

Registered number: 11742963

XACE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021



LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	4	509,663	190,595
Tangible assets	5	42,900	4,498
Investments	6	3,248	-
		<u>555,811</u>	<u>195,093</u>
Current assets			
Debtors: amounts falling due within one year	7	225,450	1,195,154
Cash at bank and in hand	8	1,355,076	421,791
		<u>1,580,526</u>	<u>1,616,945</u>
Creditors: amounts falling due within one year	9	(318,914)	(557,118)
Net current assets		<u>1,261,612</u>	<u>1,059,827</u>
Total assets less current liabilities		<u>1,817,423</u>	<u>1,254,920</u>
Net assets		<u><u>1,817,423</u></u>	<u><u>1,254,920</u></u>
Capital and reserves			
Called up share capital	10	11,672	11,672
Share premium account		1,364,272	1,364,272
Profit and loss account		441,479	(121,024)
		<u>1,817,423</u>	<u>1,254,920</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

David Hodkinson

David Hodkinson
Director

Date: 15 March 2023

The notes on pages 3 to 10 form part of these financial statements.

XACE LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	10,000	-	(420)	9,580
Loss for the year	-	-	(120,604)	(120,604)
Shares issued during the year	1,672	1,364,272	-	1,365,944
At 1 January 2021	11,672	1,364,272	(121,024)	1,254,920
Profit for the year	-	-	562,503	562,503
Ordinary A shares allotted during the year	572	-	-	572
Ordinary B shares cancelled during the year	(572)	-	-	(572)
At 31 December 2021	11,672	1,364,272	441,479	1,817,423

The notes on pages 3 to 10 form part of these financial statements.

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Xace Limited is a private company limited by shares incorporated in England and Wales, registration number 11742963. Its registered office and principal place of business is 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is comprised of fees payable by the company's customers, including transaction fees and foreign exchange income.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

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

2.7 Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

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

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

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Intangible assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Due to ongoing software improvements, it is anticipated that the software will need to be replaced in its entirety by June 2030. All intangible assets are therefore amortised from the date of purchase on a straight line basis to June 2030. The current policy was in place for the year ended 31 December 2021. In the prior year financial statements the policy in place was to amortise the website development costs over 10 years. The impact of the change in the current year reduces amortisation charged by circa £15,000.

2.9 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Office equipment	-	20% straight-line
Computer equipment	-	20% straight-line
Leasehold improvements	-	20% straight-line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. Employees

The average monthly number of employees, including directors, during the year was 10 (2020 - 4).

XACE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Intangible assets

	Software development costs £
Cost	
At 1 January 2021	194,291
Additions	336,895
At 31 December 2021	<u>531,186</u>
Amortisation	
At 1 January 2021	3,696
Charge for the year on owned assets	17,827
At 31 December 2021	<u>21,523</u>
Net book value	
At 31 December 2021	<u>509,663</u>
At 31 December 2020	<u>190,595</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Tangible fixed assets

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2021	717	4,535	-	5,252
Additions	4,577	16,250	24,915	45,742
At 31 December 2021	5,294	20,785	24,915	50,994
Depreciation				
At 1 January 2021	149	605	-	754
Charge for the year on owned assets	2,955	3,339	1,046	7,340
At 31 December 2021	3,104	3,944	1,046	8,094
Net book value				
At 31 December 2021	2,190	16,841	23,869	42,900
At 31 December 2020	568	3,930	-	4,498

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6. Investments

	Investments in subsidiary companies £
Cost	
Additions	3,248
At 31 December 2021	<u>3,248</u>

7. Debtors

	2021 £	2020 £
Trade debtors	53,260	16,584
Other debtors	84,837	48,236
Called up share capital not paid	-	1,125,000
Prepayments and accrued income	87,353	5,334
	<u>225,450</u>	<u>1,195,154</u>

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,355,076	421,791
	<u>1,355,076</u>	<u>421,791</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	159,290	85,450
Other taxation and social security	-	27,685
Other creditors	35,689	335,571
Accruals and deferred income	123,935	108,412
	<u>318,914</u>	<u>557,118</u>

XACE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2021****10. Share capital**

	2021 £	2020 £
Allotted, called up and fully paid		
NIL (2020 - 111) Ordinary shares of £100.00 each	-	11,100
NIL (2020 - 572) Ordinary B shares of £1.00 each	-	572
11,672 (2020 - NIL) Ordinary A shares of £1.00 each	11,672	-
	<u>11,672</u>	<u>11,672</u>

On 3 February 2021 the 111 Ordinary shares of £100 each were subdivided into 11,100 shares of nominal value £1 each. On the same day the Ordinary shares were redesignated as Ordinary A shares.

On 17 December 2021 the 572 Ordinary B shares were repurchased for total consideration of £572 and cancelled. On the same day 572 Ordinary A shares were allotted for total consideration of £572.

11. Pension commitments

The Company operates a defined contribution 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 £5,645 (2020 - £403). Contributions totalling £1,912 (2020 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

12. Commitments under operating leases

At 31 December 2021 the Company had total future commitments of £43,209 (2020 - £nil).

13. Related party transactions

Included within amounts owed by group undertakings is a balance due from a subsidiary which is not wholly owned by Xace Limited. At the year end the balance due is £26,528 however a provision has been made against the entirety of the balance due to uncertainty over recoverability of the balance (2020 - £nil). The balance is unsecured, interest free and repayable on demand.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 17 March 2023 by Lee Facey (Senior Statutory Auditor) on behalf of Lubbock Fine LLP.