

Company registration number 04014669 (England and Wales)

STERLING TRUST FINANCIAL CONSULTING LIMITED
ANNUAL REPORT AND AUDITED GROUP FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

FRIDAY



ABDNBBF5

A21

30/09/2022

#323

COMPANIES HOUSE

STERLING TRUST FINANCIAL CONSULTING LIMITED

COMPANY INFORMATION

Directors	J Grantham R P Bernstein	(Appointed 27 July 2021)
Company number	04014669	
Registered office	10-11 Austin Friars London England EC2N 2HG	
Auditor	CLA Evelyn Partners Limited 45 Gresham Street London EC2V 7BG	

STERLING TRUST FINANCIAL CONSULTING LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Notes to the financial statements	14 - 26

STERLING TRUST FINANCIAL CONSULTING LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the Period ended 30 September 2021.

Review of the company's business

The Company's parent is Kingswood Holdings Limited ("KHL"). KHL and its subsidiaries (the "Group" or "Kingswood") form a growing and established wealth management business listed on the AIM market of the London Stock Exchange under ticker symbol (AIM:KWG).

Sterling Trust Financial Consulting Limited ("STFC" or "the Company") and its subsidiaries ("the STFC Group") primarily provides financial advisory services to Retail clients along with a small amount of Retail mortgage and Corporate advisory activity

The STFC Group's revenue in the period to 30 September 2021 was £11.83m (year ended 31 March 2020: £10.44m) and the business made a pre tax profit of £2.7m (year ended 31 March 2020: £1.9m).

The net asset position of the STFC Group increased to £8.1m at 30 September 2021 from £5.4m at 31 March 2020.

Key risks affecting the business

There are a number of potential risks and uncertainties that could have an impact on the performance of the Company. KHL and its subsidiaries operate as an integrated wealth management group and as such key risks are considered from the perspective of the full Group. Whilst there are others identified, the key risks include:

Liquidity risk

The Group maintains a mixture of cash and cash equivalents that are designed to meet the Group's operational and trading activities. Having prepared detailed forecasts, the Group is confident that it has sufficient liquidity for the foreseeable future.

Solvency risk

The Directors understand the risk of not being able to meet the long term and short term obligations of the business, especially with regards to its capital requirements. In order to mitigate this risk the Group's finance team analyses cashflow on a regular basis and has implemented strong internal controls so that all outgoings are budgeted for. The Company has robust plans in place to enable it to bring in new capital and restructure the existing capital base if forecasted targets are not achieved and additional capital is required.

Operational risk

This is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. The Company as part of the broader Group has embedded a risk management framework that identifies and assesses risks in order to manage and mitigate them in an efficient manner.

Regulatory risk

STFC is engaged in activities which are regulated by the Financial Conduct Authority ("FCA"). STFC therefore, may be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that its existing and new activities, as they develop, are consistent with the Company's regulatory permissions including complying with Senior Managers Certification Regime which took effect in 2019.

Failure to do so could lead to public reprimand, the imposition of fines, the revocations of permissions or authorisations and/or other regulatory sanctions, any of which could lead to adverse publicity and reputational damage and could have a material adverse effect on the continued conduct of STFC's business.

STERLING TRUST FINANCIAL CONSULTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

There may, in the future, be changes to, or new laws and regulations that govern the operations of the Company. STFC cannot predict the full affect that any proposed or future law or regulation may have on the financial condition or results or operations of the Company or the wider Group.

Risk of negative stock market conditions

STFC's business is dependent on stock market conditions. Adverse market conditions may have a significant negative effect on STFC's operations.

Dependence on key personnel

STFC's performance is dependent on its management team and senior employees and advisors. The loss of any of its existing key employees or a failure to recruit additional senior executives could, therefore, significantly reduce STFC's revenue generating capabilities and profitability.

Key performance indicators

The Company's key performance indicators include funds under advice and number of clients which give an indication of the future recurring revenue generation capabilities of the Company. They also include Company revenues and profitability which demonstrate the performance of the Company.

Regulatory capital requirements

The following subsidiaries of the STFC Group are FCA regulated:

- Sterling Trust Professional Limited
- Sterling Trust Professional (North East) Limited
- Sterling Trust Professional (York) Limited
- Sterling Trust Professional (Sheffield) Limited
- STP Wealth Management Limited

Future developments and events after the balance sheet date

The UK wealth management sector continues to exhibit strong, long-term growth characteristics supported by demographic trends, a complex regulatory environment, and ongoing consolidation within a fragmented industry. The STFC strategy takes advantage of this by providing a strong advice and investment proposition and value for money, with efficient operational processes that enable advisers to spend more of their time with their clients. Launched in 2021 we continue yield the benefits of our app, Kingswood Go, which allows clients to have single sign-on single client view across multiple platforms which has transformed our client experience.

Section 172 Statement

Under Section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, have regard to (amongst other matters) six specified areas that relate to wider stakeholder interests:

Act fairly as between members of the Company

As an AIM listed company, all public announcements are updated on the website of the parent Kingswood Holdings Limited www.kingswood-group.com ("KHL"). Trading in shares by all staff is subject to the Group's PA Dealing Policy, which is communicated to staff on joining and is detailed in the Kingswood Group Employee Handbook which is accessible to staff at all times. Trading in listed shares by any staff member requires pre-approval by the Head of Compliance in advance of dealing, with further restrictions applying to staff seeking to deal in KHL's shares.

STERLING TRUST FINANCIAL CONSULTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

Maintain a reputation for high standards of business conduct

The Kingswood Group has invested significant resources to create a fully integrated wealth management business offering a comprehensive range of financial advice and investment management services to clients. Wealth planners and investment managers work together enabling clients to benefit from a level of knowledge and professional expertise that sets Kingswood apart. The Directors consider that continuous investment in people, innovation and technology is critical to the success of the business and the provision of attractive investment solutions to clients. Kingswood prides itself on the rigorous risk management and compliance environment in place to support these client solutions.

Likely consequence of any decision in the long term

Day to day operations are managed by the Board of Directors which regularly meets throughout the year and also involves members of the senior management team.

Impact of operations on the community and the environment

The Group helps clients protect and grow their wealth. Many investors recognise that long-term stable and sustainable investment returns depend on well governed social and environmental systems. Companies that incorporate Environmental, Social and Governance (ESG) risk management are decidedly better long-term custodians of investor capital, should be able offer greater downside protection and generate better long-term risk adjusted returns. We believe investor capital is an important mechanism for change when responsibly deployed and construct dedicated ethical portfolios to align client capital and conscience. Direct staff-based initiatives include providing employees paid time off to volunteer for charities and supporting local communities.

Foster business relationships with suppliers, customers and others

The Group Board engages with a variety of stakeholders, including customers, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst maintaining the Company's Strategy. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Company's integrity, brand and reputation. The finance and risk teams have been resourced and restructured over the past year, with policies and procedures upgraded to enable better shareholder management including reporting to shareholders, regulators, governmental authorities and banks as well as improving communications with suppliers and ensuring timely payment.

Interests of employees

Staff are provided with information on matters of concern to them as employees through the HR system which is also used as a means of consulting employees so that their views are taken into account in making decisions which affect their interests and bringing together the Kingswood community. The Directors conduct quarterly meetings with all staff in "Town Hall" style meetings at which staff are provided updates on business progress, financial and economic factors affecting the company's performance, new business initiatives, employee benefit and welfare programs and the strategic direction of the business.

The directors, in preparing this strategic report, have complied with s414C and s172 of the Companies Act 2006.

On behalf of the board

jeff grantham
jeff grantham (Sep 30, 2022 12:26 GMT+1)

J Grantham
Director

STERLING TRUST FINANCIAL CONSULTING LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the Period ended 30 September 2021.

Principal activities

The principal activity of the company and group continued to be that of financial planning.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

J Grantham

R P Bernstein

P J Goulding

(Appointed 27 July 2021)

(Appointed 23 June 2020 and resigned 23 July 2021)

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

STERLING TRUST FINANCIAL CONSULTING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

On behalf of the board

jeff grantham

jeff grantham (Sep 30, 2022 12:26 GMT+1)

J Grantham

Director

Date: 30/09/2022

STERLING TRUST FINANCIAL CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STERLING TRUST FINANCIAL CONSULTING LIMITED

Opinion

We have audited the financial statements of Sterling Trust Financial Consulting Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 and parent 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.

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

Other information

The other information comprises the information included in the annual report and audited group financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within [the annual report]. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

STERLING TRUST FINANCIAL CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STERLING TRUST FINANCIAL CONSULTING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with requirements of the framework through:

- The Directors managing and overseeing a compliance function
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

STERLING TRUST FINANCIAL CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STERLING TRUST FINANCIAL CONSULTING LIMITED

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations above we inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the company's processes and controls surrounding manual journal entries.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

The financial statements of Sterling Trust Financial Consulting Limited for the year ended 31 March 2020 were unaudited.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited

Guy Swarbreck

Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

30 September 2022

STERLING TRUST FINANCIAL CONSULTING LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

		Period ended 30 September 2021 £	Year ended 31 March 2020 £
	Notes		
Turnover	3	11,833,544	10,441,959
Cost of sales		(2,138,127)	(3,981,106)
Gross profit		9,695,417	6,460,853
Administrative expenses		(6,982,740)	(4,522,583)
Operating profit	4	2,712,677	1,938,270
Profit before taxation		2,712,677	1,938,270
Tax on profit	7	(51,527)	(452,817)
Profit for the financial Period	18	2,661,150	1,485,453

Profit for the financial Period is all attributable to the owners of the parent company.

Total comprehensive income for the Period is all attributable to the owners of the parent company.

STERLING TRUST FINANCIAL CONSULTING LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2021

		2021		Year ended 31 March 2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	8	2,139,666		3,250,863	
Tangible assets	10	238,877		258,377	
		<u>2,378,543</u>		<u>3,509,240</u>	
Current assets					
Debtors	13	5,780,158	2,289,321		
Cash at bank and in hand		408,425	581,446		
		<u>6,188,583</u>	<u>2,870,767</u>		
Creditors: amounts falling due within one year	14	(483,412)	(952,913)		
Net current assets		<u>5,705,171</u>		<u>1,917,854</u>	
Total assets less current liabilities		<u>8,083,714</u>		<u>5,427,094</u>	
Provisions for liabilities					
Deferred tax liability	15	-	4,530		
		<u>-</u>	<u>(4,530)</u>		
Net assets		<u>8,083,714</u>		<u>5,422,564</u>	
Capital and reserves					
Called up share capital	17	10,000	10,000		
Profit and loss reserves	18	8,073,714	5,412,564		
Total equity		<u>8,083,714</u>	<u>5,422,564</u>		

The financial statements were approved by the board of directors and authorised for issue on 30/09/2022 and are signed on its behalf by:

jeff grantham
jeff grantham (Sep 20, 2022 12:26 GMT+1)

J Grantham
Director

STERLING TRUST FINANCIAL CONSULTING LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2021

		2021		Year ended 31 March 2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	9	1,341,787		1,642,918	
Investments	11	549,252		473,982	
		1,891,039		2,116,900	
Current assets		-		-	
Creditors: amounts falling due within one year	14	(2,175,549)		(2,106,900)	
Net current liabilities		(2,175,549)		(2,106,900)	
Net (liabilities)/assets		(284,510)		10,000	
Capital and reserves					
Called up share capital	17	10,000		10,000	
Profit and loss reserves	18	(294,510)		-	
Total equity		(284,510)		10,000	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £294,510 (2020 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 30/09/2022 and are signed on its behalf by:

jeff grantham

jeff grantham (Sep 30, 2022 12:26 GMT+1)

J Grantham
Director

Company Registration No. 04014669

STERLING TRUST FINANCIAL CONSULTING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2019		10,000	3,927,111	3,937,111
<hr/>				
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	1,485,453	1,485,453
<hr/>				
Balance at 31 March 2020		10,000	5,412,564	5,422,564
<hr/>				
Period ended 30 September 2021:				
Profit and total comprehensive income for the period		-	2,661,150	2,661,150
<hr/>				
Balance at 30 September 2021		10,000	8,073,714	8,083,714
<hr/>				

STERLING TRUST FINANCIAL CONSULTING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2019	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
Period ended 30 September 2021:			
Loss and total comprehensive income for the period	-	(294,510)	(294,510)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2021	10,000	(294,510)	(284,510)
	<hr/>	<hr/>	<hr/>

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Sterling Trust Financial Consulting Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 10-11 Austin Friars, London, England, EC2N 2HG.

The group consists of Sterling Trust Financial Consulting Limited and all of its subsidiaries.

1.1 Reporting period

Due to the acquisition of Sterling Trust Consulting Limited, and its subsidiaries, by Kingswood Holding Limited the accounting period has been extended to an 18-month period ending 30 September 2021. As a result, the comparative results are not entirely comparable since the accounting periods differ in length.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention,. The principal accounting policies adopted are set out below.

1.3 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company Sterling Trust Financial Consulting Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1 Accounting policies

1.5 Turnover

The Group's turnover, being initial and ongoing wealth advisory, is derived from the value of funds under advice, with revenue recognised over the period in which the related service is rendered.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	25% on reducing balance
Computer equipment	10% on cost, 20% on cost
Leasehold improvement	10% on cost, 25% on cost, over lease life of 5 or 12 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

STERLING TRUST FINANCIAL CONSULTING LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

1.11 Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Intangible assets and Goodwill are amortised with reference to their useful life, which is an area of judgement considered by the directors. If there is an indication in the reporting period that there has been a significant change to the useful life of the intangible asset, the amortisation is revised accordingly.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Wealth Planning	<u>11,833,544</u>	<u>10,441,959</u>

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	<u>11,833,544</u>	<u>10,441,959</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the period is stated after charging:		
Depreciation of owned tangible fixed assets	87,097	56,741
Loss on disposal of tangible fixed assets	-	2,561
Amortisation of intangible assets	1,186,467	424,234
Rent costs	<u>282,250</u>	<u>181,950</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>50,000</u>	<u>-</u>

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the Period was:

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
46	55	-	-

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,782,279	2,432,180	-	-
Social security costs	366,661	153,944	-	-
Pension costs	304,717	320,697	-	-
	3,453,657	2,906,821	-	-

The highest paid director received payroll related compensation payments, inclusive of social security costs, of £104,958 (2020: £91,750). All other directors are remunerated through other Group Companies

7 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	56,865	453,537
Prior year adjustment	(44)	-
Total tax charge	56,821	453,537
Deferred tax		
Origination and reversal of timing differences	(5,180)	(720)
Prior year adjustment	(114)	-
Total tax charge	51,527	452,817

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

7 Taxation

The actual charge for the Period can be reconciled to the expected charge for the Period based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	2,712,677	1,938,270
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	515,409	368,271
Expenses not deductible for tax purposes	5,815	667
Adjustments for balance sheet items	245,122	84,599
Prior year adjustment	(44)	-
Group relief surrendered	(709,481)	-
Origination and reversal of timing differences	(5,294)	(720)
Taxation charge	51,527	452,817

8 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2020	5,340,715
Additions	75,270
	5,415,985
Amortisation and impairment	
At 1 April 2020	2,089,852
Amortisation charged for the Period	1,186,467
At 30 September 2021	3,276,319
Carrying amount	
At 30 September 2021	2,139,666
At 31 March 2020	3,250,863

STERLING TRUST FINANCIAL CONSULTING LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

9 Intangible fixed assets

Company	Goodwill
	£
Cost	
At 1 April 2020 and 30 September 2021	2,034,481
Amortisation and impairment	
At 1 April 2020	391,563
Amortisation charged for the Period	301,131
At 30 September 2021	692,694
Carrying amount	
At 30 September 2021	1,341,787
At 31 March 2020	1,642,918

10 Tangible fixed assets

Group	Leasehold improvement	Office equipment etc	Total
			£
Cost			
At 1 April 2020	172,823	282,384	455,207
Additions	3,750	63,847	67,597
At 30 September 2021	176,573	346,231	522,804
Depreciation and impairment			
At 1 April 2020	51,340	145,490	196,830
Depreciation charged in the Period	32,477	54,620	87,097
At 30 September 2021	83,817	200,110	283,927
Carrying amount			
At 30 September 2021	92,756	146,121	238,877
At 31 March 2020	121,483	136,894	258,377

The company had no tangible fixed assets at 30 September 2021 or 31 March 2020.

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

11 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	549,252	473,982

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2020	473,982
Additions	115,470
Disposals	(40,200)
At 30 September 2021	549,252
Carrying amount	
At 30 September 2021	549,252
At 31 March 2020	473,982

12 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
STP Wealth Management Limited (STPWM) (UK company)	Wealth Planning	Ordinary Shares - 100% owned by STFC - non trading company	100.00
NHA Financial Services Limited (NHA) (UK company)	Holding Company	Ordinary Shares - 100% owned by STFC	100.00
Sterling Trust Professional (York) Limited (STY) (UK company)	Wealth Planning	Ordinary Shares - 100% owned by NHA	100.00
Sterling Trust Professional Limited (STP) (UK company)	Wealth Planning	Ordinary Shares - 100% owned by STFC	100.00
Sterling Trust Professional (North East) Limited (STPNE) (UK company)	Wealth Planning	Ordinary Shares - 100% owned by STFC	100.00
Sterling Trust Professional (Sheffield) Limited (STPS) (UK company)	Wealth Planning	Ordinary Shares - 100% owned by STFC	100.00

Registered office addresses (all UK unless otherwise indicated):

10-11 Austin Friars, London, England, EC2N 2HG

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

13 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	128,758	322,617	-	-
Amounts owed by group undertakings	5,099,911	-	-	-
Prepayments and accrued income	550,839	1,966,704	-	-
Deferred taxation	650	-	-	-
	<u>5,780,158</u>	<u>2,289,321</u>	<u>-</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts owed to group undertakings	-	-	2,175,449	2,056,800
Corporation tax payable	56,865	453,694	-	-
Other taxation and social security	45,210	47,122	-	-
Other creditors	79,580	367,342	100	50,100
Accruals and deferred income	301,757	84,755	-	-
	<u>483,412</u>	<u>952,913</u>	<u>2,175,549</u>	<u>2,106,900</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2021	Liabilities 2020
	£	£
Group		
Accelerated capital allowances	<u>650</u>	<u>4,530</u>

The company has no deferred tax assets or liabilities.

	Group 2021	Company 2021
	£	£
Movements in the Period:		
Liability at 1 April 2020	4,530	-
Charge to profit or loss	(5,180)	-
	<u>650</u>	<u>-</u>
Asset at 30 September 2021	<u>650</u>	<u>-</u>

STERLING TRUST FINANCIAL CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

16 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>234,820</u>	<u>220,743</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

17 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

18 Reserves

Profit and loss reserves

Retained earnings comprise all current and prior years retained profits and losses less dividends paid.

19 Related party transactions

Group and company

As at period ended 30 September 2021, the group had loans receivable of £5,099,911 (2020: £nil) from Kingswood Holdings Limited. The loans are considered to be repayable with no fixed period. No interest is charged on these loans.

Company

As at period ended 30 September 2021, the company owed £2,175,449 (2020: £2,056,800) to other group companies. No interest was charged paid in respect of the amount outstanding.

STERLING TRUST FINANCIAL CONSULTING LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

20 Guarantees

Audit Guarantee

The company has provided guarantees of the liabilities of subsidiaries listed below in relation to their respective year ends (also listed below). The subsidiary companies are taking advantage of the exemption from audit under section 479A of the Companies Act 2006. The Directors do not consider that there is any liability in respect to these guarantees.

Subsidiary		Guarantee of liabilities as at
Sterling Trust Professional Limited	04526641	30 September 2021
Sterling Trust Professional (North East) Limited	07256877	30 September 2021
Sterling Trust Professional (York) Limited	06496395	30 September 2021
NHA Financial Services Limited	07505303	30 September 2021

21 Controlling party

The entire share capital of the immediate parent company Sterling Trust Financial Consulting Limited was acquired by Kingswood Holdings Limited on 23 June 2020.

At the year end the Company's, ultimate parent company and controlling party was Kingswood Holdings Limited (KHL), being the parent of the group of which the Company was a member and for which group financial statements are prepared. Copies of the financial statements of KHL will be available from KHL's website shortly (www.kingswood-group.com) or from 13 Austin Friars, London, EC2N 2HE. KPI (Nominees) Limited exercises control over KHL by means of their shareholding.