

To Whom It May Concern

Our Ref: ARP/ KG Inc Ltd

Date: 4th June 2024

Dear Sir/ Madam,

KG Inc Ltd
Accounts year ended 31 March 2023

As accountants to KG Inc Limited, we have been asked to clarify the figures shown as foreign currency losses in the Profit and Loss Account for the year ended 31 May 2023.

The two figures shown as 'Unrealised Foreign Currency Losses' and 'Realised Foreign Currency Losses' are in fact differences arising due to translating the foreign currency investments and loans into £GBP during the year and at the year end as presentation as to be in £GBP where the financial statements are concerned. In reality, the client makes actual profits in the currency investments he undertakes throughout the year, however, for UK reporting purposes, we have to translate these figures into £GBP which results in the foreign currency losses or profits. Due to the stronger £GBP this year, foreign currency losses arose.

Both types of the foreign currency losses shown on the profit and loss account for this year are purely translation differences but where certain types of derivatives or cash/ loans are concerned, the currency translation differences thereof (profits or losses) are taxable under the tax legislation. Therefore, in presenting the accounts, we have split the overall figure between 'Unrealised' and 'Realised' so that when our software prepares the Corporation Tax computation, it automatically picks up those currency translation differences which have a tax effect ('Realised') and those which do not ('Unrealised').

Hope above is clear for you to follow but happy to have a telephone discussion to explain further if it helps you to interpret and understand the financial statements for the year ended 31 May 2023. This accounting and tax treatment for foreign currency translations differences will be applied going forward for future years.

Yours faithfully,



ASHOK PATEL
SENIOR PARTNER
SHARMAN FIELDING

Sharman Fielding
Chartered Accountants
Sharman House, The Oval
57 New Walk
Leicester LE1 7EA
Tel: 0116 2337707 Fax: 0116 2337708