6,356,696)	1,823,453
Cash and cash equivalents at the beginning of the period		7,559,392	5,735,939
Cash and cash equivalents at the end of the period	16	1,202,696	7,559,392
Cash and cash equivalents consist of:			
Cash at bank and in hand		1,202,696	7,559,392

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated.

General information

Blevins Franks Financial Management Limited is a private company limited by shares domiciled in England and Wales registration number 03048100. The registered office is 28 St.James's Square, London, SW1Y 4JH. The principal activity of the company continued to be that of wealth management.

1.1 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 years presented, unless otherwise stated.

The financial statements are presented in Euros, which is also the Company's functional currency.

All balances have been rounded to the nearest Euro.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations (collectively IFRSs).

1.2 Foreign Currency translation

a. Functional and presentation currency

Items included in these financial statements are measured and disclosed using the currency of the primary economic environment in which the entity operates ('the functional and presentation currency'). The Euro is the company's functional currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within income within 'other operating income/ (expense).

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. Summary of significant accounting policies (continued)

1.3 Tangible fixed assets

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

		<i>% per annum method</i>
Computer, software and website	33 $\frac{1}{3}$ %	straight line
Buildings, Fixtures and fittings	15 - 33%	straight line
Equipment	25%	straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with carrying amount and are recognised within 'administrative expenses' in profit or loss.

1.4 Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

1.5 Trade and other receivables

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade debtors and other receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade debtors and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade debtors and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

1. Summary of significant accounting policies (continued)

1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. In the statement of cash flows, cash and cash equivalents comprises deposits held at call with banks.

1.7 Trade and other payables

Trade creditors comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

1.8 Current tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

1.9 Revenue recognition

Revenue represents the invoiced amount of fees and services provided (stated net of value added tax) and commissions receivable.

Fees charged are recognised as income when chargeable and commissions are recognised as income when policies are on risk.

Provision is made for commission likely to be repayable in respect of lapsed policies.

1.10 Share based compensation

The Blevins Franks Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the parent company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

1. Summary of significant accounting policies (continued)

1.10 Share based compensation (continued)

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the parent company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

1.11 Pensions

The company makes contributions to individual pension schemes of certain employees on a defined contribution basis. The pension cost charge in the profit and loss account represents contributions payable by the company.

1.12 Claims Provision

Within the accounts a general provision and a specific provision for any claims against the company arising in the normal course of business have been included.

1.13 Financial Instruments

The Company only enters into basic financial instruments 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.

1.14 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. Summary of significant accounting policies - continued

1.14 Leases continued

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives Received, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate);
- otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee

2. REVENUE

As from 1st January 2021 all revenue generated was derived from clients residing in the United Kingdom, (2020: 12%).

3. OPERATING (LOSS) / PROFIT

	2021	2020
	€	€
The operating (loss) / profit is stated after charging:		
Directors' emoluments excluding pension contributions	653,451	1,024,436
Employee benefit expenses	2,782,984	11,650,868
Auditors' remuneration	21,600	58,586
Exchange differences	(85,223)	93,087
Depreciation	26,943	176,914
Operating lease rentals and other rents	268,458	928,852

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

4. EMPLOYEE BENEFIT EXPENSES

	2021	2020
	€	€
Total remuneration of employees, including directors, was:		
Wages and salaries	2,249,987	9,864,506
Social security costs	329,691	1,249,900
Redundancy costs	-	20,000
Deferred bonus scheme	100,000	378,442
Staff pension costs	103,306	138,020
	2,782,984	11,650,868

The average monthly number of employees, including the directors, during the period was:

	2021	2020
	Number	Number
Management	3	5
Administration	36	174
	39	179

Share-based compensation

Share options in respect of shares in the parent company are granted to directors and to selected employees. The exercise price of the granted options is equal to GBP1.00. The share options may only be exercised upon certain events taking place such as immediately before quotation or sale or change in control of the parent company. Unexercised share options may also lapse if certain conditions are met. One of these conditions is if the directors and the selected employees to whom such share options are granted leave their employment with the company (other than as a result of retirement or ill health or in any other circumstance in which the Directors determine that the employee is just the same a 'good leaver'). The parent company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	December 2021	Options	December 2020	Options
	Average exercise price per share option		Average exercise price per share option	
Opening balance	GBP1.00	930,000	GBP1.00	912,000
Closing balance	GBP1.00	930,000	GBP1.00	912,000

In relation to the period ended 31 December 2021 and 2020 no further share options were granted.

All 930,000 options (2020: 930,000) were exercisable subject to certain events taking place as referenced and noted above and such share options do not carry an expiry date. There were no share options that were forfeited, exercised or that expired in the year to 31 December 2021 and 2020 and the exercise price of all options at 31 December 2021 is GBP 1.00 (2020: GBP1.00).

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

5. DIRECTORS' EMOLUMENTS

	2021	2020
	€	€
Emoluments in respect of qualifying services	<u>653,453</u>	<u>1,024,636</u>

The highest paid director received remuneration of €461,261 (2020 - €430,080).

No directors are accruing benefits under money purchase schemes.

6. TAX EXPENSE

	2021	2020
	€	€
Current tax expense	<u>39,177</u>	<u>1,025,428</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are due to the following:

	€	€
(Loss) / Profit on ordinary activities before taxation	<u>(79,393)</u>	<u>2,192,733</u>
Tax at standard rate of 19% (2020: 19%)	(15,085)	416,619
Non deductible expenses	-	345,583
Additional tax paid for prior years	-	311,324
Additional tax incurred due to different rates in countries	39,177	71,622
Tax allowances	-	(60,661)
Other differences	<u>15,085</u>	<u>(59,059)</u>
Tax charge for the period	<u>39,177</u>	<u>1,025,428</u>

In 2020 additional tax of €311,324 related to tax paid on profits arising in 2019. This was triggered as a result of tax refunds received by another Group Company which only becomes payable to HMRC upon receipt of refunds.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. PROPERTY AND EQUIPMENT

	Computer, software and website €	Buildings, Fixtures, fittings and equipment €	Total €
Cost:			
As at 1 January 2021	1,615,819	1,697,115	3,312,934
Additions	-	48,195	48,195
Transfer to related party	(1,615,819)	(1,637,344)	(3,253,163)
As at 31 December 2021	<u>-</u>	<u>107,966</u>	<u>107,966</u>
Depreciation:			
As at 1 January 2021	1,408,388	1,381,255	2,789,643
Released to related party	(1,408,388)	(1,363,530)	(2,771,918)
Charge for the year	-	26,943	26,943
As at 31 December 2021	<u>-</u>	<u>44,668</u>	<u>44,668</u>
Net Book Value:			
As at 31 December 2021	<u>-</u>	<u>63,297</u>	<u>63,297</u>
As at 31 December 2020	<u>207,431</u>	<u>315,860</u>	<u>523,291</u>

8. DEFERRED TAX

	As at 31 December 2021 €	As at 31 December 2020 €
At beginning of the year	100,615	100,615
Charged to profit and loss	-	-
As at the end of the year	<u>100,615</u>	<u>100,615</u>
The deferred tax asset is made up as follows:		
	2021 €	2020 €
Timing difference on share based compensation	<u>100,615</u>	<u>100,615</u>

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

9. LEASES

	2021 €	2020 €
Right of use assets		
Office space	<u>179,755</u>	<u>1,714,392</u>

	2021 €	2020 €
Lease liabilities		
Current	107,307	536,185
Non-current	-	1,236,652
	<u>107,307</u>	<u>1,772,837</u>

The statement of profit or loss shows the following amounts in relation to leases:

	2021 €	2020 €
Amortisation of-right-of-use assets	<u>272,254</u>	<u>399,825</u>
	2021 €	2020 €
Interest expense (included in finance costs)	<u>18,554</u>	<u>97,342</u>

10. TRADE AND OTHER RECEIVABLES

	2021 €	2020 €
Trade debtors	142,640	97,611
Other debtors	94,628	284,523
Taxation payments in advance	220,518	-
Amounts due from related companies	9,104,125	1,188,198
Prepayments and accrued income	<u>177,488</u>	<u>7,695,471</u>
	<u>9,739,399</u>	<u>9,265,803</u>

Amounts due from related companies are unsecured, interest free and arise in the normal course of business.

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. TRADE AND OTHER PAYABLES

	2021 €	2020 €
Trade creditors	133,702	1,754,565
Corporation tax	-	390,173
Amounts due to related parties	34,628	652,953
Other creditors	11,452	189,337
Other social security costs and taxes	195,963	646,391
Operating lease liability (note 9)	107,307	536,185
Accruals and deferred income	<u>1,148,701</u>	<u>4,067,406</u>
	<u>1,631,753</u>	<u>8,237,010</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2021 €	2020 €
Claims Provision		
At beginning of the period	180,003	47,400
Provided for during the period	150,000	202,499
Settled during the period	<u>(67,252)</u>	<u>(69,896)</u>
At end of the period	<u>262,751</u>	<u>180,003</u>

In the normal course of business there are outstanding claims against the company. In the directors' opinion the specific provision at year end is sufficient to meet the claims which may arise. The above claims are expected to be paid within the next twelve months and none of the costs will be reimbursed.

13. SHARE CAPITAL

	2021 €	2020 €
Allotted, called up and fully paid		
185,000 Ordinary shares of £1 (being €1.2967) each	<u>239,889</u>	<u>239,889</u>

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

14. RESERVES

a) Currency translation reserve

The currency translation reserve is the reserve calculated when converting the accounts from GBP to Euro.

b) Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

15. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2021 €	2020 €
Operating (loss) / profit	(60,839)	2,290,075
Adjustments:		
Depreciation	26,943	176,914
Amortisation of right of use asset	272,254	399,825
Interest expense	18,554	97,342
Changes in working capital:		
Trade and other receivables	1,281,559	(2,012,730)
Trade and other payables	(7,453,684)	1,914,056
Cash generated (used in) / from operations	<u>(5,915,213)</u>	<u>2,865,482</u>

16. ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 January 2021 €	Cash flow €	As at 31 December 2021 €
Changes during the period:			
Cash at bank and in hand	<u>7,559,392</u>	<u>(6,356,696)</u>	<u>1,202,696</u>

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to €103,306 (2020: €138,020). The contributions outstanding at the balance sheet date amounted to €NIL (2020: €24,472).

18. RELATED PARTY TRANSACTIONS

All companies forming part of Blevins Franks Group Limited are considered by the directors to be related parties.

Year-end balances owed by or to related parties are disclosed in note 10 & 11 of the financial statements.

The balances due from related parties were as follows:

	2021 €	2020 €
Entities under common control	<u>9,104,125</u>	<u>1,188,198</u>

Details of the transactions between the companies were: -

	2021 €	2020 €
Income		
Payroll expenses recharged to a related company	<u>-</u>	<u>869,316</u>
Expenditure		
Write off of intercompany loan	-	(1,743,429)
Professional fees recharged by a related company	<u>-</u>	<u>(1,048,464)</u>

During the year the company did not pay out a dividend to the shareholders (2020: €NIL).

19. CONTINGENT LIABILITIES

The company is included in a group registration for Value Added Tax with Blevins Franks Tax Limited and Blevins Franks Wealth Management Limited. Blevins Franks Financial Management Limited is the lead company in the Value Added Tax group. At the balance sheet date, the total balance due to HM Revenue & Customs under the group registration was €7,985 (2020: €3,638).

BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

20. FINANCIAL INSTRUMENTS

	As at 31 December 2021 €	As at 31 December 2020 €
Financial assets		
Financial assets measured at fair value through profit and loss	1,202,696	7,559,392
Financial assets that are debt instruments measured at amortised cost	9,561,911	7,181,886
	<u>10,764,607</u>	<u>14,741,278</u>
Financial liabilities		
Financial liabilities measured at cost	<u>176,317</u>	<u>2,596,979</u>

Financial assets are measured at fair value through profit and loss and comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors. The amounts also include balances owed from group companies.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors. The amounts also include balances owed to group companies.

21. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is Blevins Franks Group Limited a company registered in Malta, with its registered address at Triq Il-Merghat, Gasan Centre, Zone 1, Central Business District, Mriehel, CBD 1020, Malta. There is no one ultimate controlling party.

22. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The directors do not believe that there have been judgements (apart from those involving estimates) made in the process of applying the accounting policies that have had a significant effect on amounts recognised in the financial statements.