

Registered number: 02781314

KYTE BROKING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020



KYTE BROKING LIMITED

COMPANY INFORMATION

Directors	A I Fellous E S Jabbour O F Kopf K Haider
Company secretary	S D Fogarty
Registered number	02781314
Registered office	55 Baker Street London W1U 8EW
Independent auditors	BDO LLP London, UK

KYTE BROKING LIMITED

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KYTE BROKING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Introduction

- : The directors present their strategic report for the year ended 31 March 2020.

Business review

The principal activity of Kyte Broking Limited (the "Company") continues to be that of brokering financial instruments through individual franchised LLPs from which the Company receives a profit share. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company made a profit of £0.1m before tax in the year to 31 March 2020 (31 March 2019: £0.2m). The directors are satisfied with the performance of the Company, given the prevailing market conditions and increase in regulatory costs. The directors remain confident of the sustainability of the business and anticipate an increase in future performance due to continued investment in automation and infrastructure within the firm.

Principal risks and uncertainties

The key risks to the business are a potential reduction in trading volumes along with the continuing uncertainties surrounding Brexit and current Covid-19 pandemic. The ongoing political and economic uncertainty has regularly created market volatility throughout the year which has at times caused a difficult environment for the brokers. However, since the launch of the Organised Trading Facility, the firm is still seeing growth in activity associated with this and we continue to attract new business. Our opinion remains that a no-deal Brexit would be negative for the industry, but we have tried to consider all eventualities and put in safeguards to reduce the risks including regulating a new entity in France. Additionally, we continue to diversify and grow our activity to counterbalance this threat. Other risks including credit risk, market risk, foreign currency risk and liquidity risk, are detailed in the directors' report.

Financial key performance indicators

Management uses a series of key performance indicators (KPIs) to monitor performance and financial conditions. The primary KPIs for the Company are the profit shares received from broking franchises. Profit shares from broking franchises have remained similar at £4.0m in the year ending 31 March 2020 when compared to the year ending 31 March 2019 (£4.0m in 2019). The board of directors considers this level of performance satisfactory given the prevailing market conditions

KYTE BROKING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Statement in compliance with section 172(1) of Companies Act 2006

The Directors of the Company are acutely aware of the requirement for them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In considering this duty the Directors consider the following stakeholders:

Shareholders

As a private company, Kyte Broking Limited has a sole shareholder which is Kyte Broking (Holdings) Limited, a company incorporated in England and Wales. The Directors have regular contact with Kyte Broking (Holdings) Limited which ensures that the business strategy of Kyte Broking Limited is completely aligned with the strategic objectives of the Parent company.

Employees

A regular networking meeting of Executive Directors and management team meet on a regular basis to provide information for management to cascade to their teams and to enable Executive Directors to interact freely with employees. The company also provides internal communications and regular staff and management meetings as well as a whistleblowing hotline.

Customers

The company has a varied customer base including institutional banks, fund managers, hedge funds, and corporates. The company has always been a customer needs led organisation and treating customers fairly is ingrained in the organisation. The behaviour of employees towards customers is governed by the company policies and the FCA's requirements.

Suppliers

We have various key supplier relationships which work more as a partnership which ensures the smooth running of our business.

Community and the environment

As a company Kyte Broking Limited encourages and provides sponsorship to employees to take part in various charity events globally.

This report was approved by the board on Jul 21, 2020 and signed on its behalf.



Kamal Haider (Jul 21, 2020 11:45 GMT+3)

K Haider
Director

KYTE BROKING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £169,332 (2019 - £241,282).

Dividends

During the year the Company paid dividends of £nil (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

Directors

The directors who served during the year were:

A I Fellous
P L Green (resigned 13 June 2019)
E S Jabbour
O F Kopf
K Haider

Future developments

As detailed in the Strategic Report the directors remain confident about the long-term future prospects of the business. The Company's main goals are to continue to increase broker recruitment and as a result of this increase revenues. Development of our internal technology is also set to continue to improve automation and this should result in cost savings as internally developed software replaces software purchased externally.

KYTE BROKING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Financial risk management

The board of directors is responsible for determining the level of risk acceptable to the Company. This is subject to regular review.

The Company seeks to mitigate its risks through the application of strict limits and controls, a monitoring process at operational level, and the use of insurance policies where appropriate. Adherence to these policies is monitored regularly at meetings of the Board, the Capital Adequacy Committee, the Risk and Credit Committee and the Executive Committee.

Details of the Company's unaudited Pillar 3 disclosures are available from the Company's registered office, 55 Baker Street, London, W1U 8EW.

Credit risk

The Company's principal financial assets are bank balances and trade debtors.

The Company's credit risk is primarily attributable to its financial assets. The amounts presented in the balance sheet are net of allowances for doubtful debts. The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Similarly, with trade debtors a large proportion of the Company's counterparties are institutions with high credit-ratings. Also, there is no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Historical levels of bad debts have been immaterial.

Market risk

The Company is not involved in proprietary trading, therefore has a very limited exposure to market risk.

Foreign currency risk

The Company generates income in several currencies. This gives rise to a foreign currency risk on the translation of its income into Sterling. The Company maintains a policy of having minimal foreign currency spot exposure.

Liquidity risk

The Company has no external borrowings and maintains a large amount of cash.

Treasury is managed in accordance with the relevant liquidity requirements of the Financial Conduct Authority. The policies that govern the management of the Company's liquidity risk are driven by the Risk and Credit Committee and are documented in the Company's Contingency Funding Plan insofar as they relate to managing periods of liquidity stresses.

Interest rate risk

The Company has a limited exposure to interest rate risk. Cash deposits from customers and deposits on bank accounts are remunerated on the same basis.

KYTE BROKING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Operational risk

Operational risk, inherent in all businesses, is the potential for financial and reputational losses arising from failures in internal controls, operational processes or the systems that support them.

The Company has developed strong controls to mitigate these risks and seeks continually to improve its operating efficiencies and standards.

Branches outside the UK

The Company operates a branch located in Paris, France.

Indemnity provision

During the year the Company had a qualifying third-party indemnity provision for the benefit of its Directors and the Company.

Covid-19 and Going Concern

The accounts are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The Company's response has been to continue delivering high quality services, whilst being quick to react to the ever changing national advice. The Company will continue to service its clients, whatever measures the government implement to prevent the spread of the virus. Having a robust technology infrastructure that fully allows the team to function from remote locations makes it a seamless process and the members do not foresee challenges with its operations to carry out its activities. The ultimate impact of COVID-19 on the UK, the world and the economy is yet to be seen, however, the directors do not foresee any upcoming challenges to the financial performance of the Company and any impact to the Company is also deemed by the directors to be immaterial. The world's financial markets remain open and the trading of financial products has continued to function and as a result the Company's brokers have continued to trade with their clients. The Company's clients do not appear to have been directly or adversely effected by the COVID-19 outbreak. The potential impact on revenues, expenses and cashflow has been considered and continues to be monitored closely. Revenues have been assessed and are not expected to reduce as a result of the pandemic, there have been no indications of any significant increases in costs, debtors collection was slightly reduced for the two month post year end, but this was due to clients adapting to new working from home operations rather than any issues with regarding the client's ability to pay. As a result of there being no significant changes in revenues, expenses and cashflow there have been no indications that the effects of the virus will have a significant effect on the Company's performance or its ability to continue to operate.

Disclosure of information to auditors

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's auditors are 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's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

KYTE BROKING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

This report was approved by the board on Jul 21, 2020 and signed on its behalf.



Kamal Haider (Jul 21, 2020 11:45 GMT+3)

K Haider
Director

KYTE BROKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KYTE BROKING LIMITED

Opinion

We have audited the financial statements of Kyte Broking Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 Company's affairs as at 31 March 2020 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 Auditors' 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 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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

KYTE BROKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KYTE BROKING LIMITED (CONTINUED)

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 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 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 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.

KYTE BROKING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KYTE BROKING LIMITED (CONTINUED)

Auditors' 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

BDO LLP

Peter Smith (Senior statutory auditor)

for and on behalf of

BDO LLP, statutory auditors

London, UK

Date: 24 July 2020

KYTE BROKING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover		4,442,805	5,050,914
Gross profit		<u>4,442,805</u>	<u>5,050,914</u>
Administrative expenses		(4,265,752)	(4,807,801)
Operating profit	5	<u>177,053</u>	<u>243,113</u>
Interest receivable and similar income	8	568	2,290
Interest payable and expenses	9	(3,589)	(4,121)
Profit before tax		<u>174,032</u>	<u>241,282</u>
Tax on profit	10	(4,700)	-
Profit for the financial year		<u>169,332</u>	<u>241,282</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>169,332</u>	<u>241,282</u>


The notes on pages 13 to 28 form part of these financial statements.

KYTE BROKING LIMITED
REGISTERED NUMBER: 02781314

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	1,030,337	973,490
Tangible assets	12	16,514	44,188
Investments	13	3,000	3,000
		<u>1,049,851</u>	<u>1,020,678</u>
Current assets			
Debtors: amounts falling due within one year	14	9,972,448	12,738,729
Cash at bank and in hand	15	2,315,025	2,643,682
		<u>12,287,473</u>	<u>15,382,411</u>
Creditors: amounts falling due within one year	16	(4,778,130)	(8,013,227)
Net current assets		<u>7,509,343</u>	<u>7,369,184</u>
Total assets less current liabilities		<u>8,559,194</u>	<u>8,389,862</u>
Net assets		<u><u>8,559,194</u></u>	<u><u>8,389,862</u></u>
Capital and reserves			
Called up share capital	18	4,360,000	4,360,000
Share premium account		1,740,000	1,740,000
Profit and loss account		2,459,194	2,289,862
		<u>8,559,194</u>	<u>8,389,862</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
Jul 21, 2020


Kamal Haider (Jul 21, 2020 11:45 GMT+3)

K Haider
Director

The notes on pages 13 to 28 form part of these financial statements.

KYTE BROKING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Share premium £	Accumulated profits £	Total equity £
At 1 April 2018	260,000	1,740,000	2,048,580	4,048,580
Comprehensive income for the year				
Profit for the year	-	-	241,282	241,282
Shares issued during the year	4,100,000	-	-	4,100,000
At 1 April 2019	4,360,000	1,740,000	2,289,862	8,389,862
Comprehensive income for the year				
Profit for the year	-	-	169,332	169,332
At 31 March 2020	4,360,000	1,740,000	2,459,194	8,559,194

The notes on pages 13 to 28 form part of these financial statements.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Kyte Broking Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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

The following principal accounting policies have been applied:

2.2 Going concern

The Company's business activities and objectives, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors' report includes the Company's objectives, policies, its financial risk management objectives, and details of its exposure to credit and liquidity risk.

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The Company's Directors have considered the existing and anticipated effects of the COVID-19 outbreak on the Company's revenues, expenses and cashflow. The Company is well capitalised and maintains sufficient liquidity and the assessment of stress testing indicates that in event of various stress scenarios, such as a significant drop in net revenues, an increase in expenses or a reduction in receivable collections, the Company would maintain its ability to operate under the going concern basis.

Despite the unpredictability of the potential impact, management has not identified any material uncertainties that cast doubt on the company's ability to operate under the going concern basis.

2.3 Reduced disclosure exemption

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland

- The requirements of section 7 Statement of Cash Flows
- The requirements of section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c).

A cashflow is included in the consolidated financial statements of Kyte Broking Group Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Foreign currencies

Transactions in foreign currencies are recorded using the rates of exchange ruling at the dates of the transactions or the month end rates where these approximate the transaction rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the reporting period date and the gains or losses on translation are included in the profit or loss within administrative expenses.

2.5 Revenue

Revenue represents profit shares from UK franchised LLPs of which the Company is a member and is recognised when the right to the profit share is determined. Revenue also includes revenue in relation to reception and transmission of orders which are recognised on the trade date regardless of when the payment is received. Revenue from the sub renting of premises to the LLPs is recognised in the period the rent relates to.

2.6 Leases

Operating lease rentals are charged to the profit or loss on a straight-line basis over the life of the lease.

2.7 Pension costs

The pension costs charged in the financial statements represent the contributions payable by the Company during the year. The Company operates a defined contribution scheme which is available to all employees.

2.8 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured as 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. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 Intangible assets and amortisation

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into a research phase and a development phase. Expenditure on research shall be recognised as an expense when it is incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and use of the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is provided to write off the cost less the estimated residual value of intangible assets on a straight-line basis over their estimated useful economic lives as follows:

Development costs - 2 - 5 years

2.10 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

Fixtures, fittings and equipment - 3 - 5 years

2.11 Fixed asset investments

Investments are in unlisted entities, which have been classified as fixed asset investments as the entity intends to hold them on a continuing basis. The investments are held at cost.

2.12 Financial instruments

Financial assets

Financial assets consist mainly of trade debtors, other debtors and cash.

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Other debtors are amounts due from group undertakings. Both are stated at their amortised cost less any allowances for doubtful receivables.

For both trade and other debtors, if collection is expected in one year or less, they are classified as current assets. If not, they are represented as non-current assets.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled; all of the risks and rewards of ownership of the financial asset have been substantially transferred; or,
- control of the asset has been transferred to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally

Any difference between the consideration received and the amounts recognised and derecognised

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.12 Financial instruments (continued)

are recognised in profit or loss in the period of the transfer.

Financial liabilities

Financial liabilities mainly consist of trade creditors and accruals.

Trade creditors represent both amounts owed to franchised LLPs (in respect of broking commission that has been invoiced by the Company but not paid) and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accruals represent liabilities owed by the Company for goods and services acquired in the ordinary course of business that have not been billed.

Financial liabilities are initially measured at transaction price and subsequently held at amortised cost less impairment.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any difference between the carrying amount of the financial liability and the consideration paid is recognised in the profit or loss.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Share premium account represents the difference between the nominal value and the issue price of the shares.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

In preparing these financial statements the directors have made the following judgment:

- Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including historical experience. Note 14 contains details of the net carrying amounts of debtors.

- Capitalisation of development costs and useful life

Development expenditure represents expenditure incurred for building internal software which supports the services of the Company. Judgment is exercised by management when determining which costs meet the FRS102 criteria for capitalisation and lead to future economic benefits sufficient to recover the capitalised costs. Intangible assets are amortised over their useful lives. The useful life used to amortise intangible assets relates to management's estimate of the period over which economic benefit will be derived from the asset.

4. Revenue

A large proportion of the Company's revenue is from an agency agreement and profit shares from franchised LLPs in which the Company is a member: Kyte - Judd/Lux LLP and Market Securities LLP. Other revenue is derived from revenue made in relation to reception and transmission of orders. There is also revenue from sub renting of premises. However, the lease held by the Company for these premises expired at the end of March 2018.

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Audit services	48,000	48,100
Audit related assurance services	8,000	6,400
Taxation compliance services	10,898	1,450
Depreciation and amortisation	306,073	272,671
Defined contribution pension costs	75,426	62,566
Foreign exchange (gains)/losses	(17,506)	(19,727)

The Company has borne audit fees of £8,000 (2019: £7,000) in relation to its parent company and ultimate parent company.

KYTE BROKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Employees

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

	2020 No.	2019 No.
Director	4	2
Legal	1	1
Risk	-	2
IT	9	10
Compliance	5	6
Finance	7	7
Operations	13	13
	<u>39</u>	<u>41</u>

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	2,037,865	2,094,393
Social security costs	242,538	265,987
Pension contributions	80,484	62,566
Healthcare benefits	33,894	44,761
	<u>2,394,781</u>	<u>2,467,707</u>

7. Directors' remuneration

In the year ended 31 March 2020, one director was remunerated in respect of services provided to the Company (through a service company and payroll). The costs in respect of services provided to the Company are as follows:

	2020 £	2019 £
Aggregate emoluments	22,500	102,000
Pension contributions	-	-
	<u>22,500</u>	<u>102,000</u>

*9 months of consultancy fees paid through the service company were received as a non-director.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Interest receivable

	2020 £	2019 £
Bank deposit interest	568	2,290

9. Interest payable and similar expenses

	2020 £	2019 £
Clearer interest paid	3,589	4,121

10. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of priors years	4,700	-
Total current tax	4,700	-
 Deferred tax	 -	 -
Taxation on profit on ordinary activities	4,700	-

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	174,032	241,282
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	33,066	45,844
Effects of:		
Timing difference - depreciation in excess of CA	3,605	5,156
Expenses not deductible for tax purposes	11,114	5,115
Adjustments to tax charge in respect of prior periods	4,700	-
Additional deduction for R&D expenditure	(67,478)	(83,054)
Adjustments to brought forward values	38,000	38,000
Group relief surrendered/(claimed)	(18,307)	(11,061)
Total tax charge for the year	4,700	-

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Intangible assets

	Internally developed software £
Cost	
At 1 April 2019	1,229,409
Additions	331,305
At 31 March 2020	<u>1,560,714</u>
Amortisation	
At 1 April 2019	255,919
Charge for the year	274,458
At 31 March 2020	<u>530,377</u>
Net book value	
At 31 March 2020	<u>1,030,337</u>
At 31 March 2019	<u>973,490</u>

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets

	Fixtures, fittings and equipment £
Cost or valuation	
At 1 April 2019	373,398
Additions	3,941
At 31 March 2020	<u>377,339</u>
Depreciation	
At 1 April 2019	329,210
Charge for the year on owned assets	31,615
At 31 March 2020	<u>360,825</u>
Net book value	
At 31 March 2020	<u>16,514</u>
At 31 March 2019	<u>44,188</u>

13. Fixed asset investments

	Unlisted investments £
Cost and net book value	
At 1 April 2019	3,000
At 31 March 2020	<u>3,000</u>

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Fixed asset investments (continued)

Investments are holdings in unlisted entities which are measured at cost.

The undertakings (brokerage franchised LLPs) in which the Company's interest at the period end is less than 20% are as follows:

Member undertakings	Registered office address	Initial capital contributed	Voting rights
Kyte - Judd/Lux LLP	London, United Kingdom	£1,000	0.1%
Kyte - RPO LLP	London, United Kingdom	£1,000	0.1%
Market Securities LLP	London, United Kingdom	£1,000	nil%

14. Debtors

	2020 £	2019 £
Trade debtors	8,501,188	11,355,796
Amounts owed by group undertakings	1,305,057	1,158,395
Prepayments and accrued income	166,203	201,324
Tax recoverable	-	23,214
	<u>9,972,448</u>	<u>12,738,729</u>

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>2,315,025</u>	<u>2,643,682</u>

KYTE BROKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,453,351	6,510,191
Other taxation and social security	85,791	217,831
Other creditors	57,547	50,669
Accruals and deferred income	1,181,441	1,234,536
	<u>4,778,130</u>	<u>8,013,227</u>

17. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	12,287,473	15,382,411
Financial liabilities		
Financial liabilities measured at amortised cost	(4,778,130)	(8,013,227)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, cash and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

18. Called up share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
260,000 (2019 - 260,000) Ordinary shares of £1.00 each	260,000	260,000
4,100,000 (2019 - 4,100,000) Ordinary shares of £1.00 each	4,100,000	4,100,000
	<u>4,360,000</u>	<u>4,360,000</u>

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

19. Pension commitments

The cost of contributions to this defined contribution scheme amounts to £80,484 (2019: £62,566). The outstanding contributions at the period end were £33,902 (2019: £20,457).

20. Related party transactions

Key management personnel consist of directors, which have been disclosed in the directors' remuneration in note 7.

21. Ultimate parent company

The top parent company is Market Securities (Dubai) Limited, a company incorporated in Dubai. As Market Securities (Dubai) Limited has no majority shareholder, the directors consider there to be no ultimate controlling party of Kyte Broking Limited.

The top company for which group consolidated accounts are produced is Kyte Broking Group Limited (KBGL), a company incorporated in England and Wales. KBGL's registered address is 55 Baker Street, London, W1U 8EW.

22. Financial risk management

The board of directors is responsible for determining the level of risk acceptable to the Company. This is subject to regular review.

The Company seeks to mitigate its risks through the application of strict limits and controls, a monitoring process at operational level, and the use of insurance policies where appropriate. Adherence to these policies is monitored regularly at meetings of the Board, the Capital Adequacy Committee, the Risk and Credit Committee and the Executive Committee.

Details of the Company's unaudited Pillar 3 disclosures are available from the Company's registered office, 55 Baker Street, London, W1U 8EW, United Kingdom.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Credit risk

The Company's principal financial assets are bank balances, trade debtors and other debtors.

The Company's credit risk is primarily attributable to its financial assets. The amounts presented in the balance sheet are net of allowances for doubtful debts. The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial instruments best represents the maximum exposure to credit risk.

The age of financial's assets past due at the reporting period, but not provided for are as follows:

31- 60 Days	£789,567
61-90 Days	£106,942
> 91 days	£ 75,219
Total	£971,728

Market risk

The Company is not involved in proprietary trading, therefore has a very limited exposure to market risk beyond foreign currency risk.

Foreign currency risk

The Company generates income in several currencies. This gives rise to a foreign currency risk on the translation of its income into Sterling. The Company maintains a policy of having minimal foreign currency spot exposure.

The table below illustrates the impact on profit or loss and equity of adjusting year end exchange rates on all financial assets and liabilities denominated in currencies material to the Company other than GBP:

	2020	2019
	£	£
USD +/- 10 %	59,997	(73,444)
EUR +/- 10 %	(134,096)	25,931

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Liquidity risk

Liquidity risk is the risk the Company will not have sufficient liquid assets to meet its financial obligations as they fall due.

The Company has no external borrowings, is cash flow positive and maintains a large amount of cash.

Treasury is managed in accordance with the Financial Conduct Authority's guidelines. The policies that govern the management of the Company's liquidity risk are driven by the Risk and Credit Committee and are documented in the Company's Contingency Funding Plan insofar as they relate to managing periods of liquidity stresses.

The net liquidity positions in the table above relate to cash flows on contractual obligations existing at the statement of financial position date. They do not take account of any cash flows generated from profits on normal trading activities.

Interest rate risk

Interest rate risk is the risk that the Company will sustain losses from adverse movements in interest rates, either through a mismatch of interest-bearing assets and liabilities, or through the effect such movements have on the value of interest-bearing instruments

The Company has a limited exposure to interest rate risk. Cash deposits from customers and deposits on bank accounts are remunerated on the same basis.

Capital risk management

The Company's policy in respect of capital risk management is to maintain a strong capital base so as to retain creditor and market confidence. The firm maintains a capital base of more than £8m which sufficiently satisfies the capital requirement of the FCA.

23. Liquidity risk

Liquidity risk is the risk the Company will not have sufficient liquid assets to meet its financial obligations as they fall due.

The Company has no external borrowings, is cash flow positive and maintains a large amount of cash.

Treasury is managed in accordance with the Financial Conduct Authority's guidelines. The policies that govern the management of the Company's liquidity risk are driven by the Risk and Credit Committee and are documented in the Company's Contingency Funding Plan insofar as they relate to managing periods of liquidity stresses.

The net liquidity positions in the table below relate to cash flows on contractual obligations existing at the statement of financial position date. They do not take account of any cash flows generated from profits on normal trading activities.

KYTE BROKING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

	<12 months	1-5 years	>5 years
	£	£	£
31 March 2019			
Liabilities			
Trade and other payables	8,013,227	-	-
	<u>8,013,227</u>	<u>-</u>	<u>-</u>
	<u><u>8,013,227</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	<12 months	1-5 years	>5 years
	£	£	£
31 March 2020			
Liabilities			
Trade and other payables	4,778,130	-	-
	<u>4,778,130</u>	<u>-</u>	<u>-</u>
	<u><u>4,778,130</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

24. Covid-19

The existence and spread of COVID-19 is an emerging risk that the Company is monitoring closely. At present the firm has not experienced any adverse effects as a result of the pandemic, but the full extent of the impact cannot yet be assessed. Despite the unpredictability of the potential impact, management has not identified any material uncertainties or concerns that cast doubt on the company's ability to continue to operate.