STONEHAGE FLEMING

Company No: 04027720

STONEHAGE FLEMING INVESTMENT MANAGEMENT LIMITED

Annual Report and Financial Statements

FOR THE YEAR ENDED
31 March 2021

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COMPANIES HOUSE

STONEHAGE FLEMING INVESTMENT MANAGEMENT LIMITED
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stonehagefleming.com

STONEHAGE
FLEMING

DIRECTORS AND ADVISERS

DIRECTORS

C J Merry (chairperson) (appointed 6 April 2020)
G D Wainer
M Berman
A D E Gardner (appointed 6 April 2020)

COMPANY SECRETARY

K D Stuttaford

REGISTERED OFFICE

15 Suffolk Street
London
SW1Y 4HG

INDEPENDENT AUDITOR

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

REGISTERED NUMBER

04027720

STONEHAGE FLEMING

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their Strategic Report of Stonehage Fleming Investment Management Limited (the "Company") for the year ended 31 March 2021.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

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

On 21 July 2020, the Company 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. CAM clients and assets under management (AUM), representing £1.3 billion, were transferred to the Company.

FINANCIAL RISK MANAGEMENT

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

Currency risk
A significant portion of the Company's turnover and assets is denominated in US dollars. Substantially all of the Company's expenses and liabilities are denominated in Sterling. The Company ensures that the exposure to net assets held in foreign currency is monitored and managed as appropriate. Any excess foreign currency would be exchanged for Sterling with entities in the Group. Management utilise forward contracts as appropriate to reduce the exposure to foreign currency in any financial year.

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

Market risk
The majority of the Company's income arises from ad valorem fees earned on assets managed for clients. Such income is affected by the impact of movements in securities markets on the values of the underlying assets. It is not currently the policy of the Company generally to seek to reduce the exposure of the Company through hedging mechanisms.

Credit risk
The Company is exposed to credit risk being the risk that receivables and cash are not collected. The majority of the Company's net assets comprise debtors and cash at bank. It is the Company's policy to hold cash with a small number of high quality institutions. Receivables are monitored regularly. The exposure to credit risk in respect of asset management is minimised by the contractual ability, in a significant number of cases, to collect fees from clients' assets under management.

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

FINANCIAL RISK MANAGEMENT (CONTINUED)

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

The Company receives income from the management of several funds, including Stonehage Fleming Global Best Ideas Fund, Stonehage Fleming Global Multi-Asset Portfolio Fund and Private Client funds which are domiciled in Ireland and Luxembourg respectively. As such the Company is able to continue to service clients and these funds are not exposed to the risk of restriction on distribution within the EU.

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

SECTION 172 STATEMENT

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

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

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

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

SECTION 172 STATEMENT (CONTINUED)

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

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

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

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

Approved by the Board of Directors on 9 July 2021 and signed by its order by:

Graham Wainer

G D Wainer
Director
9 July 2021

Stonehage Fleming Investment Management Limited
Registered Number 04027720

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2021. The Company's risk management policies are disclosed in the Strategic Report on pages 2 to 4.

INCORPORATION

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

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of being an asset management company. The Company intends to continue to operate with this principal activity during the next financial year. The Company is regulated by the FCA.

PILLAR III

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

RESULTS AND DIVIDENDS

In the year under review, the Company recorded an operating profit of £8.2 million (2020: profit of £0.6 million) on revenue of £43.2 million (2020: £33.6 million). At 31 March 2021, the Company had net assets of £32.2 million (2020: £11.6 million). The profit after taxation was £6.6 million (2020: £0.5 million). The return on assets, being the profit after taxation divided by the net assets, was 20% (2020: 4.7%)

During the year the Directors declared and paid dividends of £nil (2020: £nil). The Board approved and declared a dividend of £6.5 million in respect of profits earned for the year ended 31 March 2021 on 9 July 2021.

DIRECTORS

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

EMPLOYEES

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

GOING CONCERN

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

STONEHAGE FLEMING

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors and signed by its order by:

Graham Wainer

G D Wainer
Director
9 July 2021

Stonehage Fleming Investment Management Limited
Registered Number 04027720

Independent auditors' report to the members of Stonehage Fleming Investment Management Limited

Report on the audit of the financial statements

Opinion

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

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

We have audited the financial statements, included within the Annual Report, which comprise: statement of financial position as at 31 March 2021; statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the authorisation and regulation by the Financial Conduct Authority and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the board of directors for matters relevant to the audit;
- inspecting legal fee expenditure for any indication of undisclosed litigation or non-compliance with laws and regulations;
- identification and testing of journal entries considered to be higher risk, including unusual journal entries posted, and evaluation of the business rationale of any significant or unusual transactions identified outside the normal course of business; and
- performing audit procedures to incorporate an element of unpredictability in relation to the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Simon Perry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey
9 July 2021

STONEHAGE FLEMING

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Revenue	2	43,199	33,598
Administrative expenses		(35,012)	(32,985)
Operating profit	3	**8,187**	**613**
Interest receivable and similar income		23	58
Profit on ordinary activities before taxation		**8,210**	**671**
Tax charge on profit on ordinary activities	6	(1,650)	(128)
Profit for the financial year after taxation		**6,560**	**543**
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to equity		**6,560**	**543**

The above results are all attributable to continuing operations.

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

STONEHAGE FLEMING

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Non-Current assets			
Intangible assets	7	13,615	-
		13,615	**-**
Current assets			
Trade and other receivables	8	11,151	7,767
Cash and cash equivalents		12,457	5,542
		23,608	**13,309**
Current liabilities			
Trade and other payables	9	(4,984)	(1,730)
Net assets		**32,239**	**11,579**
Equity			
Called up share capital	11	15,350	1,250
Retained earnings		16,889	10,329
Total equity		**32,239**	**11,579**

The financial statements on pages 10 to 25 were approved by the Board of Directors on 9 July 2021 and were signed on its behalf by:

Graham Wainer

G D Wainer
Director

Stonehage Fleming Investment Management Limited
Registered Number 04027720

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

STONEHAGE FLEMING

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Total equity at the end of the year 31 March 2019	**1,250**	**9,786**	**11,036**
Total comprehensive income for the year ended 31 March 2020	-	543	543
Total equity at the end of the year 31 March 2020	**1,250**	**10,329**	**11,579**
Issue of shares	14,100	-	14,100
Total comprehensive income for the year ended 31 March 2021	-	6,560	6,560
Total equity at the end of the year 31 March 2021	**15,350**	**16,889**	**32,239**

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

STONEHAGE FLEMING

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £'000	2020 £'000
Operating activities		
Profit on ordinary activities before taxation	8,210	671
Adjustments for:		
Interest receivable	(23)	(58)
Amortisation	469	-
Changes in working capital		
(Increase)/decrease in trade and other receivables	(3,751)	938
Increase/(decrease) in trade and other payables	2,605	(4,955)
Interest received	23	58
Income tax (paid)/received	(618)	170
Net cash flow generated/(used in) from operating activities	**6,915**	**(3,176)**
Net increase/(decrease) in cash and cash equivalents	**6,915**	**(3,176)**
Cash and cash equivalents at 1 April 2020	5,542	8,718
Cash and cash equivalents at 31 March	**12,457**	**5,542**

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

STONEHAGE FLEMING

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

1. Principal accounting policies

a) Basis of preparation

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

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

- Historical cost convention

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

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

- New standards, amendments and interpretations effective after 31 March 2021

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

b) Going concern

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

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

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

1. Principal accounting policies (continued)

c) Revenue

Revenue principally comprises fee income receivable for the provision of asset management services. Asset management fees are recognised on an accruals basis as the Company becomes contractually entitled to such income. Performance fees are recognised at the end of performance periods when attainment of the performance criteria has occurred and the Company has become contractually entitled to such income.

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

	Nature	Revenue recognition	Judgements	Cash flows
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		

d) Rebates

Rebates are treated as an item of expenditure and are recognised on an accruals basis as the Company becomes contractually obliged to bear such expenses.

e) Accrued income

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

f) Deferred revenue

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

g) Foreign currencies

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

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.

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

1. Principal accounting policies (continued)

h) 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 Company 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 Company will estimate the recoverable amount based on the fair value less costs to sell and will hereby determine if an impairment should be recognised.

i) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the company's impairment policies and the calculation of the loss allowance are provided in Note 10.

j) 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.

k) 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.

l) Provisions

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

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

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

m) Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates. Management exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. There have been no actual adjustments this year as a result of an error or change in previous estimates. The estimates and assumptions that could have a significant effect upon the Company's financial results relate to the estimates for the provision of doubtful debts set out in Note 10 and the recognition of separately identifiable intangible assets set out in note 7. 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 2021 (CONTINUED)

1. Principal accounting policies (continued)

n) 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 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 Company's interests in these investment vehicles and funds include the investment management and investment advisory fees that it earns from them.

o) Other financial assets

The Company classifies its financial assets in the following measurement categories:

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

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

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

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

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

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

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

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

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

2. Revenue

The Company's activities consist solely of the provision of asset management services in the UK.

3. Operating profit

Salary costs are not borne directly by the Company but are recharged to the Company by Stonehage Fleming Services Limited. Stonehage Fleming Services Limited charges the Company for staff costs and central services. Total charges for the year amounted to £23.7k (2020: £23.6k) and are included within administrative expenses, including auditors' remuneration as follows:

	2021 £'000	2020 £'000
Auditors' remuneration		
Audit services – statutory reporting	41	41
Audit services – audit-related assurance services	70	106

4. Directors' emoluments

Stonehage Fleming Services Limited pays salaries to and makes pension contributions on behalf of the Directors of the Company. No Directors' fees for services of Directors of the Company were paid by this Company.

	2021 £'000	2020 £'000
Aggregate emoluments	656	1,129
Company contributions to defined contribution pension scheme	-	-
	656	**1,129**

	2021 £'000	2020 £'000
Highest paid director		
Aggregate emoluments	310	482
Company contributions to defined contribution pension scheme	-	-
	310	**482**

Aggregate remuneration includes cash allowances in lieu of pension contributions. During the year retirement benefits were provided to no Directors (2020: no) under a defined contribution pension scheme.

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

5. Employees

The Company has no employees (2020: none).

6. Tax charge on profit on ordinary activities

	2021 £'000	2020 £'000
Current tax:		
UK Corporation tax on profits of the year	1,650	128
UK Corporation tax credit in respect of prior year profits	-	-
Total current tax charge for the year	**1,650**	**128**
Origination and reversal of timing differences	-	-
Total deferred tax	**-**	**-**
Tax on profit on ordinary activities	**1,650**	**128**

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

Factors affecting tax charge

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	8,210	671
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2020: 19%)	1,560	128
Effects of:		
Non-deductible expenditure	90	-
Total tax charge for the year	**1,650**	**128**

7. Intangible assets

	2021 £'000	2020 £'000
Cost	-	-
As at 31 March 2020	-	-
Additions	14,084	-
As at 31 March 2021	**14,084**	**-**
Accumulated amortisation		
As at 31 March 2020	-	-
Charge for the year	(469)	-
As at 31 March 2021	**(469)**	**-**
At 31 March 2020	**-**	**-**
At 31 March 2021	**13,615**	**-**

On 21 July 2020 the Company 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 Stonehage Fleming Family & Partners Limited. 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 2021 (CONTINUED)

8. Trade and other receivables: amounts falling due within one year

	2021 £'000	2020 £'000
Trade debtors	2,354	602
Corporation tax asset	-	383
Amounts owed by group undertakings	511	465
Other debtors	130	70
Prepayments and accrued income	8,156	6,247
	11,151	**7,767**

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

In the prior year, the corporation tax asset has arisen due to the payments on account for the tax year exceeding final corporation tax return of the company.

9. Trade and other payables

	2021 £'000	2020 £'000
Trade creditors	269	38
Amounts owed to group undertakings	2,123	351
Corporation tax liability	654	5
Other taxation and social security	472	278
Accruals	1,466	1,058
	4,984	**1,730**

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

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.

10. Financial risk management

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

Market risk

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

Interest rate risk

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

10. Financial risk management (continued)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's only significant exposure to foreign currencies is to the US Dollar. The Company reviews its foreign exchange exposures and ensures that these are managed as appropriate.

As at 31 March 2021	GBP £'000	USD £'000	EUR £'000	CHF £'000	RND £'000	Other £'000	Total £'000
Net assets	25,413	6,544	291	17	(26)	-	32,239
Sensitivity analysis							
Assuming a +/(-) 10% movement in exchange rates against sterling:	-	654	29	2	(3)	-	682

As at 31 March 2020	GBP £'000	USD £'000	EUR £'000	CHF £'000	RND £'000	Other £'000	Total £'000
Net assets	6,815	4,183	537	61	(17)	-	11,579
Sensitivity analysis							
Assuming a +/(-) 10% movement in exchange rates against sterling:	-	418	54	6	(2)	-	476

Price risk
The majority of the Company's income arises from ad valorem fees earned on assets managed for clients. Such income is affected by the impact of movements in securities markets on the values of the underlying assets. It is not currently the policy of the Company to seek to reduce the exposure of the Company through hedging mechanisms.

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

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

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

- Trade receivables for sales
- Accrued income

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

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

10. Financial risk management (continued)

Impairment of financial assets (continued)

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

The ageing analysis of gross trade debtors is as follows:

	Total £'000	<3 months £'000	3-6 months £'000	6-9 months £'000	9-12 months £'000	>12 months £'000
31 March 2021	2,354	2,354	-	-	-	-
31 March 2020	602	602	-	-	-	-

	2021 £'000	2020 £'000
Gross trade debtors	2,354	602
Loss allowance	-	-
Net trade debtors	2,354	602

Loss allowance for trade receivables during the year was £nil (2020: £nil).

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

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

11. Called up share capital

	2021 £'000	2020 £'000
Authorised		
15,350,000 (2020: 1,250,000) ordinary shares of £1 each	15,350	1,250
	15,350	**1,250**
Allotted and fully paid		
15,350,000 (2020: 1,250,000) ordinary shares of £1 each	15,350	1,250
	15,350	**1,250**

During the year 14,1000,000 ordinary shares were issued as part of the CAM transaction (2020: none).

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

12. Capital structure

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

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

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

13. 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 Company manages funds and investment mandates for capital appreciation purposes and earns asset management fees, for this service, from third party funds and private individuals. Certain fees are based on the value of assets under management and as such the Company is exposed to variable returns on the performance of those assets. The Company 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 Company's involvement with these entities are summarised below:

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

At 31 March 2020 Statement of Financial Position line item of asset or liability	**Carrying Amount**			
	Assets £'000	**Liabilities** £'000	**Net** £'000	**Maximum loss exposure** £'000
Trade debtors	-	-	-	
Accrued income and Other debtors	1,381	-	1,381	1,381
Other creditors	-	(68)	(68)	(68)
Total	1,381	(68)	1,313	1,313

The Company earned fee income of £19.4 million during the year (2020: £14,8 million) from investment mandates and third party funds.

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

14. Contingencies

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

15. Related party transactions

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

		Income from related parties £'000	Expenses to related parties £'000	Amounts owed by related parties * £'000	Provisions and amounts owed to related parties * £'000
Parent Company	2021	-	-	-	-
	2020	-	-	-	-
Entities with significant influence over the entity**	2021	-	5,147	-	505
	2020	-	5,034	-	120
Fellow subsidiaries	2021	708	23,901	511	1,618
	2020	1,361	23,977	465	231
Key management personnel of the Company or its Parent***	2021	-	-	593	-
	2020	-	-	165	-

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

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

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

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

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

16. Ultimate parent undertaking

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

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

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

17. Events after the reporting year

The Board approved and declared a dividend of £6.5 million in respect of profits earned for the year ended 31 March 2021 on 9 July 2021. No other events occurred after the reporting year that required adjustment or disclosure in the financial statements.