

**KW INVESTMENT MANAGEMENT LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# **KW INVESTMENT MANAGEMENT LIMITED**

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## **KW INVESTMENT MANAGEMENT LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>Directors</b>	R Avery-Wright	(Appointed 20 April 2022)
	N Davies	
	H L Griffin	(Appointed 1 November 2022)
	R P Bernstein	(Resigned 16 May 2023)
	H I Garland	
	P Hammick	(Appointed 16 May 2023)
	D F Lawrence	
	J Millam	(Resigned 10 July 2023)

**Company number** 06931664

**Registered office** 10-11 Austin Friars  
London  
EC2N 2HG

**Auditor** PKF Littlejohn LLP  
Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

# KW INVESTMENT MANAGEMENT LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### Review of the company's business

The Company's ultimate parent company is Kingswood Holdings Limited ("KHL"). KHL and its subsidiaries (the "Group" or "Kingswood") is an international, fully integrated wealth and investment management business listed on the AIM market of the London Stock Exchange under ticker symbol (AIM: KWG). The Group is split into three operating divisions: Investment Management, Wealth Management and US operations. The Investment Management division operates through its subsidiaries KW Investment Management Limited ("KWIM") and Metnor Holdings Limited ("MHL"). KWIM and MHL provides primarily discretionary investment management services to private clients, trusts, pension funds, universities and charities.

As at 31 December 2022 the Assets under Management ("AUM") of KW Investment Management Limited ("KWIM" or "the Company") was £1.7bn (2021: £1.6bn).

KWIM classifies revenue into two main categories, management fees and dealing income, both of which are generated through three services as set out below:

- Personalised Portfolio Service: 6 investment managers service and manage funds on behalf of a retail client base.
- Managed Portfolio Service: A range of model portfolios designed to meet its clients' investment objectives. These models, and the underlying instruments that comprise them, are determined by its Investment Management Committee.
- Fixed Income business provides a treasury service to institutional clients, typically UK Universities.

KWIM operates out of London offices and had 16 (2021: 20) staff as at 2022 year end. Revenue in the year to 31 December 2022 was £4.9m (2021: £4.7m) and the business made a pre tax profit of £923,999 (2021: £114,533).

The Company's net asset position and Regulatory Capital at 31 December 2022 is £2.0m (2021: £1.1m).

#### Key risks affecting the business

There are a number of potential risks and uncertainties that could have an impact on the performance of the Company. KHL and its subsidiaries operate as an international, fully integrated wealth and investment management business and as such key risks are considered from the perspective of the full Group. On a stand-alone basis, however, KWIM's principal business risks are maintaining client relationships and associated Assets under Management, ensuring regulatory compliance and delivering effective processes and operational resilience. The Company's key risks also include:

##### *Liquidity risk*

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

##### *Solvency risk*

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

##### *Operational risk*

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

## **KW INVESTMENT MANAGEMENT LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### *Regulatory risk*

KW Investment Management Limited is UK registered and FCA regulated (MIFIDPRU £150k). In accordance with the rules of the FCA, the Company's Pillar 3 disclosures are available from the Company. KWIM is engaged in activities which are regulated by the Financial Conduct Authority ("FCA") in the UK and the Financial Services Conduct Authority ("FSCA") in South Africa. KWIM may therefore be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that its existing and new activities, as they develop, are consistent with the Company's regulatory permissions including complying with Senior Managers Certification Regime which took effect in 2019.

The Company is subject to FCA regulatory capital requirements which require, based on regulatory trading permissions, maintenance of minimum levels of capital. The Company has an embedded Internal Capital and Risk Assessment (ICARA) which is regularly reviewed to assess the level of capital required, taking account of its risks and how it mitigates these. This includes stress testing and analysis of a range of severe, but plausible scenarios, in order to assess that the Company has sufficient capital in the event that material risks crystallise.

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

#### *Risk of negative stock market conditions*

KWIM's business is partially dependent on stock market conditions and adverse market conditions may have a negative effect on KWIM's AUM and associated revenue and profitability. However, KWIM clients invest in diversified portfolios and are invested in a range of risk defined profiles offering protection from shocks in market performance, with the greatest proportion in the "Balanced profile" where equity exposure is no more than 55-60%.

#### *Dependence on key personnel*

KWIM's performance is dependent on its management team, senior employees and advisors. The loss of any of its existing key employees or a failure to recruit additional senior executives could, therefore, significantly reduce KWIM's revenue generating capabilities and profitability. Long-term incentive schemes are designed to create a stable management team incentivised to work for KWIM for a longer term period.

#### *Key performance indicators*

The Company's key performance indicators include assets under management and number of clients which give an indication of the future revenue generation capabilities of the Company. They also include revenues and profitability which demonstrate the performance of the Company. Fund performance is also analysed to indicate how successfully we are managing our client assets.

#### *Future developments and events after the balance sheet date*

2022's financial performance compared to 2021 has demonstrated for another year the strengths of the Company's business model. From our MHL business proposition we have blended the IBOSS investment philosophy and track record with our leading client focussed KWIM service to create our Kingswood IBOSS Managed Portfolio Service. IBOSS have developed a leading service proposition as recognised in a 5-star rating in the FT Adviser service awards and a long-term track record of high performance with low volatility. The synergy of Kingswood and IBOSS gives us an exceptional opportunity to enhance our client proposition and range of services. Our investment philosophy is the same throughout all of the ranges managed by our highly experienced and trusted Investment Team.

# **KW INVESTMENT MANAGEMENT LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Section 172 Statement**

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

##### *Act fairly as between members of the Company*

The Company is part of an AIM listed group. All public announcements relating to the Group are updated on the website of the parent Kingswood Holdings Limited [www.kingswood-group.com](http://www.kingswood-group.com) ("KHL"). Trading in shares by all staff is subject to the Group's PA Dealing Policy, which is communicated to staff on joining and is detailed in the Kingswood Group Employee Handbook which is accessible to staff at all times. Trading in listed shares by any staff member requires pre-approval by the Head of Compliance in advance of dealing, with further restrictions applying to staff seeking to deal in KHL's shares. The purchase of KHL shares by senior staff are covered by our PDMR guidelines and monitored by the Compliance team with the support KHL's Nomad.

##### *Maintain a reputation for high standards of business conduct*

The Kingswood Group has invested significant resources to create a fully integrated wealth and investment management business offering a comprehensive range of financial advice and investment management services to clients. Wealth planners and investment managers work together enabling clients to benefit from a level of knowledge and professional expertise that sets Kingswood apart.

Market updates are published on the Group's website and made available to clients in the form of weekly investment updates, quarterly investment outlooks, and financial guides and magazines.

The Directors consider that continuous investment in people, innovation and technology is critical to the success of the business and the provision of attractive investment solutions to clients. Kingswood prides itself on the rigorous risk management and compliance environment in place to support these client solutions.

##### *Impact of operations on the community and the environment*

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

Direct staff based initiatives include providing employees paid time off to volunteer for charities and supporting local communities.

##### *Foster Business Relationships with suppliers, customers and others*

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and others. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Senior Management team and Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

##### *Interests of employees*

Staff are provided with information on matters of concern to them as employees through the HR system which is also used as a means of consulting employees so that their views are taken into account in making decisions which affect their interests and bringing together the Kingswood community.

The Directors conduct quarterly meetings with all staff in "Town Hall" style meetings at which staff are provided updates on business progress, financial and economic factors affecting the company's performance, new business initiatives, employee benefit and welfare programs and the strategic direction of the business. The meeting also provides a forum for staff to raise any questions of management.

## KW INVESTMENT MANAGEMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

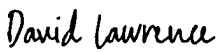
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*Likely consequence of any decision in the long term*

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

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

On behalf of the board

DocuSigned by:  
  
E835071BC33C470...

.....  
D F Lawrence  
**Director**

Date: .....31<sup>st</sup> August 2023.....

# KW INVESTMENT MANAGEMENT LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

#### Principal activity

The principal activity of the company is the provision of a range of investment services to private clients, trusts and charities.

#### Directors

The directors who served throughout the year were as follows:

R Avery-Wright	(Appointed 20 April 2022)
N Davies	
H L Griffin	(Appointed 1 November 2022)
R P Bernstein	(Resigned 16 May 2023)
H I Garland	
D F Lawrence	
J Millam	(Resigned 10 July 2023)

P Hammick was appointed as a director after 31 December 2022 (16 May 2023) and thus had no impact on the financial year.

The results for the year are set out on page 14.

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

#### Future developments and events after the balance sheet date

Details of future developments and events after the balance sheet date can be found in the Strategic report from page 4 on and form part of this report by cross reference.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Review of the Company's Business section of the Strategic report on pages 2 to 4.

The Company is expected to generate positive cash flows on its own account in the foreseeable future. The Company participates in the group's centralised treasury arrangements and shares banking arrangements with its ultimate parent and fellow subsidiaries. As at 31 December 2022, the Company carried an intercompany balance, due from its immediate parent, of £335,881, (2021: £1,143,585). This balance is repayable in full on demand. In addition the Group contributed £1.0m of liquidity to the Company in the quarter 1 of 2022 that is held in a KWIM Fixed Income account to ensure an adequacy of resources that are realisable, available in a timely manner if required and consistent with the Company's prudent funding profile.

The directors, having assessed the responses of the directors of the Company's ultimate parent KHL to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of KHL and its subsidiaries to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of KHL, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## KW INVESTMENT MANAGEMENT LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

##### Energy and carbon report

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

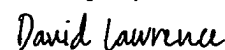
We are consciously focussing on where we can make the largest positive impacts on the environment. We have a fully flexible working policy in place allowing a mix of home, remote and office working, which has created a positive impact on the reduction of travel, linking to our carbon footprint.

Through technology we have also bolstered our environmental principles through enhanced use of video conferencing and collaboration communication tools for colleagues to enable true cross geography collaboration, further reducing our travel.

As KW Investment Management forms part of the total group of companies, we have recycling facilities in all offices and are continuing to push forward with our responsible business agenda as well as reducing further our carbon footprint.

Approved by the Board of Directors

DocuSigned by:



E839071BC33C470.....

D F Lawrence

Director

Date: .....31<sup>st</sup> August 2023.....

## **KW INVESTMENT MANAGEMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

# **KW INVESTMENT MANAGEMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF KW INVESTMENT MANAGEMENT LIMITED**

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#### **Opinion**

We have audited the financial statements of KW Investment Management Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (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 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **KW INVESTMENT MANAGEMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF KW INVESTMENT MANAGEMENT LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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.

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**

As explained more fully in the directors' responsibilities statement, 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.

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the investment management and wealth management sectors.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, UK employment legislation and UK tax legislation and those resulting from being authorised by the Financial Conduct Authority ("FCA") to undertake regulated activities and UK GAAP.

## **KW INVESTMENT MANAGEMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF KW INVESTMENT MANAGEMENT LIMITED**

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- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included but were not limited to making enquiries of management and those responsible for legal and compliance matters, review of minutes of the Board and papers provided to the audit committee to identify any indications of non-compliance, and review of legal / regulatory correspondence with the FCA.
- We also identified the possible risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in relation to the recognition of income. We addressed this by performing walkthrough to understand the internal controls around revenue recognition, reconciling revenue recorded per the general ledger to underlying reports from systems. We engaged the data analytics team to perform revenue re-computation.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.



**Ian Cowan(Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

1 September 2023

**KW INVESTMENT MANAGEMENT LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>Revenue</b>	<b>3</b>	4,885,040	4,652,611
Cost of sales		(1,363,981)	(1,476,673)
<b>Gross profit</b>		3,521,059	3,175,938
Administrative expenses		(2,574,974)	(3,060,603)
<b>Operating profit</b>	<b>6</b>	946,085	115,335
Finance costs	<b>8</b>	(22,086)	(802)
<b>Profit before taxation</b>		923,999	114,533
Tax	<b>9</b>	-	-
<b>Profit for the financial year and total comprehensive income for the year</b>		923,999	114,533

Revenue and operating results for the year ended 31 December 2022 and the year ended 31 December 2021 were derived from continuing operations. There is no other comprehensive income, and as such no separate statement of other comprehensive income has been prepared.

The notes on pages 15 - 24 form an integral part of the financial statements.

**KW INVESTMENT MANAGEMENT LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

		2022 £	2021 £
<b>Non-current assets</b>	<b>Notes</b>		
Property, plant and equipment	11	-	16
Investments	12	23	23
		<u>23</u>	<u>39</u>
<b>Current assets</b>			
Trade and other receivables	13	2,483,359	1,970,110
Cash and bank balances		138,621	184,690
		<u>2,621,980</u>	<u>2,154,800</u>
<b>Current liabilities</b>			
Trade and other payables	14	(613,038)	(1,069,873)
<b>Net current assets</b>		<u>2,008,942</u>	<u>1,084,927</u>
<b>Net assets</b>		<u>2,008,965</u>	<u>1,084,966</u>
<b>Equity</b>			
Share capital	15	2	2
Share premium account		199,999	199,999
Profit and loss account		1,808,964	884,965
<b>Total equity</b>		<u>2,008,965</u>	<u>1,084,966</u>

The notes on pages 15 - 24 form an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 31<sup>st</sup> August 2023 and are signed on its behalf by:

DocuSigned by:

*David Lawrence*  
E835071BC33C470.....

D F Lawrence  
Director

Company Registration No. 06931664

**KW INVESTMENT MANAGEMENT LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
<b>Balance at 1 January 2021</b>	2	199,999	770,432	970,433
<b>Year ended 31 December 2021:</b>				
Loss and total comprehensive loss for the year	-	-	114,533	114,533
<b>Balance at 31 December 2021</b>	2	199,999	884,965	1,084,966
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the year	-	-	923,999	923,999
<b>Balance at 31 December 2022</b>	2	199,999	1,808,964	2,008,965

The notes on pages 15 - 24 form an integral part of the financial statements.



# **KW INVESTMENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

##### **General information**

KW Investment Management Limited is a private Company, limited by shares and incorporated in England and Wales and is the investment management arm of Kingswood Holdings Limited ("KHL") or together with its subsidiaries the "Group", providing institutional style investment management for private clients, trusts, pension funds and charities. It also manages money on behalf of third party independent financial advisers.

KWIM is made up of traditional discretionary and advisory investment management services around 5 core portfolio styles to a wide range of clients that currently total 833, together with a traditional institutional fixed interest offering. KWIM has restricted status under Retail Distribution Review (RDR) but is whole of market in scope.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of KHL. Its subsidiaries, EIM Nominees Ltd and XCap Nominees Ltd both submit annual dormant company accounts. The group accounts of KHL are available to the public and can be obtained as set out in note 17. The registered office address of the parent Company preparing consolidated accounts is Mont Crevett House, Bulwer Avenue, St. Sampson, Guernsey, GY2 4LH.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council ("FRC") in January 2022 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

##### **1.1 Accounting convention**

The significant accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

###### **Basis of accounting**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, standards not yet effective, capital management, share based payments and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of KHL. The Group accounts are available from KHL's website ([www.kingswood-group.com](http://www.kingswood-group.com)) or from 10-11 Austin Friars, London, EC2N 2HG, see note 17 for details.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

##### **1.2 New standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company.

# KW INVESTMENT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.3 Revenue

###### *Performance obligations and timing of revenue recognition*

The majority of the company revenue is investment management fees, which is derived from the value of funds under management, with revenue recognised over the period in which the related service is rendered. This method reflects the ongoing portfolio servicing required to ensure the company contractual obligations to its clients are met.

###### *Determining the transaction price*

Most of the company revenue is charged as a percentage of the total value of assets under management.

###### *Allocating amounts to performance obligations*

Owing to the way in which the company earns its revenue, which is largely either percentage-based or fixed for discrete services rendered, there is no judgement required in determining the allocation of amounts received. Where clients benefit from the provision of both investment management, the company is able to separately determine the quantum of fees payable for each business stream.

##### 1.4 Cost of sales

Cost of sales are the direct costs attributable to the revenue generated by the Company. These costs are recognised in the period in which they relate to.

##### 1.5 Taxation

###### *Current tax*

Tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Tax is recognised in the Statement of Comprehensive Income, except where a charge attributable to an item of income and expense is recognised as other comprehensive income, or where 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 reporting date in the countries where the Company operates and generates income.

###### *Deferred tax*

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Company has unrecognised deferred tax assets in respect of unrelieved tax losses carried forward.

# KW INVESTMENT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.6 Property, plant and equipment (continued)

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight line method, on the following bases:

Office equipment, fixtures and fittings	over 60 months on a straight line basis
IT equipment and software	over 36 months on a straight line basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

##### 1.7 Investments in subsidiaries

Investments are held at cost and reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### 1.8 Financial assets and liabilities

###### Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

###### Fair value through profit or loss

The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

###### Amortised Cost

These assets arise principally from the provision of goods and services to customers (eg. trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

###### Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

##### 1.9 Pension scheme

The Company offers defined contribution pension schemes, held in separately administered funds. Contributions payable to the scheme are charged as an expense as they fall due.

## **KW INVESTMENT MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2 Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Review of the Company's Business section of the Strategic Report on page 2.

The Company is expected to generate positive cash flows on its own account in the foreseeable future. The Company participates in the group's centralised treasury arrangements and shares banking arrangements with its parent and fellow subsidiaries. As at 31 December 2022, the Company carried an intercompany balance, due from its immediate parent, of £335,881. This balance is repayable in full on demand, and the directors of KHL have confirmed there is sufficient liquidity to settle this amount if required.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of KHL, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **3 Revenue**

Revenue and profit before taxation is attributable to the principal activities of the Company and relates wholly to services provided in the United Kingdom.

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the preparation of these financial statements, the directors do not consider that any material judgements or estimates have been made.

**KW INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**5 Directors' remuneration and staff costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Directors' remuneration</b>		
Emoluments	232,654	193,654
Pension costs	19,000	19,000

The highest paid director received payments of £232,654 (2021: £193,654) for their services to the group, and pension contributions of £19,000 (2021: £19,000). All other directors are remunerated through other Group Companies. The Directors are considered to be the only key management personnel.

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
<b>Average monthly number of persons employed</b>		
Management	1	1
Sales and administration	18	20
	<u>19</u>	<u>21</u>

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (excluding Directors)</b>		
Wages and salaries	1,479,832	1,829,622
Social security costs	158,950	213,466
Pension costs	69,056	79,863
Other benefits	35,253	32,421
	<u>1,743,091</u>	<u>2,155,372</u>

**6 Operating profit**

Operating profit for the year has been arrived at after charging

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Exchange rate variances	11,944	470
Depreciation of property, plant and equipment	<u>16</u>	<u>165</u>

Included in the depreciation charge is £nil (2021: £nil) related to right-of-use assets.

**KW INVESTMENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****7 Auditor's remuneration**

The auditor is remunerated for audit and other services by the ultimate parent undertaking KHL. In 2022, the audit fees in relation to KWIM totalled £47,500 (2021: £30,000).

Fees in relation to KWIM charged by the auditor in relation to non-audit services totalled £25,000 (2021: £20,000) and were incurred in reporting to the FCA on client money and assets.

**8 Finance costs**

	2022	2021
	£	£
Bank charges	964	802
Other finance charges	21,107	-
	<u>22,071</u>	<u>802</u>

Included in other finance charges is £nil (2021: £nil) relating to finance lease charges.

**9 Taxation**

	2022	2021
	£	£
United Kingdom corporation tax at 19.00% (2021: 19.00%) based on the profit for the year	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>923,999</u>	<u>114,533</u>
Tax on profit on ordinary activities at standard rate of 19.00% (2021: 19.00%)	175,560	21,761
Expenses not deductible for tax purposes	6,491	979
Adjustments for balance sheet items	(7,071)	(7,052)
Relief for brought forward losses	-	(11,446)
Group relief surrendered	<u>(174,980)</u>	<u>(4,242)</u>
Tax expense for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £346 (2021: £346) in respect of tax losses carried forward has not been recognised.

On 24 May 2021 the Finance Act 2021 substantively enacted an increase to the main rate of corporation tax to 25% from 1 April 2023.

**KW INVESTMENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Right-of-use assets**

	Land and buildings £
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	20,662
<b>Depreciation</b>	
At 1 January 2022 and 31 December 2022	20,662
Depreciation charged in the year	-
<b>Carrying amount</b>	
At 31 December 2022	-
At 31 December 2021	-

**11 Property, plant and equipment**

	Office equipment, fixtures and fittings £	IT equipment and software £	Total £
<b>Cost</b>			
At 1 January 2022 and 31 December 2022	832	172	1,004
<b>Depreciation</b>			
At 1 January 2022	816	172	988
Depreciation charged in the year	16	-	16
At 31 December 2022	832	172	1,004
<b>Carrying amount</b>			
At 31 December 2022	-	-	-
At 31 December 2021	16	-	16

**KW INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**12 Investments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cost of investments	23	23

The Company's investment, at the balance sheet date, in the share capital of subsidiary companies comprise:

**EIM Nominees Limited**

Country:	England and Wales
Registered address:	10-11 Austin Friars, London, England, EC2N 2HG
Nature of business:	Dormant Nominee Company
Class of shares:	Ordinary
Holding:	100%

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Aggregate capital and reserves	23	23
	23	23

An investment in XCap Nominees Ltd, a dormant nominee company registered in England and Wales, is held at nil value. The Company holds 100% of issued shares. XCap Nominee's registered address is 10-11 Austin Friars, London, United Kingdom, EC2N 2HG.

**13 Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	1,435,901	672,936
Amounts owed by group undertakings and undertakings in which the company has a participating interest	743,033	1,183,068
Prepayments and other receivables	304,424	114,106
Included in current assets	2,483,359	1,970,110



**KW INVESTMENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****14 Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	89,585	213,357
Trade payables	130,990	211,908
Other payables	304,071	338,791
Other tax and social security	88,392	305,817
	<u>613,038</u>	<u>1,069,873</u>

**15 Share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

All shares rank pari passu for dividend rights and provide the holder with one vote.

**16 Reserves**

The following describes the nature and purpose of each reserve within equity:

<b>Reserve</b>	<b>Description and purpose</b>
Share Capital	Nominal value of share capital subscribed for.
Share Premium	Amount subscribed for share capital in excess of nominal value.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## **KW INVESTMENT MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **17 Ultimate controlling party and related party transactions**

At year end the Company's ultimate parent company and controlling party was Kingswood Holdings Limited (KHL), being the parent of the group of which the Company was a member and for which group financial statements are prepared. Copies of the financial statements of KHL are available from KHL's website ([www.kingswood-group.com](http://www.kingswood-group.com)) or from 10 - 11 Austin Friars, London, EC2N 2HG. As at the date of approving the financial statements, the ultimate controlling party of the Group was KPI (Nominees) Limited. KPI (Nominees) Limited, which holds 66.44% of the voting rights and issued share capital of the Group, is owned and controlled by Gary Wilder and Jonathan Massing.

During the year ended 31 December 2022, fees paid to Kingswood LLP, of which Jonathan Massing, who has a beneficial interest in KPI (Nominees) Limited, is a partner, totalled £5,200 (2021: £5,336).

Amounts of £335k are owed in total by the ultimate parent of the entity as at the year ended 31 December 2022 (2021: £1.8m owed to Group undertakings). Amounts are owed to KW Wealth Planning as at the year end 31 December 2022 of £90k (2021: £213k). Amounts are due from KW Wealth Group as at the year end 31 December 2022 of £407k (2021: £39k)

#### **18 Pension commitments and other post-retirement benefits**

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost and charge represents contributions payable by the Company to the fund and amounted to £69,056 (2021: £79,863). There were no pension contributions payable to the funds at 31 December 2022 or at prior year end.

#### **19 Events after the reporting date**

There were no subsequent events relating to the Company to report following the year-end.