



GUERNSEY - JERSEY - ISLE OF MAN - ISLE OF WIGHT

# 2021 Annual Report

---

One team achieving a bright future



# Welcome

---

As a local supplier, our emphasis has always been on the value that we deliver to our customers and the support we provide - during both good times and bad. I am, therefore, very proud of the diligence and care shown by everyone at Cherry Godfrey despite the continued disruption caused by the pandemic.

---

2021 was still a challenging year for our business despite the positive signs of global recovery. However, the efforts of our staff, as well as changes we made to our business model at the start of the pandemic, put us in a strong position to continue to grow and I am delighted to report that we achieved a 28% increase in our lending volume.

I would like to thank our dedicated and very loyal staff who have worked extremely hard to make this happen.



# A message from our CEO

This report provides the highlights of our business for the calendar year ending December 2021. As always, we will provide a further update on our performance for the fiscal year ending June 2022.



**David Cherry**  
CEO Cherry Godfrey

## THE KEY POINTS:

- As of 31 December 2021, we have circa £101 million of secured loan-related assets, an increase of £8.2 million from December 2020.
- We currently have 12,179 live loans with the average loan size increasing very slightly from £5,549 in 2020 to £5,565 in 2021.
- As always, we have continued to apply strict lending criteria to ensure the quality of our lending. We will not, at any point, be looking to grow the size of our lending activity by taking on loans which have a higher risk profile than our traditional business.
- Our arrears remain consistently low at 0.20% which we attribute to our continued prudent and thorough underwriting. Your investment in

- the Loan Note companies is used to extend thousands of modest Loans to local families and businesses. The continuation of very low levels of arrears are exceptional when viewed against typical levels in many other UK lending businesses.
- With Grant Thornton's continued oversight as our Auditors, there have been no issues raised in any of their quarterly reports, which serves to demonstrate the robustness of the Loan Note model.
- Our investors' security remains as in previous years, with the oversight of JTC continuing their role as Trustee. The Loan Note structure, which reflects the security arrangements, is detailed further in the report. Our three Loan Notes currently have circa £80 million invested.

- We continue to create a high-quality loan book across all four jurisdictions.
- Cherry Godfrey have self-funded a new office in the Isle of Wight (see page 16).
- Our Jersey and Isle of Man operations are continuing to grow in line with expectations. With our retail partner networks expanding considerably, we have seen a significant increase in the number of customers enjoying Cherry Godfrey's products and services.
- Loan Note Two is ending on 6th June 2022. If your nine-year term is maturing, you may be able to reinvest in another Loan Note or redeem your funds.

If you, as our valued investors, require any further information, please do not hesitate to contact me.



# Group Director of Lending Statement

By Kieran S Rose, Group Director of Lending



Getting the buzz back within our islands was key during the last year. Whilst still feeling the sting from the pandemic, it has been essential that our worker bees hummed in unison about the positive opportunities ahead...

## **SWEET NECTAR**

What are we doing different? Cherry Godfrey has built a reputation over many years for fast, efficient, and friendly service which has resulted in many returning customers and positive referrals. Our aim this year was to wax lyrical about our full suite of products and services. Rather than have customers that use a solitary service, we have been focussing conversations on gaining wider wallet share from our existing customers.

This has resulted in our whole business working more efficiently as one colony. The greater result is that more of our customers enjoy the sweet nectar of having their Finance, Insurance, Mortgages and Life Protection under one roof.

## **POSITIVE BUZZ**

High street competitors continue to withdraw their frontline presence and direct residents towards cyber and online solutions. Cherry Godfrey sees this as a continued opportunity to get closer to our fellow islanders. This has been met with a positive buzz, keeping our offices a hive of activity. There have been some barriers to beesness of course, but we have found that our customers want to deal with people that live on the same island as them...and we want to speak to them! »

## Group Director of Lending Statement **CONTINUED**

### **HIVE GROWTH**

We continue to expand our presence. This year we took the decision to open in the Isle of Wight. Another small community of islanders, looking for that familiar local personable service. We sent out our drone to gauge the market, then sought local talent to represent our brand within the Isle of Wight. Andrew Tapsell is our branch keeper, getting out to local businesses and key introducers. These retail introducers gain new services to assist their cashflow and, it is hoped, they will send a swarm of new customers to be welcomed by the team in Newport.

A change of guard in the Isle of Man too. We welcome our new Managing Director, John Hunter along with a wealth of experience in appointed Business Development Manager, Steve Cobb. These two have complemented the existing team in the island resulting in an immediate uplift in Loan sales and conversions, utilising their existing networks and asking for the business. Watch this space for notable growth from the Manx hive. Customers are flocking to the team like bees round a honey pot.



### **POLLINATORS**

You may have noted a subtle theme to my report this year. A strong desire to demonstrate we can work together and keep busy, busy, busy. If the recent past has taught us one thing, it is that working together is paramount to keep our island communities not just moving... but thriving. To keep the local currency truly local by finding new ways to work with each other. If we remain active and communicative, we can help more customers identify opportunities to fulfil their goals...

*...Cherry Godfrey. Pollinators of your local economy.*

Jersey remains a strategic growth area for our Loans business. We have a well-known brand and a fully operating product suite. The antenna in the marketplace indicates open doors and a willingness to work with our people. We can be more demanding in the business we command as our competitors do not compete on our levels of speed and efficiency. You might say that they bumble along behind us.

Then of course it would be remiss of me not to apply some focus on our head-hive in Guernsey (where indeed our Queen Bee resides). We continue to enjoy great relationships with our customers and with the businesses that we work with. We have expanded our offering of meeting spaces and will continue to increase our local activity to ensure we seize every opportunity to both deepen existing relationships and forage for new ways to work with islanders.





# Core Principles

## We will:

Ensure our customers can afford their loans by understanding their circumstances and capacity

Value our customers and treat them fairly

Provide an environment where a client is treated with consideration and fairness

Embrace technology to aid our decision-making process

## We won't:

Provide subprime (high risk/cost) products

Provide any form of Pay Day Loan

Knowingly overcommit our customers

Turn away any customer seeking help



+12.5%

## We have projected growth of 12.5% in 2022

With the introduction of our products and services, we are confident this growth will be achieved for the year.

# Group Director of Insurance Statement

By Tim Rattray, Group Director of Insurance

2021 was another challenging year in terms of the pandemic, but the Insurance teams put in a strong performance.

## GROWTH AND NEW BUSINESS

Positive inroads have been made in the Finance Sector and we are picking up more Professional Indemnity and Directors & Officers Liability risks. We have some of the widest policy wordings available in the market which makes our proposition incredibly strong. We are also going to be able to offer a unique Professional Indemnity Excess Infill policy (a policy which reimburses a company of their Excess if they have a claim under their Professional Indemnity policy).

Our exclusivity for the Channel Islands and the Isle of Man gives us the perfect opportunity to contact every business that is likely to buy Professional Indemnity policy Insurance.

We have also partnered with Jersey Post and other organisations who will provide our Travel Insurance products through their websites giving us access to thousands of new potential clients.

The last 12 months have seen our Mortgage & Life business go from strength to strength, with business largely coming from personal recommendations and existing customers.

The Jersey Insurance company was further strengthened with the addition of a Portuguese speaking Commercial Broker helping to gain further traction into this large community on the Island.



I am pleased to confirm that we are also in the final stages of moving onto a new IT platform to deliver a more intuitive system capable of providing far better Management Information. We will be finally able to offer a true 'Quote & Buy' facility for Motor and Household Insurance. Small Commercial risks will also be able to be transacted through our website later this year.

## THE HARD MARKET

The market for Professional Indemnity and Directors and Officers Liability Insurance continues to be competitive, but the superb relationships that Cherry Godfrey has developed with Insurers and Lloyds

Brokers means that we continue to be able to access great cover at competitive rates. This puts us in a highly advantageous position in a space where several Insurers have either withdrawn from the market, reduced their capacity or increased their premiums as a direct result of the number and cost of Cyber related claims.

## CUSTOMER SERVICE

We are very proud of the customer feedback we receive from our clients in all our jurisdictions. We have great people who deliver exemplary customer service and who drive our business forward on a daily basis. We recognise the importance of being the Trusted Insurance Advisor to our clients, so we have focussed a lot of effort in training and ensuring that our staff undertake exams to achieve their professional qualifications.

## GROWTH

2021 has seen continued growth for the Insurance division despite the continuing challenges caused by various COVID restrictions throughout the year. Our brokers have continued to be proactive by contacting clients and making sure their Business Insurance and Personal Insurance needs are met.

# Financial Highlights

- 1 Annual income generated from lending activities is up by 14% from £9.3 million to £10.6 million, for the year.
- 2 In the same period, our arrears ratio for bad debt remained extremely low at 0.20%.
- 3 This is significantly below Cherry Godfrey's long-term financial modelling, which has been based on a bad debt ratio of 1.35%.
- 4 We continue to focus on the quality of our key credit assessment functions, due diligence, underwriting and internal monitoring to ensure an improving future performance.

NEW LOAN NOTES  
ISSUED IN 2021

204

TOTAL LOAN NOTES  
ESTABLISHED

1274

NUMBER OF  
INVESTORS

806

VALUE OF ESTABLISHED LOAN NOTES

£80,189,972





## Loan Portfolio

**TOTAL VALUE OF SECURED ASSETS**  
(customer Loans, plus Cash at bank minus Bad Debt)

£101,176,623

**AVERAGE ADVANCE  
TO CUSTOMER IN 2021**

£5,565

**ARREARS AS PERCENTAGE**

0.20%

**NUMBER OF LOANS WRITTEN IN 2021**

9,603

**TOTAL LOANS ADVANCED IN 2021**

£53,442,465

**NUMBER OF LOANS UNDER MANAGEMENT**

12,179



## New Isle of Wight Office

Towards the end of 2020, it became apparent that, although Cherry Godfrey has plenty of experience in consumer lending and an excellent track record in other jurisdictions, the Isle of Wight board needed more mind and matter in the UK to obtain approval and be authorised by the FCA.

Our Isle of Wight MD, Andrew Tapsell introduced John Mould to the Executive Directors. John has over 20 years' experience of being an FCA registered and approved person and, after several meetings and discussions, agreed to join the IOW board as Chair and Non-Executive Director. Nigel Bongard who has significant compliance experience also agreed to join as a Non-Executive Director to get the business off the ground.

As we were confident that we would be authorised for unsecured Personal Loans in September, we started to prepare for the launch of the business. James Rayner was recruited at the end of 2020 as the Risk and Compliance Manager. We also welcomed Lee Taylor, our new Lending Representative, to join the team on the 2nd of August to be trained and ready for our opening.

We made sure to utilise the wider employment pool in the Isle of Wight, so an experienced Insurance Administrator and the new Group HR Manager, who joined Cherry Godfrey in January 2022, were both recruited locally.

On receipt of FCA approval, a soft launch took place immediately with social media and online marketing. Preparations then began for the formal opening day launch which was set for the 9th of October.

A target list of local businesses and potential partners have now been approached. Cherry Godfrey were

positively received with several commenting that we are filling a gap in the current market. We now have 20 businesses registered with more in the pipeline. In particular, local bike retailers are taking advantage of our services to upsell their wider product range.

The new office, which is in the High Street in Newport, is an ideal location and the refurbishment looks great, giving us excellent presence and exposure to the Island residents. We are confident that the Isle of Wight team will grow the business and become a valued new addition to the Cherry Godfrey family.



# Our History

1993

Cherry Godfrey was created as a Finance Brokerage by husband and wife, David and Selena Cherry (née Godfrey).

1996

Our business took over the Guernsey finance wing of Great Universal Stores.

2002

The Jersey branch was opened offering a suite of consumer Finance and Insurance products to meet the needs of all Channel Island residents.

2013

Our first Loan Note investment product was launched and was oversubscribed within three weeks. Since then, we have overseen the successful launches of Loan Notes Two, Three and Four.

2016

We expanded to the Isle of Man as part of our strategic growth plan.

2021

Cherry Godfrey received FCA approval and are now fully operational in the Isle of Wight.



# Board of Directors



**Alexie McGrath**  
Insurance Director



**Hazel Turvey**  
Lending & Collections Director



**Howard De La Haye**  
Insurance Director



**David Cherry**  
CEO



**Tanzy Cherry**  
COO



**Selena Cherry**  
Director



**Ian Stewart**  
Insurance Director



**Martyn Weeks**  
Director



**Andrew Moore**  
Non-Executive Director



**Graham Thoume**  
Group Director of Operations



**Janis Pozdnakovs**  
Group Finance Director



**Kieran Rose**  
Group Director of Lending



**Chris Hall**  
Non-Executive Director



**David Barrow**  
Non-Executive Director



**Ian Campbell**  
Non-Executive Director



**Tim Rattray**  
Group Director of Insurance



**Andrew Tapsell**  
IOW Managing Director



**John Hunter**  
IOM Managing Director



**John Mould**  
Non-Executive Director



**Nigel Bongard**  
Non-Executive Director



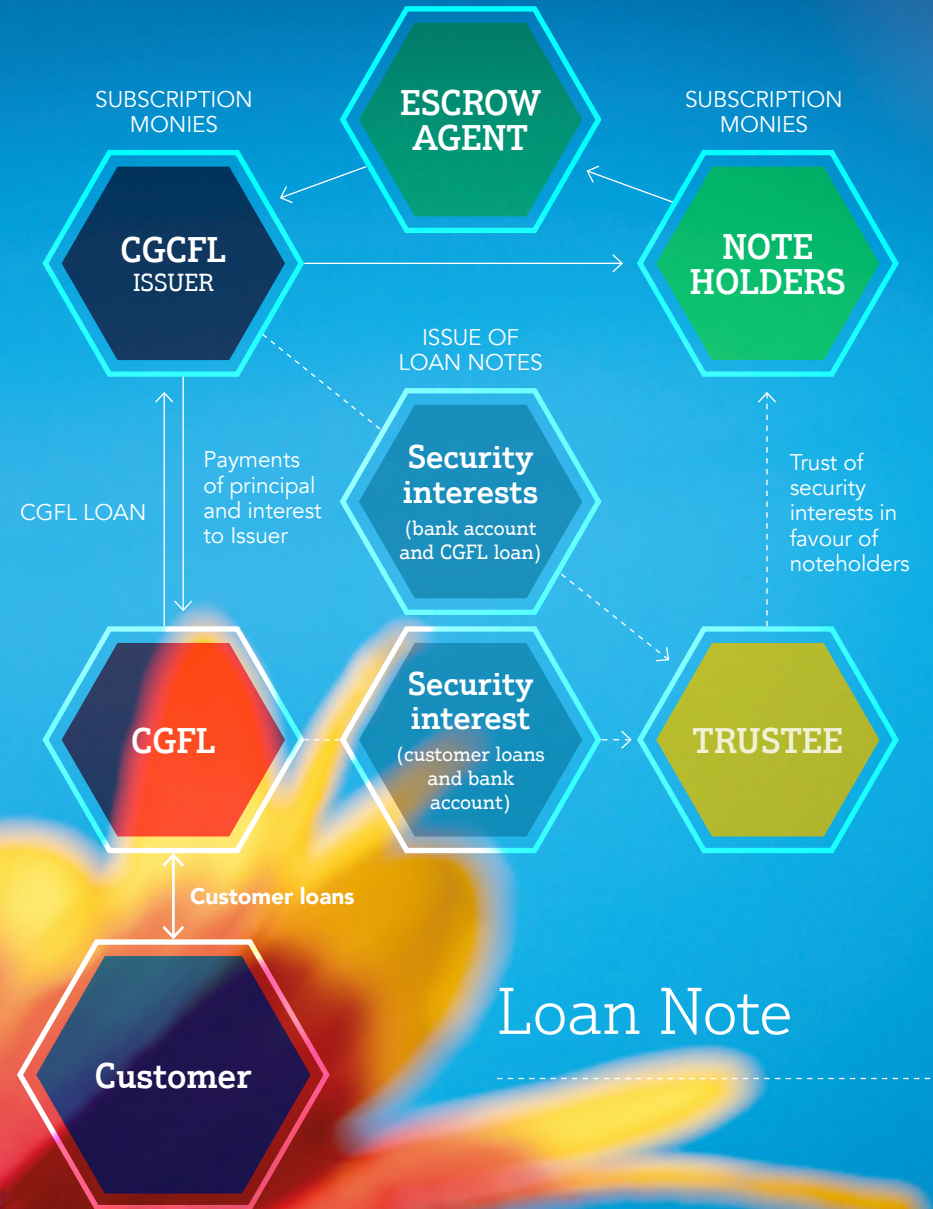
**Simon Howitt**  
Non-Executive Director

# The Corporate Structure and Provision of Security

Initially, your invested funds are cleared through the banking system into the relevant consumer funding companies. From there, the funds move to Cherry Godfrey Finance who provide and manage consumer loans for clients.

All Loans provided by Cherry Godfrey Finance to our customers are immediately assigned to the Trustee under the security arrangement. Likewise, all related bank accounts are also assigned to the Trustee.

It is from interest earned on the loans that your interest return is generated and the related costs of running the Loan Notes are met.



Loan Note



# Advisors

Babbé continue to provide oversight for the legal aspect of each Channel Island Loan Note, with Cains providing legal services in the Isle of Man. JTC, one of the Channel Island's largest Trust Companies, are responsible for holding the assets on behalf of investors. Grant Thornton undertakes our external audit on a quarterly basis, ensuring that assets under trust always exceed funds invested.

This information does not constitute an offer, or an invitation to purchase securities. Investors should not purchase or subscribe to any securities referred to in this publication except on the basis of information contained in the prospectus which is available to download [www.cherrygodfrey.com/investment](http://www.cherrygodfrey.com/investment). Investment in any Cherry Godfrey Consumer Funding company is not a deposit. Investment in any Cherry Godfrey Consumer Funding company does not fall within the scope of any Banking Deposit Compensation Scheme in Guernsey, Jersey or in the Isle of Man and accordingly any loss of investment in any Cherry Godfrey Consumer Funding company is not eligible for compensation under those schemes. Issued by Cherry Godfrey Consumer Funding 11 Limited reg no 55039, Cherry Godfrey Consumer Funding 111 Limited reg no 55040, Cherry Godfrey Consumer Funding (IOM) Ltd reg no 013752V. Contact [investment@cherrygodfrey.com](mailto:investment@cherrygodfrey.com)





