

2022 ANNUAL REPORT

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# Celebrating 30 years of dedication and growth



Cherry Godfrey

GUERNSEY - JERSEY - ISLE OF MAN - ISLE OF WIGHT

Pearls: the celebration of a 30 year anniversary and symbol of wisdom gained through experience, calmness, integrity, loyalty, purity and serenity...



## W E L C O M E

Following the challenges of 2020 and 2021, we entered 2022 with optimism that the global environment was improving, and things couldn't get any worse. Twelve months later, we are seeing the ongoing financial and emotional impact of a terrible war, global unrest and political upheaval.

All these events are completely out of our control, but the one thing we can have an impact on is the value and support that we deliver to our customers, investors and our employees.

As it did with all businesses, 2022 continued to throw challenges at us, but our dedicated and very loyal staff have worked extremely hard to continue delivering innovation, insight and excellent service to our customers. Considering the difficulties faced, we are therefore delighted to report that we have achieved a 21% increase in our lending volume.

2023 will see the celebration of our 30th anniversary and, whilst we would like this year to be a less challenging one, we are confident that we have the skill and knowledge to navigate and overcome. We would like to thank every member of staff, customers and partners who are a key part of making our business a continued success.

## A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER

This report provides the highlights of our business for the calendar year ending December 2022. As always, we will provide a further update on our performance for the fiscal year, ending June 2023, at our annual drinks receptions. This year's event will be bigger and better than usual to celebrate our 30th anniversary - We look forward to seeing you there.

### THE KEY POINTS:

- As of 31 December 2022, we have circa £118 million of secured loan-related assets, an increase of £16.8 million from December 2021.
- We currently have 14,149 live loans with the average loan size increasing from £5,565 in 2021 to £6,598 in 2022.
- 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 bad debt has remained consistently low at 0.28% 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 bad debt are exceptional when viewed against typical levels in many UK lending businesses.



**TANZY CHERRY** COO, CHERRY GODFREY

**DAVID CHERRY** CEO, CHERRY GODFREY

- With Grant Thornton's continued oversight as our Auditors, there have been no issues raised in any of the 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 £94 million invested.
- We continue to create a high-quality loan book across all four jurisdictions.
- Our Jersey, Isle of Man & Isle of Wight 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.

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

# LENDING DIRECTOR STATEMENT

By Kieran S Rose, Group Director of Lending



As we celebrate 30 years of Cherry Godfrey, we allow ourselves to glance back at the growth that has been achieved in that time... but only for a moment. Our focus is on the future!

Cherry Godfrey has always been a family business with traditional values. We now see the first stages of the passing of the baton as the legacy continues and the business moves into an ever-changing environment.

National and international influences have significantly affected the cost of living and have prompted consumer focus on their own monthly outgoings. Inviting our fellow Islanders to have conversations with us leads to identifying opportunities to address concerns and provide cost-efficient solutions to ease their burden.

The secret? Culture. At Cherry Godfrey we drive a healthy culture that encourages an open communicative environment. It's a simple notion. We live on relatively small land masses within known populations... and we talk to our

customers. Sounds obvious, doesn't it? Yet our competitors drive automated solutions that involve minimal human contact. We have all seen how forced isolation negatively impacts communities and social skill sets, so let's talk more!

Within Guernsey and Jersey, Cherry Godfrey have been invited to contribute towards the introduction of new consumer protection legislation. This has been a welcome inclusion as Cherry Godfrey can provide a unique insight to the governing bodies and regulators, both from a lender's point of view and to communicate any unintended consequences that may impact our retail introducer network. It has also afforded us more opportunity to hold meaningful conversations with our retail partners, driving new ideas and improving service levels.



## LENDING DIRECTOR STATEMENT CONTINUED

The business in Guernsey has gone from strength to strength, leveraging well-established relationships and discussing opportunities to open doors within our collective networks. Guernsey remains the nerve centre of our business. A bustling team, constantly seeking more effective ways to support our wider branch network and grow our business.

Our Jersey business continues to carry vast potential to gain greater market share. In order to target this potential, we have recruited a new leadership team with huge amounts of experience in their field. Nigel Quick has joined us as Managing Director of the Jersey business. He has a wealth of experience within the insurance sector and brings a steady hand to a fast-changing market. We are delighted to tell you of the recent appointment of Loan Sales Director Sarah Audrain. Sarah has carved a great reputation for business development, sales and service within the Jersey lending market.

The last year has seen significant transformation for our Isle of Man business. Strong networking and follow-up service levels have opened new doors and heightened the market awareness of the Cherry Godfrey offering. It is becoming clear to the market (and our competitors), no-one can do what we do!

Our most recent addition to the Cherry Godfrey branch network shines like a new penny. The Isle of Wight has performed beyond expectations and carries with it strategic advantages that contribute to the whole Cherry Godfrey group. The local community has recognised that the 'new kid on the block' is a traditional business, seeking to provide great service with old fashioned values. At first, they were apprehensive, then they were curious, now they are trying to find ways to deepen relationships and introduce Cherry Godfrey to others they know. A huge recognition of Andrew Tapsell and his wonderful team that *people really buy from people*.

I have made comment in previous reports about Cherry Godfrey being '*strategically different*'. I continue to carry this belief but must state... Cherry Godfrey has not invented "*quality customer service*" ... Cherry Godfrey has not invented "*tailoring solutions to customers' needs*". We merely listen to our people, our communities and our local businesses, then we build solutions to meet their needs and deliver them in a swift and efficient manner.

**We continue to evolve...**

The Isle of Wight has performed beyond expectation and carries with it strategic advantages that contribute to the whole group.

## CORE PRINCIPLES

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### WE WILL:

- Value our customers and treat them fairly
- Ensure our customers can afford their loans by understanding their circumstances and capacity
- Embrace technology to aid our decision-making process
- Provide an environment where a client is treated with consideration and fairness

### 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

We have projected growth of **12.5%** in 2023

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



# INSURANCE DIRECTOR STATEMENT

By Ian Stewart, Group Director of Insurance

2022 was a challenging year with continuing Covid restrictions, the introduction of a new computer system and ongoing difficulties with recruitment. Despite all of this we achieved fantastic income growth in all islands. Our general insurance income grew by 17% and our life insurance income grew by 36%.

This is a fabulous achievement, and my thanks go to the exceptionally professional, talented and hard-working teams in each island.

One of the key developments over the last 12 months has been our recruitment strategy in the Isle of Wight. With the unemployment figures at an all-time low and a glut of vacancies in all areas it has become increasingly difficult to find good quality, career-minded staff in the Channel



Islands. In the Isle of Wight, however, we have had a stream of enquiries from professional and qualified insurance staff, and we have taken advantage of this. We have recruited five insurance professionals to date to support both the Guernsey and the Jersey insurance divisions. This is working well, and the customers are delighted with the quality of advice being given and the excellent customer service being delivered.

In April 2022, we launched a new Professional Indemnity scheme for chartered surveyors in partnership with MGB Insurance Brokers in London. This is proving to be a big success with large premium savings being achieved for the clients. Word is spreading and this scheme is shaping up to be a huge success for us. The schemes success is down to the research undertaken and the data collected prior to its launch. By gathering pertinent information about local risks, we were able to prove that surveyors in the Channel Islands had a different risk profile to their UK counterparts and so deserved reduced ratings. Our knowledge gained on the subject matter now positions us as trusted insurance advisors for this profession.

I am very excited for the forthcoming year. We have a new Managing Director in Jersey who started with us on 1st September. Nigel Quick brings a wealth of experience with him having been in the insurance industry for 40 years. Nigel's insurance experience ranges from underwriting to broking as well as compliance and human resources. Nigel is already making a big difference and it is great to see him driving the company forward with enthusiasm and professionalism.

We have qualified and talented staff in all jurisdictions who are passionate about delivering outstanding customer service. There is a fantastic culture present in Cherry Godfrey where the staff help and support each other. This leads to a great team spirit and subsequently a wonderful place to work.

We will be setting ambitious growth targets for the coming year, and I am confident that we have the right people in place to achieve another set of fantastic results!

## FINANCIAL HIGHLIGHTS

- 1 Annual income generated from lending activities is up to 8.7% from £10.6 million to £11.6 million, for the year.
- 2 In the same period, our arrears ratio for bad debt remained extremely low at 0.28%.
- 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.

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NEW LOAN NOTES  
ISSUED IN 2022

1623

TOTAL LOAN NOTES  
ESTABLISHED

894

NUMBER OF  
INVESTORS

£93,875,166

VALUE OF ESTABLISHED LOAN NOTES

**LOAN  
PORTFOLIO**



**£117,962,270**

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

**AVERAGE ADVANCE TO CUSTOMER IN 2022**

**£6,597.96**

**0.28%**

**BAD DEBT AS  
PERCENTAGE**

**9,813**

**NUMBER OF  
LOANS WRITTEN  
IN 2022**

**14,149**

**NUMBER OF  
LOANS UNDER  
MANAGEMENT**

**£64,745,772**

**LOAN AMOUNT ADVANCED IN 2022**

## SHAREHOLDING PURCHASE

In an exciting development, 2022 has also been the year for strengthening and continuing the legacy of Cherry Godfrey. Chief Operating Officer Tanzy Cherry - daughter of founder and CEO David Cherry - has decided to invest in the future of the company by purchasing a significant shareholding.

Tanzy expressed her delight in being able to consolidate her role in the future of Cherry Godfrey, *"I am extremely proud to have bought shares in the company that has been a part of my life for as long as I can remember... As Cherry Godfrey looks to the future, the focus is very much on continuing to provide competitive and valued islands products and serving the local communities."*

Cherry Godfrey has long established itself as being a leading financial services organisation in the Channel Islands, the Isle of Man and more recently the Isle of Wight. By not only providing outstanding and steadfast services but maintaining a family orientated ethos, Cherry Godfrey has gone from strength to strength throughout its illustrious journey. With this move bringing the company back full circle, David Cherry reflected on the uniqueness of the business and his hopes for the future.

*"I am delighted that Tanzy has decided to buy shares in Cherry Godfrey, this brings the entire group ownership back to our family for the first time in 17 years. Ensuring Cherry Godfrey's next generation of leadership has the right skills and experience to take up the reigns is paramount. This is a true mark of Tanzy's commitment and confidence in Cherry Godfrey and its role within the Islands."*

Despite its growth, the customers have always remained a priority. Tanzy has been a key part of the business' expansion and has seen it adapt and progress, recognising that the first-name personal touches extended to the customers are fundamental to the values of Cherry Godfrey.

*"Working at the heart of local communities has always been at the forefront of what we do, and we are looking at a number of exciting initiatives to increase our product offering and service levels across the four jurisdictions."*

*"Our relationship with our customers is integral to our business. Indeed, we work with people and businesses that we trust and endorse and, with an exciting pipeline of opportunities, are looking forward to the future with optimism."*

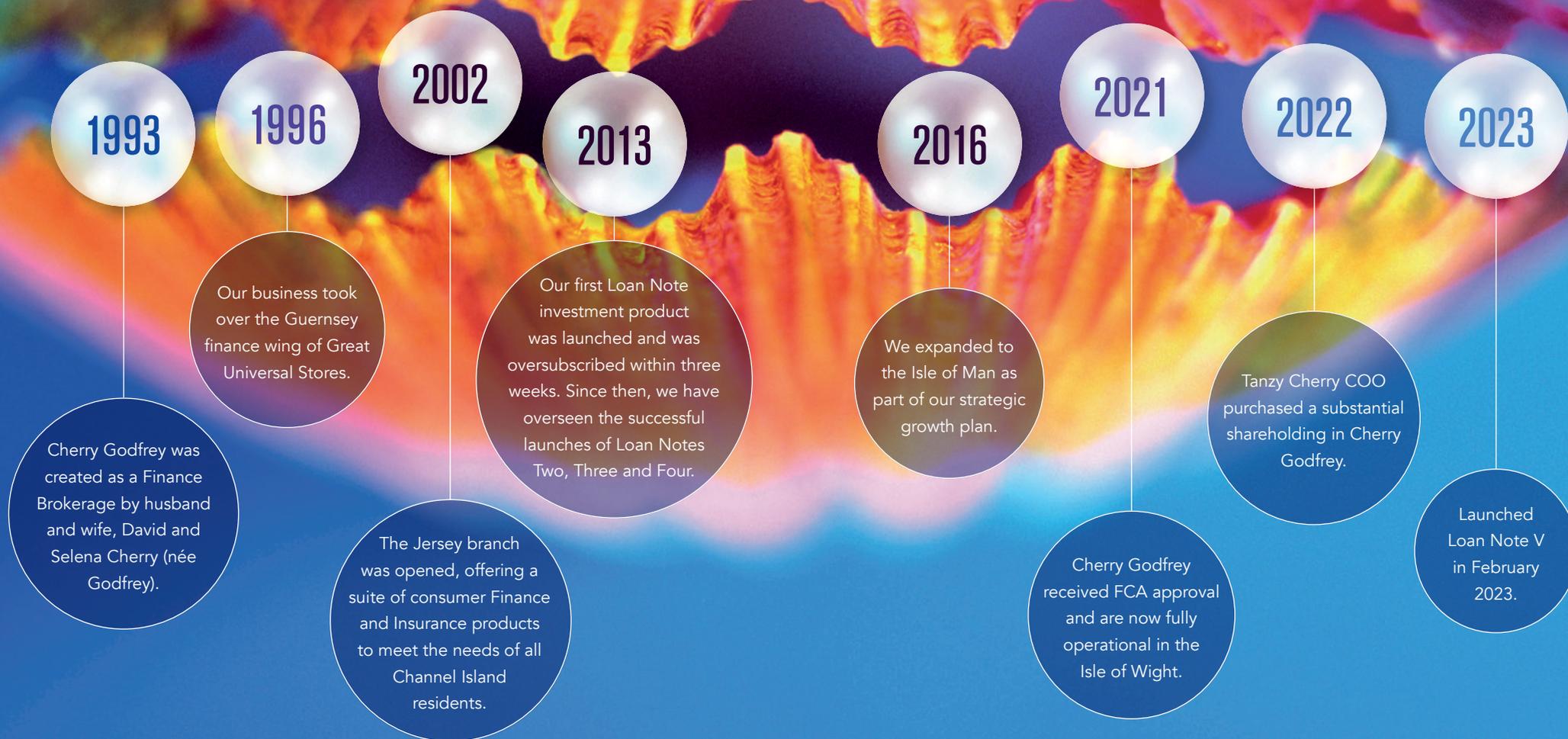
## THE LOAN NOTE V

At Cherry Godfrey we always continue to listen and respond to what our customers need and want - they are at the heart of what we do after all. Our Loan Notes are proving ever popular, that's why we are proud to be launching our new Loan Note V.

The Loan Note V could see investors with an 8% P.A. return. Aside from excellent rates, the flexibility of the Loan Note V is a key factor for our customers. Stepping up even further from the previous products, we are offering even more choice, with a 1-year, 3- year, 5-year and 10-year term, with £50,000 minimum investment.

The Loan Note V is another innovative and exciting step forward in our service and product offerings and expertise.

# OUR HISTORY



# BOARD OF DIRECTORS



**David Cherry**  
CEO



**Tanzy Cherry**  
COO



**Selena Cherry**  
Director



**Graham Thome**  
Group Director of  
Operations



**Janis Pozdnakovs**  
Group Finance  
Director



**Kieran Rose**  
Group Director of  
Lending



**Ian Stewart**  
Group Director of  
Insurance



**Nigel Quick**  
Jersey Managing  
Director



**Andrew Tapsell**  
Isle of Wight  
Managing Director



**John Hunter**  
Isle of Man  
Managing Director



**Alexie McGrath**  
Insurance Director



**Hazel Turvey**  
Lending & Collections  
Director



**Andrew Moore**  
Non-Executive  
Director



**Chris Hall**  
Non-Executive  
Director



**Ian Campbell**  
Non-Executive  
Director



**John Mould**  
Non-Executive  
Director



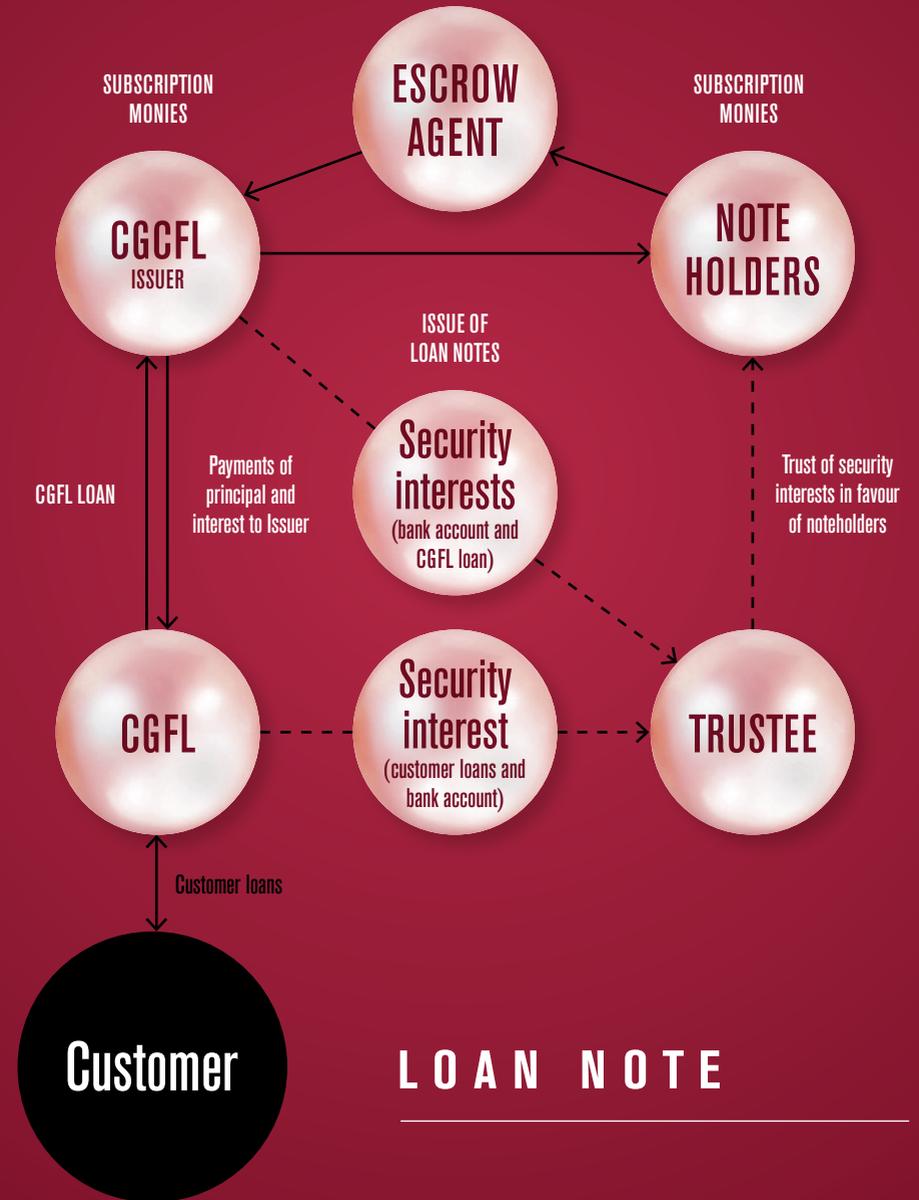
**Simon Howitt**  
Non-Executive  
Director

# 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.



## ADVISORS

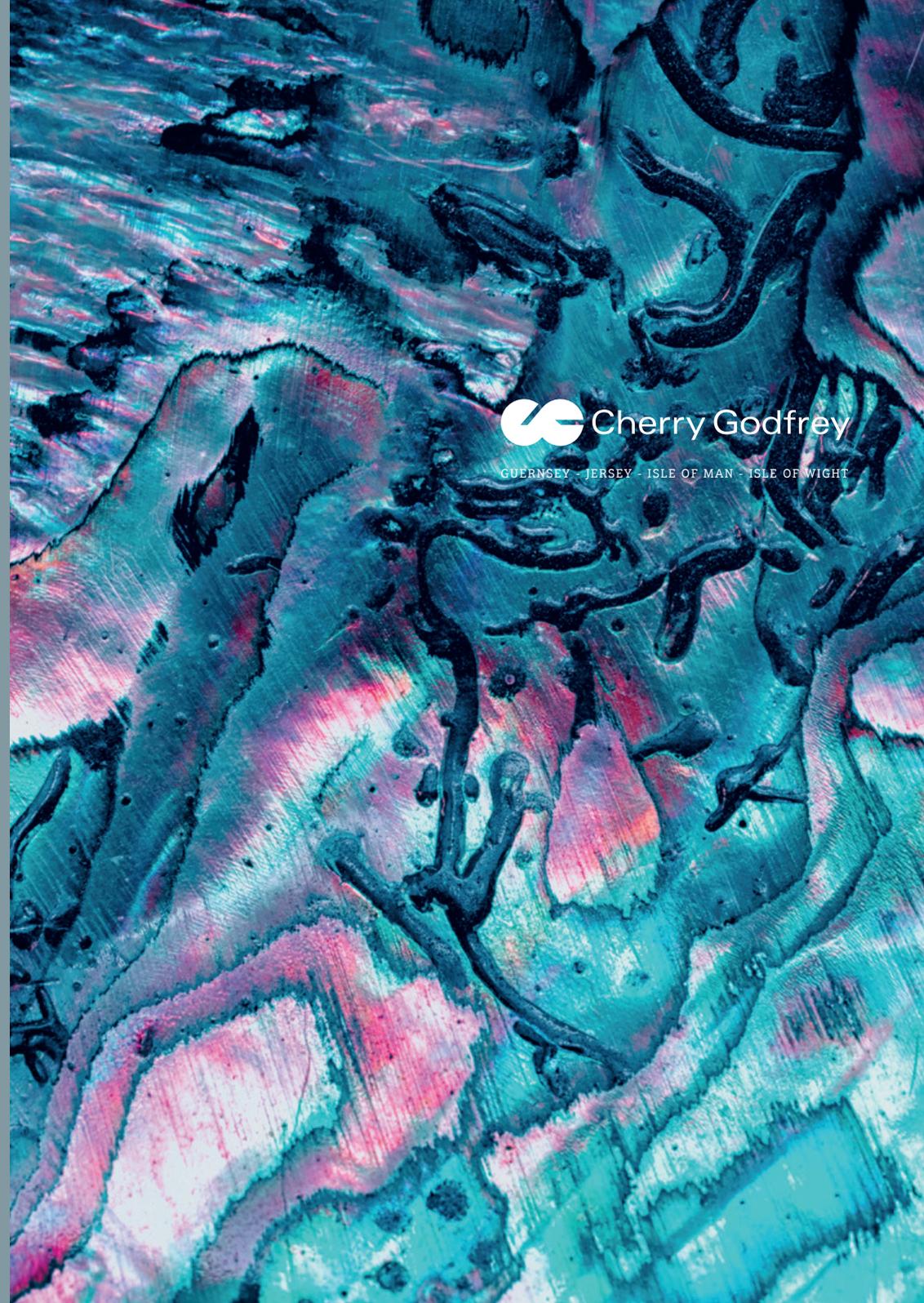
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Babbe continue to provide oversight for the legal aspect of each Channel Island Loan Note, with Cains providing legal services in the Isle of Man. JTC, one of the Channel Island's largest Trust Companies, are responsible for holding the assets on behalf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

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