

Company Registration No. 06909016 (England and Wales)

**LEK SECURITIES UK LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**LEK SECURITIES UK LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Charles Lek Charles Lagares
<b>Company number</b>	06909016
<b>Registered office</b>	288 Bishopsgate London EC2M 4QP
<b>Auditor</b>	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA

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# LEK SECURITIES UK LIMITED

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# LEK SECURITIES UK LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2021*

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The directors present the strategic report and financial statements for the year ended 31 December 2021.

#### **Fair review of the business**

The results of the year and the financial position at the year end were considered satisfactory by the directors.

#### **Development and performance**

At the year end, the company had net assets of £4,714,369 (2020: £4,209,348).

#### **Key performance indicators**

The key performance indicators are gross profit which increased from 55.97% in 2020 to 61.99% this year; and profitability which increased from 26.16% in 2020 to 30.72% this year.

#### **Other information and explanations**

The company will continue to provide services to its clients and will aim to continue to increase its market share. This means the company is well placed to continue to deliver sustainable growth for its shareholders.

On behalf of the board

Charles Lek

**Director**

27 April 2022

# LEK SECURITIES UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of bespoke execution, custody, settlement and clearing services.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Charles Lek  
Charles Lagares

#### Results and dividends

The results for the year are set out on page 7.

An interim Ordinary dividend was paid amounting to £3,668,616 on 24 May 2021 and a further £4,025,061 on 25 August 2021. Final dividend was paid amounting to £6,064,201 on 28 December 2021.

#### Financial instruments

##### *Treasury operations and Financial Instruments*

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

##### *Liquidity risk*

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### *Interest rate risk*

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### *Foreign currency risk*

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

# LEK SECURITIES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Post reporting date events**

There are no matters to report.

### **Future developments**

There are no matters to report.

### **Auditor**

The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Charles Lek

**Director**

27 April 2022

# LEK SECURITIES UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LEK SECURITIES UK LIMITED

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#### Opinion

We have audited the financial statements of LEK Securities UK Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

#### Other information

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

We have nothing to report in this regard.

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

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

# LEK SECURITIES UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LEK SECURITIES UK LIMITED

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### 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 and the directors' report.

We have nothing to report in respect of the following matters where 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### The extent to which the audit was considered capable of detecting irregularities including fraud

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.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

# **LEK SECURITIES UK LIMITED**

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

### **TO THE MEMBERS OF LEK SECURITIES UK LIMITED**

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and reviewing the company's compliance monitoring procedures and findings.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or through collusion.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Jonathan Marks (Senior Statutory Auditor)**  
**For and on behalf of Fisher, Sassoon & Marks**

27 April 2022

**Chartered Accountants**  
**Statutory Auditor**

43 - 45 Dorset Street  
London  
W1U 7NA

## LEK SECURITIES UK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	46,416,491	27,239,575
Cost of sales		(17,641,737)	(11,994,719)
<b>Gross profit</b>		<b>28,774,754</b>	<b>15,244,856</b>
Administrative expenses		(11,190,005)	(6,454,417)
<b>Operating profit</b>	4	<b>17,584,749</b>	<b>8,790,439</b>
Interest receivable and similar income	8	23,871	7,553
<b>Profit before taxation</b>		<b>17,608,620</b>	<b>8,797,992</b>
Tax on profit	9	(3,345,722)	(1,674,128)
<b>Profit for the financial year</b>		<b>14,262,898</b>	<b>7,123,864</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# LEK SECURITIES UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Current assets</b>					
Debtors	12	32,583,910		13,261,473	
Cash at bank and in hand		7,152		1,926,944	
		<u>32,591,062</u>		<u>15,188,417</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(27,876,693)</u>		<u>(10,979,069)</u>	
<b>Net current assets</b>			<u>4,714,369</u>		<u>4,209,348</u>
<b>Capital and reserves</b>					
Called up share capital	15	2,180,000		2,180,000	
Profit and loss reserves		2,534,369		2,029,348	
		<u>2,534,369</u>		<u>2,029,348</u>	
<b>Total equity</b>			<u>4,714,369</u>		<u>4,209,348</u>

The financial statements were approved by the board of directors and authorised for issue on 27 April 2022 and are signed on its behalf by:

Charles Lek  
Director

Company Registration No. 06909016

# LEK SECURITIES UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 January 2020</b>		580,000	1,196,358	1,776,358
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year		-	7,123,864	7,123,864
Issue of share capital	15	1,600,000	-	1,600,000
Dividends	10	-	(6,290,874)	(6,290,874)
<b>Balance at 31 December 2020</b>		2,180,000	2,029,348	4,209,348
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	14,262,898	14,262,898
Dividends	10	-	(13,757,877)	(13,757,877)
<b>Balance at 31 December 2021</b>		2,180,000	2,534,369	4,714,369

# LEK SECURITIES UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20	13,488,342		4,716,916	
Income taxes paid		(1,674,128)		(976,834)	
<b>Net cash inflow from operating activities</b>		11,814,214		3,740,082	
<b>Investing activities</b>					
Interest received		23,871		7,553	
<b>Net cash generated from investing activities</b>		23,871		7,553	
<b>Financing activities</b>					
Proceeds from issue of shares		-		1,600,000	
Dividends paid		(13,757,877)		(6,290,874)	
<b>Net cash used in financing activities</b>		(13,757,877)		(4,690,874)	
<b>Net decrease in cash and cash equivalents</b>		(1,919,792)		(943,239)	
Cash and cash equivalents at beginning of year		1,926,944		2,870,183	
<b>Cash and cash equivalents at end of year</b>		7,152		1,926,944	

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

LEK Securities UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 288 Bishopsgate, London, EC2M 4QP.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover represents amounts receivable for the provision of broking and settlement services which are recognised on the date of settlement of the transaction.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Straight Line Basis
Computer equipment	25% Straight Line Basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.5 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.6 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.12 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

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

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

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Gross commission	26,010,953	13,720,199
Fees direct	159,450	155,146
Client interest	20,246,088	13,364,230
	<u>46,416,491</u>	<u>27,239,575</u>

	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	<u>23,871</u>	<u>7,553</u>

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
EU	<u>46,416,491</u>	<u>27,239,575</u>

### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	<u>(16,332)</u>	<u>361,007</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £16,332 (2020 - £361,007).

### 5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>15,000</u>	<u>15,000</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021	2020
Number	Number
<u>5</u>	<u>6</u>

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	9,669,430	5,357,918
Social security costs	38,645	45,458
Pension costs	9,517	12,170
	<u>9,717,592</u>	<u>5,415,546</u>

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>9,324,694</u>	<u>4,856,216</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>9,324,694</u>	<u>4,856,216</u>
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### 8 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	6,340	7,553
Interest receivable from group companies	17,531	-
Total income	<u>23,871</u>	<u>7,553</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>23,871</u>	<u>7,553</u>
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### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>3,345,722</u>	<u>1,674,128</u>

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	17,608,620	8,797,992
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	3,345,638	1,671,618
Tax effect of expenses that are not deductible in determining taxable profit	84	2,510
Taxation charge for the year	3,345,722	1,674,128

### 10 Dividends

	2021 £	2020 £
Final paid	6,064,200	4,690,874
Interim paid	7,693,677	1,600,000
	13,757,877	6,290,874

### 11 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2021 and 31 December 2021	3,300	9,948	13,248
<b>Depreciation and impairment</b>			
At 1 January 2021 and 31 December 2021	3,300	9,948	13,248
<b>Carrying amount</b>			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors and trading assets	18,384,711	717,231
Amount due from parent undertaking	12,579,696	-
Amounts due from fellow group undertakings	-	10,682,297
Other debtors	6,770	6,770
Prepayments and accrued income	1,612,733	1,855,175
	<u>32,583,910</u>	<u>13,261,473</u>

### 13 Financial instruments

	2021	2020
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>30,971,177</u>	<u>11,406,298</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>24,441,367</u>	<u>9,218,827</u>

### 14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors and trading liabilities	6,646,278	8,273,561
Amounts due to fellow group undertakings	16,567,033	-
Corporation tax	3,343,064	1,671,470
Other taxation and social security	92,262	88,772
Accruals and deferred income	1,228,056	945,266
	<u>27,876,693</u>	<u>10,979,069</u>

### 15 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each	<u>2,180,000</u>	<u>2,180,000</u>	<u>2,180,000</u>	<u>2,180,000</u>

# LEK SECURITIES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Related party transactions

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
<b>Amounts due to related parties</b>		
LEK Securities Corporation	16,567,033	-

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
<b>Amounts due from related parties</b>		
LEK Securities Corporation	-	10,682,297
LEK Holdings Limited	12,579,696	-

### 17 Events after the reporting date

There are no post balance sheet events to report.

### 18 Directors' transactions

During the year Charles Lagares, a director of the company, was paid £63,750 (2020: £48,300) in respect of legal services.

### 19 Ultimate controlling party

The ultimate parent is Lek Holdings Limited by virtue of its shareholding in LEK Securities UK Limited.

The ultimate controlling party is Charles Lek by virtue of his shareholding in LEK Holdings Ltd.

### 20 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	14,262,898	7,123,864
<b>Adjustments for:</b>		
Taxation charged	3,345,722	1,674,128
Investment income	(23,871)	(7,553)
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(19,322,437)	16,123,343
Increase/(decrease) in creditors	15,226,030	(20,196,866)
<b>Cash generated from operations</b>	<b>13,488,342</b>	<b>4,716,916</b>

## LEK SECURITIES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2021*

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21 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	1,926,944	(1,919,792)	7,152
	<u>          </u>	<u>          </u>	<u>          </u>

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.