

Company registration number : 02046087

## **Ecclesiastical Financial Advisory Services Limited**

### **2021 Annual Report and Financial Statements**

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# **Ecclesiastical Financial Advisory Services Limited**

## **2021 Annual Report**

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# **Ecclesiastical Financial Advisory Services Limited**

## **Officers and Professional Advisers**

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<b>Directors</b>	Angus Christopher Keate Michael George Angell John Schofield Richard Anthony Wood	<i>Chair</i>
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<b>Company Secretary</b>	Mrs Rachael Jane Hall
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<b>Auditor</b>	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR United Kingdom
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<b>Registered Office</b>	Benefact House 2000 Pioneer Avenue Gloucester Business Park Brockworth Gloucester GL3 4AW United Kingdom
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<b>Company Registration Number</b>	02046087
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# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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The directors present their strategic report of Ecclesiastical Financial Advisory Services Limited (the Company) for the year ended 31 December 2021.

### **Objective and strategy**

The principal activity of the Company 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 15 and the financial position at the year end is shown on page 17.

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

Despite the continuing challenges of Covid-19 restrictions throughout the year, Ecclesiastical Financial Advisory Services Limited (EFAS) had its best ever year for overall income beating the previous best (2020) by 22%. New business fee income was up 12.7% and ongoing fees and commissions increased by 26.5%. EFAS has continued to support the core clients of the group in providing remote advice and a combination of virtual and face to face financial awareness seminars for clergy and employees of church organisations. Feedback from individuals and organisers of seminars and pension surgeries remains consistently positive. The number of seminar events delivered increased slightly to eleven in 2021 (eight in 2020) following easing of restrictions. The majority of the team continued to work predominately from home, benefiting from reduced travel time. For the second year running, 100% of respondents to our customer satisfaction survey confirmed they were satisfied or very satisfied with the service they received in 2021. Funds under management finished 2021 at £132.6m, up from £114.9m in 2020.

The Company made a loss before tax of £227,304 (2020: £311,866). Fee and commission income earned in respect of IFA activity was £966,384 (2020: £817,193).

The directors believe that the key performance indicators above are adequate for an understanding of the development, performance and position of the business.

### **Future prospects**

Improving results, feedback and customer survey results continue to show that EFAS offer a service that is valued by the core clients of the Benefact Group, which the Company is part of. We continue to co-operate closely with the Church of England Pension Board and Church Retirement Housing Teams in providing financial planning seminars and advising members of the church pension schemes referred to us by these national church organisations. This relationship looks set to continue and we are optimistic about the prospects of agreeing a more formal basis to the relationship with the pension board and housing teams at some point in 2022, which we believe will provide more referrals and opportunities to provide advice to members of the church pension schemes. We intend to continue the undoubted efficiencies imposed on us by the pandemic response by continuing to offer more time effective virtual meetings for customers where appropriate as well as to cautiously resume face to face meetings and more seminars in accordance with applicable guidelines. Therefore, future prospects remain positive.

### **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:

# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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### **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.

### **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 processes 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.

# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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### **Section 172 Statement**

**This section of the Strategic Report provides an overview of how the directors have fulfilled their duties to promote the success of the Company and had regard to the matters set out in section 172(1) (a) to (f) Companies Act 2006 as detailed below:**

(1) A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to -

- a) the likely consequences of any decision in the long term;
- b) the interest of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and;
- f) the need to act fairly as between members of the company.

**This also forms the directors' statement required under section 414CZA, of the Companies Act 2006.**

### **The Company's stakeholders**

The stakeholders are identified in the Governance Framework and are at the core of all decision making. Key stakeholders are (1) customers and clients, (2) employees, (3) shareholders, (4) regulators (5) intermediary partners (including brokers and other suppliers), and (6) the environment and community groups. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

### **Our Approach to the Long Term Success of the Company (1) (2) (3) (4) (5) (6)**

The Board of Directors recognise that the long-term success of the Company is dependent upon having regard to the interest of its stakeholder. Given the Group's ambition to be the most trusted ethical specialist financial services group, the Board understands how important it is to listen and respond to the needs of our stakeholders.

### **Covid-19 Response: (2) (3) (4) (5)**

As the world begins to return to some form of normality, we understand that the effects of Covid-19 remain with us all. As such, the Board has continued to make decisions this year to ensure that the Company remains strong and able to support its stakeholders. New ways of working were introduced to provide ongoing support to customers. The ongoing Covid-19 pandemic has also encouraged the Company and its stakeholders to consider and embrace new and innovative methods of engagement.

The Board considered the impact of Covid-19 on its stakeholder in the context of the consequent challenges and uncertainty. This impact and how we have responded to protect the Company and manage the expectations of our stakeholders has been included in our Stakeholder Engagement overview below.

# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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### **Stakeholder Engagement in Decision Making**

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational level.

Certain stakeholder matters are led at Group level, especially where the matters are of Group-wide significance or have the potential to impact the reputation of the Benefact Group. The Board considers a variety of information to understand the impact of the Company's operations and also the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on the right issues at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to Directors in advance of each meeting. In addition, people from the business are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the Directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. As a consequence of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Below is a summary of key decisions and actions the Board has taken during the year in respect of strategic and Company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.

### **Customer and Client Engagement**

Aiming to provide specialist independent advice which results in high expectations from clients. The Board considers that clients should be at the heart of everything the Company does, and ensuring any actions or decisions demonstrate passion for clients, making the Company first choice for clients both today and in the future.

During the year, the Board received updates on customer issues via the Executive Officer's Business 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. As mentioned above, the Company continued to consider ways of engaging with customers during the Covid-19 pandemic, providing alternative methods of communication that best suited customer preferences. The Company also held its educational seminars virtually so as to continue its support for clients.

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

### **Employee's Engagement**

The employees who undertake work on behalf of the Company are employed by Ecclesiastical Insurance Office plc. 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. Employee matters are regularly considered by the Board via the Executive Report.

During 2020, as a result of the pandemic, more tailored and regular 'check-in' surveys were conducted. This enabled the Company to gather real time feedback, to flex each survey and to respond to the situation as it evolved during what was a unique year. During 2021, a transition back to a full colleague engagement survey adopting a new B-Heard Survey was carried out. This was supplemented by a further pulse survey later in the year. The surveys allow the tracking of engagement and provides employee views on a range of matters affecting them. The results are also discussed with employees and action plans are created to respond to concerns.

# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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### **Employees Engagement (continued)**

Members of the management team are subject matter experts and are invited to board meeting to present on items and input to discussions.

In order to engage, involve and inform employees the following methods are used:

- \* a variety of communication channels including regular meetings during the Covid-19 pandemic, (which provide brief updates on what's going on, what's coming up and opportunities to ask questions) circulating information to keep employees up-to-date on key financial and business metrics and employee meetings on general business performance and strategic direction;
- \* whistleblowing policy and procedures are operated at a Group level;
- \* the Board regularly considers employee matters and receives updates via the Executive Report;
- \* a performance related bonus scheme is operated, which directly links individual objectives and business performance to encourage employees to participate in the overall financial success of the Company and the Group; and
- \* a range of training, development and volunteering activities are available to employees, including technical courses, mentoring, coaching and community opportunities.

Some matters are determined at Group level as set out in Ecclesiastical Insurance Office plc's Section 172 Statement.

### **Shareholder Engagement**

Ecclesiastical Insurance Office plc (EIO) owns the entire issued Ordinary share capital of the Company, which in turn is owned by Benefact Group plc (BG) and then Benefact Trust Limited (BTL). Protocols for the exchange of information between BTL and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

Regular meetings are held between management and key clients (online during the Covid-19 pandemic) which includes the Group to understand their needs and perspectives. In addition, the Company has regular engagement with clients (including conducting listening exercises, surveys, holding focus or consultative groups, monitoring customer complaints and satisfaction data) and key outcomes are shared with the Board. The Company's commitment to customers and clients is further demonstrated by the tailored Customer Promises that has been developed.

Regular dialogue takes place regarding the expectations of the Company and strategy for the development of business. This ensures that the views of the Shareholder are communicated to the Board as a whole, which enables EIO to effectively communicate its views and expectations to the Board. The Board has an open and constructive relationship with its shareholder.

### **Suppliers (including Brokers)**

Directors recognise the importance of the role that suppliers play in ensuring a reliable service is delivered to clients. Consequently, the Board oversees the Company's material outsourcing contract.

The Company also utilises the service of EIO's procurement function. For further information on EIO's responsibility towards its supply chain, please see its Modern Slavery Act Statement available on its website.

Some matters affecting suppliers are also determined at Group level as set out in EIO's section 172 Statement.



# **Ecclesiastical Financial Advisory Services Limited**

## **Strategic Report**

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### **Community and Environment**

The Company is focused on long-term and strategic charitable giving. As part of the Benefact Group family, the Group as a whole is the UK's fourth largest corporate donor. Employees are supported to give to causes they care about through MyGiving. This enables them to offer support with volunteering, small grants and fundraise matching to create direct involvement and help to drive charitable giving at a local level.

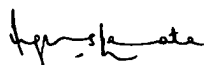
Decisions and policies effecting the community and environment are set at Group level and are adopted by the Board. An explanation of the Group's policy and strategy in relation to the community and environment are set out in the EIO's Section 172 Statement.

### **Engagement with Regulators**

The Board recognises the importance of open and honest dialogue with Regulators and is committed to complying with applicable legislation and regulation. The Board receives regular reports detailing the Company's regulatory interactions.

The Board also receives regular reports on the evolving legal and regulatory landscape incorporating a detailed impact and progress assessment, which undergoes a rigorous cross-departmental challenge process before being presented to the Board.

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



Angus Keate  
*Director*  
17 June 2022

# **Ecclesiastical Financial Advisory Services Limited**

## **Directors' Report**

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

### **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 2021 (2020: £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.

The company has made qualifying third party indemnity provisions for the benefit of its directors and the directors of associated companies 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 3. 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 Benefact Trust Limited.

### **Directors' responsibilities statement**

The directors are responsible for preparing the 2021 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 prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

# **Ecclesiastical Financial Advisory Services Limited**

## **Directors' Report**

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### **Going concern**

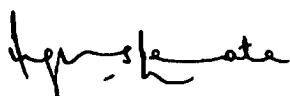
The Company has adequate financial resources and no recourse to external borrowing. The Company has sufficient cash resources and has no concerns over the ability to meet its commitments. When appropriate, additional financial support can also be obtained from the Group. The well-established business continuity plans continued to be used in 2021 and the Company was able to and continues to support its customers and perform other functions of the Company. The Company also 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.

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



Angus Keate

Director

17 June 2022

# **Independent auditors' report to the members of Ecclesiastical Financial Advisory Services Limited**

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## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Ecclesiastical Financial Advisory Services Limited's 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 and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2021 Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Profit or Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

# **Independent auditors' report to the members of Ecclesiastical Financial Advisory Services Limited**

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## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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

# **Independent auditors' report to the members of Ecclesiastical Financial Advisory Services Limited**

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## **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, expenditure or cash and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of compliance, risk, internal audit, and the parent company Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes including those of the Board, the parent company Group Audit Committee and the parent company Group Risk Committee;
- Risk based journal testing with a focus on journals which had attributes which could be indicative of a fraudulent posting; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# **Independent auditors' report to the members of Ecclesiastical Financial Advisory Services Limited**

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Pye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
17 June 2022

# Ecclesiastical Financial Advisory Services Limited

## Statement of Profit or Loss

For the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Revenue</b>			
Interest receivable	4	88	596
Fees, commission and other income	5	<u>966,384</u>	<u>817,193</u>
<b>Total revenue</b>		<u>966,472</u>	<u>817,789</u>
<b>Expenses</b>			
Operating expenses		<u>(1,193,776)</u>	<u>(1,129,655)</u>
<b>Total expenses</b>		<u>(1,193,776)</u>	<u>(1,129,655)</u>
<b>Loss for the year before taxation from continuing operations</b>		<b>(227,304)</b>	<b>(311,866)</b>
Taxation	7	<b>43,155</b>	110,559
<b>Loss for the year attributable to equity holders</b>		<u><b>(184,149)</b></u>	<u><b>(201,307)</b></u>

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 2021

	Note	Called up share capital	Retained earnings	Total shareholder's equity
		£	£	£
Balance at 1 January 2020	15	800,000	(388,662)	411,338
Total comprehensive loss for the year		-	(201,307)	(201,307)
Group tax relief in excess of standard rate		-	471,328	471,328
Balance at 31 December 2020		<u>800,000</u>	<u>(118,641)</u>	<u>681,359</u>
Balance at 1 January 2021		800,000	(118,641)	681,359
Total comprehensive loss for the year		-	(184,149)	(184,149)
Group tax relief in excess of standard rate		-	86,247	86,247
Balance at 31 December 2021		<u>800,000</u>	<u>(216,543)</u>	<u>583,457</u>

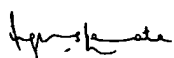
# Ecclesiastical Financial Advisory Services Limited

## Statement of Financial Position

At 31 December 2021

	Notes	2021 £	2020 £
<b>Assets</b>			
Trade and other receivables	10	35,110	62,149
Cash and cash equivalents	13	978,840	892,140
Amounts receivable after more than one year	12	-	11,302
<b>Total assets</b>		<b>1,013,950</b>	<b>965,591</b>
<b>Liabilities</b>			
Trade and other payables	16	173,768	91,141
Deferred income		256,724	193,091
<b>Total liabilities</b>		<b>430,492</b>	<b>284,232</b>
<b>Equity</b>			
Share capital	14	800,000	800,000
Retained earnings	15	(216,543)	(118,641)
<b>Total shareholders' equity</b>		<b>583,457</b>	<b>681,359</b>
<b>Total shareholder's equity and liabilities</b>		<b>1,013,950</b>	<b>965,591</b>

The financial statements of Ecclesiastical Financial Advisory Services Limited, registered number 02046087, on pages 15 to 24 were approved and authorised for issue by the board of directors on 17 June 2022 and signed on its behalf by:



Angus Christopher Keate      *Director*

# Ecclesiastical Financial Advisory Services Limited

## Statement of Cash Flows

For the year ended 31 December 2021

	2021 £	2020 £
<b>Loss before tax attributable to continuing operations</b>	<b>(227,304)</b>	<b>(311,866)</b>
<i>Adjustments for:</i>		
Interest income	(88)	(596)
<i>Changes in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(16,465)	48,810
Increase/(decrease) in trade and other payables	74,636	(64,952)
Increase in other liabilities	63,633	29,871
<b>Cash used in operations</b>	<b>(105,588)</b>	<b>(298,733)</b>
Interest received	88	596
Tax recovered	155,653	95,790
<b>Net cash from/(used in) operating activities</b>	<b>50,153</b>	<b>(202,347)</b>
<b>Financing activities</b>		
Amounts received for group tax relief in excess of standard rate	11 36,547	408,365
<b>Net cash generated by financing and investing activities</b>	<b>36,547</b>	<b>408,365</b>
<b>Net increase in cash and cash equivalents</b>	<b>86,700</b>	<b>206,018</b>
Cash and cash equivalents at beginning of year	892,140	686,122
<b>Cash and cash equivalents at end of year</b>	<b>978,840</b>	<b>892,140</b>

# **Ecclesiastical Financial Advisory Services Limited**

## **Notes to the Financial Statements**

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### **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 UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

#### **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 available from the group. Also, as stated in the Directors' Report, after making enquiries, 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.

#### **Operating expenses**

Operating expenses, including direct costs and group reallocated costs, are accounted for as they are incurred.

#### **Financial instruments**

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.

#### **Borrowings**

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

# **Ecclesiastical Financial Advisory Services Limited**

## **Notes to the Financial Statements**

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### **1 Accounting policies (continued)**

#### **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, which is assumed to be on the anniversary of the policies.

The company receives trail commission over the lifetime of certain contracts. This is variable consideration, dependent upon funds under management, the amount invested and the duration of the contract. In assessing the amount of future trail commission receivable, management has considered this at individual contract level. At this level, there is an increased likelihood of variability in future trail commission receivable than if the assessment had been carried out at portfolio level. As it is highly probable that there would be a significant reversal in revenue recognised in the future, trail commission is recognised when received.

# Ecclesiastical Financial Advisory Services Limited

## Notes to the Financial Statements

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### 3 Financial risk and capital management

The Company's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The Company's capital is represented by the Company's equity shareholders' funds

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. The risk is not significant to the company.

#### 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 is exposed to minimal credit risk.

#### 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

	2021	2020
	£	£
Bank interest	88	596
	<u>88</u>	<u>596</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

	2021	2020
	£	£
Fees	823,058	674,390
Commission receivable	<u>143,326</u>	<u>142,803</u>
	<u>966,384</u>	<u>817,193</u>

Revenue from contracts with customers is recognised at a point in time.

### 6 Auditors' remuneration

	2021	2020
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements.	<u>15,750</u>	<u>13,000</u>

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.

	2021	2020
	£	£
Current tax	43,155	(137,588)
Prior year	-	27,029
Tax credit of continuing operations	43,155	(110,559)

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:

	2021	2020
	£	£
Loss on ordinary activities before tax	227,304	311,866
Tax calculated at the UK standard rate of 19% (2020: 19%)	43,188	59,255
<i>Factors affecting credit for the year:</i>		
Capital allowances for the year in excess of depreciation	(33)	-
Other items/expenses not deductible for tax	-	115
Utilisation of tax losses where no deferred tax asset has been recognised	-	78,218
Adjustment to tax charge in prior periods	-	(27,029)
Total actual amount of current tax credit	43,155	110,559

Where appropriate, current tax has been provided at 19% for the current year and for the prior year.

### 8 Employee information

The company had no employees in the year (2020: nil).

### 9 Directors' emoluments

Directors of the company receive emoluments from and are employed by Ecclesiastical Insurance Office plc, the company's parent undertaking. It is not practicable to attribute the remuneration of some directors between companies of which they were also directors and remunerated by Ecclesiastical Insurance Office plc. Director emoluments, including benefits in kind attributable to the company were £87,000 (2020: £85,000). Director pension contributions attributable to the company were £9,000 (2020: £9,000). Mr Angell and Mr Wood were members of the Ecclesiastical Insurance Office plc defined benefit pension scheme during the prior year.

### 10 Trade and other receivables

	2021	2020
	£	£
Commission debtors	-	2,813
Amounts owed by related parties	24,835	47,021
Prepayments and accrued income	719	1,013
Holmesdale deferred consideration (see note 12)	9,556	11,302
	35,110	62,149

The Holmesdale deferred consideration is comprised of contractual retentions in respect of valuation risk, retained by Holmesdale Building Society following the sale of the mortgage book in 2015. As all contractual conditions have been met, the final balance will be recovered in 2022.

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 £24,835 (2020: £47,021).

# Ecclesiastical Financial Advisory Services Limited

## Notes to the Financial Statements

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### 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 31 December 2021 £Nil is due (2020: £77,731 was due).

### 12 Amounts receivable after more than one year

In the prior year, this amount comprised contractual retentions in respect of valuation risk, retained by Holmesdale Building Society following the sale of the mortgage book in 2015. As all contractual conditions have been met, the final balance will be recovered in 2022. Amounts due within one year are disclosed in note 10. There is nothing at the current time to suggest that the amounts in question will not be recovered in accordance with the sale agreement. .

### 13 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	<u>978,840</u>	<u>892,140</u>

### 14 Called up share capital

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

	2021	2020
	£	£
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

	2021	2020
	£	£
Retained earnings brought forward	(118,641)	(388,662)
Loss for the year	(184,149)	(201,307)
Group tax relief in excess of the standard rate	<u>86,247</u>	<u>471,328</u>
Retained earnings carried forward	<u>(216,543)</u>	<u>(118,641)</u>

### 16 Trade and other payables

	2021	2020
	£	£
Amounts owed to related parties	25,875	-
Other creditors	<u>147,893</u>	<u>91,141</u>
	<u>173,768</u>	<u>91,141</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 Benefact 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 Benefact 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

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### 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 £
<b>For the year ended 31 December 2021</b>		
Trading, investment and other income, including recharges	-	97,602
Trading, investment and other charges, including recharges	187,143	-
Amounts owed by related parties	-	24,835
Amounts owed to related parties	25,875	-
<b>For the year ended 31 December 2020</b>		
Trading, investment and other income, including recharges	-	94,019
Trading, investment and other charges, including recharges	181,692	-
Amounts owed by related parties	45,073	1,948

Transactions within the group are made on commercial terms.