

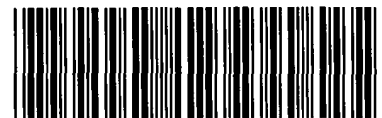
**King & Shaxson Asset Management Limited**

**Reports and financial statements**

**For the year ended 30 June 2020**

Registered number 03870667

SATURDAY



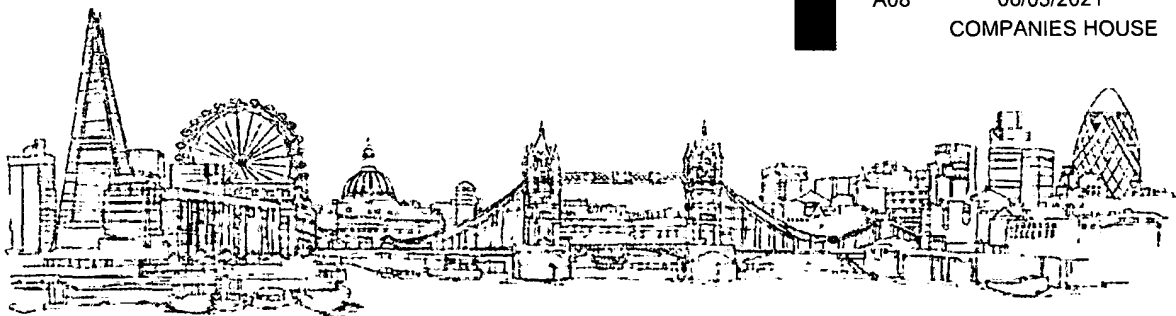
\*A9ZQCC54\*

A08

06/03/2021

#312

COMPANIES HOUSE



## **KING & SHAXSON ASSET MANAGEMENT LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report and audited financial statements for King & Shaxson Asset Management Limited ("the Company") for the year ended 30 June 2020, 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**

As part of a group reorganisation, from 1 July 2019 the Company commenced 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) or accountants; 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").

During the year, much investment has been made in the business with a view to enhancing the company offering and increasing assets under management. During the year, assets under management grew 45% from £66m to £96m.

The Company utilises a number of detailed performance reports and a limited number of key performance indicators to manage the business. The Management Committee monitors fund performance of each of the relevant client risk profiles against specific and stated benchmarks. Outside of these numbers, very few key performance indicators are employed.

### **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 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 UK Treasury bills, 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 2020**

**PRINCIPAL RISKS (CONTINUED)**

*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. Market risk can affect the performance of funds under management and can lead to client redemptions. This in turn can lead to changes in the management fee revenue earned by the company. The company does not hold proprietary positions, other than a liquidity buffer in UK treasury bills.

*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.

**KING & SHAXSON ASSET MANAGEMENT LIMITED  
STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**RESULTS AND DIVIDENDS**

The Company made a loss of £134,210 in the year to 30 June 2020 (2019: £nil). The directors do not recommend the payment of a dividend (2019: £nil).

By order of the Board



**Wayne Bishop**  
*Chief Executive*

16 October 2020

**KING & SHAXSON ASSET MANAGEMENT LIMITED  
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020**

**DIRECTORS**

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

W J Bishop  
M V Carey  
J J Inkster  
M L Telfer  
D I R Wileman  
M V Dodd (resigned 20 November 2019)

**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*

**Miranda Telfer**

*Director*

16 October 2020

**Registered number :** 03870667

**Registered office :** 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

16 October 2020

**Registered number :** 03870667

**Registered office :** 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 2020, which comprise the statement of profit and loss, the statement of financial position, the 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 2020 and of its 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.

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the

**KING & SHAXSON ASSET MANAGEMENT LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**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.

**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,

**KING & SHAXSON ASSET MANAGEMENT LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

*Grant Thornton UK LLP*

**Paul Flatley**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

- Statutory Auditor, Chartered Accountants  
London

16 October 2020

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

	<i>Note</i>	2020 £	2019 £
<b>Turnover</b>		<b>758,177</b>	-
Cost of sales		<b>(168,924)</b>	-
<b>GROSS PROFIT</b>		<b>589,253</b>	-
Administration costs	3	<b>(723,923)</b>	-
<b>Operating loss</b>		<b>(134,670)</b>	-
Interest receivable and similar income		460	-
Interest payable and similar charges		-	-
<b>Loss on ordinary activities before taxation</b>		<b>(134,210)</b>	-
Tax on loss on ordinary activities	4	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(134,210)</b>	-

All of the loss for the financial year is attributable to the owners of the parent. The Company has no recognised gains or losses other than those included above. All items relate to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

The notes to these accounts on pages 13 to 18 form part of these financial statements.

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	<i>Note</i>	<b>2020</b> £	<b>2019</b> £
<b>CURRENT ASSETS</b>			
Debtors	5	349,599,107	495,202,046
Investments	2	249,972	-
Cash at bank and in hand		551,160	1,135,936
		<u>350,400,239</u>	<u>496,337,982</u>
<b>CREDITORS</b>			
Amounts falling due within one year	6	<u>(348,983,164)</u>	<u>(494,786,697)</u>
<b>Net current assets</b>		<b>1,417,075</b>	<b>1,551,285</b>
<b>NET ASSETS</b>		<u><b>1,417,075</b></u>	<u><b>1,551,285</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	3,000,000	3,000,000
Profit and loss account		(1,582,925)	(1,448,715)
<b>TOTAL EQUITY SHAREHOLDER'S FUNDS</b>		<u><b>1,417,075</b></u>	<u><b>1,551,285</b></u>

These financial statements were approved by the board of directors on 16 October 2020 and were signed on its behalf by:



**Wayne Bishop**  
*Chief Executive*

**Registered number:** 03870667

The notes on pages 13 to 18 form part of these financial statements

**KING & SHAXSON ASSET MANAGEMENT LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Profit & loss account £	Total £
<b>AT 1 JULY 2018</b>	<b>2,000,000</b>	<b>(1,448,715)</b>	<b>551,285</b>
Issue of new shares	1,000,000	-	1,000,000
<b>AT 1 JULY 2019</b>	<b>3,000,000</b>	<b>(1,448,715)</b>	<b>1,551,285</b>
Loss for the year	-	(134,210)	(134,210)
<b>AT 30 JUNE 2020</b>	<b>3,000,000</b>	<b>(1,582,925)</b>	<b>1,417,075</b>

The notes on pages 13 to 18 form part of these financial statements.

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**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**

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to fund valuations and key person risk.

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.

**Investments**

Current asset investments comprise UK treasury bills and are stated at market value.

**Cash**

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

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**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.

**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**

Operating loss is stated after charging:

	<b>2020</b>
	<b>£</b>
Fees payable to the auditor for the audit of the annual financial statement	10,000
Management charge paid to fellow group company	723,955

Fees of £5,000 were payable to the auditor for the audit of the annual financial statement for 2019. This cost was paid for by King & Shaxson Limited a fellow group company.

The Company does not have any employees. The directors received no remuneration for their services to the Company.

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**4. Tax on loss on ordinary activities**

The tax charge is based on the loss for the year and represents:

	2020 £	2019 £
UK Corporation tax	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred taxation: origination and reversal of timing differences	-	-
Deferred taxation: changes in tax rate	-	-
Tax on results on ordinary activities	-	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<b>(134,210)</b>	-
Tax credit at UK corporation tax rate of 19% (2019: 19%)	<b>(25,500)</b>	-
<i>Effects of:</i>		
Group relief	<b>25,500</b>	-
Tax on results on ordinary activities	-	-

*Current tax rate*

There was a reduction to 19% from 1 April 2017 for corporate income tax which was substantially enacted on 8 July 2015.

*Deferred tax rate*

Reductions in the rate to 17% (effective from 1 April 2020) were substantively enacted on 16 March 2016. The total potential deferred tax asset on timing differences has been recognised at 18.4% (2018: 18.8%).

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**5. Debtors**

	2020 £	2019 £
Amounts due from clients and brokers	348,972,140	494,786,697
Other debtors	100,557	-
Due from group companies	526,410	415,349
	<u>349,599,107</u>	<u>495,202,046</u>

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.

**6. Creditors: amounts falling due within one year**

	2020 £	2019 £
Amounts due to clients and brokers (refer to note 5)	348,962,237	494,786,697
Other creditors	20,927	-
	<u>348,983,164</u>	<u>494,786,697</u>

**7. Called up share capital**

	2020 £	2019 £
<b>Authorised</b>		
Ordinary shares of £1 each	10,000,000	10,000,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**8. Financial assets and liabilities**

	2020	2019
	£	£
Cash and cash equivalents, trade and other debtors at amortised cost	350,400,239	496,337,982
Financial liabilities at amortised cost	<u>348,983,164</u>	<u>494,786,697</u>

**9. 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.

**9. Financial risk management (continued)**

*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 5.

*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. Market risk can affect the performance of funds under management and can lead to client redemptions. This in turn can lead to changes in the management fee revenue earned by the company. The company does not hold proprietary positions, other than a liquidity buffer in UK treasury bills.

**KING & SHAXSON ASSET MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. 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 30 June 2020, King & Shaxson Asset Management Limited had the following tier 1 capital:

	2020
	£
Share capital	3,000,000
Reserves	<u>(1,582,925)</u>
Tier 1 capital	<u>1,417,075</u>

**11. 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.