

**Registered number: 11742963**

**XACE LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2020**



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

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	5	190,595	-
Tangible assets	6	4,498	-
		<u>195,093</u>	<u>-</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	1,195,154	10,000
Cash at bank and in hand	8	421,791	80
		<u>1,616,945</u>	<u>10,080</u>
Creditors: amounts falling due within one year	9	(557,118)	(500)
<b>Net current assets</b>		<u>1,059,827</u>	<u>9,580</u>
<b>Total assets less current liabilities</b>		<u>1,254,920</u>	<u>9,580</u>
<b>Net assets</b>		<u><u>1,254,920</u></u>	<u><u>9,580</u></u>
<b>Capital and reserves</b>			
Called up share capital		11,672	10,000
Share premium account		1,364,272	-
Profit and loss account		(121,024)	(420)
		<u>1,254,920</u>	<u>9,580</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: 22 December 2021

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 2020**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 28 December 2018</b>	10,000	-	-	10,000
Loss for the period	-	-	(420)	(420)
<b>At 1 January 2020</b>	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
<b>At 31 December 2020</b>	11,672	1,364,272	(121,024)	1,254,920

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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 2020**

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#### **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 financial statements for the period ended 31 December 2019 were prepared under FRS 105. There were no transitional adjustments required on transition to FRS 102.

The reporting period of the comparatives spanned from 28 December 2018 (the date of incorporation) until 31 December 2019 and therefore the period is marginally longer than one year and therefore not entirely comparable.

The following principal accounting policies have been applied:

##### **2.2 Going concern**

The company began trading part way through the year and incurred one off expenditure in relation to regulatory fees in this period. While the current year results reflect a loss, future periods are expected to show significant profits. During the year the company invested in fixed assets to allow company to grow significantly in future periods. The current cash reserves and future cash income are expected to be sufficient for the company to meet its liabilities as they fall due for the foreseeable future and therefore the directors believe it is appropriate to prepare the accounts on a going concern basis.

## **XACE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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

### **2.4 Revenue**

Revenue is comprised of fees payable by the company's customers and are made up of three main categories:

- **Onboarding fees**

One off fees charged and recognised once customers have successfully completed the company's onboarding process which includes regulatory checks.

- **Monthly fees**

Fees which are charged automatically to customers based on pricing structures agreed upon during the onboarding process. Fees are charged on a monthly basis and recognised as the fees are charged.

- **Transaction fees**

Fees that are charged automatically as clients deposit or withdraw funds. Revenue is recognised as the fees are charged.

## **XACE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **2. Accounting policies (continued)**

### **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 2020**

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## **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.

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 estimated useful lives range as follows:

Website development costs	-	10	years
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### **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

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 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.

### **2.11 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.

### **2.12 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.

**XACE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.13 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 4 (2019 - 1).

**4. Deferred tax**

At the Balance Sheet date the Company has a net deferred tax asset of £30,409 (2019 - £nil) due to losses available for offset against future profits. The deferred tax asset has not been recognised due to there being uncertainty at the balance sheet date on whether future taxable profits will be sufficient for these losses to be utilised.



**XACE LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****5. Intangible assets**

	<b>Website costs £</b>
<b>Cost</b>	
Additions	194,291
At 31 December 2020	<u>194,291</u>
<b>Amortisation</b>	
Charge for the year on owned assets	3,696
At 31 December 2020	<u>3,696</u>
<b>Net book value</b>	
At 31 December 2020	<u><u>190,595</u></u>
At 31 December 2019	<u><u>-</u></u>

**6. Tangible fixed assets**

	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>			
Additions	717	4,535	5,252
At 31 December 2020	<u>717</u>	<u>4,535</u>	<u>5,252</u>
<b>Depreciation</b>			
Charge for the year on owned assets	149	605	754
At 31 December 2020	<u>149</u>	<u>605</u>	<u>754</u>
<b>Net book value</b>			
At 31 December 2020	<u><u>568</u></u>	<u><u>3,930</u></u>	<u><u>4,498</u></u>
At 31 December 2019	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**XACE LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****7. Debtors**

	2020 £	2019 £
Trade debtors	16,584	-
Other debtors	48,236	10,000
Called up share capital not paid	1,125,000	-
Prepayments and accrued income	5,334	-
	<u>1,195,154</u>	<u>10,000</u>

**8. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>421,791</u>	<u>80</u>

**9. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	85,450	-
Other taxation and social security	27,685	-
Other creditors	335,571	500
Accruals and deferred income	108,412	-
	<u>557,118</u>	<u>500</u>

**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 £403 (2019 - £nil). Contributions totalling £nil (2019 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

**11. Related party transactions**

Included within other creditors is an amount due to a related party, which shares a common director, amounting to £67,766 (2019 - £500). The balance is unsecured, interest free and payable on demand.

**XACE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**12. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 22 December 2021 by Lee Facey (Senior Statutory Auditor) on behalf of Lubbock Fine LLP.