



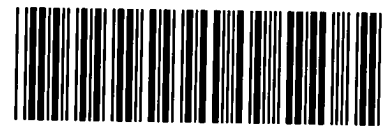
Company No: 04006741

## STONEHAGE FLEMING (UK) LIMITED

Annual Report and Consolidated Financial Statements

FOR THE YEAR ENDED  
31 March 2022

MONDAY



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FAMILY OFFICE | WEALTH PLANNING | INVESTMENT MANAGEMENT | CORPORATE FINANCE | PRIVATE EQUITY

STONEHAGE FLEMING (UK) LIMITED, 15 SUFFOLK STREET, LONDON SW1Y 4HG

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A member of the Stonehage Fleming Group of companies  
Registered Office: 15 Suffolk Street, London SW1Y 4HG. Registered Company No. 4006741 England & Wales

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## COMPANY INFORMATION

### DIRECTORS

A H Sternberg (Resigned 31 March 2022)  
G D Wainer  
A D E Gardner  
C J Merry

All of the above directors are Executive

### COMPANY SECRETARY

K D Stuttford

### REGISTERED OFFICE

15 Suffolk Street  
London  
SW1Y 4HG

### INDEPENDENT AUDITOR

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

### REGISTERED NUMBER

04006741

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their Strategic Report of Stonehage Fleming (UK) Limited (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 March 2022.

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Revenue was 17% higher than the previous year and revenue growth is forecast for the next financial year. Operating expenses were also 16% higher than the previous year. The Group made an operating profit of £11.1m.

On 21 December 2018 the Group's controlling party Stonehage Fleming Family and Partners Limited (“SFFP”) announced that it had reached agreement with Caledonia Investments Plc “Caledonia” on the terms of a strategic partnership. This transaction completed on 10 July 2019 following the receipt of regulatory clearance on 28 June 2019. Under the terms of the agreement Caledonia acquired a 36.73% shareholding in SFFP from shareholders. SFFP also returned approximately £41.0 million of capital to shareholders.

On 21 July 2020, the Stonehage Fleming Family & Partners Limited Group acquired the rights to revenue contracts from Cavendish Asset Management (CAM), a London based firm established initially to manage the assets for a private family that expanded to look after institutional and professional clients including a number of ultra high net worth individuals and families. All CAM clients and assets under management (AUM), representing £1.3 billion, were transferred to the Stonehage Fleming Investment Management Limited.

Group assets under management and administration were £12.5 billion at 31 March 2022, compared to £12 billion at 31 March 2021.

#### Outlook

Despite the impact of the current macro-economic challenges, the Group is expected to continue to grow revenues. Whilst costs are forecast to rise, primarily reflecting the impact of budgeted new hires and the continued investment in systems, they are expected to do so at a lower rate than revenue.

#### Key performance indicators

The Directors view the following as the key drivers of business success:

- Retention of clients and growth of client numbers;
- Growth in recurring revenues;
- Investment performance and retention of profitable funds under management and administration; and

#### Recurring revenues

Recurring revenues, namely income from investment management and advisory services activities, increased this year.

#### Funds under management and investment performance

There were no material client losses during the year in our discretionary investment management businesses. The investment performance of the Group's core investment offerings was satisfactory. In addition, the level of discretionary funds under management increased during the year.

#### Shareholder returns

Earnings per share were 0.48 pence per share, compared to 0.70 pence per share in the previous year. Details about the calculation of the weighted average number of ordinary shares are provided in note 8.

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

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a number of risks in its business, some of which are specific to the Group and others to the financial services markets in which it operates. The Board of the Company meets regularly to review and monitor the risks facing the Group, including the countries in which the Group operates and the political, economic and other risks arising therefrom. The principal business risks to which the Group is exposed include the following:

#### **Investment risk**

Movements in the value of investments managed for clients have a direct impact on the Group's revenue. Furthermore, if the Group fails to satisfy clients' investment objectives this could lead to client losses and impede new business success, thereby potentially leading to a risk of concentration of clients.

The Group has clear processes for investment decision making and monitoring. These are reviewed on a regular basis to ensure they best serve the needs of our clients.

The Company is exposed to changes in the performance of its subsidiaries and actively monitors their performance and capital requirements against the value of their individual investment cost.

#### **Regulatory risk**

The Group operates in several regulated markets. Failure to comply with the regulatory requirements could lead to disciplinary action, financial penalties and reputational damage.

The Group ensures that its compliance function is adequately and appropriately resourced to remain compliant with current regulations and aware of changing regulatory developments. The Group believes that it has an appropriate level of governance and oversight arrangements and regularly reviews controls and approval processes. The Group has various policies and procedures to ensure identification and management of conflicts of interest.

The Group's current level of capital remains in excess of its regulatory requirement.

#### **Operational risk**

Operational risk arises from the risk of losses resulting from inadequate or failed internal processes, people or systems, or from external events. This could result in human errors or exposure of the Group to operational and/or fiduciary risk.

The Group has contractual arrangements with a limited number of key outsourced service providers. The daily operation of these arrangements is governed by detailed service level agreements.

The Group has put in place policies and procedures designed to minimise these risks, and these are regularly reviewed. The Group monitors the performance of its controls and its adherence to its policies and procedures.

In addition, although the business is not dependent on complex IT systems, there is a degree of exposure to systems failure. Business continuity plans have been established to respond to severe business disruptions and are periodically tested.

#### **Employee risk**

The quality and commitment of the Group's employees is critical to its business success. The Group seeks to ensure that it recruits the highest calibre staff whilst ensuring that its culture is maintained.

The Stonehage Fleming Family & Partners Limited Group Incentive Scheme seeks to align the economic interests of key staff with clients and shareholders.

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

### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

#### Currency risk

A material portion of the Group's turnover and assets are denominated in US Dollars. Substantially all of the Group's expenses and liabilities are denominated in Sterling. The Group ensures that the exposure to net assets held in foreign currency is monitored and managed. Any excess foreign currency balances would be exchanged for Sterling with entities in the Group.

#### Market risk

Market risk arises from adverse changes to the value of positions or portfolios arising from changes in market prices, interest rates or exchange rates.

The Group does not undertake any principal trading for its own account. As a result it is not exposed to significant market risk from its own activities. The majority of the Group's income derives from ad valorem fees earned on assets managed or administered for clients. While market movement risks affecting portfolios lie with the clients, income received by the Group is affected by the impact of movements in securities markets on the values of the underlying clients' assets. It is not currently the policy of the Group generally to seek to reduce the exposure of the Group to such movements through hedging mechanisms. The Group does not guarantee returns on portfolios.

#### Credit risk

Credit risk is the risk of financial loss arising from a client or other counterparty failing to meet its obligations to repay outstanding amounts as they fall due. Cash at bank represents a significant element of the Group's net assets. It is the Group's policy to hold such assets at a small number of high quality financial institutions.

The exposure to credit risk in respect of investment management and trust services is minimised by the contractual ability, in a significant number of cases, to collect fees from clients' assets under management or administration.

Advisory fees typically bear a higher level of credit risk. Significant advisory mandates are only entered into following appropriate approval from Group Management.

#### Liquidity risk

Liquidity risk is the risk that, in the short term, the Group has insufficient liquid assets to meet its payment obligations as they arise. The Group's liquidity policy is to maintain assets in such proportion and type as will, at all times, enable it to meet its liabilities as they arise.

#### Market risk from Coronavirus and Russia/Ukraine War

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 Group are well diversified. The Group 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.

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 rising levels of inflation and the possibility of a recession. The Group 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 and the Group 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 and the Group focus on a 'client-centric' approach to decision making, which puts the long term interests of the client first. In addition to this, the SFFP 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, or subsidiaries within the Group, the Company and Group is recharged staff costs for work carried out which makes up the majority of the Company and Group'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 entities within the Group 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 or the Group, long term partnerships with reliable and higher quality suppliers will ultimately lead to a greater client experience and successes for both the Company and the Group.

#### **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 is 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 and acknowledges the need to act fairly between members of the Company.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (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 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 9 September 2022 and signed to its order by:

**Adrian Gardner**

A D E Gardner  
Director  
9 September 2022

Stonehage Fleming (UK) Limited  
Registered Number 04006741



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report and the audited consolidated financial statements of Stonehage Fleming (UK) Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 March 2022.

### Incorporation

The Company was incorporated in England and Wales on 2 June 2000 as a private company limited by shares and is domiciled in the United Kingdom.

### Principal activities

The principal activity was that of a multi-family office group comprising investment management, corporate finance and other family office services. The Group intends to continue to operate with this principal activity during the next financial year.

The Group has a number of subsidiaries which are regulated by the Financial Conduct Authority ("FCA").

### Pillar III

In accordance with the rules of the FCA the Group has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on the Group's website ([www.stonehagefleming.com](http://www.stonehagefleming.com)) or on application to the Company Secretary at the Group's registered address.

### Results and dividends

For the year ended 31 March 2022, the Group reported revenue of £52.7 million (2021: £45.1 million) and an operating profit of £11.1 million (2021: £9.6 million) before interest and tax. The profit after taxation was £8.9 million (2021: profit of £8.1 million). Consolidated net assets as at 31 March 2022 were £38.9 million (2021: £39.9 million). Net asset value per share was 2 pence per ordinary share (2021: 2 pence per ordinary share).

The return on assets, being the consolidated profit after tax and minority interests divided by the consolidated net assets, was 22.8% (2021: 20.3%).

During the year the Directors declared and paid dividends of £9.9 million (2021: £nil).

### Directors

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

### Employees

The Group is an equal opportunities employer and seeks to develop its employees via in-house and external training schemes.

### Remuneration Policy

A clear and transparent remuneration policy is essential for employees, clients and shareholders to be confident that the governance of remuneration is consistent with best practice and promotes sound and effective risk management.

The Directors have overall responsibility for remuneration within the Group, delegated to the Remuneration Committee ("RemCo") of Stonehage Fleming Family & Partners Limited, to address all matters relating to remuneration to ensure sound policies and their consistent application. For example, RemCo ensures that remuneration arrangements do not raise the level of risk by encouraging inappropriate practices.

The Board recognises the importance of an effective remuneration policy in order to attract, motivate and retain individuals of the necessary ability and experience and to reward individuals both on an annual basis and over the long term for their contributions to the success of the underlying businesses and the overall Group. A formal performance appraisal process is carried out across the Group annually and individuals are evaluated against the personal objectives they have been set for the year under review.

Employee remuneration comprises both fixed and variable elements. The fixed element comprises a basic salary and pension entitlement. The variable element comprises an annual profit share. Where appropriate, some of the annual profit share may be deferred. Employee equity ownership is considered to be an important element of the remuneration package for Senior Executives and this is achieved through the granting of share options or share awards in Stonehage Fleming Family & Partners Limited shares.

The Group is classified by the FCA as a Level 3 firm and thus the FCA Remuneration Code does not apply in full to the Group. However, RemCo annually reviews and approves the Remuneration Policy Statement, the list of Code Staff and their remuneration and monitors to ensure the Group adheres to the basic principles set out in the FCA Remuneration Code. In addition RemCo will ensure that the Remuneration Policy Statement is consistent with the relevant terms of the Alternative Investment Fund Managers (AIFM) Remuneration Code.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

### Going concern

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

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 and the Group will have for the coming year, they have a reasonable expectation that the Company and the Group 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.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the notes to the financial statements.

### Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the consolidated 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 group financial statements in accordance with in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 (FRS 101). 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 group and parent company and of the profit or loss of the group and parent 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 for the group financial statements and United Kingdom Generally Accepted Accounting Practice, including FRS 101 has been followed for the company financial statements, 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 group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent 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 group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent 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 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 9 September 2022 and signed to its order by:

**Adrian Gardner**

A D E Gardner  
Director  
9 September 2022

Stonehage Fleming (UK) Limited  
Registered Number 04006741

# Independent auditors' report to the members of Stonehage Fleming (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Stonehage Fleming (UK) Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's and company's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 consolidated statement of financial position and the company statement of financial position as at 31 March 2022; the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity and the consolidated 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 group 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 group's and 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 group's and 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 group and company and their 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 group's and 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 group or 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 group 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 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 company 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  
14 September 2022

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Revenue	2	52,694	45,067
Operating expenses	3	(41,651)	(35,992)
Gains / (losses) on the disposal of investments		110	448
(Losses) / gains on the fair value of investments		(69)	76
(Credit impairment losses) / Credit impairment reversal on financial assets		(3)	1
<b>Operating profit</b>	<b>3</b>	<b>11,081</b>	<b>9,600</b>
Finance income		16	34
<b>Profit on ordinary activities before taxation</b>		<b>11,097</b>	<b>9,634</b>
Income tax expense	6	(2,199)	(1,519)
<b>Profit for the financial year after taxation</b>		<b>8,898</b>	<b>8,115</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to equity</b>		<b>8,898</b>	<b>8,115</b>
Earnings per share expressed in pence per share	8		
- Basic		0.48	0.70
- Diluted		0.48	0.70

Total comprehensive income arises from continuing operations.

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

	Note	Group 2022 £'000	Group 2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	9a	138	136
Other financial assets	9b	112	121
Trade and other receivables – financial assets at amortised cost	11	-	2,000
Intangible assets	14	12,676	13,615
Deferred tax	13	972	982
Interest in joint ventures and associates	9c	-	-
		<b>13,898</b>	<b>16,854</b>
<b>Current assets</b>			
Investments held at fair value through profit or loss	10	212	283
Trade and other receivables: amounts falling due within one year	11	15,556	11,282
Cash and cash equivalents		16,541	16,672
		<b>32,309</b>	<b>28,237</b>
<b>Total assets</b>		<b>46,207</b>	<b>45,091</b>
<b>Current liabilities</b>			
Trade and other payables: amounts falling due within one year	12	(7,255)	(5,137)
<b>Total liabilities</b>		<b>(7,255)</b>	<b>(5,137)</b>
<b>Net assets</b>		<b>38,952</b>	<b>39,954</b>
<b>Equity</b>			
Called up share capital	18	18,586	18,586
Capital redemption reserve	19	-	3,750
Other distributable reserves	20	419	419
Retained earnings		19,947	17,199
<b>Total equity</b>		<b>38,952</b>	<b>39,954</b>

The financial statements on pages 12 to 43 were approved by the Board of Directors on 9 September 2022 and were signed on its behalf by:

**Adrian Gardner**

A D E Gardner  
Director  
Stonehage Fleming (UK) Limited  
Registered Number 04006741

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

	Note	Company 2022 £'000	Company 2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	9d	16,896	17,021
Other financial assets	9b	102	111
Deferred tax	13	972	982
Trade and other receivables: amounts falling due after more than one year	11	-	2,000
Interest in joint ventures and associates	9c	-	-
		<b>17,970</b>	<b>20,114</b>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	11	2,013	13
Cash and cash equivalents		434	2,269
		<b>2,447</b>	<b>2,282</b>
<b>Total assets</b>		<b>20,417</b>	<b>22,396</b>
<b>Current liabilities</b>			
Trade and other payables: amounts falling due within one year	12	(816)	(814)
<b>Total liabilities</b>		<b>(816)</b>	<b>(814)</b>
<b>Net assets</b>		<b>19,601</b>	<b>21,582</b>
<b>Equity</b>			
Called up share capital	18	18,586	18,586
Capital redemption reserve	19	-	3,750
Other distributable reserves	20	419	419
Retained earnings		596	(1,173)
<b>Total equity</b>		<b>19,601</b>	<b>21,582</b>

The financial statements on pages 12 to 43 were approved by the Board of Directors on 9 September 2022 and were signed on its behalf by:

**Adrian Gardner**

A D E Gardner  
Director  
Stonehage Fleming (UK) Limited  
Registered Number 04006741

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.



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

	Called up share capital	Capital redemption reserve	Other distributable reserves	Retained earnings	Total equity attributable to shareholders
	£000	£000	£000	£000	£000
<b>Total equity at the start of the year</b>	18,586	3,750	419	17,199	39,954
Profit for the year	-	-	-	8,898	8,898
Transfer between reserves	-	(3,750)	3,750	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	(3,750)	3,750	8,898	8,898
<b>Transactions with owners in their capacity as owners</b>					
Dividends	-	-	(3,750)	(6,150)	(9,900)
<b>Total equity at the end of the year</b>	18,586	-	419	19,947	38,952

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Other distributable reserves	Retained earnings	Total equity attributable to equity holders of the parent
	£000	£000	£000	£000	£000
<b>Total equity at the start of the year</b>	<b>4,486</b>	<b>3,750</b>	<b>419</b>	<b>9,084</b>	<b>17,739</b>
Profit for the year	-	-	-	8,115	8,115
Issue of shares	14,100	-	-	-	14,100
Other comprehensive income	-	-	-	-	-
<b>Total equity at the start of the year</b>	<b>4,486</b>	<b>3,750</b>	<b>419</b>	<b>9,084</b>	<b>17,739</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends	-	-	-	-	-
<b>Total equity at the end of the year</b>	<b>18,586</b>	<b>3,750</b>	<b>419</b>	<b>17,199</b>	<b>39,954</b>

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Other distributable reserves	Retained earnings	Total equity attributable to equity holders of the parent
	£000	£000	£000	£000	£000
<b>Total equity at the start of the year</b>	18,586	3,750	419	(1,173)	21,582
Profit for the year	-	-	-	7,919	7,919
Transfer between reserves	-	(3,750)	3,750	-	-
<b>Total comprehensive income for the year</b>	18,586	-	4,169	6,746	29,501
<b>Transactions with owners in their capacity as owners</b>					
Dividends	-	-	(3,750)	(6,150)	(9,900)
<b>Total equity at the end of the year</b>	18,586	-	419	596	19,601

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Other distributable reserves	Retained earnings	Total equity attributable to equity holders of the parent
	£000	£000	£000	£000	£000
<b>Total equity at the start of the year</b>	<b>4,486</b>	<b>3,750</b>	<b>419</b>	<b>(1,683)</b>	<b>6,972</b>
Profit for the year	-	-	-	510	510
Issue of shares	14,100	-	-	-	14,100
<b>Total comprehensive income for the year</b>	<b>14,100</b>	<b>-</b>	<b>-</b>	<b>510</b>	<b>14,610</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends	-	-	-	-	-
<b>Total equity at the end of the year</b>	<b>18,586</b>	<b>3,750</b>	<b>419</b>	<b>(1,173)</b>	<b>21,582</b>

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

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

	Group 2022	Group 2021
	£'000	£'000
<b>Operating activities</b>		
Profit on ordinary activities before taxation	11,097	9,634
Adjustments for:		
Profit on disposal of fixed asset investments	(110)	(634)
Loss on disposal of investment in shares of Stonehage Fleming Family & Partners Limited	-	186
Interest receivable	(16)	(34)
Revaluation of non-current asset investments	(2)	(76)
Revaluation of current asset investments	71	-
Amortisation	939	469
	<b>11,979</b>	<b>9,545</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	(2,274)	(3,006)
Increase/(decrease) in trade and other payables	1,506	2,636
Interest received	16	34
Income tax (paid)/received	(1,587)	(618)
<b>Net cash flow generated from/(used in) from operating activities</b>	<b>9,640</b>	<b>8,591</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of non-current investments	170	1,614
Payments to acquire non-current asset investments	(41)	(83)
<b>Net cash flow generated from/(used in) from investing activities</b>	<b>129</b>	<b>1,531</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(9,900)	-
<b>Net cash flow used in financing activities</b>	<b>(9,900)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(131)</b>	<b>10,122</b>
Cash and cash equivalents at 1 April	16,672	6,550
<b>Cash and cash equivalents at 31 March</b>	<b>16,541</b>	<b>16,672</b>

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

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

### I. Principal accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Group and Company financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group and Company financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for certain investments that have been measured at fair value.

#### a) Basis of preparation

##### Compliance with IFRS

The consolidated financial statements of Stonehage Fleming (UK) Limited (the “Company”) and its subsidiaries (together, the “Group”) have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Financial statements have been prepared for the year ended 31 March 2022 with prior year comparatives.

The functional and presentation currency of the Group and Company is Sterling (£). Figures have been rounded to the nearest £000's unless otherwise stated.

##### Compliance with FRS 101

The financial statements of the SF (UK) Limited (the “Company”) have been prepared in compliance with the United Kingdom Generally Accepted Accounting Practice, including FRS 101 (FRS 101). As allowed under FRS 101, the Company has chosen to adopt the exemption available in FRS 101 from preparing a cash flow statement for the Company. The Company has also taken the exemption available under section 408 of the Companies Act 2006 to omit the presentation of a Statement of Comprehensive Income for the Company.

##### Historical cost convention

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

- certain financial assets and liabilities - 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 year and have not been early adopted by the Group and Company. These standards are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

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

### I. Principal accounting policies (continued)

#### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group, its subsidiaries, associates and joint ventures as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of the voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

In the parent company's balance sheet, subsidiaries are accounted for at cost less any impairment.

#### c) Going concern

The Group and 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, the Directors' Report and the Annual Financial Statements of the Group.

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 Group and Company will have for the coming year, they have a reasonable expectation that the Group and Company have 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.

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 rising 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.

The Group and Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group and Company should be able to operate within the level of their current cash. The Directors believe that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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

### I. Principal accounting policies (continued)

#### d) Revenue

Upon the adoption of IFRS 15 the Group and 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
Investment Business	Investment advice, admin and custody fees and fund management fees are based on a % of AUM	Satisfies performance obligation over time	Accrued income based in part on prior quarters invoice and changes in market Accrued fee income based in part on prior quarter's receipts	Largely deducted from client portfolios after billing
	Execution fees	Performance at a point in time		
	Performance fees	Performance at a point in time		
Advisory Business	Corporate advisory	Satisfies performance obligation over time	Valuation of non-cash remuneration	Payment terms are 30 days from receipt of invoice
	Transaction success fees	Performance at a point in time		

#### e) 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 Group and Company hold trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Group and Company's impairment policies and the calculation of the loss allowance are provided in note 15.

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.

#### f) Accrued income and work in progress

Accrued income and work in progress represents the billable provision of services to clients which has not been invoiced at the reporting date. Accrued income and work in progress is recorded based on agreed fees billed in arrears and time based charges at the agreed charge out rates in force at the work date. Management assesses the recoverability of accrued income and work in progress on an individual basis using the judgement of management and 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 or work in progress where recovery will not be made in full.

#### g) 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 consolidated balance sheet.



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

### I. Principal accounting policies (continued)

#### h) Trade and other payables

Trade and other payables 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. If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### i) Expenses

Expenses are accounted for on an accrual basis.

#### 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) Foreign currencies

Assets and liabilities of the Company and its subsidiaries in foreign currencies are translated into Sterling at the rate of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at the average rate are taken to reserves and are reported in the statement of other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Monetary assets and liabilities of the Group and Company denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### l) Intangible assets

Revenue contract rights acquired are initially measured at cost (being the aggregate of the consideration transferred) plus initial direct transaction costs. Contract lives are estimated to be for a period of 15 years and the intangible asset is amortised on this basis. The Group performs an impairment assessment on the revenue contract rights at the end of each reporting period, in order to identify any possible indicators of impairment. Should there be any indicators, the Group will estimate the recoverable amount based on the fair value less costs to sell and will hereby determine if an impairment should be recognised.

#### m) Pensions

The pension cost recognised in the statement of comprehensive income represents the contributions payable to defined contribution pension schemes.

#### n) Share-based payments

The Group and Company operates two schemes under which shares have been given to executives of the Group and Company for either no cash consideration or options have been granted with an exercise price equal to the share price on the date of grant. The Group and Company has calculated a share based payment expense for all schemes outstanding relating to the Group's and Company's employees and deemed that both the share based payment charge and note disclosures are not considered material to the financial statements. The fair value at grant date is determined using the Black Scholes Option Pricing Model and takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Both the expected dividend yield and the expected volatility of the share price involve a significant amount of judgement by management. The expected volatility is based on historic volatility, adjusted for any expected changes in future volatility.

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

### I. Principal accounting policies (continued)

#### o) Investments

Investments in private equity funds and 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 Group and 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 Group and Company 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

#### Investment in subsidiaries

In the Company's Statement of Financial Position investments in subsidiaries are accounted for at cost less impairment. Subsidiaries are reviewed annually for impairment. If the net assets of a subsidiary are below the carrying value of the Company's investment then consideration is given whether this shortfall is temporary in nature or a permanent diminution in value where an impairment is then required.

#### p) 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 from the proceeds.

#### q) Other financial assets

Investments in investment limited partnerships in various investment funds and certain investments in private equity co-investment funds are shown at cost less provision for any impairment.

Investment in shares in Stonehage Fleming and Partners held by the Stonehage Fleming (UK) Employee Share Trust are held at historical cost.

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

#### r) Interest in unconsolidated structured entities

Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship.

As the Group and Company directs the investing and operating activities of a number of investment vehicles and funds through investment management and other agreements, it considers them to be structured entities. The Group's interests in these investment vehicles and funds include the investment management and investment advisory fees that it earns from them.

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

### I. Principal accounting policies (continued)

#### s) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company and consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### t) Employee Share Trust

The Stonehage Fleming (UK) Employee Share Trust owned shares in the Company prior to the merger in January 2015. The consideration paid for these shares was accounted for as own shares and was deducted in arriving at shareholders' funds. As a result of the merger the shares were exchanged for shares in Stonehage Fleming Family and Partners Limited and were reclassified to investments. Other assets and liabilities of the Stonehage Fleming (UK) Employee Share Trust are recognised as assets and liabilities of the Company. Any dividend income arising on own shares was excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed.

#### u) Provisions

Provisions are recognised when the Company or Group 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 reliably 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 may be small. Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions for bad debts are raised according to the ageing profile of debtor balances, with additional provisions being raised for specific cases.

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

I. Principal accounting policies (continued)

v) Critical accounting estimates and judgements

The preparation of the Group and Company financial statements requires Management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. Management also need to exercise judgement in applying the Group and Company's accounting policies. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute Management's best judgement at the date of approving the financial statements. In the future, actual experience could differ from those estimates and such differences could be material.

The estimates and assumptions that could have a significant effect upon the Group or Company's financial results relate to the following:

- the impairment of receivables as set out in Note 15
- revenue recognition, in particular, the recognition of non-cash remuneration for advisory services as set out in Note 10
- changes in the fair value of investments in private equity funds as set out in Note 9
- the impairment of investments in subsidiaries as set out in Note 9
- the recognition of separately identifiable intangible assets in Note 14

The Directors set appropriate assumptions in forming these judgements and exercise appropriate caution when doing so.

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

### 2. Revenue

The Directors consider that the Group has one business segment, financial services. A geographical segmental analysis of turnover, net of the Group's share of turnover of joint ventures and associates, is presented below:

	Group 2022 £'000	Group 2021 £'000
UK (including Channel Islands)	35,604	31,174
Europe	13,243	10,336
Other	3,847	3,557
	<b>52,694</b>	<b>45,067</b>

### 3. Operating profit

Administrative expenses of £41.6 million (2021: £35.9million) include staff costs, rebates, premises and other costs.

Salary costs are not borne directly by the Group but are recharged to the Group by Stonehage Fleming Services Limited. Stonehage Fleming Services Limited charges the Group for central services. This includes audit costs in respect of the Group. Total recharges for the year amounted to £34.9 million (2021: £29.4 million), including auditors' remuneration as follows:

	Group 2022 £'000	Group 2021 £'000
<b>Auditors' remuneration</b>		
- audit services – group and company statutory reporting	39	42
- audit services – subsidiary statutory reporting	114	103
- other services – subsidiary audit-related assurance services	105	70

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

### 4. Directors' emoluments

	Group 2022 £'000	Group 2021 £'000
Aggregate emoluments including costs in respect of Long Term Incentive Plan awards	498	598
The aggregate compensation for loss of office	-	-
	<b>498</b>	<b>598</b>
<b>Highest paid director</b>		
Total emoluments	375	384
	<b>375</b>	<b>384</b>

Aggregate remuneration includes cash allowances in lieu of pension contributions. Retirement benefits are accruing to no Directors (2021: no Directors) under a defined contribution pension scheme.

### 5. Employee information

The average monthly number of persons (including Executive Directors) regarded as working in the Group's businesses during the year was as follows:

	Group 2022 Number	Group 2021 Number
Investment Management, Family Office, Private Equity and Corporate Finance	101	101
Group Services	27	28
	<b>128</b>	<b>129</b>

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

### 6. Income tax expense

	Group 2022 £'000	Group 2021 £'000
Current tax:		
UK Corporation tax on profit of the year	2,188	1,650
UK Corporation tax credit on profit in respect of the prior year	-	-
<b>Total current tax charge for the year</b>	<b>2,188</b>	<b>1,650</b>
Origination and reversal of timing differences in respect of the year	10	(131)
<b>Total deferred tax charge (Note 13)</b>	<b>10</b>	<b>(131)</b>
<b>Tax on profit on ordinary activities</b>	<b>2,199</b>	<b>1,519</b>

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

The differences are explained below:

	Group 2022 £'000	Group 2021 £'000
<b>Profit on ordinary activities before taxation</b>	<b>11,097</b>	<b>9,634</b>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2021: 19%)	2,108	1,830
Effects of:		
Minority interest share of profits of limited liability partnerships	(19)	(146)
Expenses not deductible for tax purposes	178	125
Overseas taxation at rates less than 19% (2021: 19%)	(2)	(7)
Claim in respect of trading losses brought forward	(83)	(168)
Group relief of trading losses to other companies in the tax group	7	16
Carry forward capital losses	-	-
Unrealised capital losses	-	-
Origination and reversal of timing differences	10	(131)
<b>Total tax charge for the year</b>	<b>2,199</b>	<b>1,519</b>

### Factors that may affect future tax charges

A deferred tax asset of £971,429 (2021: £981,950) and a deferred tax liability of £nil (2021: £nil), see Note 13, have been recognised.

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

### 7. Dividends

The Board approved and declared a dividend of £9.9 million in respect of profits earned for the year ended 31 March 2021.

### 8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group 2022	Group 2021
Weighted average ordinary shares in issue	1,858,632,711	1,151,701,204
Diluted number of shares	1,858,632,711	1,151,701,204

### 9. Non-current investments held at fair value through profit or loss and other financial assets

#### a. Non-current investments held at fair value through profit or loss

Investments in private equity funds at fair value	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
At 1 April	136	-	933	-
Additions	-	-	8	-
Disposals	-	-	(881)	-
Fair value adjustment	2	-	76	-
<b>At 31 March</b>	<b>138</b>	<b>-</b>	<b>136</b>	<b>-</b>

Investments in private equity funds are stated at fair value. The Directors believe that the carrying value of these investments are supported by their underlying net assets.



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

### 9. a. Non-current investments held at fair value through profit or loss and other financial assets (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 31 March 2021 are as shown below:

	Valuation techniques	Significant unobservable inputs	Discount Range	Change in discount +/-	Impact of discount change on valuation +/-, £'000
<b>At 31 March 2022</b>					
Investment in Private Equity Funds	Next 12 month revenues or EBITDA forecasts * comparative multiple	Revenue multiples EBITDA multiples Discount rate applied to multiples	0%-20%	5%	(7)/7
<b>At 31 March 2021</b>					
Investment in Private Equity Funds	Next 12 month revenues or EBITDA forecasts * comparative multiple	Revenue multiples EBITDA multiples Discount rate applied to multiples	0%-20%	5%	(7)/7

The private equity investments are valued in accordance with the "International Private Equity and Venture Capital Valuation Guidelines" published December 2018. All valuations are considered by the directors of the group companies that hold the investments. The main Level 3 inputs used are as follows:

- Forward next twelve month revenue or EBITDA projections have been used for the valuation of investments at 31 March 2022. Last twelve month revenues or EBITDA was used to determine the valuation of investments at 31 March 2021
- Trading multiples from comparable public companies
- Public multiples are discounted due to the size of some of the investments in comparison to the chosen comparable set

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

#### b. Other Financial Assets

Investments in limited partnerships held at cost	Group 2022	Company 2022	Group 2021	Company 2021
	£'000	£'000	£'000	£'000
At 1 April	10	-	10	-
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>-</b>

Investments in limited partnerships are stated at cost less provision for impairment. The Directors believe that the carrying values of these investments are supported by their underlying net assets and are materially equivalent to their fair value.

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

9. b. Other financial assets (continued)

Investment in shares in Stonehage Fleming Family & Partners held at cost	Group 2022	Company 2022	Group 2021	Company 2021
	£'000	£'000	£'000	£'000
At 1 April	-	-	186	186
Additions	-	-	-	-
Disposals	-	-	(186)	(186)
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The investment in Stonehage Fleming Family & Partners Limited is stated at cost. The shares held by the Stonehage Fleming (UK) Employee Share Trust were liquidated during the 2021 financial period.

Investments in private equity funds held at cost	Group 2022	Company 2022	Group 2021	Company 2021
	£'000	£'000	£'000	£'000
At 1 April	111	111	126	126
Additions	41	41	75	75
Disposals	(50)	(50)	(90)	(90)
<b>At 31 March</b>	<b>102</b>	<b>102</b>	<b>111</b>	<b>111</b>

The total of all other financial assets held at cost is as follows:

Total other financial assets held at cost	Group 2022	Company 2022	Group 2021	Company 2021
	£'000	£'000	£'000	£'000
At 1 April	121	111	322	312
Additions	41	41	75	75
Disposals	(50)	(50)	(276)	(276)
<b>At 31 March</b>	<b>112</b>	<b>102</b>	<b>121</b>	<b>111</b>

c. Investment in joint ventures and associates

Interest in joint ventures and associates	Group 2022	Company 2022	Group 2021	Company 2021
	£'000	£'000	£'000	£'000
At 1 April	-	-	5	5
Additions	-	-	-	-
Disposals	-	-	(5)	(5)
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The 49% interest in FPE Capital was disposed of on 8 March 2021.

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

### 9. d. Investment in subsidiaries

Interest in subsidiaries	Company 2022 £'000	Company 2021 £'000
At 1 April	17,021	2,921
Additions	-	14,100
Disposals	(125)	-
<b>At 31 March</b>	<b>16,896</b>	<b>17,021</b>

Stonehage Fleming Private Equity Limited was disposed of on 9 November 2021. In the prior year, Stonehage Fleming Investment Management Limited acquired revenue contract right from Cavendish Asset Management Limited for £14,100,000 which was paid by the issue of shares in the entity to the Company.

Investments in Group undertakings are stated at cost less provision for any impairment. The directors believe that the carrying value of these investments are supported by their underlying net assets.

#### Principal subsidiaries

The companies listed include all those which, in the opinion of the Directors, principally affect the consolidated result or assets of the Group.

All the companies are wholly owned subsidiary undertakings of the Company, with ownership comprised of 100% of ordinary share capital, except where shown.

Name	Principal activity	Country of incorporation	Country of principal operations
Stonehage Fleming Investment Management Limited	Investment management	England & Wales	Great Britain
Stonehage Fleming Advisory Limited	Advisory services	England & Wales	Great Britain
Stonehage Fleming Trustee Co. Limited	Trustee services	England & Wales	Great Britain
Stonehage Fleming (Overseas) Limited (i)/(ii)	Holding company	England & Wales	Great Britain
FF&P Group Investor LP (iii)/(iv)	Investment	England & Wales	Great Britain
Stonehage Fleming Investment Management (Guernsey) Limited (i)	Investment management	Guernsey	Guernsey

The registered address of all the subsidiaries except Stonehage Fleming Investment Management (Guernsey) Limited is 15 Suffolk Street, London, SW1Y4HG.

The registered address of Stonehage Fleming Investment Management (Guernsey) Limited is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

- (i) Stonehage Fleming (Overseas) Limited owns 100% of Stonehage Fleming Investment Management (Guernsey) Limited.
- (ii) Stonehage Fleming (Overseas) Limited is a 100% wholly owned subsidiary of Stonehage Fleming (UK) Limited.
- (iii) FF&P Group Investor LP is the private equity investment vehicle through which the Group invests in Group private equity funds. Although Stonehage Fleming (UK) Limited does not control FF&P Group Investor LP for accounting purposes FF&P Group Investor LP is regarded as a quasi-subsiary as the Group is its sole investor.
- (iv) Private equity limited partnerships, for which Group subsidiaries are the appointed General Partners, are subsidiary undertakings under the terms of the Companies Act 2006 and should be consolidated. However, the Directors consider that consolidation would not give a true and fair view of the Group since the Group's interest is merely that of investment manager and, with the exception of FF&P Group Investor LP, it has no economic interest in the private equity investment vehicles. This departure has no impact on reported net assets or profit.

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

### 10. Current asset investments held at fair value through profit or loss

Investments in securities	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
At 1 April	283	-	283	-
Additions	-	-	-	-
Disposals	-	-	-	-
Fair value adjustment	(71)	-	-	-
<b>At 31 March</b>	<b>212</b>	<b>-</b>	<b>283</b>	<b>-</b>

Current asset investments are investments in securities treated as current assets on the basis that they are potentially realisable within twelve months. Investments in AIM listed securities are classified as Level 1 on the valuation hierarchy. All other current asset investments are classified as Level 3. There were no transfers of assets between levels in the fair value hierarchy during 2022 or 2021.

#### 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 31 March 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

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

### 11. Trade and other receivables: amounts falling due after more than one year

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Amounts owed by group undertakings	-	-	2,000	2,000
	-	-	2,000	2,000

Amount owed by group undertakings relates to payment to the Company's parent, Stonehage Fleming Financial Services Holdings Limited, as an advance payment of future dividends.

### Trade and other receivables: amounts falling due within one year

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade debtors	2,384	-	2,526	-
Other debtors	50	-	152	-
Prepayments	346	-	299	-
Accrued income and work in progress	9,216	-	8,182	-
Amounts owed by group undertakings	3,560	2,013	123	2,013
	15,556	2,013	11,282	2,013

Group trade debtors are net of provisions for doubtful debts of £37,146 (2021: £238,672).

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

### 12. Trade and other payables – amount falling due within one year

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade creditors	35	776	267	776
Corporation tax liability	1,265	-	654	-
Other taxation and social security	441	-	469	-
Other creditors	38	1	10	-
Accruals	1,503	38	1,571	38
Deferred income	30	-	-	-
Amounts owed to group undertakings	3,943	-	2,166	-
	7,255	815	5,137	814

Accruals relate primarily to distribution costs and costs of sales where invoices are billed on a quarterly or annual basis and have not been received at the year end.

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

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

### 13. Deferred tax

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Other timing differences	982	982	982	982
<b>Deferred tax asset</b>	<b>982</b>	<b>982</b>	<b>982</b>	<b>982</b>
At 1 April	982	982	851	851
Deferred tax charge in statement of comprehensive income (Note 6)	(10)	(10)	131	131
<b>At 31 March</b>	<b>972</b>	<b>972</b>	<b>982</b>	<b>982</b>

The deferred tax asset relates to carried forward tax losses within the Company and the Group. These are primarily derived from Stonehage Fleming (UK) Limited in respect of excess management charges. The Company has incurred the losses over a number of years. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income. The Company is expected to generate management income, which can be used to offset these losses in the future. The losses can be carried forward indefinitely and have no expiry date. Changes in future Corporation tax rates will affect the carrying value of the deferred tax asset.

### 14. Intangible asset

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Cost	14,084	-	-	-
As at 1 April	-	-	-	-
Additions	-	-	14,084	-
<b>As at 31 March</b>	<b>14,084</b>	<b>-</b>	<b>14,084</b>	<b>-</b>
Accumulated amortisation	(469)	-	-	-
As at 1 April	-	-	-	-
Charge for the year	(939)	-	(469)	-
<b>As at 31 March</b>	<b>(1,408)</b>	<b>-</b>	<b>(469)</b>	<b>-</b>
<b>At 31 March 2022</b>	<b>12,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2021</b>	<b>13,615</b>	<b>-</b>	<b>13,615</b>	<b>-</b>

On the 21 July 2020 the Group completed the transaction agreement with Cavendish Asset Management Limited (CAM), owned by the Lewis Trust Group, to take over the assets under management at acquisition of £1.3 billion in return for a 5% ordinary shareholding in the Group. The transaction was a purchase of assets that met the asset concentration test and did not meet the requirements for the acquisition of a business in determining the accounting for the transaction. As such no goodwill was recognised. Consideration for the deal has been assigned to intangible assets as revenue contracts rights acquired. Contract lives are estimated to be for a period of 15-20 year. The intangible asset is amortised over a 15 year period.

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

### 15. Financial risk management

The Group and Company's principal financial liabilities comprise trade and other payables. The Group and Company's principal financial assets include investments, 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 Group 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. An increase in 50 basis points in interest rates as at the reporting date would have increased the equity attributable to equity holders and the profit for the period by £66,991 (31 March 2021: £67,522) a decrease of 50 basis points would have an equal but opposite effect. The calculations are based on the cash balances as at the end of the reporting period and are not representative of the year as a whole. In Management's opinion there are no other 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 Group's only significant exposure to foreign currencies is to the US Dollar. The Company has minimal exposure to other currencies. The Group and Company reviews foreign exchange exposures and ensures that these are managed as appropriate.

The Group As at 31 March 2022	GBP £'000	USD £'000	EUR £'000	CHF £'000	RND £'000	Other £'000	Total £'000
Net assets	30,424	8,279	256	21	(29)	-	38,951
<b>Sensitivity analysis</b> Assuming a 10% movement in exchange rates against sterling:	-	828	26	2	(3)	-	853

The Group As at 31 March 2021	GBP £'000	USD £'000	EUR £'000	CHF £'000	RND £'000	Other £'000	Total £'000
Net assets	30,095	9,219	617	23	-	-	39,954
<b>Sensitivity analysis</b> Assuming a 10% movement in exchange rates against sterling:	-	922	62	2	-	-	986

#### Price risk

For some mandates, the Group and 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 Group or Company to seek to reduce the exposure of the Group and 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 Group and Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and deposits with banks. The Group and Company monitors its credit exposures and ensures that these are managed as appropriate. Customer credit risk is managed by each business. An impairment analysis is performed at each reporting date on an individual basis for major clients.

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

### 15. Financial risk management (continued)

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

#### Impairment of financial assets

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

- Trade receivables for sales
- Accrued income

The Company does not have any trade receivable or accrued income balances which are subject to a provision for credit losses.

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 Group, and a failure to make contractual payments for a period of greater than 365 days past due. The Group 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 Group considers that forward looking information such as macroeconomic factors will have an immaterial impact on the expected credit losses of the Group. 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:

The Group	Total £'000	<3 months £'000	3-6 month £'000	6-9 months £'000	9-12 months £'000	>12 months £'000
31 March 2022	2,421	2,312	52	23	-	34
31 March 2021	2,764	2,421	12	7	6	318

The Group	2022 £'000	2021 £'000
Gross trade debtors	2,421	2,764
Loss allowance	(37)	(238)
Net trade debtors	2,384	2,526

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



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

### 15. Financial risk management (continued)

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

The Group	2022 £'000	2021 £'000
At 1 April	238	250
Provision for impairment recognised during the year	3	-
Receivables written off during the year as uncollectible	(204)	-
Unused amount reversed	-	(12)
At 31 March	37	238

#### Liquidity risk

Liquidity risk includes the risk that, as a result of liquidity requirements in the future, the Group and 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 Group and 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 Group and Company do not hold any long term debtors or liabilities which are receivable/due more than 12 months from the end of the financial year as such a table showing the payment profile for future years has not been presented.

### 16. Capital structure

The Group and 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 Group considers its capital to be its total equity as shown on the Statement of Financial Position.

The Group is required to undertake an annual Internal Capital Adequacy Assessment Process ("ICAAP") under which the Board of the Group quantifies the level of capital required to meet operational risk. This is a forward looking exercise which includes stress testing for the effects of major risks.

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

### 17. Unconsolidated structured entities

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group has exposure to a number of unconsolidated structured entities. These structured entities fall into three categories, namely third party investment funds, private investment mandates and closed end limited partnerships (private equity funds).

#### Investment funds

The Group manages funds and investment mandates for capital appreciation purposes and earns asset management fees, for these services, from third party funds and private individuals. Certain fees are based on the value of assets under management and as such the Group is exposed to variable returns on the performance of those assets. The Group considers the following as structured entities – Open Ended Investment Companies (“OEICs”), Unit Trusts and pooled funds. Segregated mandates managed on behalf of clients are not considered structured entities.

The risk and maximum exposure to loss arising from the Group’s involvement with these entities are summarised below:

The Group - At 31 March 2022 Statement of Financial Position line item of asset or liability	Carrying Amount			Maximum loss exposure £'000
	Assets £'000	Liabilities £'000	Net £'000	
Trade debtors	228	-	228	228
Accrued income and work in progress	2,654	-	2,654	2,654
Other creditors	-	-	-	-
Total	2,882	-	2,882	2,882

The Group - At 31 March 2021 Statement of Financial Position line item of asset or liability	Carrying Amount			Maximum loss exposure £'000
	Assets £'000	Liabilities £'000	Net £'000	
Trade debtors	223	-	223	223
Accrued income and work in progress	2,204	-	2,204	2,204
Other creditors	-	(54)	(54)	(54)
Total	2,427	(54)	2,373	2,373

The Group earned fee income of £26.1 million (2021: £19.4 million) during the year from investment management fees received from unconsolidated structured entities.

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

18. Called up share capital

Authorised	Group and Company 2022 £'000	Group and Company 2021 £'000
1,876,766,500 (2021: 1,876,766,500) ordinary shares of 1 pence each	18,767	18,767
85,560,000 (2021: 85,560,000) 8% cumulative preference shares of 10 pence each	8,556	8,556
	<b>27,323</b>	<b>27,323</b>
<b>Allotted and called up</b>		
Ordinary shares of 1 pence each, fully paid		
At 1 April – 1,858,632,711 (2021: 448,632,711)	18,586	4,486
Issue of shares	-	14,100
<b>At 31 March – 1,858,632,711 (2021: 1,858,632,711)</b>	<b>18,586</b>	<b>18,586</b>

During the year no ordinary shares were issued (2021: 1,410,000,000 ordinary shares issued).

19. Capital redemption reserve

	Group and Company 2022 £'000	Group and Company 2021 £'000
At 1 April	3,750	3,750
Transfer between reserves	(3,750)	-
<b>At 31 March</b>	<b>-</b>	<b>3,750</b>

20. Other distributable reserves

	Group and Company 2022 £'000	Group and Company 2021 £'000
At 1 April	419	419
Transfer between reserves	3,750	-
Dividends	-	-
<b>At 31 March</b>	<b>4,169</b>	<b>419</b>

21. Contingencies

The Group and 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. The Group and Company have no contingent liabilities at 31 March 2022 (2021: none).

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

### 22. Contingencies (continued)

The Group and Company receives certain non-cash remuneration for advisory services either 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 Group or the Group's ability to realise an investment is restricted in some way. In forming these judgements the directors exercise appropriate caution when considering the range of possible outcomes.

### 23. Related party disclosures

#### Group related party disclosures

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
<b>Income from related parties</b>		
Entities with significant influence over the entity:		
- Stonehage Fleming Financial Services Holdings Limited*	293	284
Fellow subsidiaries:		
- Stonehage Fleming Wealth Planning Limited	50	12
<b>Expenses to related parties</b>		
Entities with significant influence over the entity:		
- Stonehage Fleming Financial Services Holdings Limited*	6,195	5,187
Fellow subsidiaries:		
- Stonehage Fleming Services Limited	29,480	24,627
- Stonehage Fleming Insurance Services Limited	35	35
- Stonehage Fleming Financial Services Limited	-	3
- Stonehage Fleming Investment Management (S.A) (Pty) Limited	343	202
- Stonehage Fleming Wealth Planning Limited	4	4
- Stonehage Fleming Law Limited	16	68
<b>Amounts owed by related parties *</b>		
Entities with significant influence over the entity:		
- Stonehage Fleming Financial Services Holdings Limited*	3,508	2,104
Fellow subsidiaries:		
- Stonehage Fleming Dealing and Treasury Limited	-	10
- Stonehage Fleming Services Limited	6	9
- Stonehage Fleming Law Limited	46	-
<b>Provisions and amounts owed to related parties *</b>		
Entities with significant influence over the entity:		
- Stonehage Fleming Financial Services Holdings Limited*	-	505
Fellow subsidiaries:		
- Stonehage Fleming Investment Management (South Africa) (Pty) Ltd	29	25
- Stonehage Fleming Services Limited	3,912	1,630
- Stonehage Fleming Wealth Planning Limited	1	1
- Stonehage Fleming Law Limited	1	5
- Stonehage Fleming Dealing and Treasury Limited	1	-
<b>Key management personnel of the Company or its Parent***</b>	<b>2,224</b>	<b>1,604</b>

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

### 22. Related party disclosures (continued)

\* These amounts are classified as trade receivables and trade payables, respectively (see Notes 11 and 12).

\*\*Entities with significant influence over the entity are considered to be entities that control Stonehage Fleming Financial Services Holdings Limited either directly or indirectly.

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

Amounts owed at 31 March 2022 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.

#### Company related party disclosures

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

	2022 £'000	2021 £'000
<b>Amounts owed by related parties *</b>		
Parent company:		
- Stonehage Fleming Financial Services Holdings Limited*	2,007	2,007
Fellow subsidiaries:		
- Stonehage Fleming Services Limited	6	6
<b>Provisions and amounts owed to related parties *</b>		
Fellow subsidiaries:		
- FF&P Group Investor	776	776
Key management personnel of the Company or its Parent***	725	562

\* These amounts are classified as trade receivables and trade payables, respectively (see Notes 11 and 12).

\*\*Entities with significant influence over the entity are considered to be entities that control Stonehage Fleming Financial Services Holdings Limited either directly or indirectly.

\*\*\* Amounts owed relate to loans given to directors of this Company. Amounts owed at 31 March 2022 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.

### 23. Subsequent events

The board approved and declared a dividend of £8.30 million on 14 September 2022. This is a non-adjusting event. No other events occurred after the reporting year that required adjustment or disclosure in the financial statements.

### 24. Controlling party

The immediate parent undertaking and controlling party of the Company is Stonehage Fleming Financial Services Holdings Limited. The Company does not have an 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%. 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.