STONEHAGE
FLEMING

Company No: 04027724

# STONEHAGE FLEMING ADVISORY LIMITED

## Annual Report and Financial Statements

FOR THE YEAR ENDED
31 March 2022



STONEHAGE FLEMING ADVISORY LIMITED
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stonehagefleming.com

STONEHAGE
FLEMING

## DIRECTORS

S H Boadle
A D E Gardner
R A Hill
C J Merry

## COMPANY SECRETARY

K D Stuttaford

## REGISTERED OFFICE

15 Suffolk Street
London
SW1Y 4HG

## INDEPENDENT AUDITORS

PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
37 Esplanade
St Helier
Jersey
JE1 4XA

## REGISTERED NUMBER

04027724

STONEHAGE
FLEMING

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their strategic report of Stonehage Fleming Advisory Limited (the "Company") for the year ended 31 March 2022.

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Earnings from advisory services are by their nature volatile and depend on the consummation of deals, many of which remain in the pipeline for some time.

The Company's immediate parent undertaking and controlling party is Stonehage Fleming (UK) Limited. The Directors' Report and the financial statements of Stonehage Fleming (UK) Limited include review of the Group's principal business risks and uncertainties and business development, performance and key performance indicators, including this Company. Results and dividends of the Company at the end of year are provided in the Directors' report on pages 5 to 6.

## 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 Great British Pounds. 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 Great British Pounds with entities in the Group.

**Market risk**
For some mandates, the Company receives non-cash remuneration in the form of investments, typically shares and other equity related securities. Such income is affected by the impact of movements in the value of the relevant securities. It is not currently the policy of the Company to seek to reduce the exposure of the Company through hedging mechanisms.

**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.

***Market risk from Coronavirus and Russia/Ukraine War***
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. The Company continues to actively monitor the situation and reviews performance on a monthly basis and produces weekly cash flow forecasts as part of a consolidated forecast for the Group.

It should be noted that the impact of the war in Ukraine increases the risk that clients could become subject to sanctions. The situation could also lead to wider economic consequences and amplify other macro-economic challenges such as risking levels of inflation and the possibility of a recession. The Company has a very limited exposure to Russian clients therefore the risk of a significant loss of revenue is considered low.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (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 Group sets out a five 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 has recharged staff costs for the work that is carried out which 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 wider Stonehage Fleming Family & Partners 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.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

**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.

**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 28 July 2022 and signed on its behalf by:

Simon Boadle

S H Boadle
Director
28 July 2022

Stonehage Fleming Advisory Limited
Registered Number 04027724

STONEHAGE FLEMING

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2022. The Company's risk management policies are disclosed in the Strategic Report on pages 2 to 4.

## INCORPORATION

The Company was incorporated in England and Wales on 5 July 2000 as a private company limited by shares and is domiciled in the United Kingdom.

## PRINCIPAL ACTIVITIES

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

Please refer to page 2 within the strategic report for future development and financial risk management.

## PILLAR III

In accordance with the rules of the FCA, the Company's immediate parent company and controlling party, Stonehage Fleming (UK) Limited ("the Parent") has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on the Parent's website (www.stonehagefleming.com) or on application to the Company Secretary at the Company's Registered Address.

## RESULTS AND DIVIDENDS

In the year under review, the Company recorded an operating profit of £514,000 (2021: £335,000) on revenue of £1,873,000 (2021: £1,441,000). At 31 March 2022, the Company had net assets of £960,000 (2021: £1,870,000). Profit after taxation was £440,000 (2021: profit of £334,000). The return on assets, being the profit/loss after tax divided by the net assets, was 46% (2021: 18%).

A dividend of £1,350,000 was declared and paid during the year (2021: £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 (2021: 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 near 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 2022 (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 laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Taking that into consideration the directors have prepared the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Furthermore, with regards to the 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 UK-adopted 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 as a going concern.

The directors are also responsible for safeguarding the assets of the Company and 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.

The directors confirm that they have complied with all of the above requirements.

### 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 (as defined by Section 418 of the Companies Act 2006) 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 28 July 2022 and signed on its behalf by:

Simon Boadle

S H Boadle
Director
28 July 2022

Stonehage Fleming Advisory Limited
Registered Number 04027724

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit 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 Annual Report, which comprise: the statement of financial position as at 31 March 2022; the statement of comprehensive income, the statement of changes in equity and the 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 2022 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 in respect of the financial statements, 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 Companies Act 2006,, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the authorisation and regulation by the Financial Conduct Authority. 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. 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.

James de Veulle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
28 July 2022

STONEHAGE FLEMING

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| Revenue | 2 | 1,873 | 1,441 |
| Administrative expenses | 3 | (1,359) | (1,106) |
| **Operating profit** | | **514** | **335** |
| Loss on the fair value of investments | | (71) | - |
| Interest receivable and similar income | | - | - |
| Credit impairment loss on financial assets | 10 | (3) | (1) |
| **Profit on ordinary activities before taxation** | | **440** | **334** |
| Tax on profit on ordinary activities | 6 | - | - |
| **Profit for the financial year** | | **440** | **334** |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income for the year attributable to equity** | | **440** | **334** |

The above results are all attributable to continuing operations.

The notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

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## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Current assets** | | | |
| Investments held at fair value | 7 | 212 | 283 |
| Trade and other receivables | 8 | 658 | 206 |
| Cash and cash equivalents | | 173 | 1,476 |
| | | **1,043** | **1,965** |
| **Total assets** | | **1,043** | **1,965** |
| **Current liabilities** | | | |
| Trade and other payables | 9 | (83) | (95) |
| **Net assets** | | **960** | **1,870** |
| Called up share capital | 11 | 500 | 5,150 |
| Retained earnings/(Accumulated losses) | | 460 | (3,280) |
| **Total equity** | | **960** | **1,870** |

The notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the Board of Directors on 28 July 2022 and were signed on its behalf by:

Simon Boadle

S H Boadle
Director
28 July 2022

Stonehage Fleming Advisory Limited
Registered Number 04027724

STONEHAGE FLEMING

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

| | | Called up share capital (Note 11) £'000 | Retained earnings/ Accumulated losses £'000 | Total equity £'000 |
|---|---|---|---|---|
| **Total equity at 31 March 2020** | | **5,150** | **(3,614)** | **1,536** |
| Total comprehensive profit for the year ended March 2021 | | - | 334 | 334 |
| **Total equity at 31 March 2021** | | **5,150** | **(3,280)** | **1,870** |
| Capital reduction | 11 | (4,650) | 4,650 | - |
| Total comprehensive profit for the year ended March 2022 | | - | 440 | 440 |
| Dividends | | | (1,350) | (1,350) |
| **Total equity at 31 March 2022** | | **500** | **460** | **960** |

The notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

STONEHAGE
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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Operating activities** | | |
| Profit on ordinary activities before taxation | 440 | 334 |
| Adjustments for: | | |
| Loss on the fair value of investments | 71 | - |
| **Changes in working capital** | | |
| (Increase )/Decrease in trade and other receivables | (452) | 722 |
| (Decrease)/Increase in trade and other payables | (12) | 83 |
| **Net cash generated from operating activities** | **47** | **1,139** |
| **Cash flow from financing activities** | | |
| Dividends paid | (1,350) | |
| **Net cash flow (used in)/from financing activities** | **(1,350)** | **-** |
| **Net (decrease)/increase in cash and cash equivalents** | **(1,303)** | **1,139** |
| Cash and cash equivalents at 1 April | 1,476 | 337 |
| **Cash and cash equivalents at 31 March** | **173** | **1,476** |

The notes to the financial statements on pages 14 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

**1. Principal accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

The financial Statements of Stonehage Fleming Advisory Limited (the "Company") have been prepared applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed. The financial statements have been prepared for the year ended 31 March 2022 with prior year comparatives.

The functional and presentation currency of the Company is Great British Pounds (£). Figures have been rounded to the nearest £ thousand unless otherwise stated. All accounting policies have been applied consistently, other than where new policies have been adopted.

- 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

- New standards, amendments and interpretations effective after 31 March 2022

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 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.

**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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

**1. Principal accounting policies (continued)**

**c) Revenue**

Revenue principally comprises fee income receivable for the provision of advisory services. Fees may be awarded in cash in which case revenue is recognised as the right to consideration arises through contractual performance. The Company may also receive certain non-cash remuneration for advisory services in the form of investments, typically shares and other securities, or in the form of contractual rights to future income or profits. In such instances, the revenue is recognised, appropriately, as the fair value of the right to consideration assessing whether the right to consideration does not arise until the occurrence of a future critical event which is outside the control of the Company or the Company's ability to realise an investment is restricted in some way. Such investments are accounted for as current asset investments (Note 7).

Upon the adoption of IFRS 15 the Company 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 |
|---|---|---|---|---|
| Advisory Business | Corporate advisory | Satisfies performance obligation over time | Valuation of non-cash remuneration and accrued income | Payment terms are 30 days from receipt of invoice |

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

Accrued income represents the billable provision of services to clients which has not been invoiced at the reporting date. Management assesses the recoverability of accrued income on an individual basis taking into account an assessment of the client's financial position, the aged profile of the client's trade debtors and historical recovery rates. A specific provision is made against the value of any accrued income where recovery will not be made in full. Details about the company's impairment policies and the calculation of the loss allowance are provided in Note 10.

**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 balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

**1. Principal accounting policies (continued)**

**g) <u>Expenses</u>**

Expenses are accounted for on an accruals basis.

**h) <u>Investments held at fair value</u>**

Current asset investments are categorised as financial assets held at fair value through profit or loss. They are carried in the Statement of Financial Position at fair value with net changes in the fair value shown through profit or loss. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired

**h) <u>Trade and other receivables</u>**

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 10.

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.

**i) <u>Trade and other payables</u>**

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.

Trade and other payables with maturities greater than twelve months are presented as non-current liabilities. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1. Principal accounting policies (continued)**

**j) Cash and cash equivalents**

Cash and cash equivalents include 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 change in value.

**k) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

**1. Principal accounting policies (continued)**

**l) 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.

**m) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**n) 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 fair value of current investments as set out in Note 7 and the estimates and judgements for the provision for doubtful debts set out in Note 10. The Directors set appropriate assumptions in forming these judgments and exercise appropriate caution when doing so.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

## 2. Revenue

A geographical segmental analysis of revenue is presented below:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Revenue** | | |
| UK | 1,517 | 1,370 |
| Other (including Channel Islands, Europe and USA) | 356 | 71 |
| | **1,873** | **1,441** |

## 3. Administrative expenses

Salary costs are not borne directly by the Company but are instead borne by Stonehage Fleming Services Limited.

| | 2022 £ | 2021 £ |
|---|---|---|
| Audit services - statutory audit | 19 | 19 |
| Group service level expense | 1,214 | 990 |
| Miscellaneous Data Feeds | 70 | 19 |
| Other administrative expenses | 56 | 78 |
| | **1,359** | **1,106** |

## 4. Directors' emoluments

Directors' fees for the services of Directors of the Company are paid by another group entity, Stonehage Fleming Services Limited, who pays salaries to and makes pension contributions on behalf of Directors of the Company.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Aggregate emoluments including costs in respect of Long Term Incentive Plan awards | 396 | 353 |
| Company contributions to defined contribution pension scheme | 8 | 25 |
| | **404** | **378** |

**Highest paid Director**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Aggregate emoluments including costs in respect of Long Term Incentive Plan awards | 321 | 273 |
| Company contributions to defined contribution pension scheme | 8 | 25 |
| | **329** | **298** |

Aggregate remuneration includes cash allowances in lieu of pension contributions. Retirement benefits are provided to 1 Director (2021: 1) under a defined contribution pension scheme.

## 5. Employees

The Company has no direct employees (2021: none).

## 6. Tax on loss on ordinary activities

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Current tax:** | | |
| UK Corporation tax on losses of the year | - | - |
| UK Corporation tax in respect of prior year profits | - | - |
| **Total current tax charge for the year** | - | - |
| Origination and reversal of timing differences | - | - |
| **Total deferred tax charge** | - | - |
| **Tax on loss on ordinary activities** | - | - |

The tax assessed for the year is same as the standard rate of Corporation tax in the UK 19% (2021: 19%).

## 6. Tax on loss on ordinary activities (continued)

| **Factors affecting current and future tax charges** | **2022 £'000** | **2021 £'000** |
|---|---|---|
| Profit on ordinary activities before taxation | 440 | 334 |
| Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2021: 19%) | 84 | 64 |
| Effects of: | | |
| Losses carried forward | (84) | (64) |
| Surrender of group relief | - | - |
| **Total tax charge for the year** | - | - |

## 7. Investments held at fair value

Current asset investments are investments in unlisted securities treated as current assets on the basis that they are potentially realisable within twelve months. These investments are classified as Level 3 on the valuation hierarchy.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Investments in unlisted securities** | | |
| At 1 April | 283 | 283 |
| Additions | - | - |
| Fair value adjustment | (71) | - |
| **At 31 March** | **212** | **283** |

There were no transfers of assets between levels in the fair value hierarchy during 2021 or 2022.

## 7. Investments held at fair value (continued)

Fair Value

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 March 2022 and 2021 are as shown below:

| | **Valuation technique** | **Significant unobservable inputs** | **Current range of input** | **Change in discount +/-** | **Impact of discount change on valuation +/-£ for year ending 31 Mar 2022** | **Impact of discount change on valuation +/-£ for year ending 31 Mar 2021** |
|---|---|---|---|---|---|---|
| Unlisted common, preferred shares and warrants | Earnings multiples | Forecast Revenues, Multiples | Multiples range from 2.1 x (2022) 3.0 x (2021) | 5% | (14)/14 | (19)/19 |

Valuations are prepared internally. All valuations are considered by the Directors of the Company. The main Level 3 inputs used are as follows:

- Earnings multiples for marketing technology companies
- Actual revenues for the y/e 31 December 2021
- Forecast revenues for the y/e 31 December 2022

## 8. Trade and other receivables

| | **2022 £'000** | **2021 £'000** |
|---|---|---|
| Trade debtors | 171 | 72 |
| Amounts owed by group undertakings | 462 | 120 |
| Other debtors | 4 | 3 |
| Prepayments | 17 | 9 |
| Accrued Income | 4 | 2 |
| | **658** | **206** |

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.

## 9. Trade and other payables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Accruals | 32 | 29 |
| Amounts owed to group undertakings | 21 | 66 |
| Deferred income | 30 | - |
| | **83** | **95** |

## 10. 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 significant interest bearing assets or liabilities.

**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 2022 | GBP £'000 | USD £'000 | EUR £'000 | CHF £'000 | RND £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Net assets | 842 | 118 | - | - | - | - | 960 |
| **Sensitivity analysis** Assuming a +/(-)10% movement in exchange rates against sterling: | - | 12 | - | - | - | - | 12 |

| As at 31 March 2021 | GBP £'000 | USD £'000 | EUR £'000 | CHF £'000 | RND £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Net assets | 1857 | 13 | - | - | - | - | 1,870 |
| **Sensitivity analysis** Assuming a +/(-)10% movement in exchange rates against sterling: | - | 1 | - | - | - | - | 1 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

## 10. Financial risk management (continued)

### Price risk

For some mandates, the Company receives non-cash remuneration in the form of investments, typically shares and other equity related securities. Such income is affected by the impact of movements in the value of the relevant securities. It is not currently the policy of the Company to seek to reduce the exposure of the Company through hedging mechanisms.

### 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'.

### 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

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.

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

| | **Total £'000** | **< 3 months £'000** | **3-6 months £'000** | **6-9 months £'000** | **>9 months £'000** | **>12 months £'000** |
|---|---|---|---|---|---|---|
| 31 March 2022 | 208 | 151 | - | 20 | - | 37 |
| 31 March 2021 | 311 | 72 | - | - | - | 239 |

| | **2022 £'000** | **2021 £'000** |
|---|---|---|
| Gross trade debtors | 208 | 311 |
| Loss allowance | (37) | (239) |
| Net trade debtors | 171 | 72 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

## 10. Financial risk management (continued)

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but has not yet been identified. Management considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor
- Default or delays in payment

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

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| **At 1 April** | **239** | **239** |
| Provision for impairment recognised during the year | 3 | 1 |
| Receivables written off during the year as uncollectible | (205) | (1) |
| Unused amount reversed | - | - |
| **At 31 March** | **37** | **239** |

**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 unfavourable 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.

## 11. Called up share capital

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| **Authorised** | | |
| 5,500,000 (2021: 5,500,000) ordinary shares of £1 each | 5,500 | 5,500 |
| | **5,500** | **5,500** |
| **Allotted and fully paid** | | |
| 500,000 (2021: 5,150,000) ordinary shares of £1 each | 500 | 5,150 |
| | **500** | **5,150** |

The company reduced its issued share capital of £5,150,000 to £500,000 on the 29 November 2021 and convert this into a distributable reserve to facility the payment of dividends.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

## 12. 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.

## 12. 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 disclosure as appropriate. In the Board's opinion no provisions or disclosures are necessary in these financial statements (2021: none).

## 13. 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.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Income from related parties** | | |
| Entities with significant influence over the entity** | | |
| - Stonehage Fleming Financial Services Holdings Limited | 327 | 284 |
| Fellow subsidiaries | | |
| - Stonehage Fleming Investment Management Limited | 130 | 348 |
| - Stonehage Fleming Financial Services Limited | - | 4 |
| - Stonehage Fleming Law Limited | 1 | - |
| **Expenses to related parties** | | |
| Entities with significant influence over the entity** | | |
| - Stonehage Fleming Financial Services Holdings Limited | 40 | 40 |
| Fellow subsidiaries | | |
| - Stonehage Fleming Investment Management Limited | - | 8 |
| - Stonehage Fleming Services Limited | 1,173 | 950 |
| - Stonehage Fleming Law Limited | 1 | - |
| **Amounts owed by related parties *** | | |
| Entities with significant influence over the entity** | | |
| - Stonehage Fleming Financial Services Holdings Limited | 384 | 97 |
| Fellow subsidiaries | | |
| - Stonehage Fleming Investment Management Limited | 78 | 23 |
| **Provisions and amounts owed to related parties *** | | |
| Fellow subsidiaries | | |
| - Stonehage Fleming Services Limited | 20 | 65 |
| - Stonehage Fleming Law Limited | 1 | 1 |
| Key management personnel of the Company or its Parent*** | 642 | 449 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

**13. Related party transactions (continued)**

* These amounts are classified as trade receivables and trade payables, respectively (see Notes 8 and 9).

***Entities with significant influence over the Company are considered to be entities that control Stonehage* Fleming (UK) Limited either directly or indirectly.

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

Amounts owed as 31 March 2022 are loans issued to directors of the Company 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.

**14. Ultimate parent undertaking**

The immediate parent undertaking and controlling party of the Company is Stonehage Fleming (UK) Limited, a company incorporated in England (registered number 4006741).

The 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 and the smallest such group of undertakings for which group financial statements are drawn up is Stonehage Fleming (UK) Limited. Copies of the financial statements of Stonehage Fleming (UK) Limited are available on request from 15 Suffolk Street, London, SW1Y 4HG.

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 37%. In addition to these entities the Group is owned by a number of smaller shareholders whose aggregate shareholding is less than 10%.

**15. Events after the reporting period**

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