

Companies House copy

Registered number: 10643784

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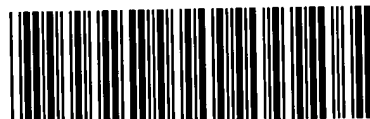
**KOENIGSWEG HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2018**

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**KOENIGSWEG HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Manuel Stotz (appointed 28 February 2017) Henriette Greta Stotz (appointed 1 November 2017)
<b>Registered number</b>	10643784
<b>Registered office</b>	Eighth Floor 6 New Street Square New Fetter Lane London England EC4A 3AQ
<b>Independent auditor</b>	Rawlinson & Hunter Audit LLP Statutory Auditor & Chartered Accountants Eighth Floor 6 New Street Square New Fetter Lane London England EC4A 3AQ

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**KOENIGSWEG HOLDINGS LIMITED**

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## KOENIGSWEG HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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#### Introduction

The group consists of Koenigsweg Holdings Limited ("the company") and its subsidiary undertakings (collectively "the group").

#### Business review

The principal activity of the group is to provide investment management and advisory services. The group's assets under management ("AUM") at 31 March 2018 were \$1.69 billion, £1.2 billion equivalent.

The company was incorporated on 28 February 2017. On 8 March 2018 the company acquired the entire issued Ordinary share capital of Kingsway Capital Partners Limited as part of a group reconstruction.

The board of directors is responsible for the the overall stewardship of the group.

The group's performance for the period and future outlook are contained in the Report of the Directors on page 3 and the information forms part of this Strategic Report.

#### Principal risks and uncertainties

The principal risks and uncertainties faced by the group are described below:

- **Market** - the group's performance is exposed to movements in the prices of individual stocks and the market in general;
- **Loss of reputation** - incorrect investment strategy may result in poor returns or loss of capital for the underlying investors ultimately leading to a loss of assets under management;
- **Regulatory** - as a regulated business in the UK and the US, breach of regulatory rules may lead to sanctions by the Financial Conduct Authority and/or the US Securities and Exchange Commission, and new regulations may impose undue pressure on the group's infrastructure;
- **Operational** - failure of its operational systems or those of third party service providers may disrupt the group's ability to provide its services;
- **Financial** - inadequate controls or policies could lead to misappropriation of assets and failure to comply with accounting standards and related regulations;
- **Credit** - the group is exposed to clients who may fail to settle investment management and advisory fees, the primary source of revenue. The group also holds cash with Coutts & Co bank, a wholly owned subsidiary of the Royal Bank of Scotland, and uses peer-to-peer foreign exchange services via an international foreign currency matching platform.
- **Foreign exchange risk** - the group is exposed to foreign exchange risk as evidenced by its USD denominated income and certain debtor balances; and
- **Liquidity** - cash may become insufficient for the group to meet its obligations associated with financial liabilities.

The directors seek to mitigate and manage each of these risks, and limit the adverse effects on the financial performance of the group, by formally reviewing all risks and establishing appropriate procedures and controls. The financial and regulatory compliance functions are outsourced to a third party provider thus offering a degree of independence during the process of control.

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**KOENIGSWEG HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2018**


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**Financial key performance indicators**

The group uses a number of performance measures to assess its success in meeting its objectives that include:

- Investment performance - the group's success depends on satisfying its clients' investment criteria and expectations;
- AUM - the group's results are underpinned by the level of AUM and these are reported above; and
- Profitability - the current period's results are reported in the Directors' Report on page 3.

This report was approved by the board and signed on its behalf.

  
**Manuel Stotz**  
Director

Date: 07-02-2019

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## KOENIGSWEG HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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The directors present their annual report and the audited financial statements of the company and the group for the period from 28 February 2017, the date of incorporation, to 31 March 2018.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the company and the group 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 for the group's financial statements and then apply them consistently;
- make judgments 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 company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The group's profit for the period, after taxation and minority interests, amounted to £1,097,116. The company made a loss in the period of £36,155.

#### Directors

The directors who served during the period were:

Manuel Stotz (appointed 28 February 2017)  
Henriette Greta Stotz (appointed 1 November 2017)

#### Future developments

During the forthcoming year the directors expect the group to remain profitable.

#### Matters covered in the Group Strategic Report

Disclosure of the group's business review (including the company's principal activity), principal risks and uncertainties and financial key performance indicators are provided in the Group Strategic Report.

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**KOENIGSWEG HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

**Post balance sheet events**

On 2 May 2018 the company acquired the entire issued share capital of Koenigsweg Partners Limited, a company incorporated in England and Wales.

**Auditor**

Under section 487(2) of the Companies Act 2006, Rawlinson & Hunter Audit LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



**Manuel Stotz**  
Director

Date: 07-02-19

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## KOENIGSWEG HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOENIGSWEG HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Koenigsweg Holdings Limited ("the company") and its subsidiary undertakings (collectively "the group") for the period ended 31 March 2018, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, 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 group's and of the company's affairs as at 31 March 2018 and of the group's profit for the period 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group's or 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 and Financial Statements, 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



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## KOENIGSWEG HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOENIGSWEG HOLDINGS LIMITED (CONTINUED)

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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.

#### **Opinion 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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 3, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

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**KOENIGSWEG HOLDINGS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOENIGSWEG HOLDINGS LIMITED  
(CONTINUED)**

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**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](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.

*Rawlinson & Hunter Audit LLP*

Alexander Temlett (Senior Statutory Auditor)

for and on behalf of  
**Rawlinson & Hunter Audit LLP**

Statutory Auditor  
Chartered Accountants

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
England  
EC4A 3AQ

Date:

*7 February 2019*

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**KOENIGSWEG HOLDINGS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	Note	2018 £
Turnover		2,655,250
Administrative expenses		(529,373)
Operating profit	5	2,125,877
Interest receivable and similar income	8	157
Profit before tax		2,126,034
Tax on profit	9	(287,030)
Profit for the financial period		1,839,004
Profit for the period attributable to:		
Non-controlling interests		741,888
Owners of the parent		1,097,116
		1,839,004

The notes on pages 14 to 28 form part of these financial statements.

**KOENIGSWEG HOLDINGS LIMITED**  
**REGISTERED NUMBER: 10643784**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £
<b>Fixed assets</b>		
Tangible assets	12	59,737
		<u>59,737</u>
<b>Current assets</b>		
Debtors	14	4,395,195
Cash at bank and in hand	15	882,885
		<u>5,278,080</u>
Creditors: amounts falling due within one year	16	(714,380)
		<u>4,563,700</u>
<b>Net current assets</b>		<u>4,563,700</u>
<b>Total assets less current liabilities</b>		<u>4,623,437</u>
<b>Provisions for liabilities</b>		
Deferred tax	18	(4,999)
		<u>(4,999)</u>
<b>Net assets</b>		<u>4,618,438</u>
<b>Net assets</b>		<u><u>4,618,438</u></u>
<b>Capital and reserves</b>		
Called up share capital	19	1,000,740
Other reserves	20	1,220,773
Profit and loss account	20	1,097,116
		<u>3,318,629</u>
<b>Equity attributable to owners of the parent company</b>		<u>3,318,629</u>
Non-controlling interests		1,299,809
		<u>4,618,438</u>
		<u><u>4,618,438</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**Manuel Stotz**  
 Director

Date: 07-02-18

The notes on pages 14 to 28 form part of these financial statements.

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KOENIGSWEG HOLDINGS LIMITED  
REGISTERED NUMBER: 10643784

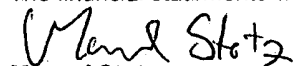
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COMPANY BALANCE SHEET  
AS AT 31 MARCH 2018

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	Note	2018 £
<b>Fixed assets</b>		
Investments	13	1,000,000
		<u>1,000,000</u>
<b>Current assets</b>		
Cash at bank and in hand	15	6,502
		<u>6,502</u>
Creditors: amounts falling due within one year	16	(41,917)
		<u>(35,415)</u>
<b>Net current liabilities</b>		<u>(35,415)</u>
<b>Total assets less current liabilities</b>		<u>964,585</u>
<b>Net assets</b>		<u>964,585</u>
<b>Capital and reserves</b>		
Called up share capital	19	1,000,740
Profit and loss account	20	(36,155)
		<u>964,585</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
Manuel Stotz  
Director

Date: 07-02-19

The notes on pages 14 to 28 form part of these financial statements.

KOENIGSWEG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018

	Called up share capital	Other reserves	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
Profit for the period	-	-	1,097,116	1,097,116	741,888	1,839,004
Distributions to non- controlling interests	-	-	-	-	(146,858)	(146,858)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,097,116</b>	<b>1,097,116</b>	<b>595,030</b>	<b>1,692,146</b>
Shares issued during the period (Note 19)	1,000,740	-	-	1,000,740	-	1,000,740
Profit attributable to non- controlling interests, net of distributions, on taking control of group undertaking	-	-	-	-	503,979	503,979
Capital introduced by non- controlling interests	-	-	-	-	200,800	200,800
Merger reserve (note 20)	-	1,220,773	-	1,220,773	-	1,220,773
<b>At 31 March 2018</b>	<b>1,000,740</b>	<b>1,220,773</b>	<b>1,097,116</b>	<b>3,318,629</b>	<b>1,299,809</b>	<b>4,618,438</b>

The notes on pages 14 to 28 form part of these financial statements.

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**KOENIGSWEG HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Loss for the period	-	(36,155)	(36,155)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(36,155)	(36,155)
Shares issued during the period (Note 19)	1,000,740	-	1,000,740
	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,000,740	(36,155)	964,585
	<hr/>	<hr/>	<hr/>

The notes on pages 14 to 28 form part of these financial statements.

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**KOENIGSWEG HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	2018 £
<b>Cash flows from operating activities</b>	
Profit for the financial period	1,839,004
<b>Adjustments for:</b>	
Depreciation of tangible assets	9,197
Interest received	(157)
Increase in debtors	(2,796,343)
Increase in creditors	2,262
Taxation charge	287,030
Foreign exchange	(885)
Operating profits generated by group undertaking, net of distributions to non-controlling interests, to date of acquisition	504,030
<b>Net cash used in operating activities</b>	<u>(155,862)</u>
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(9,361)
Interest received	94
<b>Net cash used in investing activities</b>	<u>(9,267)</u>
<b>Cash flows from financing activities</b>	
Issue of ordinary shares	1,000,740
Loans made to non-controlling interests	(7,553)
Capital contributions made by non-controlling interests	200,800
Payments made to non-controlling interests	(146,858)
<b>Net cash from financing activities</b>	<u>1,047,129</u>
<b>Net increase in cash and cash equivalents</b>	<u>882,000</u>
Foreign exchange gains and losses	885
<b>Cash and cash equivalents at the end of period</b>	<u><u>882,885</u></u>
<b>Cash and cash equivalents at the end of period comprise:</b>	
Cash at bank and in hand	882,885
	<u><u>882,885</u></u>

The notes on pages 14 to 28 form part of these financial statements.



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KOENIGSWEG HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018

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**1. General information**

Koenigsweg Holdings Limited ("the company") and its subsidiary undertakings ("the group") provide investment management and advisory services. The company is a private company incorporated and domiciled in England and Wales. The address of the registered office is Eighth Floor, 6 New Street Square, New Fetter Lane, London, England, EC4A 3AQ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The group and individual financial statements of the company have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of group and individual financial statements of the company in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's and the company's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

**2.2 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with including notification of the use of exemptions to, and no objection by, the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the consolidated financial statements of the group, which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102; and
- from the requirement to disclose details of material transactions between the company and its wholly owned subsidiaries as required by section 33 of FRS 102.

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## KOENIGSWEG HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.3 Basis of consolidation

The consolidated financial statements present the results of the group as if the company and its subsidiary undertakings formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method except where there is a group reconstruction, when the merger method of accounting is used. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Under the purchase method, the results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained and they are deconsolidated from the date control ceases. Where the merger method of accounting is used, the results and cash flows of all combining entities are brought into the financial statements of the combined entity from the beginning of the financial period in which the combination occurred. The merger accounting method has been applied to the business combination of Koenigsweg Holdings Limited and Kingsway Capital Partners Limited.

##### 2.4 Going concern

On the basis of their assessment of the company's and group's financial position and resources, the directors believe that the company and the group is well placed to manage its business risks and they have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 2.5 Foreign currency translation

###### Functional and presentation currency

The company's and group's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 2.6 Revenue

Turnover represents the amounts receivable in respect of the group's activities in providing principally investment management and advisory services. Fees are recognised in the Consolidated Profit and Loss Account in the period in which services have been provided in accordance with the terms of the related agreements, exclusive of value added tax.

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)**

**2.7 Operating leases: the group as lessee**

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

**2.8 Interest income**

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

**2.9 Pensions**

**Defined contribution pension plan**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

**2.10 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## KOENIGSWEG HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- period from date of purchase to end of lease.
Fixtures and fittings	- 36 months
Office equipment	- 36 months
Computer equipment	- 36 months

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

##### 2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment, if any.

##### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

##### 2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## KOENIGSWEG HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 2.17 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)**

**2.17 Financial Instruments (continued)**

there is an 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.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key estimates and assumptions used by the group are discussed below:

**Carrying value of fixed asset investments**

The group makes an estimate of the recoverable value of fixed asset investments. When assessing impairment of investments, the directors consider factors including the expected future performance of the investments, expected future cash flows from the investments, and the prevailing economic environment.

**4. Turnover**

The whole of the turnover is attributable to provision of investment management and advisory services.

Analysis of turnover by country of destination:

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2018 £
Operating leases - land and buildings	8,978
Staff costs	87,967
Depreciation of tangible fixed assets	9,197
Foreign exchange differences	(885)
Fees payable to the group's auditor for the audit of the company's annual financial statements	1,800
Fees payable to the group's auditors for other services:	
Audit of financial statements of subsidiaries	8,000
Taxation compliance services	1,200
Other services	8,400
	<u>87,967</u>

**6. Employees**

	Group 2018 £	Company 2018 £
Wages and salaries	77,110	18,750
Social security costs	9,938	2,507
Other pension costs	919	-
	<u>87,967</u>	<u>21,257</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2018 No.
Office and management	<u>2</u>

**7. Directors' remuneration**

	2018 £
Directors' emoluments	<u>18,750</u>

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KOENIGSWEG HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018

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8. Interest receivable

	2018 £
Other interest receivable	157

9. Taxation

	2018 £
<b>Corporation tax</b>	
Current tax on profits for the year	282,031
<b>Total current tax</b>	<b>282,031</b>
<b>Deferred tax</b>	
Origination and reversal of timing differences (Note 18)	4,999
<b>Total deferred tax</b>	<b>4,999</b>
<b>Taxation on profit on ordinary activities</b>	<b>287,030</b>



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KOENIGSWEG HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018

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9. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 19% as set out below:

	2018 £
Profit on ordinary activities before tax	2,126,034
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	403,946
Effects of:	
Permanent timing differences	17,173
Unrelieved tax losses carried forward	6,870
Income taxable on non-controlling interests	(140,959)
Total tax charge for the period	287,030

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions in the main rate of taxation to 19% from 1 April 2017 and to 17% from 1 April 2020.

10. Non-controlling interests

	31 March 2018 £
Profit share attributable to non-controlling interests, net of distributions, on taking control of Kingsway Capital Advisors LLP	503,979
Capital contributions by non-controlling interests	200,800
Distributions to non-controlling interests	(146,858)
Share of profit on ordinary activities	741,888
Ending balance	1,299,809

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**11. Parent company loss for the year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the parent company for the period was £36,155.

**12. Tangible fixed assets**

**Group**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 28 February 2017	-	-	-	-	-
Additions	2,430	200	179	6,552	9,361
Acquired on taking control of group undertakings	15,390	13,257	14,363	16,643	59,653
At 31 March 2018	<u>17,820</u>	<u>13,457</u>	<u>14,542</u>	<u>23,195</u>	<u>69,014</u>
<b>Depreciation</b>					
At 28 February 2017	-	-	-	-	-
Charge for the period	1,630	2,979	1,896	2,692	9,197
Acquired on taking control of group undertakings	-	-	64	16	80
At 31 March 2018	<u>1,630</u>	<u>2,979</u>	<u>1,960</u>	<u>2,708</u>	<u>9,277</u>
<b>Net book value</b>					
At 31 March 2018	<u><u>16,190</u></u>	<u><u>10,478</u></u>	<u><u>12,582</u></u>	<u><u>20,487</u></u>	<u><u>59,737</u></u>

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**13. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Kingsway Capital Partners Limited	Ordinary	100 %	Provision of investment management and advisory services.
Kingsway Capital Advisors LLP	Voting interest	91 %	Provision of investment advisory services.

The company acquired 100% of the Ordinary share capital of Kingsway Capital Partners Limited ("KCPL") on 8 March 2018 as part of a group reconstruction. KCPL is a corporate member of Kingsway Capital Advisors LLP ("KCALLP") and has a 91% voting interest in the LLP. The registered office of KCPL and KCALLP is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

**Company**

	Investments in subsidiary companies £
<b>Cost</b>	
Additions	1,000,000
	<hr/>
At 31 March 2018	1,000,000
	<hr/> <hr/>

The addition in the year is the company's investment in Kingsway Capital Partners Limited, a limited company incorporated in England and Wales.

**KOENIGSWEG HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

**14. Debtors**

	Group 2018 £	Company 2018 £
<b>Due after more than one year</b>		
Other debtors	194,526	-
	<u>194,526</u>	<u>-</u>
<b>Due within one year</b>		
Trade debtors	3,668,912	-
Other debtors	157,417	-
Prepayments and accrued income	330,905	-
VAT recoverable	35,781	-
Amounts due from non-controlling interests	7,654	-
	<u><u>4,395,195</u></u>	<u><u>-</u></u>

**15. Cash and cash equivalents**

	Group 2018 £	Company 2018 £
Cash at bank and in hand	882,885	6,502
	<u><u>882,885</u></u>	<u><u>6,502</u></u>

**16. Creditors: Amounts falling due within one year**

	Group 2018 £	Company 2018 £
Trade creditors	210,174	-
Amounts owed to non-controlling interests	100	-
Corporation tax	282,031	-
Other taxation and social security	13,158	-
Other creditors	9,677	9,260
Accruals and deferred income	199,240	32,657
	<u><u>714,380</u></u>	<u><u>41,917</u></u>

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**17. Financial instruments**

	Group 2018 £	Company 2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	882,885	6,502
Financial assets that are debt instruments measured at amortised cost	4,028,509	-
	<u>4,911,394</u>	<u>6,502</u>
<b>Financial liabilities:</b>		
Financial liabilities measured at amortised cost	<u>419,191</u>	<u>41,917</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise amounts due from non-controlling interests, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise amounts due to non-controlling interests, trade creditors, other creditors and accruals.

**18. Deferred taxation**

**Group**

	2018 £
Charged to profit or loss (Note 9)	<u>4,999</u>

**At end of period**

The deferred taxation balance is made up as follows:

	Group 2018 £
Accelerated capital allowances	<u>4,999</u>

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KOENIGSWEG HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018

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19. Share capital

	2018 £
<b>Allotted, called up and fully paid</b>	
1,000,740 Ordinary shares of £1 each	<u>1,000,740</u>

On incorporation in February 2017, the company allotted 1,000 ordinary shares of US\$1 each for cash consideration of US\$1,000. Such shares were redenominated to 740 ordinary shares of £1 each in January 2018.

In March 2018 an additional 1,000,000 ordinary shares of £1 each were allotted as part of a share-for-share exchange transaction in which the entire issued share capital of Kingsway Capital Partners Limited, which then became a subsidiary undertaking, was acquired.

20. Reserves

**Merger Reserve**

As part of the group reconstruction, a merger reserve of £1,220,773 was created in Kingsway Capital Partners Limited, a subsidiary undertaking. In accordance with the merger accounting method this is also reflected in the consolidated accounts of Koenigsweg Holdings Limited as a merger reserve.

**Profit and loss account**

The profit and loss account represents accumulated comprehensive income for the year attributable to the parent undertaking.

21. Commitments under operating leases

At 31 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £
Not later than 1 year	162,000
Later than 1 year and not later than 5 years	93,205
	<u>255,205</u>

22. Related party transactions

Included within creditors is £9,260 owed to Manuel Stotz, a director of the company.

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**KOENIGSWEG HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**23. Post balance sheet events**

On 2 May 2018 the company acquired the entire issued share capital of Koenigsweg Partners Limited, a company incorporated in England and Wales, for consideration of £740.