
KYTE BROKING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

KYTE BROKING LIMITED

COMPANY INFORMATION

Directors	A I Fellous K Haider E S Jabbour O F Kopf
Company secretary	S D Fogarty
Registered number	02781314
Registered office	55 Baker Street London W1U 8EW
Independent auditors	BKL Audit LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

KYTE BROKING LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Introduction

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

Business review

The principal activity of the Kyte Broking Limited ("the Company") is that of brokering financial instruments through across a wide range of products and markets, by providing services to brokers the company earns a % on all commissions generated. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company made a profit of £1,686,140 before tax in the year 31 March 2022 (31 March 2021: £1,461,969). The directors are satisfied with the performance of the Company, given the prevailing market conditions and increase in the 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. Management has also increased efforts on expanding and growing existing brokerage desks by recruiting more brokers.

Principal risks and uncertainties

The key risks to the business are a potential reduction in the trading volumes due to current economic climate and fears of a pending recession. The political and economic uncertainty has regularly created market volatility throughout the year which has at times caused difficult environment for the brokers & their clients. 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. Brexit safeguards were implemented to reduce the risk, including regulating a new entity in France, which has ultimately reduced the implications of Brexit on the firm. Additionally, we continue to diversify and grow our activity to counterbalance this threat, opening and developing new and existing brokerage desks in the current year. Other risks including credit risk, market risk, foreign currency risk and liquidity risk, are detailed in the notes to the accounts.

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 £3,900,238 in the year ending 31 March 2022 when compared to the year ending 31 March 2021 (£4,224,187 in 2021). The board of directors considers this level of performance satisfactory given the prevailing market conditions.

Other key performance indicators

The net revenue income margin before tax has decreased from, 22% to 19% due to higher revenues and associated cost of sales. Gross Margin has remained the same as prior year at 12%.

FCA Pillar 3 disclosure

The FCA Pillar 3 unaudited disclosures are published and updated annually on the company's website.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Directors' statement of compliance with duty to promote the success of the Company

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 manager, 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 and signed on its behalf.

K Haider
Director

Date: 29 June 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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.

Principal activity

The principal activity of the the Company is that of brokering financial instruments through across a wide range of products and markets, by providing services to brokers the company earns a % on all commissions generated.

Results and dividends

The profit for the year, after taxation, amounted to £1,356,967 (2021 - £1,306,969).

The directors do not recommend the payment of a final dividend (2021: £nil).

Directors

The directors who served during the year were:

A I Fellous
K Haider
E S Jabbour
O F Kopf

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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 costs savings as internally developed software replaces software purchased externally.

Details of the Company's Credit Risks, Market Risks, Foreign Currency Risks, Liquidity Risks, Interest Rate Risks, and Operational Risks are detailed within the notes to the accounts.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

During the year, Berg Kaprow Lewis LLP acted as auditor to the company until 31 March 2022.

On 31 March 2022, Berg Kaprow Lewis LLP transferred its audit business to a new LLP, BKL Audit LLP. The directors consented to treating the appointment of Berg Kaprow Lewis LLP as extending to BKL Audit LLP with effect from 1 April 2022.

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

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

K Haider

Director

Date: 29 June 2022

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 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 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 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

In auditing the financial statements, we have concluded that the directors' 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.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

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 set out 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.

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.

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:

- Enquiring of management around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

David Landau FCA (Senior Statutory Auditor)

for and on behalf of

BKL Audit LLP

Chartered Accountants

Statutory Auditor

London

29 June 2022

KYTE BROKING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	As restated 2021 £
Turnover	4	72,810,141	58,526,087
Cost of sales		(67,714,989)	(55,979,439)
Gross profit		5,095,152	2,546,648
Administrative expenses		(7,295,343)	(5,307,014)
Other operating income	5	-	30,574
Operating loss	6	(2,200,191)	(2,729,792)
Income from fixed assets investments	10	3,900,238	4,224,187
Interest payable and similar expenses		(13,907)	(32,426)
Profit before tax		1,686,140	1,461,969
Tax on profit	11	(329,173)	(155,000)
Profit for the financial year		1,356,967	1,306,969

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 12 to 27 form part of these financial statements.

KYTE BROKING LIMITED
REGISTERED NUMBER: 02781314

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	585,360	890,959
Tangible assets	13	466	3,040
Investments	14	2,000	2,000
		<u>587,826</u>	<u>895,999</u>
Current assets			
Debtors: amounts falling due within one year	15	17,233,709	13,572,876
Cash at bank and in hand	16	1,679,136	2,500,662
		<u>18,912,845</u>	<u>16,073,538</u>
Creditors: amounts falling due within one year	17	(8,277,541)	(7,103,374)
Net current assets		<u>10,635,304</u>	<u>8,970,164</u>
Total assets less current liabilities		<u>11,223,130</u>	<u>9,866,163</u>
Net assets		<u><u>11,223,130</u></u>	<u><u>9,866,163</u></u>
Capital and reserves			
Called up share capital	18	4,360,000	4,360,000
Share premium account	19	1,740,000	1,740,000
Profit and loss account	19	5,123,130	3,766,163
		<u><u>11,223,130</u></u>	<u><u>9,866,163</u></u>

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

K Haider
Director

Date: 29 June 2022

The notes on pages 12 to 27 form part of these financial statements.

KYTE BROKING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2020	4,360,000	1,740,000	2,459,194	8,559,194
Comprehensive income for the year				
Profit for the year	-	-	1,306,969	1,306,969
Total comprehensive income for the year	-	-	1,306,969	1,306,969
At 1 April 2021	4,360,000	1,740,000	3,766,163	9,866,163
Comprehensive income for the year				
Profit for the year	-	-	1,356,967	1,356,967
Total comprehensive income for the year	-	-	1,356,967	1,356,967
At 31 March 2022	4,360,000	1,740,000	5,123,130	11,223,130

The notes on pages 12 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Kyte Broking Limited is a private limited company incorporated in England and Wales.

The principal activity of the the Company is that of brokering financial instruments through across a wide range of products and markets, by providing services to brokers the company earns a % on all commissions generated.

The principal place of business is 55 Baker Street, London, England, W1U 8EW.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kyte Broking Group Limited as at 31 March 2021 and these financial statements may be obtained from the Registered Office at 55 Baker Street, London, W1U 8EW.

2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will be able to meet its debts as they fall due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

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

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue relates to net brokerage commissions which are recognised on the trade date regardless of when the payment is received.

2.6 Income from fixed asset investments

Income from fixed asset investments represents profit shares from UK franchised broking LLPs of which the Company is a member and is recognised in the Statement of Comprehensive Income when the right to the profit share is determined.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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 the Statement of Comprehensive Income as incurred.

Amortisation is provided to write off the cost less the estimated residual value of intangible assets on a straight line basis over the estimated useful economic life of between 2 and 5 years.

2.11 Tangible fixed assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Office equipment	- 3 - 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.12 Valuation of investments

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

2.13 Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.14 Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertaking, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

In preparing these financial statements the directors have made the following judgements;

1. 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.

2. Capitalisation of development costs and useful life

Development expenditure represents expenditure incurred for building internal software which supports the services of the Company. Judgement is exercised by management when determining which costs meet the criteria for capitalisation and lead to future economic benefits sufficient to recover the capitalised costs. Intangible assets are amortised over their expected 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.

There are no further judgements or estimates which materially effect the amounts in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	As restated 2021 £
Brokerage	72,810,141	58,526,087
	<u>72,810,141</u>	<u>58,526,087</u>

All turnover arose within the United Kingdom.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

	2022	2021
	£	£
Furlough Income	-	30,574
	<u>-</u>	<u>30,574</u>

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Exchange differences	<u>27,601</u>	<u>13,806</u>

7. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>26,250</u>	<u>25,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of Kyle Broking Group Limited.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	2,629,822	2,257,967
Social security costs	256,285	219,510
Cost of defined contribution scheme	74,152	70,904
	<u>2,960,259</u>	<u>2,548,381</u>

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

	2022 No.	2021 No.
Directors	4	4
Legal	1	2
IT	6	7
Compliance	4	5
Finance	7	6
Operations	16	16
	<u>38</u>	<u>40</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	138,565	-
Company contributions to defined contribution pension schemes	5,051	-
	<u>143,616</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2021 - NIL) in respect of defined contribution pension schemes.

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Income from investments

	2022 £	2021 £
Profit share from LLPs in which the Company is a member	(3,900,238)	(4,224,187)
	<u>(3,900,238)</u>	<u>(4,224,187)</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	310,000	155,000
Adjustments in respect of previous periods	19,173	-
Total current tax	<u>329,173</u>	<u>155,000</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,686,140</u>	<u>1,461,969</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	320,367	277,774
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	7,483
Capital allowances for year in excess of depreciation	(1,126)	590
Utilisation of tax losses	-	(28,928)
Adjustments to tax charge in respect of prior periods	19,173	-
Short term timing difference leading to an increase (decrease) in taxation	(3,537)	362
Other differences leading to an increase (decrease) in the tax charge	21,656	697
Group relief	(27,360)	(102,978)
Total tax charge for the year	<u>329,173</u>	<u>155,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced its intention to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. The increase in the rate of UK corporation tax was enacted in the Finance Act 2021, which received Royal Assent on 10 June 2021.

12. Intangible assets

	Internally developed software £
Cost	
At 1 April 2021	1,786,552
At 31 March 2022	1,786,552
Amortisation	
At 1 April 2021	895,593
Charge for the year on owned assets	305,599
At 31 March 2022	1,201,192
Net book value	
At 31 March 2022	585,360
At 31 March 2021	890,959

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2021	377,339
At 31 March 2022	<u>377,339</u>
Depreciation	
At 1 April 2021	374,299
Charge for the year on owned assets	2,574
At 31 March 2022	<u>376,873</u>
Net book value	
At 31 March 2022	<u><u>466</u></u>
<i>At 31 March 2021</i>	<u><u>3,040</u></u>

14. Fixed asset investments

	Unlisted investments £
Cost	
At 1 April 2021	2,000
At 31 March 2022	<u><u>2,000</u></u>

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Debtors

	2022 £	2021 £
Trade debtors	15,108,147	10,414,267
Amounts owed by group undertakings	1,635,176	1,422,102
Other debtors	242,818	-
Prepayments and accrued income	247,568	1,736,507
	<u>17,233,709</u>	<u>13,572,876</u>

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	1,679,136	2,500,662
	<u>1,679,136</u>	<u>2,500,662</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	3,696,006	3,021,357
Amounts owed to group undertakings	3,234,813	2,691,654
Corporation tax	327,500	155,000
Other taxation and social security	89,191	124,543
Other creditors	23,208	55,833
Accruals and deferred income	906,823	1,054,987
	<u>8,277,541</u>	<u>7,103,374</u>

KYTE BROKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,360,000 (2021 - 4,360,000) Ordinary shares of £1.00 each	<u>4,360,000</u>	<u>4,360,000</u>

19. Reserves

Share premium account

Includes amounts paid for share capital over the nominal value of the shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

20. Prior year adjustment

Turnover and cost of sales for the year ended 31 March 2021 have both been increased by £55,979,439 from the financial information previously reported as, in the opinion of the directors, it is more appropriate to the nature of the company's business as a broker to disclosure turnover as the value of the net brokerage commissions receivable by the Company rather than their share of the commissions due under the LLP agreements of which they are members. The profit share from the LLPs in which the Company is a member totalling £4,224,187 have been reclassified from turnover to income from fixed asset investments.

Included within other debtors was £181 that has been reclassified as amounts due from group companies. Also, included within trade creditors was £2,691,654 that has been reclassified as amounts due to group companies.

There has been no change to either net assets or profit previously reported as a result of these presentational prior year adjustments.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £74,152 (2021 - £70,904). Contributions totalling £20,372 (2021 - £55,833) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Related party transactions

Where possible the Company has taken advantage of the exemption conferred by FRS 102 section 33.1A from the requirement to disclose transactions with other wholly owned group undertakings.

Investment income includes £1,733,294 (2021: £888,401) from an LLP in which Kyte Broking Limited is a member.

Included within trade creditors is a balance of £951,686 (2021: £1,108,489) due to an LLP in which Kyte Broking Limited is a member.

23. Controlling party

The immediate parent undertaking is Kyte Broking (Holdings) Limited, a company incorporated in England and Wales.

The Company is included in the consolidated financial statements of Kyte Broking Group Limited. Copies of the Group financial statements can be obtained from the Registered Office at 55 Baker Street, London, W1U 8EW.

The ultimate parent undertaking is Market Securities Group Limited, a company incorporated in Hong Kong.

There is no ultimate controlling party.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. 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.

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.

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.

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

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

31-60 Days	£677,596
61-90 Days	£263,476
>91 Days	£728,293
Total	£1,669,365

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.

	2022	2021
	£	£
USD +/- 10 %	(17,593)	(66,997)

EUR +/- 10 %	(39,094)	(29,896)
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CHF +/- 10%	(77,284)	(63,616)
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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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 satisfied the capital requirement of the FCA.

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 Group's liquidity risk are driven by the Risk and Credit Committee and are documented in the Group'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.

	2022	2021
	£	£
Trade and other payables <12 months	8,292,446	7,103,374

25. Regulatory Risk

Kyte Broking Limited ("the firm") have Introducing Broker status with the National Futures Association (NFA). As at 31 March 2022, the firm had adjusted net capital of \$3,399,206 and an audited excess net capital of \$3,354,206.

There is no material adjustment between the amended 1FR-IB form submitted on 28 June 2022 and the audited financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.