

Company registration number 11135021 (England and Wales)

**VELOCE ESPORTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

# VELOCE ESPORTS LIMITED

## CONTENTS

---

	Page
Statement of financial position	1 - 2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 - 19

---

# VELOCE ESPORTS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	3	569,334	361,617
Property, plant and equipment	4	410,048	511,750
Investments	5	3,200,310	3,200,310
		<u>4,179,692</u>	<u>4,073,677</u>
<b>Current assets</b>			
Trade and other receivables	8	4,955,852	2,817,925
Current tax recoverable		82,624	43,093
Cash and cash equivalents		837,745	132,342
		<u>5,876,221</u>	<u>2,993,360</u>
<b>Current liabilities</b>			
Trade and other payables	11	2,362,043	513,687
Current tax liabilities		-	5,019
Convertible loan notes	10	-	3,156,273
Lease liabilities	12	91,530	88,010
Deferred revenue	14	60,000	-
		<u>2,513,573</u>	<u>3,762,989</u>
<b>Net current assets/(liabilities)</b>		<u>3,362,648</u>	<u>(769,629)</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	219,180	310,710
Deferred tax liabilities	13	24,310	29,798
		<u>243,490</u>	<u>340,508</u>
<b>Net assets</b>		<u>7,298,850</u>	<u>2,963,540</u>
<b>Equity</b>			
Called up share capital	16	308	245
Share premium account	17	11,008,870	4,175,796
Equity reserve	18	-	1,044,727
Retained earnings		(3,710,328)	(2,257,228)
<b>Total equity</b>		<u>7,298,850</u>	<u>2,963,540</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023 and are signed on its behalf by:

**VELOCE ESPORTS LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

***AS AT 30 JUNE 2022***

---

Mr R J Svendsen-Cook

**Director**

**Company registration number 11135021**

# VELOCE ESPORTS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £	Share premium account £	Equity reserve £	Retained earnings £	Total £
<b>Balance at 1 July 2020</b>		164	1,175,878	-	(1,077,855)	98,387
<b>Year ended 30 June 2021:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,179,573)	(1,179,573)
Transactions with owners in their capacity as owners:						
Issue of share capital	16	82	2,999,918	-	-	3,000,000
Issue of convertible loan	10	-	-	1,044,727	-	1,044,727
Other movements		(1)	-	-	-	(1)
<b>Balance at 30 June 2021</b>		245	4,175,796	1,044,727	(2,257,228)	2,963,540
<b>Year ended 30 June 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,453,100)	(1,453,100)
Transactions with owners in their capacity as owners:						
Issue of share capital	16	63	2,223,937	-	-	2,224,000
Conversion of loan	16	-	-	(1,044,727)	-	(1,044,727)
Other movements		-	4,609,137	-	-	4,609,137
<b>Balance at 30 June 2022</b>		308	11,008,870	-	(3,710,328)	7,298,850

# VELOCE ESPORTS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	21	(1,050,159)	(3,509,193)
Interest paid		(11,950)	(10,885)
Income taxes refunded		80	-
<b>Net cash outflow from operating activities</b>		<b>(1,062,029)</b>	<b>(3,520,079)</b>
<b>Investing activities</b>			
Purchase of intangible assets		(331,343)	(364,866)
Purchase of property, plant and equipment		(37,215)	(184,270)
Purchase of subsidiaries		-	(3,000,000)
Purchase of associates		-	(38)
Repayment of loans		-	(15,442)
<b>Net cash used in investing activities</b>		<b>(368,558)</b>	<b>(3,564,616)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		2,224,000	3,000,000
Issue of convertible loans		-	4,201,000
Payment of lease liabilities		(88,010)	(14,104)
<b>Net cash generated from financing activities</b>		<b>2,135,990</b>	<b>7,186,896</b>
<b>Net increase in cash and cash equivalents</b>		<b>705,403</b>	<b>102,201</b>
Cash and cash equivalents at beginning of year		132,342	30,141
Cash and cash equivalents at end of year		<b>837,745</b>	<b>132,342</b>

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

---

### 1 Accounting policies

#### Company information

Veloce Esports Limited is a private company limited by shares incorporated in England and Wales. The registered office is 58a Bronsart Road, Fulham, London, SW6 6AA. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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, except for the revaluation of . The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, 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 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The company recognises revenue from the following major sources:

- Esports team management revenue
- Sponsorship & viewer revenue
- Prize money & commission

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

##### **Esports team management revenue**

Esports team management revenue primarily consists of sale of management of esports teams. Services are transferred and invoiced at in 1 or 3 month intervals. They have short credit terms.

##### **Sponsorship & viewer revenue**

Sponsorship & viewer revenue primarily consists of Youtube revenue. Services are transferred and invoiced at a point in time. They have short credit terms.

##### **Prize money & commission**

Prize money & commission primarily consists of prize money. Services are transferred and invoiced at a point of time. There are no credit terms.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

- 25% straight line

#### 1.5 Property, plant and equipment

Property, plant and equipment 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:

Leasehold land and buildings	Term of the lease
Leasehold improvements	25% straight line
Fixtures and fittings	25% straight line
Computers	25% straight line

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 recognised in the income statement.

#### 1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

#### 1.7 Borrowing costs related to non-current assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents 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.

#### 1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Financial assets held at amortised cost**

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

#### **Financial assets at fair value through other comprehensive income**

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

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

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

[For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.]

[Detail of impairment approach adopted for other specific asset groups.]

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### **1.12 Compound instruments**

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

#### **1.13 Equity instruments**

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

#### **1.14 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. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

#### **1.15 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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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.

#### **1.16 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 inventories or non-current 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.

#### **1.17 Retirement benefits**

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

#### **1.18 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.19 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

#### 1.20 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 Employees

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

	2022 Number	2021 Number
Directors and management	5	4
Employees	32	25
Total	37	29

During the year £411,976 of salaries, national insurance and pension contributions was recharged to Veloce Racing Limited, a subsidiary.

The recharged amounts are not included in the amounts above.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 3 Intangible assets

	Media	Software	Crypto-	Currency	Other Intangible	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 30 June 2021	12,997	351,869	-	-	-	364,866
Additions - purchased	354,682	73,776	7,552	-	-	436,010
Other movements	247,202	(351,869)	-	-	-	(104,667)
At 30 June 2022	614,881	73,776	7,552	-	-	696,209
<b>Amortisation and impairment</b>						
Charge for the year	3,249	-	-	-	-	3,249
At 30 June 2021	3,249	-	-	-	-	3,249
Charge for the year	123,626	-	-	-	-	123,626
At 30 June 2022	126,875	-	-	-	-	126,875
<b>Carrying amount</b>						
At 30 June 2022	488,006	73,776	7,552	-	-	569,334
At 30 June 2021	9,748	351,869	-	-	-	361,617

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 4 Property, plant and equipment

	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2020	-	-	12,421	7,582	20,003
Additions	412,824	87,369	81,693	15,208	597,094
At 30 June 2021	412,824	87,369	94,114	22,790	617,097
Additions	-	-	34,585	2,630	37,215
At 30 June 2022	412,824	87,369	128,699	25,420	654,312
<b>Accumulated depreciation and impairment</b>					
At 1 July 2020	-	-	3,812	2,305	6,117
Charge for the year	48,163	21,842	23,528	5,697	99,230
At 30 June 2021	48,163	21,842	27,340	8,002	105,347
Charge for the year	82,565	21,842	28,703	5,807	138,917
At 30 June 2022	130,728	43,684	56,043	13,809	244,264
<b>Carrying amount</b>					
At 30 June 2022	282,096	43,685	72,656	11,611	410,048
At 30 June 2021	364,661	65,527	66,774	14,788	511,750

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Net values at the year end</b>		
Property	282,097	364,661
<b>Depreciation charge for the year</b>		
Property	130,728	48,163

### 5 Investments

	<b>Current</b>		<b>Non-current</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	-	-	3,000,000	3,000,000
Investments in associates	-	-	200,310	200,310
	-	-	3,200,310	3,200,310

## VELOCE ESPORTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

#### 5 Investments

(Continued)

##### Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### 6 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Veloce Racing Limited	As parent company	A Ordinary	88.00	88.00

#### 7 Associates

Details of the company's associates at 30 June 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Quadrant Esports Limited	As parent company	Ordinary	27.00	27.00
Veloce USA LLC	USA		50.00	50.00

#### 8 Trade and other receivables

	2022 £	2021 £
Trade receivables	651,082	372,868
Provision for bad and doubtful debts	(9,840)	-
	<u>641,242</u>	<u>372,868</u>
VAT recoverable	42,138	67,167
Amounts owed by subsidiary undertakings	3,665,619	2,179,609
Amounts owed by related parties	252,204	83,257
Other receivables	293,306	105,333
Prepayments	61,343	9,691
	<u>4,955,852</u>	<u>2,817,925</u>



## VELOCE ESPORTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 JUNE 2022

#### 9 Trade receivables - credit risk

##### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	Carrying value 2022 £	2021 £
Trade receivables net of allowances	641,242	372,868
Other debtors	293,306	105,333
Prepayments	61,343	9,691
	<u>995,891</u>	<u>487,892</u>

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for impairment of trade receivables	2022 £	2021 £
Balance at 1 July 2021 and at 30 June 2022	<u>9,840</u>	<u>-</u>

#### 10 Convertible loan notes

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity as follows:

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

The effect rate of interest is 8%.

Movements and balance at the period end	Liability £
Liability component at 1 July 2020	-
Issue of convertible loan notes	<u>3,156,273</u>
Liability component at 30 June 2021	3,156,273
Interest charged	408,137
Conversion	<u>(3,564,410)</u>
Liability component at 30 June 2022	<u>-</u>

The equity component of the convertible loan notes has been credited to the equity reserve.

On the 24 September 2021 the convertible Loan notes were converted to share premium.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 11 Trade and other payables

	2022 £	2021 £
Trade payables	383,160	382,379
Accruals	21,500	27,508
Social security and other taxation	-	37,991
Other payables	1,957,383	65,809
	<u>2,362,043</u>	<u>513,687</u>

### 12 Lease liabilities

	2022 £	2021 £
<b>Maturity analysis</b>		
Within one year	91,530	88,010
In two to five years	219,180	310,710
	<u>310,710</u>	<u>398,720</u>
Total undiscounted liabilities	<u>310,710</u>	<u>398,720</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	91,530	88,010
Non-current liabilities	219,180	310,710
	<u>310,710</u>	<u>398,720</u>

	2022 £	2021 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>11,950</u>	<u>10,885</u>

Other leasing information is included in note .

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £
Balance at 1 July 2020	-
<b>Deferred tax movements in prior year</b>	
Charge/(credit) to profit or loss	29,798
Liability at 1 July 2021	29,798
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	(5,488)
Liability at 30 June 2022	24,310

### 14 Deferred revenue

	2022 £	2021 £
Arising from ScaleLab & Sauber	60,000	-

All deferred revenues are expected to be settled within 12 months from the reporting date.

### 15 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	14,284	9,711

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# VELOCE ESPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 16 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A of 1p each	13,472	13,472	198	135
Ordinary B1 of 1p each	10,622	10,622	106	106
Ordinary B2 of 1p each	4	4	-	-
Ordinary C of 1p each	442	442	4	4
Ordinary D of 1p each	2	2	-	-
	<u>24,542</u>	<u>24,542</u>	<u>308</u>	<u>245</u>

### 17 Share premium account

	2022	2021
	£	£
At the beginning of the year	4,175,796	1,175,878
Issue of new shares	2,223,937	2,999,918
Other movements	4,609,137	-
	<u>11,008,870</u>	<u>4,175,796</u>

### 18 Equity reserve

	2022	2021
	£	£
At the beginning of the year	1,044,727	-
Arising in the year	-	1,044,727
Transfer to share premium	(1,044,727)	-
	<u>-</u>	<u>1,044,727</u>

### 19 Capital risk management

The company is not subject to any externally imposed capital requirements.

### 20 Events after the reporting date

On 7 July 2021 a capital raise triggered the convertible loan to convert to equity.

## VELOCE ESPORTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

**21 Cash absorbed by operations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss for the year before income tax	(1,503,218)	(1,187,849)
<b>Adjustments for:</b>		
Finance costs	420,087	10,885
Amortisation and impairment of intangible assets	123,626	3,249
Depreciation and impairment of property, plant and equipment	138,917	99,230
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(2,137,927)	(2,662,111)
Increase in trade and other payables	1,848,356	227,403
Increase in deferred revenue outstanding	60,000	-
<b>Cash absorbed by operations</b>	<b>(1,050,159)</b>	<b>(3,509,193)</b>

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.