

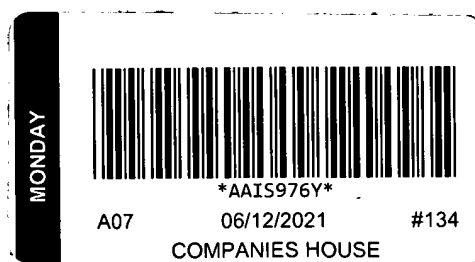


Company No: 01516041

## STONEHAGE FLEMING FINANCIAL SERVICES LIMITED

### Annual Report and Financial Statements

FOR THE YEAR ENDED  
31 March 2021





## DIRECTORS

P D Weldon  
R J Botha  
C J Merry (appointed 6 April 2020)  
A D E Gardner (appointed 6 April 2020)  
S H Boadle (appointed 1 May 2020)

## COMPANY SECRETARY

K D Stuttford (appointed 1 February 2021)  
J St G Shacklock (resigned 31 January 2021)

## REGISTERED OFFICE

15 Suffolk Street  
London  
SW1Y 4HG

## INDEPENDENT AUDITORS

PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditor  
Royal Bank Place  
1 Glatigny Esplanade  
St Peter Port  
Guernsey  
GY1 4ND

## REGISTERED NUMBER

01516041

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their strategic report of Stonehage Fleming Financial Services Limited (the "Company") for the year ended 31 March 2021.

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company continues to provide advisory services to its clients. The Strategic Report, the Directors' Report and the financial statements of the Company include a review of the Company's principal business risks and uncertainties, business development and performance.

### FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of business risks. The Company's risk management policies seek to minimise potential adverse effects on financial performance.

#### Currency risk

Substantially all of the Company's revenue, expenses, assets and liabilities are denominated in Pound Sterling. The Company ensures that the exposure to net assets held in foreign currency is monitored and managed. Any excess foreign currency balances would be exchanged for Pound Sterling with entities in the Group.

#### Market risk

The majority of the Company's revenue arises from time based charges for advisory services provided to its clients. Such income is not affected by market movements.

#### Interest rate risk

The Company's cash balances are exposed to interest rate risk arising from changes in interest rates. Management do not currently operate any hedging policies in respect of this risk. In Management's opinion there are no other interest bearing assets or liabilities.

#### Credit risk

The Company is exposed to credit risk being the risk that receivables and cash are not collected. It is the Company's policy to hold cash with a small number of high quality institutions. Receivables are discussed and monitored with client relationship managers on a regular basis. Management believe that the Company's procedures adequately mitigate this risk.

#### Brexit risk

The Company has identified a number of specific risks related to Brexit, specifically potential obstacles in respect of pursuing business opportunities within the European Union. These risks are managed through the company risk framework.

#### Market risk from Coronavirus

The Coronavirus pandemic has had a negative impact on markets, particularly those in the UK. The investment management business is more exposed to volatility in the financial markets however the investment funds managed by the Company are well diversified. The Company was required to implement its business continuity procedures to address the requirement to work at home in response to coronavirus. As a consequence of historical investment in software that enabled staff to work from home to securely access all required applications, the business was able to seamlessly transition to a remote working environment. Consequently, the business and its ability to operate and service clients was not adversely affected.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

SECTION 172 STATEMENT

In accordance with the revised 2018 UK Corporate Governance Code and the Companies (Miscellaneous Reporting) Regulations 2018 (both of which are effective for accounting periods beginning on or after 1st January 2019), the Board has considered the interests of key stakeholders when carrying out their duty to promote the success of the Company under Section 172 of the Companies Act 2006. When making decisions, the Directors act in good faith by taking into consideration;

**The likely consequences of any decision in the long term**

The Company focuses on a 'client-centric' approach to decision making, which puts in the long term interests of the client first. In addition to this, the Stonehage Fleming Family & Partners Limited Group sets out a 5 year plan, and promotes a long-term approach to decision making.

**The interests of the company's employees**

Although there are no direct employees of the Company, the Company is recharged staff costs for the work that is carried out. This makes up the majority of the Company's expenses. Therefore staffing requirements, salaries and working conditions are carefully considered periodically. There are also plenty of opportunities throughout the year for employees to engage with the Company via a number of forums which ensures that the Company can align with employee interests.

**The need to foster the company's business relationships with suppliers, customers and others**

In addition to the 'client-centric' approach towards decision making, the Board also recognises the importance of building long term relationships with a variety of external stakeholders. Building a good relationship with clients can help with introducing new business to other Stonehage Fleming entities, and build loyalty and longevity to the Stonehage Fleming brand. With reference to suppliers, the Board recognises that whilst there may be cheaper alternatives for particular services provided to the Company, long-term partnerships with reliable and higher quality suppliers will ultimately lead to a greater client experience and successes for the Company.

**The impact of the company's operations on the community and environment**

The Stonehage Fleming Family & Partners Limited Group have set up an ESG (Environmental, Social and Governance) committee which aim to assess and mitigate where necessary, any detrimental impacts that the Group's activities have on the environment or in society. Projects include plans to reduce business travel and printing requirements, along with tree planting in an attempt to reduce the Carbon footprint. This is in addition to the philanthropic activities of the Group that donate to a wide variety of charities.

**The desirability of the company maintaining a reputation for high standards of business conduct**

The board recognises the importance of maintaining a good reputation amongst all stakeholders, which is particularly paramount for the professional services industry. There are numerous systems, processes and controls in place which are regularly reviewed, help ensure a high level of service quality, and promote ethical decision making.



STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

**The need to act fairly between members of the company**

The Company is controlled by a single entity and therefore there is only one member to consider. However, in the event in the future where there is more than one member, the Board would act in good faith to all members irrespective of size or shareholding.

Approved by the Board of Directors on 23 July 2021 and signed on behalf of the Board by:

*Ruelof Botha*

R J Botha  
Director  
23 July 2021

Stonehage Fleming Financial Services Limited  
Registered Number 01516041

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2021. The Company's risk management policies are disclosed in the Strategic Report on page 2.

### INCORPORATION

The Company was incorporated in England and Wales on 5 September 1980 as a private company limited by shares and is domiciled in the United Kingdom.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of advisory services. The Company intends to continue to operate with this principal activity during the next financial year. The Company is regulated in the United Kingdom by the Financial Conduct Authority ("FCA").

### RESULTS AND DIVIDENDS

In the year under review the Company recorded an operating profit of £30,065 (2020: operating profit of £61,586) on revenue of £4,081,194 (2020: £3,772,853). At 31 March 2021, the Company had net assets of £901,996 (2020: 894,523). The profit after taxation was £7,474 (2020: profit of £84,929). The return on assets, being the profit after tax divided by the net assets, was 0.8% (2020: 9%).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2021 (2020: £nil).

### DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 1.

### EMPLOYEES

The company has no direct employees (2020: none) but is charged by Stonehage Fleming Services Limited for the cost of staff carrying out work on its behalf.

### GOING CONCERN

The Directors have made enquiries and having considered the current economic climate at the time of approving the financial statements, as well as the expected working capital requirements that the Company will have for the coming year, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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.

### DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 company's auditors are aware of that information.

Approved by the Board of Directors on 23 July 2021 and signed on behalf of the Board by:

*Rolof Botha*

R J Botha  
Director  
23 July 2021

Stonehage Fleming Financial Services Limited  
Registered Number 01516041

# Independent auditors' report to the members of Stonehage Fleming Financial Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Stonehage Fleming Financial Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 31 March 2021; statement of comprehensive income, statement of changes in equity and cash flow statement 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.

### 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 March 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 Statement of Directors' Responsibilities, 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.

### **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 the authorisation and regulation by the Financial Conduct Authority and the Companies Act 2006, 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the board of directors for matters relevant to the audit;
- inspecting legal fee expenditure for any indication of undisclosed litigation or non-compliance with laws and regulations;

- identification and testing of journal entries considered to be higher risk, including unusual journal entries posted, and evaluation of the business rationale of any significant or unusual transactions identified outside the normal course of business; and
- performing audit procedures to incorporate an element of unpredictability in relation to the nature, timing and 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.

## **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.



Simon Perry (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Statutory Auditors

Guernsey

23 July 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Revenue		4,081,194	3,772,853
Administrative expenses		(4,051,129)	(3,711,267)
<b>Operating profit</b>	<b>2</b>	<b>30,065</b>	<b>61,586</b>
Interest receivable and other similar income		42	1,753
Credit impairment (losses)/reversals on financial assets	8	(22,633)	57,422
<b>Profit on ordinary activities before taxation</b>		<b>7,474</b>	<b>120,761</b>
Tax on profit on ordinary activities	5	-	(35,832)
<b>Profit for the financial year after taxation</b>		<b>7,474</b>	<b>84,929</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to equity</b>		<b>7,474</b>	<b>84,929</b>

The above results are all attributable to continuing operations.

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 £	2020 £
<b>Current assets</b>			
Trade and other receivables	6	1,605,876	1,628,707
Cash and cash equivalents		133,515	175,690
		<b>1,739,391</b>	<b>1,804,397</b>
<b>Total assets</b>		<b>1,739,391</b>	<b>1,804,397</b>
<b>Current liabilities</b>			
Trade and other payables	7	(837,394)	(909,874)
<b>Net assets</b>		<b>901,997</b>	<b>894,523</b>
<b>Equity</b>			
Called up share capital	10	1,345,000	1,345,000
Accumulated losses		(443,003)	(450,477)
<b>Total equity</b>		<b>901,997</b>	<b>894,523</b>

The notes on pages 14 to 25 form part of these financial statements.

The financial statements on pages 10 to 25 were approved by the board of Directors on 23 July 2021 and were signed on its behalf by:

*Rolof Botha*

R J Botha  
Director  
23 July 2021

Stonehage Fleming Financial Services Limited  
Registered Number 01516041

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Accumulated losses £	Total equity £
<b>Total equity at the end of the year 31 March 2019</b>	<b>1,345,000</b>	<b>(535,406)</b>	<b>809,594</b>
Total comprehensive income for the year ended 31 March 2020	-	84,929	84,929
<b>Total equity at the end of the year 31 March 2020</b>	<b>1,345,000</b>	<b>(450,477)</b>	<b>894,523</b>
Total comprehensive income for the year ended 31 March 2021	-	7,474	7,474
<b>Total equity at the end of the year 31 March 2021</b>	<b>1,345,000</b>	<b>(443,003)</b>	<b>901,997</b>

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
<b>Operating activities</b>		
Profit on ordinary activities before taxation	7,474	120,761
Adjustments for:		
Interest receivable	(42)	(1,753)
	7,432	119,008
<b>Changes in working capital</b>		
Decrease in trade and other receivables	22,831	92,088
Decrease in trade and other payables	(72,480)	(195,251)
Income tax paid	-	(35,832)
Interest received	42	1,753
<b>Net cash flow used in operating activities</b>	<b>(42,175)</b>	<b>(18,234)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(42,175)</b>	<b>(18,234)</b>
Cash and cash equivalents at 1 April	175,690	193,924
<b>Cash and cash equivalents at 31 March</b>	<b>133,515</b>	<b>175,690</b>

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### I. Principal accounting policies

- a) **Basis of preparation**
- **Compliance with IFRS**

The financial statements of Stonehage Fleming Financial Services Limited (the "Company") have been prepared in accordance with the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared for the year ended 31 March 2021 with prior year comparatives.

The functional and presentation currency of the Company is Great British Pounds (£).

All accounting policies have been consistently applied.

- **Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following items:

- certain financial assets and liabilities (including derivative instruments) measured at fair value

- b) **Going Concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Annual Report and Financial Statements of the Company.

The Directors have made enquiries and having considered the current economic climate at the time of approving the financial statements, as well as the expected working capital requirements that the Company will have for the coming year, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

- c) **Revenue**

Revenue represents the income receivable for the provision of advisory services during the period. Advisory services are recognised on an accruals basis as the Company becomes contractually entitled to such income.

Upon the adoption of IFRS 15 the Group reviewed its revenue streams, identified performance obligations and the transaction price of contracts and determined if revenue should be recognised over time, using the input method or as the performance condition is met. The following is a summary of the review:

	Nature	Revenue recognition	Judgements	Cash flows
Family Office Business	Family office services, global asset reporting, accounting, tax and admin support. Fees are based on hours x charge out rates	Recognised over time using the output method  Fixed fee arrangements are also recognised over time	Accrued income based on time charged less estimate for unbilled time	Payment terms are 30 days from receipt of invoice
Fiduciary Business	Acting as a trust director, protector, trustee or agent. Fees are based on hours x charge out rates	Time based contracts are recognised over time using the output method  Fixed fee arrangements are recognised over time	Accrued income based on time charged less estimate for unbilled time	Payment terms are 30 days from receipt of invoice

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

I. Principal accounting policies (continued)

d) **Accrued income and work in progress**

Accrued income and work in progress ("WIP") represents the billable provision of services to clients which has not been invoiced at the reporting date. Accrued income and WIP is recorded based on agreed fees billed in arrears and time based charges at the charge out rates in force at the time, less any provision for anticipated write offs.

e) **Deferred Revenue**

Fees in advance and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred revenue in the Statement of Financial Position.

f) **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

g) **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 8.

Trade and other receivables with maturities greater than twelve months after the Statement of Financial Position date are classified as non-current assets. They are held at amortised cost using the effective interest method.

h) **Trade and other payables**

These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) and are recognized at amortised cost. If not, they are presented as non-current liabilities. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Any bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. No bank overdrafts were held at 31 March 2021 (2020: nil).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

j) **Other financial assets**

From 1 April 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

Investments in equity instruments are measured at fair value and all movements in fair value are recognised through the profit and loss.

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows,
- and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

If a financial asset is held with the objective of both holding to collect contractual cash flows and selling the asset and the terms of the asset gives rise to cash flows that are solely payments of principal and interest the asset will be measured at fair value through other comprehensive income. The Company does not hold any assets within this category.

Assets which do not meet either of these business models are held at fair value through the profit and loss.

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

k) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions for bad debts are raised according to the ageing profile of debtor balances, with additional provisions being raised for specific cases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

l) **Critical accounting estimates and judgements**

The preparation of financial statements requires the use of accounting estimates. Management exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. There have been no actual adjustments this year as a result of an error or change in previous estimates.

The estimates and assumptions that could have a significant effect upon the Company's financial results relate to the provision for WIP write offs and the provision for doubtful debts as set out on Note 8. The Directors set appropriate assumptions in forming these judgements and exercise appropriate caution when doing so.

m) **New standards, amendments and interpretations effective after 31 March 2021**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2. **Operating profit**

Salary costs are not borne directly by the Company but are charged to the Company by Stonehage Fleming Services Limited. Stonehage Fleming Services Limited charges the Company for staff costs and central services. Total charges for the year amounted to £3,790,000 (2020: £3,491,312), including auditors' remuneration as follows:

	2021 £	2020 £
<b>Auditors' remuneration</b>		
Audit services - statutory audit	12,596	12,214
	<b>12,596</b>	<b>12,214</b>

3. **Directors' emoluments**

Stonehage Fleming Services Limited pays salaries to and makes pension contributions on behalf of Directors of the Company. No Directors' fees for services of Directors of the Company are paid by this Company (2020: none).

	2021 £	2020 £
Aggregate emoluments	553,917	782,206
Company contributions to defined contribution pension scheme	30,943	43,696
The aggregate compensation for loss of office	-	8,690
	<b>584,860</b>	<b>834,592</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

3. Directors' emoluments (continued)

Highest paid director

	2021	2020
	£	£
Aggregate emoluments	234,999	218,529
Company contributions to defined contribution pension scheme	17,987	13,680
	<b>252,986</b>	<b>232,209</b>

Aggregate remuneration includes cash allowances in lieu of pension contributions. Retirement benefits are provided to 2 Directors (2020: 4) under a defined contribution pension scheme.

4. Employees

The Company has no employees (2020: none).

5. Tax on profit on ordinary activities

	2021	2020
	£	£
<b>Total tax</b>		
UK Corporation tax on profit for the year	-	22,945
UK Corporation tax charge in respect of prior year profits	-	12,887
<b>Total tax charge for the year</b>	<b>-</b>	<b>35,832</b>

The tax assessed for the year is equal to the standard rate of Corporation tax in the UK of 19% (2020: 19%).

Factors affecting current and future tax charges

	2021	2020
	£	£
Profit on ordinary activities before taxation	7,474	120,761
Profit on ordinary activities before taxation multiplied by standard rate of Corporation tax in the UK 19% (2020: 19%)	1,420	22,945
Effects of:		
Surrender of group relief	(1,420)	12,887
<b>Total tax charge for the year</b>	<b>-</b>	<b>35,832</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

6. Trade and other receivables

	2021 £	2020 £
Trade debtors	1,341,146	1,416,431
Amounts owed by group undertakings	39,862	24,482
Prepayments, accrued income and work in progress	224,868	187,794
	<b>1,605,876</b>	<b>1,628,707</b>

Amounts owed by group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment. Trade debtors are stated net of a provision for doubtful debts.

7. Trade and other payables

	2021 £	2020 £
Amounts owed to group undertakings	728,916	777,460
Other taxation and social security	39,172	68,580
Accruals and deferred income	69,306	63,834
	<b>837,394</b>	<b>909,874</b>

Amounts owed to group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment.

8. Financial risk management

The Company's principal financial liabilities comprise trade and other payables. The Company's principal financial assets include trade and other receivables and cash that derive directly from its operations.

**Market risk**

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

**Interest rate risk**

The Company's cash balances are exposed to interest rate risk arising from changes in interest rates. Management do not currently operate any hedging policies in respect of this risk. In Management's opinion there are no other interest bearing assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

8. Financial risk management (continued)

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have any significant exposure to foreign currencies. The Company reviews its foreign exchange exposures and ensures that these are managed as appropriate.

As at 31 March 2021	GBP £	USD £	EUR £	CHF £	RND £	Total £
Net assets	902,786	(1,959)	(3,329)	4,868	(369)	901,997
<b>Sensitivity analysis</b>						
Assuming a +/-10% movement in exchange rates against Pound Sterling:	-	(196)	(333)	487	(37)	(79)

As at 31 March 2020	GBP £	USD £	EUR £	CHF £	RND £	Total £
Net assets	898,434	25	(3,647)	81	(370)	894,523
<b>Sensitivity analysis</b>						
Assuming a +/-10% movement in exchange rates against Pound Sterling:	-	3	(365)	8	(37)	(391)

**Price risk**

The majority of the Company's income arises from time based charges for advisory services provided to its clients. Such income is not affected by market movements.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and deposits with banks. The Company monitors its credit exposures and ensures that these are managed as appropriate.

Cash balances within the Company are held with banks with a minimum credit rating of 'A'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

8. Financial risk management (continued)

**Impairment of financial assets**

The Company has two types of financial assets that are subject to a provision for credit losses:

- Trade receivables for sales
- Accrued income/ WIP

Trade receivables and work in progress are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due. The Company considers this methodology to be materially consistent with a loss allowance calculated using the simplified expected loss model under IFRS 9 which uses a lifetime expected loss allowance.

The Company considers that forward looking information such as macroeconomic factors will have an immaterial impact on the expected credit losses of the Company. Impairment losses on trade receivables and contract assets are presented as net impairment losses within profit on ordinary activities before taxation. Subsequent recoveries of amounts previously written off are credited against the same line item.

Work in progress represents the net unbilled amount expected to be collected from clients for work performed to date. It is measured at the chargeable rate agreed with the individual clients, less progress billed, less a provision of 0-10% for time that is expected to be written off. The provision is based upon the historical level of write offs and is specific to each entity within the Group.

The ageing analysis of gross trade debtors excluding provision is as follows:

	Total £	< 3 months £	3-6 months £	6-9 months £	>9 months £	>12 months £
31 March 2021	1,357,685	785,190	304,846	152,026	99,084	16,539
31 March 2020	1,445,800	955,451	305,762	138,693	16,525	29,369
Expected loss rate*		-	-	-	-	100%

\*Except for debtors which are covered by insurance

	2021 £	2020 £
Gross trade debtors	1,357,685	1,445,800
Loss allowance	(16,539)	(29,369)
Net trade debtors	1,341,146	1,416,431

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

8. Financial risk management (continued)

Impairment of financial assets (continued)

	2021 £	2020 £
Gross trade debtors	1,357,685	1,445,800
Loss allowance	(16,539)	(29,369)
Net trade debtors	1,341,146	1,416,431

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2021 £	2020 £
At 1 April	29,369	221,391
Provision for impairment recognised during the year	36,089	71,267
Receivables written off during the year as uncollectible	(35,464)	(134,600)*
Provision released	(13,455)	(128,689)
At 31 March	16,539	29,369

The total impact on the statement of comprehensive income of (£22,633) (2020: £57,422) is the sum of the receivables collected in cash throughout the year that were previously provided for £13,455 (2020: 128,689) plus any write offs for revenue not previously provided for of £0 (2020: £0) less the charge for debt provisions recognised in the year of £36,089 (2020: £71,267).

\*£134,600 of write offs relate to revenue that was previously provided for in the prior year.

**Liquidity risk**

Liquidity risk includes the risk that, as a result of liquidity requirements in the future, the Company will be forced to sell financial assets at a potentially unfavorable value or may be unable to exit these positions at all, or the Company will have insufficient funds to settle a transaction on the due date. Management believe this risk is mitigated through proper cash flow management and the existence of sufficient liquid reserves.

The Company does not hold any long term assets or liabilities which are receivable/due more than 12 months from the end of the financial year as such a table showing the receipt/payment profile for future years is not presented.

9. Contingencies

The Company can from time to time be party to legal and other claims in the ordinary course of its business. The Directors assess all claims carefully and make provision and/or disclosures as appropriate. In the Board's opinion no provisions or disclosures are necessary in these financial statements (2020: none).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

10. Called up share capital

	2021 £	2020 £
<b>Authorised</b>		
1,344,950 ordinary shares of £1 each (2020: 1,344,950)	1,344,950	1,344,950
50 deferred shares of £1 each (2020: 50)	50	50
	<b>1,345,000</b>	<b>1,345,000</b>
<b>Allotted and fully paid</b>		
1,344,950 ordinary shares of £1 each (2020: 1,344,950)	1,344,950	1,344,950
50 deferred shares of £1 each (2020: 50)	50	50
	<b>1,345,000</b>	<b>1,345,000</b>

The deferred shares are non-equity shares and carry neither rights to redemption at any time nor any rights to a distribution in the event of a winding up nor to attend or vote at any Annual General Meeting of the Company. The deferred shares do have the right to a fixed non-cumulative dividend of 5% per annum out of profits distributed in excess of £100,000. The Directors consider that the deferred shares do not meet the definition of a financial liability because of their non-redeemable nature and the restriction before dividends are payable.

11. Capital structure

The Company's objectives when managing capital remain unchanged and are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for
- shareholders and benefits for other stakeholders;
- maintain an optimal capital structure and;
- ensure compliance with applicable capital requirements and regulations.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities. The Company considers its capital to be its total equity as shown on the Statement of Financial Position.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

12. Related party transactions

The table below sets out the amounts payable, amounts receivable and balance due to or payable by the Group in respect of all related party transactions.

		Income from related parties £	Expenses to related parties £	Amounts owed by related parties * £	Provisions and amounts owed to related parties *
					£
Parent Company	2021	-	-	-	-
	2020	-	-	-	-
Entities with significant influence over the entity **	2021	101,724	84,354	-	73,640
	2020	82,144	111,749	-	91,442
Fellow subsidiaries	2021	388,098	3,954,127	39,862	655,276
	2020	218,687	3,690,913	24,482	686,019
Key management personnel of the Company or its Parent	2021	-	-	-	-
	2020	22,899	-	6,833	-

\* These amounts are classified as trade receivables and trade payables, respectively (see Notes 6 and 7).

\*\* Entities with significant influence over the Company are considered to be entities that control Sturdon Holdings Limited either directly or indirectly.

		Interest received £	Amounts owed by related parties £
Key management personnel loans	2021	-	526,558
	2020	-	100,000

Key management personnel loans

Amounts owed relate to loans given to directors of this Company.

Amounts owed at 31 March 2021 are loans issued by Stonehage Fleming Family and Partners Limited for the purchase of class A1 ordinary shares (Growth shares). These loans are subject to interest at 1.75% per annum. Neither the amounts owed nor the income received are reflected in the Company's financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

### 13. Ultimate parent undertaking

The immediate parent undertaking and controlling party of the Company is Sturdon Holdings Limited, a company incorporated in Jersey (registered number 73719).

The smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Stonehage Fleming Family & Partners Limited.

Stonehage Fleming Family & Partners Limited does not have a single immediate parent company or ultimate controlling party. It is owned primarily by the following entities, Stonehage Fleming Global Limited as trustee of Stonehage Fleming Incentive Trust, SIH Limited, Caledonia Investments plc, Spes Bona Limited and Blue Coast Capital Limited, none of whom have an individual ownership interest greater than 38%. In addition to these entities the Group is owned by a number of smaller shareholders whose aggregate shareholding is less than 10%.

### 14. Events after the reporting year

No events occurred after the reporting year that required adjustment or disclosure in the financial statements.