
PIXXLES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2021

PIXXLES LIMITED

COMPANY INFORMATION

Directors

A L Fairchild
S A M Dawson (resigned 31 May 2022)
D A Hellicar-Bowman (resigned 22 March 2021)
S B Kamaly (appointed 16 May 2022)

Registered number

11604773

Registered office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent auditors

BKL Audit LLP
Chartered Accountants & Statutory Auditor
35 Ballards Lane
London
N3 1XW

PIXXLES LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021**

Introduction

The principal activity of Pixxles Limited ("the Company") is that of financial payment services.

Business review

The 2021 financial year was another year of overcoming adversity given both the social and economic implications of COVID; however, Pixxles managed to stay resilient throughout these challenges and continued to develop the business for launch.

2021 was dedicated to developing and improving the Company's core platform technology, establishing new supplier relationships to optimise the value chain required to provide service, developing support teams on an international basis to minimise geographical risks & dependencies and continuing marketing initiatives to establish the brand and prepare for the market launch of the business.

An application to the FCA was also approved in June of 2021 to gain authorisation as an Authorised E-Money institution. The additional permissions granted by this license allow the diversification of the Pixxles value proposition to include stored value services. The development of the initial product, a merchant account linked to an e-wallet, is currently underway and will be offered to the Company's merchant during the first half of 2022. Once it is complete, a second phase included a branded prepaid card will start development.

Given the challenges presented by Brexit, specifically the loss of passporting rights throughout the EU/EEA, the Pixxles did an assessment of its opportunities throughout Europe. After reviewing currently challenges and opportunities of the European payments space, a decision was made to not engage with the continental market until the UK product has launched and matured to the point where it can enter the market in a tangibly competitive manner. This will likely be in the in the 2023 financial year when Pixxles has a significant merchant base and both the acquiring and e-money services have been optimised.

Principal risks and uncertainties

Economic downturn due to:

COVID

The pandemic has caused a shift in consumer participation rates due to several factors, including but not limited to: redundancies, shutting of shops, supply chain issues, changing consumer patterns and behaviours. This has led to economic downturn in terms of the Total Accessible Market (TAM) available for payment companies. This poses a risk to Pixxles as a reduction in the TAM results in the Company being required to increase its market share to maintain projected profit ratios. Pixxles is aware of these risks and is addressing them by increasing spend on marketing and other activities to entice and retain clients.

Inflation reducing consumer consumption of ecommerce goods

The increase of inflation due to the COVID pandemic has also caused a shift in consumer spending, consumers now must dedicate a larger portion of their salaries to securing basic necessities such as food and rent, and therefore have reduced disposable capital to spend on consumer goods. Pixxles is aware of this trend and has taken a business decision to broaden the types of merchants we work with to include more merchants who provide staple consumer products to take advantage of this shift in market.

Business risks

Increase in competition for card payments

The UK card payment market continues to grow with new participants joining regularly. This can increase the risk of reducing profit margins by having to meet competitors pricing. Pixxles is aware of this risk and aims to

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021**

address this via releasing innovative products which will create brand recognition and strong customer satisfaction, allowing us not to compete on price but on service and product.

Increase in staff wages due to inflation

The current inflationary environment means that prices and therefore wages have risen which increases staff overhead costs for Pixxles. Pixxles is aware of this environment and of the cost of hiring highly qualified staff and will aim to address this by providing training and development plans for staff to ensure that they are able to upskill to ensure that they have the necessary skills to undertake their roles. Pixxles will also be willing to hire staff at appropriate rates for their level of experience and expertise.

Operational Risks

IT systems rely on third parties for card processing and settlement

Pixxles currently relies on working with Partner Acquiring banks to provide transaction processing and settlement of funds to merchants. This poses a risk as Pixxles has no control over the up time and reliability of these banks systems. While the Company maintains Strong SLAs in the contracts regarding the up time, these are remedial measures which do not instantly solve the problem of any outages. Pixxles will endeavour to open direct acquiring services with the card schemes and also ensure that we have multiple partners who can acquire our transactions in the instances of outage.

Fin Crime risks

Economic downturn leads to increase in financial crime, resulting in more spent on Risk management

Financial crime makes up more than 60% of all crime reported in the UK, with increased economic downturn the likelihood is that more individuals and criminal gangs will increase the amount of financial crime attempts. This poses a risk to Pixxles as this requires increased due diligence and staff training. The Company will ensure that all staff have more than adequate training to address these potential risks.

Financial key performance indicators

Although Pixxles did not generate revenue in 2021, a large portion of expenses are attributed to marketing efforts in preparation for launch, as well as software services that helped to build a strong Anti-Money Laundering framework and adhere to all regulatory compliance requirements. The Company's Directors chose experienced firms and trusted, state-of-the-art technology infrastructure as an investment in the firm's commitment to financial crime prevention.

In addition, Pixxles has shown sufficient financial worthiness and capital adequacy to be authorised by the FCA as an E-Money Institution in June 2021.

Other key performance indicators

In preparation for the launch of the business, Pixxles dedicated significant resource to marketing activity, focusing primarily on brand recognition. In doing so, Pixxles achieved:

- Click Through Rates for our shopping cart campaigns that were almost double the market average
- LinkedIn follower growth of 2,000% in a single month
- Video campaigns on YouTube with a view rate of 15% higher than the platform average, with content was seen by tens of thousands of people

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

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

The Directors of the business are actively aware that they must conduct themselves in a manner that promotes the best interests and well-being of the Company, and confidently adheres to its legal and regulatory framework. Pixxles sees the key stakeholders being:

Shareholders

With one of the Directors being the UBO, there is a constant and inherent dialogue, both amongst the Directors and throughout the business, to ensure the stability, growth and reputability of the business on a long-term basis.

Customers

The Company's customer base will span between small business to large enterprises, but the general strategy will be targeting SMEs upon the launch of Pixxles's services in the 2022 financial year. To effectively support these customers, the Company will prioritise its regulatory requirements an FCA authorised firm to protect both the customer and its end user, while promoting business practices that promote the well-being of all involved parties such as transparency and financial inclusion.

Suppliers

Pixxles has an extensive network of key suppliers and partnerships which are actively maintained and cultivated to ensure the optimal running of the business.

Community

Pixxles continues to actively support and promote social causes that have a meaningful impact on communities throughout the UK. The Directors promote diversity throughout the business and cultivate a positive environment that encourages discussion of new ideas and promotion based on merit.

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

A L Fairchild

Director

Date: 26 October 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021**

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Results and dividends

The loss for the year, after taxation, amounted to £954,463 (2020 - loss £661,374).

Directors

The directors who served during the year were:

A L Fairchild

S A M Dawson (resigned 31 May 2022)

D A Hellicar-Bowman (resigned 22 March 2021)

Future developments

With new a now regulatory license in place, Pixxles will be leveraging the addition permissions to develop a stored value proposition throughout the 2022 financial year, including payment accounts, e-wallets & prepaid cards. These developments will support the continued growth of the Company's merchant portfolio and allow revenues to increase without significant impact to variable costs.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

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

On 24 March 2022, the Company issued 1,073,521 Ordinary shares of £1 each at par.

Auditors

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.

A L Fairchild

Director

Date: 26 October 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIXXLES LIMITED

Opinion

We have audited the financial statements of Pixxles Limited (the 'Company') for the year ended 31 October 2021, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows, 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 October 2021 and of its loss 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 PIXXLES 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 4, 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 PIXXLES 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 financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risks of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Enquiring of company staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations.

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 judgment 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.

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

· 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.

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.

Michael Wedge FCA (Senior statutory auditor)

for and on behalf of

BKL Audit LLP

Chartered Accountants

Statutory Auditor

London

26 October 2022

PIXXLES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £	2020 £
Administrative expenses		(954,662)	(661,374)
Other operating income		199	-
Operating loss	3	(954,463)	(661,374)
Loss after tax		(954,463)	(661,374)
Retained earnings at the beginning of the year		(941,780)	(280,406)
		(941,780)	(280,406)
Loss for the year		(954,463)	(661,374)
Retained earnings at the end of the year		(1,896,243)	(941,780)

The notes on pages 14 to 19 form part of these financial statements.

PIXXLES LIMITED
REGISTERED NUMBER: 11604773

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	7	53,750	32,938
Cash at bank and in hand		410,681	120,081
		<u>464,431</u>	<u>153,019</u>
Creditors: amounts falling due within one year	8	(623,462)	(79,798)
Net current (liabilities)/assets		(159,031)	73,221
Total assets less current liabilities		(159,031)	73,221
Net (liabilities)/assets		<u>(159,031)</u>	<u>73,221</u>
Capital and reserves			
Called up share capital	9	1,737,212	1,015,001
Profit and loss account		(1,896,243)	(941,780)
		<u>(159,031)</u>	<u>73,221</u>

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

A L Fairchild

Director

Date: 26 October 2022

The notes on pages 14 to 19 form part of these financial statements.

PIXXLES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2019	1	(280,406)	(280,405)
Comprehensive income for the year			
Loss for the year	-	(661,374)	(661,374)
Total comprehensive income for the year	-	(661,374)	(661,374)
Shares issued during the year	1,015,000	-	1,015,000
Total transactions with owners	1,015,000	-	1,015,000
At 1 November 2020	1,015,001	(941,780)	73,221
Comprehensive income for the year			
Loss for the year	-	(954,463)	(954,463)
Total comprehensive income for the year	-	(954,463)	(954,463)
Shares issued during the year	722,211	-	722,211
Total transactions with owners	722,211	-	722,211
At 31 October 2021	1,737,212	(1,896,243)	(159,031)

The notes on pages 14 to 19 form part of these financial statements.

PIXXLES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(954,462)	(661,374)
Adjustments for:		
(Increase) in debtors	(20,812)	(29,187)
Increase/(decrease) in creditors	543,664	(204,358)
Net cash generated from operating activities	(431,610)	(894,919)
Cash flows from financing activities		
Issue of ordinary shares	722,211	1,015,000
Net cash used in financing activities	722,211	1,015,000
Net increase in cash and cash equivalents	290,601	120,081
Cash and cash equivalents at beginning of year	120,081	-
Cash and cash equivalents at the end of year	410,682	120,081
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	410,682	120,081
	410,682	120,081

The notes on pages 14 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

1. General information

The principal activity of Pixxles Limited ("the Company") is that of financial payment services.

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office address is Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF.

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 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 judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of the approval of these financial statements, and will be able to meet its debt as they fall due.

During the year, the Company was granted an Electronic Money Licence from the Financial Conduct Authority (FCA). Subsequent to the year end, the Company started to trade under its new permissions. The directors continuously review forecasts and are confident in the Company's ability to trade for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 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 profit or loss 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 OCTOBER 2021**

2. Accounting policies (continued)

2.6 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial instruments

The Company only enters basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

(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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and accruals, 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.

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

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.

PIXXLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

3. Operating loss

The operating loss is stated after charging:

	2021	2020
	£	£
Exchange differences	-	5,983
Other operating lease rentals	<u>26,446</u>	<u>69,299</u>

4. Auditors' remuneration

Fees payable to the Company's auditor and its associates in respect of:

Audit-related assurance services	10,000	-
	<u>10,000</u>	<u>-</u>

5. Employees

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

	2021	2020
	£	£
Wages and salaries	394,731	340,135
Social security costs	47,234	38,225
Cost of defined contribution scheme	3,040	3,849
	<u>445,005</u>	<u>382,209</u>

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

	2021	2020
	No.	No.
Average number of employees	<u>5</u>	<u>4</u>

PIXXLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

6. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	80,045	-
Company contributions to defined contribution pension schemes	660	-
	<u>80,705</u>	<u>-</u>

7. Debtors

	2021 £	2020 £
Other debtors	13,733	30,815
Prepayments and accrued income	40,017	2,123
	<u>53,750</u>	<u>32,938</u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	72,244	18,507
Other taxation and social security	91,431	-
Other creditors	440,162	59,402
Accruals and deferred income	19,625	1,889
	<u>623,462</u>	<u>79,798</u>

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,737,212 (2020 - 1,015,001) Ordinary shares of £1.00 each	<u>1,737,212</u>	<u>1,015,001</u>

On 31 March 2021, the Company issued 400,000 Ordinary shares of £1 each at par.

On 3 June 2021, the Company issued a further 322,211 Ordinary shares of £1 each at par.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

10. 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 £2,522 (2020 - £3,849) . Contributions totalling £Nil (2020 - £1,058) were payable to the fund at the reporting date and are included in creditors.

11. Commitments under operating leases

The Company had no commitments under non-cancellable operating leases at the reporting date.

12. Related party transactions

Included within other creditors is a balance of £440,162 (2020: £58,344) due to one of the directors. This balance is unsecured and interest free and is repayable on demand.

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.