

King & Shaxson Asset Management Limited

Reports and financial statements

For the year ended 30 June 2019

Registered number 03870667

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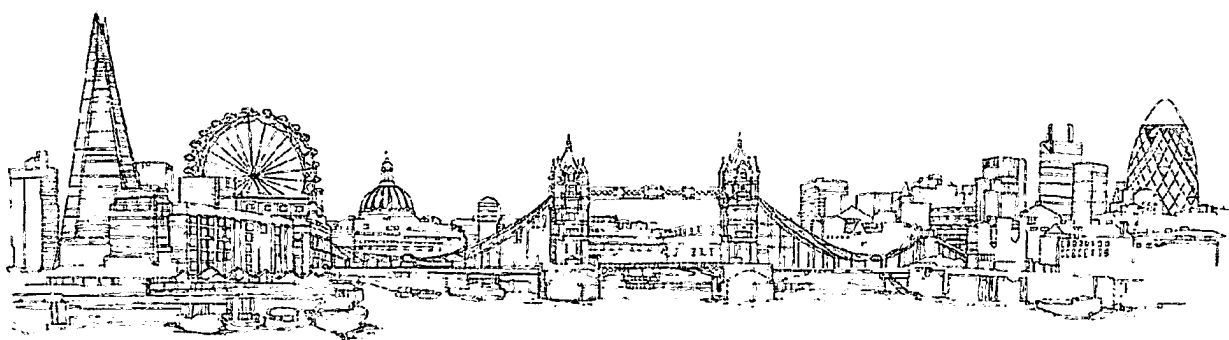
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KING & SHAXSON ASSET MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and audited financial statements for King & Shaxson Asset Management Limited ("the Company") for the year ended 30 June 2019, in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Company is a private company limited by shares, incorporated in the United Kingdom.

BUSINESS REVIEW, PERFORMANCE & DEVELOPMENT

Up until 31 March 2019, the Company was dormant. As part of a group reorganisation, the Company achieved FCA regulatory status and on 1 April 2019 subsequently commenced acting as the settling party for trades undertaken between participants on the Dowgate multilateral trading facility ("MTF") on a matched principal basis. A settling counterparty is a requirement for any MTF where counterparties wish to remain anonymous to the market place; the Company acts as the intermediary counterparty to these matched principle trades. The Company receives no revenue for these services,

As part of the group reorganisation, from 1 July 2019 the Company will commence with offering discretionary fund management services in socially responsible investments to platforms and high net worth retail clients. Clients are referred to the business by Independent Financial Advisors (IFAs) and the Company does not currently accept direct clients. The custody and settlement services for this business are provided to the client directly by Pershing Securities Limited. The Company is regulated by the Financial Conduct Authority ("FCA"). For year ended 30 June 2019, these activities were within PhillipCapital UK Ltd, a fellow group company.

PRINCIPAL RISKS

The Company is of a size which enables the management team to be closely involved in the day to day running of the business thus mitigating risk through knowledge and experience as well as ensuring strong controls are in place and operating effectively. Operational and systems risk, liquidity risk and group risk and are considered the key risks to the business.

Operational risk

Operational and systems risk is the risk of loss arising from inadequate or failed internal processes, people or information technology and system control. This risk is managed by the Risk & Governance Committee through close management oversight, and consideration of 'what can go wrong'. All near misses are subject to hot review by this committee. The Group has a clear risk management policy, and a risk manager who updates the Risk & Governance Committee on risk matters as frequently as necessary and reviews key risk matters on a quarterly basis. The Company's IT systems are evaluated, maintained and upgraded continuously and the Company has recovery programmes and back up systems in place should the systems fail in any respect. The Company has more than one supplier in place for data, market information, internet access and liquidity provisions. A comprehensive business continuity plan, and recovery plan is in place and is tested to ensure it remains up to date. Outsource providers are reviewed regularly as part of the Compliance monitoring programme.

Liquidity risk

The Group's financial instruments comprise cash, trade debtors and trade creditors. The Group manages its exposure to liquidity and cash flow risk through close management supervision of cash balances, ensuring that the Group has sufficient cash resources at any time to meet immediate cash needs and that bank facilities are available should they be required.

Group risk

Group risk is defined as the risk of any group company causing a substantial failure in the ability of the Group to meet its regulatory and legal requirements. These risks are managed through effective corporate governance structures and ongoing dialogue.

KING & SHAXSON ASSET MANAGEMENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

PRINCIPAL RISKS (CONTINUED)

Credit risk

This is defined as the risk of potential losses resulting from defaults from a client or borrower. The Company does not take positions in securities; all trades are matched and settled through recognised security settlement systems such as CREST and Euroclear, and all sales and purchases are in government debt or highly rated large corporate paper. Should one side of a trade fail, the exposure transfers to King & Shaxson Limited, a sister company. King & Shaxson Limited has a sophisticated limit system which takes into account both the credit limit of the client and also of the underlying security. The Company also has a credit committee which manages credit risk within parameters set by the Management Committee.

Other key risks

Other risks include Compliance and Regulatory risk. This is the risk of financial loss associated with non-compliance with laws and regulation. The Company is authorised and regulated by the FCA. Any changes in the regulatory framework and directives relating to the Company's activities could expose the Company to financial and reputational risk. The Compliance function and the use of external compliance and regulatory advisers help to mitigate this risk. Reputational risk is the risk of reputational damage arising from negative publicity relating to the Company's operations that may result in a reduction its client activity and revenue, or in legal claims made against the Company.

Risk Management

Responsibility for the overall framework of risk governance and management lies with the Management Committee. The Committee is responsible for determining risk strategy, setting the Group's risk appetite and ensuring that risk is monitored and controlled effectively. The Management Committee operates through a committee called the Risk & Governance Committee, which contain all members of the Management Committee plus one extra member. This Committee is responsible for establishing a clearly defined risk management structure with distinct roles and responsibilities. Within that structure business managers are accountable for all the risks assumed within their areas of responsibility and for the execution of appropriate risk management discipline within the framework of policy and delegated authority set out by the Management Committee. The principle of individual accountability and responsibility within a disciplined approach to risk management is an important feature of the Group's culture. There are independent reporting lines for the key compliance and finance functions. Risk appetite is the amount and type of risk that the Group regards as appropriate for it to accept in order to fulfill its business objectives. The Management Committee regularly reviews and sets this objective.

RESULTS AND DIVIDENDS

The Company made no profit or loss in the year to 30 June 2019 (2018: £nil). The directors do not recommend the payment of a dividend (2018: £nil).

By order of the Board



Wayne Bishop
Chief Executive

15 October 2019

KING & SHAXSON ASSET MANAGEMENT LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS

The directors who held office during the year were as follows:

W J Bishop (appointed 11 April 2019)
M V Carey
M V Dodd
J J Inkster
G J Martin (resigned 10 April 2019)
M L Telfer
D I R Wileman

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and establish that the Company's auditor is aware of that information.

By order of the board



Miranda Telfer
Director

15 October 2019

Registered number : 03870667
Registered office : First Floor Cutlers Court
115 Houndsditch
London EC3A 7BR

KING & SHAXSON ASSET MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company 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;
- 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 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. They 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 confirm that:

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

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Wayne Bishop
Chief Executive

15 October 2019

Registered number : 03870667
Registered office : First Floor Cutlers Court
115 Houndsditch
London EC3A 7BR

KING & SHAXSON ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF KING & SHAXSON ASSET MANAGEMENT LIMITED

Opinion

We have audited the financial statements of King & Shaxson Asset Management Limited (the 'company') for the year ended 30 June 2019, which comprise statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 30 June 2019 and of its profit and loss 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

KING & SHAXSON ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF KING & SHAXSON ASSET MANAGEMENT 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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, 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 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.

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.

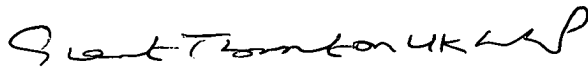
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

KING & SHAXSON ASSET MANAGEMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF KING & SHAXSON ASSET
MANAGEMENT LIMITED**

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 October 2019

KING & SHAXSON ASSET MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	<i>Note</i>	2019 £	2018 £
CURRENT ASSETS			
Debtors	4	495,202,046	551,285
Cash at bank and in hand		<u>1,135,936</u>	<u>-</u>
		496,337,982	551,285
CREDITORS			
Amounts falling due within one year	5	<u>(494,786,697)</u>	<u>-</u>
Net current assets		1,551,285	551,285
NET ASSETS		<u>1,551,285</u>	<u>551,285</u>
CAPITAL AND RESERVES			
Called up share capital	6	3,000,000	2,000,000
Profit and loss account		<u>(1,448,715)</u>	<u>(1,448,715)</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS		<u>1,551,285</u>	<u>551,285</u>

These financial statements were approved by the board of directors on 15 October 2019 and were signed on its behalf by:



Wayne Bishop
Chief Executive

Registered number: 03870667

The notes on pages 12 to 15 form part of these financial statements

KING & SHAXSON ASSET MANAGEMENT LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Profit & loss account £	Total £
AT 1 JULY 2017 AND 1 JULY 2018	2,000,000	(1,448,715)	551,285
Issue of new shares	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
AT 30 JUNE 2019	<u>3,000,000</u>	<u>(1, 448,715)</u>	<u>1,551,285</u>

The notes on pages 12 to 15 form part of these financial statements.

KING & SHAXSON ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements except as noted below.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are dealt with in arriving at the operating profit and loss for the year.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Provision for bad and doubtful debts

Provision is made against debtors to the extent that they are adjudged to be non-recoverable.

Cash

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Client money

Money held by the Company on behalf of clients, in accordance with the Client Money Rules of the Financial Conduct Authority, and the corresponding liabilities are not shown on the face of the balance sheet as the Company does not obtain economic benefit from the monies.

KING & SHAXSON ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

2. Principal accounting policies (continued)

Cash flow statement

As permitted by FRS 102, the Company is not required to produce a cash flow statement as, for the year to 30 June 2019, it was a wholly owned subsidiary of Phillip UK Holdings Limited and the consolidated financial statements of that company includes its cash flows.

Segmental reporting

In the opinion of the directors the profits and losses of the Company are derived substantially from UK operations, the assets and liabilities of the Company reside substantially within the UK and the business of the Company is substantially that of asset management.

3. Operating profit

For year ending 30 June 2019 the Company has made neither profit nor loss. The audit fee of £5,000 (2018: £nil) has been paid for by King & Shaxson Limited a fellow group company. The Company did not have any employees. The directors received no remuneration for their services to the Company.

4. Debtors

	2019	2018
		£
Amounts due from clients and brokers	494,786,697	-
Due from group companies	415,349	551,285
	495,202,046	551,285

Amounts due from clients and brokers comprise settlement balances representing the purchase and sale of securities where settlement takes place on a delivery versus payment basis. These are trades arranged through the UK Group's multilateral trading facility where clients have opted to trade on an undisclosed basis. Such trades are executed through the Company at no profit or loss.

5. Creditors: amounts falling due within one year

	2019	2018
	£	£
Amounts due to clients and brokers (refer to note 4)	494,786,697	-
	494,786,697	-

KING & SHAXSON ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

6. Called up share capital

	2019 £	2018 £
Authorised		
Ordinary shares of £1 each	10,000,000	10,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>3,000,000</u>	<u>2,000,000</u>

On 1 April 2019 the Company issued 1 million of £1 ordinary shares and received cash consideration.

7. Financial assets and liabilities

	2019 £	2018 £
Cash and cash equivalents, trade and other debtors at amortised cost	496,337,982	551,285
Financial liabilities at amortised cost	<u>494,786,697</u>	<u>-</u>

8. Financial risk management

The Company recognises its exposure to a number of different financial risks and as a result the directors have agreed formal policies for the review and management of these risks which are summarised as follows:

Credit risk

This is defined as the risk of potential losses resulting from defaults from a client or borrower. The Company does not take positions in securities; all trades are matched and settled through recognised security settlement systems such as CREST. Should one side of a trade fail, the sister company, King & Shaxson Limited will settle any outstanding balances with the Company.

Credit risk also arises from deposits with banks and financial institutions. For such institutions, management has internally assessed each institution as financially healthy and stable and continually monitors them to ensure they remain so.

Liquidity risk

The Company's financial instruments comprise of cash, trade debtors and trade creditors. The Company manages its exposure to liquidity and cash flow risk through close management supervision of cash balances, ensuring that the Group has sufficient cash resources at any time to meet immediate cash needs and that bank facilities are available should they be required. The liabilities of the Company are primarily customer liabilities due to settle within a number of days after the reporting date. Refer to note 8.

Market risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities which may negatively impact the Group's earnings. There should be no market risk within the Company as a matched principal broker.

KING & SHAXSON ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)
FOR THE YEAR ENDED 30 JUNE 2019

8. Financial risk management (continued)

Foreign currency risk

This risk arises from movements in exchange rates which affect the Company's profitability. The Company faces currency exposures on the deposits it leaves with the liquidity providers. The risk is managed by daily monitoring as part of its risk management procedures.

9. Capital management

King & Shaxson Asset Management Limited is regulated by the FCA with effect from 1 April 2019 and is required to hold adequate capital as prescribed by the FCA handbook. In compliance with these regulations the directors regularly monitor capital levels to ensure that they remain adequate.

At 1 April and 30 June 2019, King & Shaxson Asset Management Limited had the following tier 1 capital:

	2019
	£
Share capital	3,000,000
Reserves	<u>(1,448,715)</u>
Tier 1 capital	<u>1,551,285</u>

10. Ultimate parent company and related party transactions

The ultimate parent company is Phillip Brokerage (Pte) Ltd, a company incorporated in Singapore. Copies of the Phillip Brokerage Pte Ltd financial statements can be obtained from The Secretary, First Floor Cutlers Court, 115 Houndsditch, London EC3A 7BR.

The largest and smallest group in which the results of the Company are consolidated, is that of Phillip UK Holdings Limited, which is the parent company. The consolidated accounts can be obtained from The Secretary, First Floor Cutlers Court, 115 Houndsditch, London EC3A 7BR. Phillip UK Holdings Limited is incorporated in England.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and its subsidiary undertaking are included by full consolidation in the consolidated accounts of Phillip UK Holdings Limited.

Advantage is taken in these financial statements of the exemptions available in FRS 102 Section 33 for disclosure of transactions with related parties that are wholly owned within the same group.