

Registered number: 11742963

XACE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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COMPANIES HOUSE

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

XACE LIMITED

REGISTERED NUMBER:11742963

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	913,754	509,663
Tangible assets	5	32,744	42,900
Investments	6	3,248	3,248
		<u>949,746</u>	<u>555,811</u>
Current assets			
Debtors: amounts falling due within one year	7	351,051	225,450
Cash at bank and in hand	8	2,634,637	1,355,076
		<u>2,985,688</u>	<u>1,580,526</u>
Creditors: amounts falling due within one year	9	(623,512)	(318,914)
Net current assets		<u>2,362,176</u>	<u>1,261,612</u>
Total assets less current liabilities		<u>3,311,922</u>	<u>1,817,423</u>
Net assets		<u><u>3,311,922</u></u>	<u><u>1,817,423</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		1,935,978	441,479
		<u>3,311,922</u>	<u>1,817,423</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: 11 August 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 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	11,672	1,364,272	(121,024)	1,254,920
Comprehensive income for the year				
Profit for the year	-	-	562,503	562,503
Total comprehensive income for the year	-	-	562,503	562,503
Shares issued during the year	572	-	-	572
Shares cancelled during the year	(572)	-	-	(572)
At 1 January 2022	11,672	1,364,272	441,479	1,817,423
Comprehensive income for the year				
Profit for the year	-	-	1,494,499	1,494,499
Total comprehensive income for the year	-	-	1,494,499	1,494,499
At 31 December 2022	11,672	1,364,272	1,935,978	3,311,922

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 2022

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 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 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 2022

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 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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 2022

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.

The directors consider that it is appropriate to continue to amortise the software costs on a straight line basis from the date of purchase to June 2030. Software improvements are considered to be ongoing and June 2030 has been considered to be an appropriate end point based on the rate of technological improvements in this sector. The amortisation period is reviewed on a regular basis by the directors.

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 2022

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 9 (2021 - 10).

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Intangible assets

	Software development costs £
Cost	
At 1 January 2022	531,186
Additions	486,680
At 31 December 2022	<u>1,017,866</u>
Amortisation	
At 1 January 2022	21,523
Charge for the year on owned assets	82,590
At 31 December 2022	<u>104,113</u>
Net book value	
At 31 December 2022	<u><u>913,753</u></u>
At 31 December 2021	<u><u>509,663</u></u>

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2022	5,294	20,785	24,915	50,994
Additions	-	2,739	-	2,739
At 31 December 2022	5,294	23,524	24,915	53,733
Depreciation				
At 1 January 2022	3,104	3,944	1,046	8,094
Charge for the year on owned assets	1,849	5,975	5,071	12,895
At 31 December 2022	4,953	9,919	6,117	20,989
Net book value				
At 31 December 2022	341	13,605	18,798	32,744
At 31 December 2021	2,190	16,841	23,869	42,900

XACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	3,248
At 31 December 2022	<u>3,248</u>

7. Debtors

	2022 £	2021 £
Trade debtors	49,220	53,260
Amounts owed by group undertakings	5,009	-
Other debtors	164,462	84,837
Prepayments and accrued income	132,360	87,353
	<u>351,051</u>	<u>225,450</u>

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,634,637	1,355,076

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	124,788	159,290
Corporation tax	68,086	-
Other taxation and social security	25,600	-
Other creditors	36,076	35,689
Accruals and deferred income	368,962	123,935
	<u>623,512</u>	<u>318,914</u>

XACE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
11,672 (2021 - 11,672) Ordinary A shares of £1.00 each	11,672	11,672

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 £9,697 (2021 - £5,645). Contributions totalling £1,190 (2021 - £1,912) were payable to the fund at the balance sheet date and are included in creditors.

12. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	105,600	43,209
Later than 1 year and not later than 5 years	129,977	-
	<u>235,577</u>	<u>43,209</u>

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 £3,329 (2021: £26,528) however a provision has been made in both 2022 and 2021 against the entirety of the balance due to uncertainty over recoverability of the balance. The balance is unsecured, interest free and repayable on demand.

Also included within other debtors is £88,766 (2021: £1,236) due from a company which is controlled by a member of key management personnel of Xace Limited. This is unsecured, interest free and repayable on demand.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 24 August 2023 by Lee Facey (Senior Statutory Auditor) on behalf of Lubbock Fine LLP.