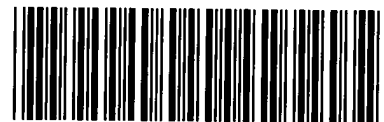


Company registration number : 02046087

Ecclesiastical Financial Advisory Services Limited

2019 Annual Report and Financial Statements

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Ecclesiastical Financial Advisory Services Limited

2019 Annual Report

Page	Contents
2	Officers and Professional Advisers
3	Strategic Report
7	Directors' Report
9	Independent Auditor's Report
12	Statement of Profit or Loss
13	Statement of Changes in Equity
14	Statement of Financial Position
15	Statement of Cash Flows
16	Notes to the Financial Statements

Ecclesiastical Financial Advisory Services Limited

Officers and Professional Advisers

Directors	A. C. Keate M. G. Angell J. Schofield R. A. Wood	<i>Chairman</i>
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Company Secretary	Mrs R.J. Hall
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Auditor	Deloitte LLP Statutory Auditor Bristol UK
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Registered Office	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
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Company Registration Number	02046087
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Ecclesiastical Financial Advisory Services Limited

Strategic Report

The directors present their strategic report of the company for the year ended 31 December 2019.

Objective and strategy

During 2019 the principal activity of Ecclesiastical Financial Advisory Services Limited (EFAS) has been that of an independent financial adviser (IFA) to our core Church of England client base. The company also has an appointed representative agreement with Ecclesiastical Planning Services Limited (EPSL), to enable EPSL to access certain Financial Conduct Authority (FCA) permissions for a limited number of its funeral planning services, namely providing outsourced administrative services to third party companies who market their own funeral plans. The company is not remunerated for this service.

Review of the company's business

The results of the company for the year are shown on page 9 and the financial position at the year end is shown on page 11.

Despite the continuing moderate losses the company continues to receive full support from its parent to provide financial advice to our core customer base.

EFAS has continued to support the core clients of the group in 2019 in providing advice plus financial awareness seminars and surgery events for clergy and employees of church organisations. During 2019 EFAS continued to receive referrals from the Church of England Pension Board to provide support to dioceses in providing pension surgeries for Lay staff affected by defined benefit pension scheme closure (the number of referrals has reduced as the majority of dioceses have now completed this exercise). Feedback from individuals and organisers of seminars and pension surgeries has consistently been very positive. The number of seminar events delivered reduced in 2019 due to a number of unexpected postponements.

The company made an operating loss of £272,342 (2018 restated: £206,343). Fee and commission income earned in respect of IFA activity was £750,596 (2018 restated: £762,440).

The directors believe that an analysis of key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business.

Future prospects

EFAS had its second best year in 2019 in terms of overall income, despite the uncertainty over Brexit causing loss of confidence to invest amongst our core clients and the volatile stock markets around the world in the last quarter of 2018, which saw a reduction in funds under advice and lower ongoing fees being received at the beginning of 2019. As reported in 2018, EFAS have co-operated with the Church of England Pension Board and retirement housing team on a number of seminar events. There is little immediate impact from the financial awareness seminars as experience has shown that new business opportunities arising from these and pension surgeries may not develop until several years after the actual event.

Principal risks and uncertainties facing the company

The company assesses the risks to the business on an ongoing basis. The following are the principal risks identified.

Regulatory and Conduct Risk

The company is committed to providing specialist financial advice for the clergy and general public on a range of financial matters. There is a risk that regulatory requirements are not complied with or that the advice provided is inadequate or inappropriate resulting in customers being treated unfairly, poor customer outcomes or regulatory censure.

The company is governed by a wide range of legislation, including FCA Regulations and takes great care to keep up to date with all new legislation and regulations. External compliance expertise is utilised to ensure ongoing awareness of and compliance with new and existing requirements.

The Company is committed to putting clients at the heart of the business and being honest and professional in all its dealings.

Ecclesiastical Financial Advisory Services Limited

Strategic Report

Competition risks

The company operates in a competitive environment which continues to evolve. This could result in reduced business volumes with a corresponding impact on fees earned.

Competitor activity is monitored to allow action to be taken and the Company seeks to build long term relationships with customers.

Business risks

The key financial risk for the Company is a drop in income due to a reduction in demand for the services provided or increased servicing costs. This could arise from a reduction in demand for financial advice due to poor investment performance, uncertainty surrounding the economic climate, competitor activity, consumer confidence or reputational damage.

The Company provides advice on a wide range of financial matters including pensions and retirement planning, saving and investing, life insurance and income protection and mortgages which meet customer needs in all market conditions. We also have a strong focus on managing our conduct, competition and reputational risks to ensure a potential income drop as a result of such incidents is minimised.

Further details regarding the Financial Risks for the Company are detailed in note 3 to the Financial Statements.

Operational risks

The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events is inherent in the business operations. Key operational risks for the company include the ability to attract and retain key people and cyber risks including the loss of data or system availability.

Specialist staff are crucial to our business as we aim to establish long term relationships with our clients. There are robust recruitment process in place and staff are supported in their development.

There is an ongoing programme to ensure staff awareness of cyber threats which is complemented by a number of system based security measures to protect against malicious attacks. These are monitored and enhanced in response to the ever changing threats.

Reputational risks

The company aims to provide specialist advice which results in high expectations from clients, regulators and the wider industry. Whilst the Company aims to meet and where possible exceed these expectations, rising consumer awareness and increased regulatory scrutiny across the advice sector results in an increased risk of reputational damage if these expectations are not met, for example, as a consequence of poor business practices and behaviours. The risk is managed through considering the impact on stakeholders of all business decisions.

Emerging risks

The Company considers Covid-19 a new emerging risk and one which impacts the existing principal risks related to business risks and operational risks. The Covid-19 pandemic and corresponding concerns about the impact of government intervention has increased market volatility and lowered investor confidence levels. This will adversely impact ongoing and new fee income in 2020. Also in response to Covid-19 the company has used its business continuity plans and whilst there is an increased level of operational risk, the company continues to operate effectively.

Ecclesiastical Financial Advisory Services Limited

Strategic Report

Section 172 Statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Directors recognise that the long-term success of the Company is dependent on having regard to the interests of its stakeholders. The Board has identified and documented its stakeholders in the Company's Governance Framework and Board Charter. Key stakeholders include its shareholder, employees, customers and regulators. Stakeholder engagement is considered as part of the decision making process of the Board. Given the new disclosure requirements, the templates for board and committee papers were updated to better focus on stakeholder interest.

The Board recognises the importance of engaging with stakeholders, understanding their views and interests in order to be successful over the long-term. Dialogue with stakeholders can help the Board to understand significant changes in the landscape, predict future developments and trends, and re-align strategy.

The Shareholder (Ecclesiastical Insurance Office plc)

The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office plc (EIO), which in turn is owned by Ecclesiastical Insurance Group plc (EIG) and then Allchurches Trust Limited (ATL). Protocols for the exchange of information between ATL and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

The Board has an open and constructive relationship with its shareholder. During 2019, there was a "Common Director" (i.e. a Director who is a member of the Boards of the Company and EIO and EIG) who attended every Board Meeting for the three companies. Mark Hews (Group Chief Executive Officer) was a "Common Director". The Common Director presented a summary of relevant highlights from EIO Board and Committee meetings to the Directors of the Company. There is also engagement between respective Board members, and regular dialogue takes place on the Group's expectations of the Company and the strategy for the development of the business. The Board thanked Messrs. Hews and Tichener for their respective contributions to the Board.

This ensures that EIO is able to effectively communicate its views and expectations to the Board. In turn, the Common Director is able to support the directors of EIO to understand the performance and strategic issues faced by the Company.

Employees

The individuals who undertake work on behalf of the Company are employed by EIO. The Board recognises that these individuals are the Company's biggest asset given their specialist skills and knowledge and propensity to go above and beyond. Members of the management team and subject matter experts are invited to Board meetings to present on items and input into discussion.

The Board also regularly considers employee matters and receives updates via the Executive Report. This includes outcomes from engagement surveys (*MySay survey*). The survey allows the tracking of engagement and provides employee views on a range of matters affecting them. The results are reviewed at both Board and Group level and are cascaded to the team. Results are also discussed with employees and action plans are created to respond to concerns.

In order to engage, involve and inform employees, a variety of methods are implemented at Group level and further information is set out in the 172 Statement of EIO.

Ecclesiastical Financial Advisory Services Limited

Strategic Report

Customers

Customers are the lifeblood of the Company. The Board considers that customers should be at the heart of everything the Company does, ensuring any actions or decisions demonstrate its passion for customers and makes it first choice for customers both today and in the future. During the year, the Board received updates on customer issues via the Executive Report. In addition, the Board considered customers' needs, knowledge and expectations as part of the development of the next chapter for the Company and the development of strategic priorities.

The Company has regular engagement with customers (including conducting surveys and monitoring customer complaints and satisfaction data) and key outcomes are shared with the Board.

Some matters are considered at a Group level and associated information is set out in EIO's Section 172 Statement.

Community and environment

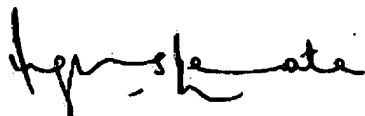
Decisions and policies affecting the community and environment are set at Group level. An explanation of the Group's policy and strategy in relation to the community and environment is set out in EIO's Section 172 Statement.

Regulators

The Board recognises the importance of open and honest dialogue with regulators (including the Financial Conduct Authority (FCA)). In addition, the Board has considered updates on legal, regulatory and compliance matters (including the Insurance Distribution Directive (IDD)). During the year, the Board oversaw the implementation of requirements for the Senior Managers and Certification Regime (SMCR) and MIFID II.

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. The manner in which the company manages and measures these risks has not altered.

Approved and authorised for issue by the Board of Directors and signed on its behalf by



Chairman

22 May 2020

Ecclesiastical Financial Advisory Services Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Future prospects

The future prospects for the company are dealt with in the Strategic Report on page 3.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil). No dividends have been proposed up to the date of this report.

Board of directors

The directors of the company at the date of this report are stated on page 2.

Mr A. J. Titchener resigned as a director on 1 December 2019. Mr J. Schofield was appointed as a non-executive director on 16 July 2019. Mr M. C. J. Hews resigned as a director and chairman on 20 April 2020. Mr A. C. Keate was appointed as a director on 3 March 2020 and became chairman on 20 April 2020.

The company has made qualifying third party indemnity provisions for the benefit of its directors and the directors of associated company's which were in place throughout the year and remain in force at the date of this report.

Principal risks and uncertainties facing the company

The principal risks and uncertainties faced by the company are disclosed in the Strategic Report on page 2. Details as to how the company manages its financial risks are shown in note 3 to the financial statements.

Ownership

The entire equity share capital of the company is owned by Ecclesiastical Insurance Office plc. The ultimate parent company is Allchurches Trust Limited.

Non adjusting events after the reporting period

Events subsequent to the reporting period are detailed in note 19 to the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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.

Ecclesiastical Financial Advisory Services Limited

Directors' Report

Going concern

The company has adequate financial resources and no recourse to external borrowing. In light of the additional uncertainty regarding the impact of Covid-19, the company has further considered its financial position and future performance. The company has sufficient cash resources and has no concerns over the ability to meet its commitments. When appropriate, additional financial support is also provided by the group. The well-established business continuity plans have been used and the company is able to continue to support its customers, perform other functions of the company and expects to continue to be able to do so over the foreseeable future. Given the Company's operations, financial position and outlook, the Directors have a reasonable expectation that the Company has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing the company's financial statements.

Auditor and the disclosure of information to auditor

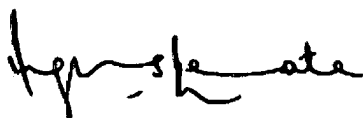
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor appointment

In 2019, to comply with requirements for rotation of the external auditor, the Ecclesiastical group completed a rigorous tender process. This resulted in the selection of PricewaterhouseCoopers LLP (PwC) who will be the company's statutory auditor for the year end 2020. In 2020 the audit committee has overseen the start of preparations for the auditor transition and are looking forward to working with PwC. The audit committee would like to thank Deloitte LLP for the audit service they have provided the company.

Approved and authorised for issue by the Board of Directors and signed on its behalf by



A. C. Keate
Chairman
22 May 2020

Independent auditor's report to the members of Ecclesiastical Financial Advisory Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- statement of profit and loss;
- statement of financial position;
- the statement of changes in equity;
- statement of cash flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by the ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Ecclesiastical Financial Advisory Services Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

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.

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 any material misstatements in the Strategic Report or the Directors Report.

Independent auditor's report to the members of Ecclesiastical Financial Advisory Services Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Tom Noble (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
22 May 2020

Ecclesiastical Financial Advisory Services Limited

Statement of Profit or Loss

For the year ended 31 December 2019

	Notes	2019 £	Restated* 2018 £
Revenue			
Interest receivable	4	1,365	1,176
Fees, commission and other income	5	<u>750,596</u>	<u>762,440</u>
Total revenue		<u>751,961</u>	<u>763,616</u>
Expenses			
Operating expenses		<u>(1,024,303)</u>	<u>(969,959)</u>
Total expenses		<u>(1,024,303)</u>	<u>(969,959)</u>
Loss for the year before taxation from continuing operations		(272,342)	(206,343)
Taxation	7	-	39,150
Loss for the year attributable to equity holders		<u>(272,342)</u>	<u>(167,193)</u>

* The prior year comparative has been restated as detailed in note 1.

The company had no recognised income or expense during the current financial year or the preceding financial year other than that included in the statement of profit or loss. Accordingly, no separate statement of comprehensive income has been presented.

Ecclesiastical Financial Advisory Services Limited

Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Called up share capital	Retained earnings	Total shareholder's equity
<i>Restated*</i>		£	£	£
Balance at 1 January 2018	15	800,000	(116,028)	683,972
Total comprehensive loss for the year		-	(167,193)	(167,193)
Group tax relief in excess of standard rate		-	166,901	166,901
Balance at 31 December 2018		<u>800,000</u>	<u>(116,320)</u>	<u>683,680</u>
Balance at 1 January 2019 (Restated)		800,000	(116,320)	683,680
Total comprehensive loss for the year		-	(272,342)	(272,342)
Group tax relief in excess of standard rate		-	-	-
Balance at 31 December 2019		<u>800,000</u>	<u>(388,662)</u>	<u>411,338</u>

* The prior year comparative has been restated as detailed in note 1.

Ecclesiastical Financial Advisory Services Limited

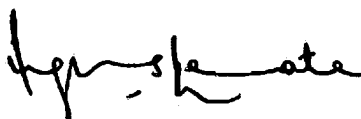
Statement of Financial Position

At 31 December 2019

	Notes	31 December 2019 £	Restated* 31 December 2018 £	Restated* 1 January 2018 £
Assets				
Trade and other receivables	10	18,986	205,968	212,893
Cash and cash equivalents	13	686,122	641,371	555,301
Amounts receivable after more than one year	12	25,543	59,421	125,044
Total assets		730,651	906,760	893,238
Liabilities				
Trade and other payables	16	156,093	80,821	89,484
Deferred income		163,220	142,259	119,782
Total liabilities		319,313	223,080	209,266
Equity				
Share capital	14	800,000	800,000	800,000
Retained earnings	15	(388,662)	(116,320)	(116,028)
Total shareholders' equity		411,338	683,680	683,972
Total shareholder's equity and liabilities		730,651	906,760	893,238

* The prior year comparative has been restated as detailed in note 1.

The financial statements of Ecclesiastical Financial Advisory Services Limited, registered number 02046087, on pages 12 to 22 were approved and authorised for issue by the board of directors on 22 May 2020 and signed on its behalf by:



A. C. Keate Chairman

Ecclesiastical Financial Advisory Services Limited

Statement of Cash Flows

For the year ended 31 December 2019

	2019 £	Restated* 2018 £
Loss before tax attributable to continuing operations	(272,342)	(206,343)
<i>Adjustments for:</i>		
Interest income	(1,365)	(1,176)
<i>Changes in operating assets and liabilities:</i>		
Decrease in trade and other receivables	158,172	123,853
(Decrease)/increase in trade and other payables	75,272	(8,663)
Increase in other liabilities	20,961	22,477
Cash used in operations	(19,303)	(69,852)
Interest received	1,365	1,176
Tax recovered	11,911	29,494
Net cash used in operating activities	(6,027)	(39,182)
Financing activities		
Amounts received for group tax relief in excess of standard rate	11 50,778	125,252
Net cash generated by financing and investing activities	50,778	125,252
Net increase in cash and cash equivalents	44,751	86,070
Cash and cash equivalents at beginning of year	641,371	555,301
Cash and cash equivalents at end of year	686,122	641,371

* The prior year comparative has been restated as detailed in note 1.

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

1 Accounting policies

The principal accounting policies adopted in preparing the company's International Financial Reporting Standards (IFRS) financial statements are set out below.

Basis of preparation

The company's financial statements have been prepared on the historical cost basis and in accordance with IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as applicable at 31 December 2019.

Prior year restatement

During the year the Company assessed the earnings profile of its ongoing service fees. In order to better align the recognition of the fee income with the satisfaction of performance obligations, part of the ongoing service fees recognised in prior years, in accordance with IFRS 15 *Revenue from contracts with customers* (effective 1 January 2018) and IAS 18 *Revenue* (applicable prior to 1 January 2018), have been deferred. The increase in the total comprehensive loss has been group tax relieved in full. The net impact on retained profits on 1 January 2018 and 31 December 2018 is £nil. The effects of the restatement are detailed below:

Statement of changes in equity

	As reported £	Adjustment to revenue £	Adjustment to tax and group tax relief £	Restated £
Retained (losses)/earnings at 1 January 2018	(116,028)	(119,782)	119,782	(116,028)
Total comprehensive loss for the year	(148,988)	(22,477)	4,272	(167,193)
Group tax relief in excess of the standard rate	148,696	-	18,205	166,901
Retained (losses)/earnings at 31 December 2018	(116,320)	(142,259)	142,259	(116,320)

Balance sheet at 31 December 2018

	As Reported £	Adjustment £	Restated £
Assets			
Trade and other receivables	63,709	142,259	205,968
Liabilities			
Deferred income	-	142,259	142,259

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

1 Accounting policies (continued)

Balance sheet at 1 January 2018

	As Reported £	Adjustment £	Restated £
Assets			
Trade and other receivables	93,111	119,782	212,893
Liabilities			
Deferred income	-	119,782	119,782

New and revised Standards

The Standards adopted in the current year are either outside the scope of company transactions or do not materially impact the company.

Standards in issue but not yet effective are not expected to materially impact the company.

Going concern

The company has adequate financial resources and no recourse to external borrowing. When appropriate, additional financial support is also provided by the group. Also, as stated in the Directors' Report, after making enquiries, including detailed consideration of the impact of Covid-19, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue is wholly generated in the United Kingdom, and comprises seminar fees, advisory fees, arrangement fees, commission income (including trail commission) and bank deposit interest.

Initial adviser fees are recognised at a point in time being the point at which the customer obtains the benefit from the service provided. On-going service fees, which are variable based on the value of the funds invested, are recognised as the services are provided, and once it is reasonably certain that no significant reversal of the amount recognised would occur. Trail commission, which is variable based on funds under management or the amount invested, relates to performance obligations satisfied at a point in time. It is recognised once it is reasonably certain that no significant reversal of the amount recognised would occur. Bank deposit interest is recognised on an accruals basis.

Financial instruments

In the current year, all financial assets and liabilities have been classified and measured at amortised cost in accordance with IFRS 9.

The directors consider that the carrying values of these financial assets and liabilities approximate to their fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability and of allocating interest income or expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

1 Accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs, and subsequently stated at amortised cost.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Appropriate loss allowances are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Loss allowances are deducted from the gross carrying amount of trade and other receivables and are recognised in the statement of profit or loss.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items taken directly to equity, in which case it is recognised in equity.

Current tax is the expected tax (payable)/receivable on the taxable profit/(loss) for the period and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided in full, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws which have been enacted or substantively enacted at the year-end date.

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. Deferred tax assets and liabilities are not discounted.

Amounts received in respect of group tax relief in excess of the standard rate are taken directly to equity as a capital contribution.

2 Critical accounting judgements and key sources of estimation uncertainty

There have been no critical judgements made by management in applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty at the year-end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management have exercised judgement in assessing the performance obligations in terms of the on-going service fees. The on-going service fees are received monthly to cover the cost of an annual review of the clients portfolio and are recognised as the services are provided. On-going service fees received in the financial year where the service has not yet been provided are deferred until the following financial year.

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

3 Financial risk and capital management

The financial risks that the company is exposed to and the manner in which the company manages and measures those risks has not changed since the prior year. Shareholders' equity represents total capital under management.

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. The company does not have any hedging arrangements in place and has no exposure to market risk that would have any effect on the company's position.

Interest rate risk

The company is exposed to cash flow interest rate risk in respect of its cash and cash equivalents.

Credit risk

The company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amount of these financial assets represents the company's maximum exposure to credit risk. The company has a concentration of credit risk with Skipton Building Society, formally Holmesdale Building Society in relation to contractual retentions under the mortgage sale agreement. The company has no other significant concentration of credit risk with any individual counterparty, except with related parties.

Liquidity risk

The company is considered to be an integral part of the Ecclesiastical group's business. The group monitors the liquidity of the company to ensure that adequate funds are available to pay obligations when due, and that the company remains solvent.

4 Interest receivable

	2019 £	2018 £
Bank interest	1,365	1,176
	<u>1,365</u>	<u>1,176</u>

Interest receivable is all in respect of financial assets not at fair value through the statement of profit or loss.

5 Fees, commission and other income

	2019 £	Restated 2018 £
Fees	345,943	211,907
Commission receivable	404,653	550,533
	<u>750,596</u>	<u>762,440</u>

All revenue from contracts with customers was recognised at a point in time in the current and prior year.

6 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's annual financial statements.	4,000	3,500

Amounts disclosed are net of service taxes, where applicable.

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

7 Taxation

The credit for taxation in the company's statement of profit or loss is in respect of income tax for the current year.

	2019	Restated 2018
	£	£
Current tax	-	39,150
Prior year	-	-
Tax credit of continuing operations	-	39,150

Tax on the company's result before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2019	2018
	£	£
Loss on ordinary activities before tax	272,342	206,343
Tax calculated at the UK standard rate of 19% (2018: 19%)	51,745	39,205
<i>Factors affecting credit for the year:</i>		
Capital allowances for the year in excess of depreciation	(360)	-
Other items/expenses not deductible for tax	(13)	(55)
Utilisation of tax losses where no deferred tax asset has been recognised	(51,372)	-
Total actual amount of current tax credit	-	39,150

Where appropriate, current tax has been provided at 19% for the current year and for the prior year. A further reduction in the corporation tax rate to 17% will become effective from April 2020.

8 Employee information

The company had no employees in the year (2018: nil).

9 Directors' emoluments

The directors of the company were employed by Ecclesiastical Insurance Office plc, the company's immediate parent company, and received emoluments from that company for the period they were directors. It is not practicable to allocate their remuneration between the companies of which they were directors during the year. Mr Angell and Mr Wood were members of the group's defined benefit pension scheme during the current and prior year.

10 Trade and other receivables

	2019	Restated 2018
	£	£
Commission debtors	3,167	-
Amounts owed by related parties	1,814	186,161
Prepayments and accrued income	1,233	-
Holmesdale deferred consideration (see note 12)	12,771	19,807
	18,986	205,968

The directors consider that the carrying value of trade and other receivables is a reasonable approximation of fair value. None of these balances is past due at the reporting date and no amounts have been impaired during the current or prior year.

The amounts owed by related parties include receivables only with a carrying value of £1,814 (2018 restated: £186,161).

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

11 Assets arising from financing activities

The company receives payments in respect of group tax relief which are in excess of the standard rate of tax. These are taken directly to equity as a capital contribution. Amounts due at the end of the year are included within amounts due from related parties. At 1 January 2019, £50,778 was due and settled in cash in the year. At 31 December 2019, £nil is due.

12 Amounts receivable after more than one year

This amount comprises contractual retentions in respect of valuation risk, retained by Holmesdale Building Society following the sale of the mortgage book in 2015. Assuming contractual conditions are met, these amounts will be recovered over the next three years. There is nothing at the current time to suggest that the amounts in question will not be recovered in accordance with the sale agreement. Amounts due within one year are disclosed in note 10.

13 Cash and cash equivalents

	2019 £	2018 £
Cash at bank	<u>686,122</u>	<u>641,371</u>

The effective interest rate on cash and cash equivalents was 0.25% (2018: 0.25%).

14 Called up share capital

The authorised share capital of the company for both the current and prior years is £5,000,000.

	2019 £	2018 £
Allotted, issued and fully paid ordinary shares of £1 each At 1 January and 31 December	<u>800,000</u>	<u>800,000</u>

15 Retained earnings

	2019 £	Restated 2018 £
Retained earnings brought forward	(116,320)	(116,028)
Loss for the year	(272,342)	(167,193)
Group tax relief in excess of the standard rate	-	166,901
Retained earnings carried forward	<u>(388,662)</u>	<u>(116,320)</u>

16 Trade and other payables

	2019 £	2018 £
Amounts owed to related parties	59,942	-
Other creditors	<u>96,151</u>	<u>80,821</u>
	<u>156,093</u>	<u>80,821</u>

Trade creditors are recognised at the date of invoice and measured at invoice value net of any discounts and taxes. VAT on both sales and purchases is recognised at invoice date. The directors consider that the carrying value of trade and other payables is a reasonable approximation of fair value.

17 Ultimate parent company and controlling party

The company is a private limited company incorporated and domiciled in England and is a wholly-owned subsidiary of Ecclesiastical Insurance Office plc. Its ultimate parent and controlling party is Allchurches Trust Limited. The parent companies of the smallest and largest groups for which group financial statements are drawn up are Ecclesiastical Insurance Office plc and Allchurches Trust Limited respectively. Both companies are incorporated and operate in Great Britain and copies of their financial statements are available from the registered office shown on page 2.

Ecclesiastical Financial Advisory Services Limited

Notes to the Financial Statements

18 Related party transactions

During the year the company entered into the following transactions with related parties.

The parent related party transactions below relate to Ecclesiastical Insurance Office plc, the company's immediate parent company. Other related parties comprise fellow subsidiary undertakings.

Amounts outstanding are unsecured, are not subject to guarantees, and will be settled in cash. No provisions have been made in respect of these balances.

	Parent £	Other related parties £
For the year ended 31 December 2019		
Trading, investment and other income, including recharges	-	130,292
Trading, investment and other charges, including recharges	176,400	-
Amounts owed by related parties	-	1,814
Amounts owed to related parties	59,942	-
For the year ended 31 December 2018 (restated)		
Trading, investment and other income, including recharges	-	146,748
Trading, investment and other charges, including recharges	165,638	-
Amounts owed by related parties	184,310	1,851
Amounts owed to related parties	-	-

Transactions within the group are made on commercial terms.

19 Events after the balance sheet date

In early 2020, the existence of a new coronavirus, Covid-19, was confirmed. This virus has since spread across the globe and on 11 March 2020 was characterised by the World Health Organization as a pandemic. As countries and their Governments react to help contain or delay the spread of the virus, this has led to an increase in economic uncertainty, presenting the Company with increased business and operational risk.

The Group considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event under IAS 10 – Events After the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities at 31 December 2019. The overall financial impact of Covid-19 on the IFRS results cannot be reliably estimated at this time. However, Covid-19 is expected to impact the Company's financial performance adversely during 2020.

The Company has taken action to ensure it continues to operate effectively and meet the needs of its customers. The Company continues to expect to meet its statutory and regulatory requirements. Covid-19 has impacted how the business operates. Business continuity plans have been used which have ensured the company is able to continue to support its customers and perform other functions of the Company. The Company and its businesses have continued to deliver services and expect to continue to do so over the foreseeable future.

The Company continues to closely monitor the heightened risks arising from Covid-19 and take all appropriate steps to manage the impact on customers and other stakeholders.