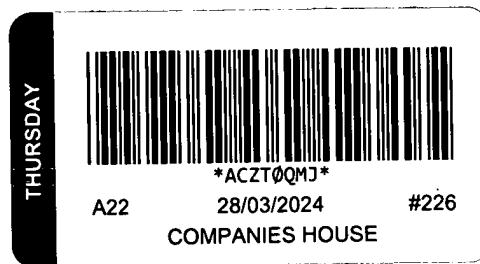


COMPANY REGISTRATION NUMBER: SC371716

**XSolutions365 Ltd**  
**Financial Statements**  
**For the year ended**  
**30 June 2023**



**CT:**

**XSolutions365 Ltd**  
**Financial Statements**  
**Year ended 30 June 2023**

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**CT:**

## **XSolutions365 Ltd**

### **Officers and Professional Advisers**

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**The Board of Directors**

Mr E M Andrews  
Mr P Atkinson  
Mr N S Davidson (Resigned 14 December 2023)  
Mr S Robertson (Appointed 14 December 2023)  
Mr S A Corstorphine (Appointed 14 December 2023)

**Company Secretary**

Addleshaw Goddard (Scotland) Secretarial Limited

**Registered Office**

Stamp Office  
10 Waterloo Place  
Level 1  
Edinburgh  
Scotland  
EH1 3EG

**Auditor**

Chiene + Tait LLP (trading as CT)  
Chartered Accountants & Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Bankers**

Royal Bank of Scotland  
30 Old Liston Road  
Newbridge  
Scotland  
EH28 8SS

Starling Bank  
5th Floor Brunel House  
2 Fitzlan Road  
Cardiff  
CF24 0FG

Arbutnot Commercial Asset Based Lending Limited  
The Beehive  
City Place  
Crawley  
Gatwick  
RH6 0PA

## **XSolutions365 Ltd**

### **Strategic Report**

#### **Year ended 30 June 2023**

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The directors present their strategic report for the year ended 30 June 2023.

#### **Review of the business**

The principal activity of the Company continues to be that of providing digital consulting services. We are a digital consultancy and delivery partner. We are innovators, product designers, software engineers, and cloud experts who will unleash the potential in our clients' businesses.

Our independence gives us the agility to flex and do what's best for the clients we partner with, not just what's convenient. And it has proven to be effective.

With over a decade of experience, we have solved hundreds of business challenges for clients; from working strategically with a building society to achieve operational efficiency while also helping them grow, to catalysing internal teams and upgrading processes and capabilities for a sports gaming giant. From helping create a leading disruptive education platform to providing a global app for plane safety checks. Everything, right through to putting a money-saving expert in your pocket.

Whatever the engagement, we work with care for people and craft and consistently break through clients' constraints, silos, and complexity to unleash their potential.

#### **This financial year has been transformational for the business we:**

XSolutions365 Ltd grew revenue from £14.2m to £32.1m in the 12 months to 30th June. This was made possible by welcoming over 250 new colleagues to the business, taking the total group employees to over 400 by June 2023.

Launched our Cloud capability; whilst the business has been delivering cloud services for a number of years, with the appointment of Tina Howell as the Chief Cloud Officer. Tina has brought her decades of experience in building and running cloud practices to xDesign, and within a matter of months, began delivering significant cloud transformation programmes on behalf of our clients and achieving Advanced Tier on Amazon Web Services within 9 months.

Acquired Consulting capability; in April, the group acquired 100% equity of Edinburgh founded innovation and design business CreateFuture. The culture, values and ambition of CreateFuture clearly matched the ambition of the group, enabling the group to operate more strategically earlier in our clients journey, the group now has Consulting capability with Jessica Mullen, joining the group executive leadership team as the Chief Design and Innovation Officer.

Continued to demonstrate its commitment to its colleagues; during the second half of the financial year the business suffered a setback with a newly won client and significant transformation programme, due to a change in strategy the scope was reduced dramatically creating an excess in our delivery team. The leadership team made the decision to support the impacted xDesigners, with a firm belief that the business would be able to trade through the lost revenue which has contributed to our overall operating loss for the year.

Received a significant inward investment from a leading private equity firm; in June the business completed a minority-investment round, seeing a significant inward investment from Soho Square Capital. A firm that clearly saw the group's unique potential in the market and is supporting the growth of the group over the coming years, and provides significant capitalisation of the business.

We were recognised as the Enterprise Digital Tech Business of the Year for ScotlandIS, Top 10 Northern Tech businesses, and in the Lloyds British Business Excellence Awards.

Our business focuses on three strategic pillars or the three C's, our Colleagues or xDesigners as they are known, our Clients and the work that we do in partnership with them, and finally Community, the regions we operate within and the work we do to be part of them.

## **XSolutions365 Ltd**

### **Strategic Report *(continued)***

#### **Year ended 30 June 2023**

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##### **Colleagues**

The company has expanded to over 400 xDesigners during this financial year, with more than 200 new xDesigners joining the organisation. To provide context, the group has increased its employee headcount by more than 10 times in the last three financial years.

xDesign has solidified its market position by developing an inclusive and welcoming environment for colleagues from all backgrounds and by prioritizing our colleagues in our business decision-making. The quality of our service is founded on the belief that healthy, happy teams are a catalyst for excellence. This is evidenced by our industry-leading employee Net Promoter Score (NPS), which consistently exceeds industry averages.

With each passing year, our business becomes increasingly diverse, boasting representation from over 45 different nations and championing more than 20 communities, including LGBTQ+, Neurodiversity, Sustainability, Women in Engineering, Parents and Caregivers, STEM Ambassadors, Accessibility, and Inclusion. While the business has made concerted efforts to ensure xDesign is a place where everyone feels they belong and are included, with equitable access to work and progression, we are committed to remaining people-focused and to further investing in this area.

Despite this period of significant growth, the business has not compromised on the quality or standards it has set. We have invested in building our own in-house talent acquisition team, which hires 97% of our talent directly. This allows us to manage the entire employee lifecycle, from talent acquisition and onboarding to continuous learning and development and finally, offboarding.

With this continued growth, we have also invested in expanding our executive leadership team with key hires throughout the financial year, thereby enhancing the business's leadership capabilities with a wealth of experience from key industries.

Our ongoing investment in our Colleagues has led to significant recognition within our industry, particularly from the independent Great Place to Work certification body. This year, we were named:

- #5 in the Best Workplace in the UK (Large) (2022 43rd Medium)
- #1 in the Best Workplaces for Wellbeing (Large) (2022 34th Medium)
- #5 in the Best Workplace for Women (Large) (2022 49th Medium)
- Best Workplaces in Tech™ 2023 (Large & Super Large)



##### **Clients**

The company collaborates with organisations of all sizes and at various stages of digital maturity, focusing significantly on our Product Design, Engineering, and Delivery capabilities. Working with a broad selection of industry sectors, including fintech, asset management, banking, gaming, public sector, and media, ensures that we can offer our colleagues a wide variety of work.

xDesign's unique people proposition has continued to see growth in the market, attracting both existing and new clients. This demonstrates how xDesign's distinctive approach to marketing and delivering its services has led to continued expansion. Over the course of the year, we have doubled the number of clients across our service lines, achieving further diversification of our client base.

While we take pride in many of our client deliveries and achievements throughout 2023, the Martin Lewis MoneySavingExpert mobile app stands out this year.

Given the economic climate and the pressures of the cost of living, the xDesign team worked closely with MoneySavingExpert to deliver a new in-app money-saving experience. Launched with immediate success,

## **XSolutions365 Ltd**

### **Strategic Report** *(continued)*

#### **Year ended 30 June 2023**

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it saw over a million downloads, received 5-star reviews across both app stores, and was prominently featured by Apple as the App of the Day, topping the charts numerous times.

The xDesign experience that we've helped bring to fruition is having a direct impact on the daily lives of the British public.

"Fantastic. This app (and website) has helped me save hundreds of pounds over the last few years (seriously) Love Martin Lewis. I wouldn't hesitate to recommend this app to everyone." App User Review

#### **Community**

The company has a strong belief that it needs to be a change agent and force for good in our local communities. Whilst we have offices now in Edinburgh, Leeds, Manchester and London, simply opening an office does not demonstrate our commitment to the region.

Throughout this year, we have invested significantly in being part of each and every one of these communities, whilst we have being a headline sponsors of local Tech Festivals, ran, hosted, and sponsored meet ups throughout the UK, we are most proud of our investment in helping those

We launched Leads Unleashed to demystify what it means to 'work in tech', working closely with other local tech organisations such as Burberry and Sky, we led and delivered purpose-built events, providing informative, expert-led advice that aimed to help young people and career changers kick-start their journey into Tech. More than 300 young people from schools, colleagues and universities in the local area were in attendance.

Throughout 2023, xDesign engaged with school, college, and university groups up and down the country. Our colleagues provided talks, workshops, insight, and engagement to young people on a range of topics to demystify working in technology and, more broadly, prepare for entering the workforce regardless of industry. Our experts openly and honestly talked about their career paths, providing insight into how they found themselves in their current roles. The myriad of entry points, personal journeys and setbacks along each of our colleague's career paths resonated with all groups and provided comfort and hope that they, too, could find themselves in exciting and impactful careers.

Beyond our specific community engagement we launched our Campus offer. Our emerging talent programmes that gives people, regardless of their background the opportunity to gain meaningful experience, grow their skills and accelerate their career path. Our programmes extend to graduate schemes, summer internships and a partnership with CareerReady directly supporting those from low socio-economic backgrounds.

We are proud that our programme proactively addresses the digital skills gap across the UK through the creation of a safe, supportive and world-class learning environment for people from a range of backgrounds to kick-start their careers in tech. We're breaking down barriers and supporting those returning to work after having a family, those seeking a career change from areas including the military, and those who have committed to making tech their chosen path through years of academic study, or or intensive bootcamps.

"As a mother of a teenager, I took a leap into the unknown, leaving a secure, but unsatisfying, job in order to retrain in software development. I had thought that 'graduate schemes' would be off the cards for me, as an older applicant, but the Emerging Talent Team at xDesign made me feel like an integral part of the business from the beginning of the application process. The welcoming, inclusive, collaborative culture here is inherent at every stage of the graduate programme - from first view of of xDesign's careers microsite, and through their immersive Discovery Days to employee onboarding and beyond. As graduates at xDesign, we are given the opportunity to spend our first year as software engineers developing our skills through involvement across a range of projects, working with different teams and gaining engineering experience in three capabilities. We are listened to and respected, we are offered challenging work, and we are able to contribute to the business from day one. We are supported by a strong network of mentors, managers and colleagues. We are encouraged to take the time to extend our learning beyond what is possible during project work, with regular graduate development sessions and individual Learning and Development days throughout the year. Just over one year ago, I was nervously beginning an intensive software development boot camp. Now, I am a software engineer with a fulfilling job, surrounded by colleagues who support and encourage me, and I have a promising (new) career, and future, ahead of me.

## **XSolutions365 Ltd**

### **Strategic Report *(continued)***

#### **Year ended 30 June 2023**

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xDesign has given me the confidence and the tools to make this happen."

Claire, xDesign Software Engineer

#### **Financial key performance indicators**

The directors use a number of key performance indicators (KPI's) to monitor the progress and performance of the group including:

| <b>12 Month Trading Performance</b> | <b>2023</b> | <b>2022</b> |
|-------------------------------------|-------------|-------------|
| Revenue £m                          | £31.2       | £14.2       |
| Revenue Growth                      | 119%        | 273%        |
| Gross Profit £m                     | £8.1        | £5.4        |
| End of Period Headcount             | 433         | 230         |
| Headcount Growth                    | 88%         | 199%        |

The business has been focused on growth over FY23 and similar to FY22 has achieved considerable success building revenue, gross margin and headcount. This has been a purposeful exercise designed to build scale, capacity and capability within the business at pace. The directors are delighted with its progress in this area allowing us to both grow and diversify our client base which we believe reduces our risk in revenue, providing continued stability.

Together with the investment by Soho Square the directors are confident that we have a strong platform for growth forward. Whilst we remain committed to this strategy future periods will see a focus on sustainable profit as the business transitions from its hyper growth stage.

#### **Principal risks and uncertainties**

The board monitors risks on an ongoing basis, with annual planning paying specific attention to the year ahead and understanding any changing or new risks and uncertainties for the business. The following risks are considered most significant to the business:

- The macro economic environment is currently more volatile than in prior periods with the potential to impact client spending and create further inflationary pressures. We will continue to monitor developments in this area and take measures to mitigate as noted below.
- Client Spend - We monitor performance of key clients on a continual basis, considering both current/future spend & NPS scores, amongst other KPI's. This allows us to identify and manage risks associated with reduced spend and ensure our quality of delivery remains consistently high. In addition we have invested into new service lines and capability ensuring we can continue to deliver and grow end to end solutions for both existing and new clients.
- Recruitment and retention - As a people focused organisation we actively manage risks in both attracting and retaining colleagues. We have invested heavily into our people management and support functions to ensure that our ability to recruit and retain is above industry standards. Our success in this area creates stability, efficiency and improved levels of performance. We also consider that our success in this area helps mitigate against otherwise external inflationary pressure of replacing attrition.

This report was approved by the board of directors on 27.March.2024..... and signed on behalf of the board by:

*Euan Andrews*

E M Andrews  
Director

Registered office:  
Stamp Office  
10 Waterloo Place  
Level 1  
Edinburgh  
Scotland  
EH1 3EG

## **XSolutions365 Ltd**

### **Directors' Report**

#### **Year ended 30 June 2023**

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The directors present their report and the financial statements of the company for the year ended 30 June 2023.

#### **Principal activities**

The principal activity of the company during the year was that of a software development company.

#### **Directors**

The directors who served the company during the year were as follows:

Mr E M Andrews  
Mr P Atkinson  
Mr N S Davidson (Resigned 14 December 2023)

Mr S Robertson was appointed on 14 December 2023.  
Mr S A Corstorphine was appointed on 14 December 2023.

#### **Dividends**

Particulars of recommended dividends are detailed in note 12 to the financial statements.

#### **Future developments**

The Directors consider that the Company is well positioned to continue its growth journey in the following years and it has the necessary resources to do so. We consider that our investment into our people and operating models and drive to expand our service capability will maintain our competitive advantage allowing us to attract, retain and grow existing and new business forward.

#### **Employment of disabled persons**

The Company's Equal Opportunities and Diversity policy aims to provide employment equality regardless of disability and in accordance with the Equality Act 2010. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Our Reasonable Adjustments Policy aims to ensure that somebody with a disability is not disadvantaged compared to someone without a disability.

#### **Employee involvement**

The Company's policy is to consult and discuss with its employees on matters likely to affect employees' interests.

There are regular communications to all employees by the Company through monthly all hands meetings together with specific communications on any matters of concern. This ensures that all employees are aware of financial and economic factors affecting the Group's performance.

All employees are assigned a People Lead who, amongst other responsibilities, provides an avenue for employees to provide individual feedback and views that can be taken into account in decisions taken by the Company. At a collective level there are regular surveys focused on areas of specific interest to ensure that there is Company feedback. This is supplemented by various inputs at business unit, team and community levels to ensure all views are taken into account in decision making that may affect employee interests.

Employees are encouraged to participate in the company's performance through referral schemes associated with key initiatives on recommending new colleagues and clients.

The Company has a strong people focus as noted in our Strategic Report and any decisions made that impact on colleagues follows an extensive consultation and engagement process to ensure all views are taken into account.

#### **Research and development**

The Company continues to monitor its investment into research and development to ensure it remains appropriate, providing unique insight and capability to push the boundaries of new technologies.

## **XSolutions365 Ltd**

### **Directors' Report** *(continued)*

**Year ended 30 June 2023**

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#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on ~~27 March 2024~~ and signed on behalf of the board by:

*Euan Andrews*

E M Andrews  
Director

Registered office:  
Stamp Office  
10 Waterloo Place  
Level 1  
Edinburgh  
Scotland  
EH1 3EG



## **XSolutions365 Ltd**

### **Independent Auditor's Report to the Member of XSolutions365 Ltd**

**Year ended 30 June 2023**

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#### **Opinion**

We have audited the financial statements of XSolutions365 Ltd (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's 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 UK, including the FRC'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.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **XSolutions365 Ltd**

### **Independent Auditor's Report to the Member of XSolutions365 Ltd *(continued)***

**Year ended 30 June 2023**

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#### **Opinions 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, 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.

## **XSolutions365 Ltd**

### **Independent Auditor's Report to the Member of XSolutions365 Ltd (continued)**

**Year ended 30 June 2023**

---

#### **Auditor's 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 auditor's 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias;
- Performing analytical procedures to identify any unexpected movements which may indicate irregularities and substantiated the explanations given for these movements;
- Reviewing the accounting policies and the application of these policies to ensure compliance with the standard and consistency of application;
- Specific consideration was given to transactions with related parties.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## **XSolutions365 Ltd**

### **Independent Auditor's Report to the Member of XSolutions365 Ltd** *(continued)*

#### **Year ended 30 June 2023**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters**

The financial statements of XSolutions 365 Ltd for the year ended 30 June 2022 were not subject to an audit as, in the opinion of the directors, the company was exempt from the audit under the provision of section 477 of the Companies Act 2006.

#### **Use of our report**

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

*Barry Truswell*

Barry Truswell CA (Senior Statutory Auditor)

For and on behalf of  
Chiene + Tait LLP (trading as CT)  
Chartered Accountants & Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

27 March 2024

**XSolutions365 Ltd**  
**Statement of Comprehensive Income**  
**Year ended 30 June 2023**

|  | Note | 2023<br>£               | 2022<br>£               |
|--|------|-------------------------|-------------------------|
| Turnover   | 4    | 31,191,651              | 14,263,698              |
| Cost of sales  |      | <u>23,135,292</u>       | <u>8,852,858</u>        |
| <b>Gross profit</b>  |      | <b>8,056,359</b>        | <b>5,410,840</b>        |
| Administrative expenses  |      | <b>8,821,393</b>        | 3,590,676               |
| Other operating income   | 5    | <u>50,000</u>           | –                       |
| <b>Operating (loss)/profit</b>   | 6    | <b>(715,034)</b>        | <b>1,820,164</b>        |
| Other interest receivable and similar income                               | 9    | <u>9,963</u>            | –                       |
| Interest payable and similar expenses                                      | 10   | <u>70,094</u>           | <u>63,753</u>           |
| <b>(Loss)/profit before taxation</b>                                       |      | <b>(775,165)</b>        | <b>1,756,411</b>        |
| Tax on (loss)/profit   | 11   | <u>(265,996)</u>        | <u>138,981</u>          |
| <b>(Loss)/profit for the financial year and total comprehensive income</b> |      | <b><u>(509,169)</u></b> | <b><u>1,617,430</u></b> |

All the activities of the company are from continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

**XSolutions365 Ltd**  
**Statement of Financial Position**  
**30 June 2023**

|  | Note | 2023<br>£         | 2022<br>£        |
|--|------|-------------------|------------------|
| <b>Fixed assets</b>  |      |                   |                  |
| Intangible assets  | 13   | –                 | 60,001           |
| Tangible assets  | 14   | 946,393           | 627,597          |
| Investments  | 15   | 50,000            | 50,000           |
|  |      | <u>996,393</u>    | <u>737,598</u>   |
| <b>Current assets</b>  |      |                   |                  |
| Debtors  | 16   | 4,019,511         | 2,387,204        |
| Cash at bank and in hand                                       |      | 9,316,437         | 1,769,152        |
|  |      | <u>13,335,948</u> | <u>4,156,356</u> |
| <b>Creditors: amounts falling due within one year</b>          | 18   | <u>3,755,121</u>  | <u>2,514,347</u> |
| <b>Net current assets</b>                                      |      | <u>9,580,827</u>  | <u>1,642,009</u> |
| <b>Total assets less current liabilities</b>                   |      | <u>10,577,220</u> | <u>2,379,607</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 19   | 10,509,520        | 879,145          |
| <b>Provisions</b>  |      |                   |                  |
| Taxation including deferred tax                                | 21   | –                 | 158,330          |
| <b>Net assets</b>  |      | <u>67,700</u>     | <u>1,342,132</u> |
| <b>Capital and reserves</b>                                    |      |                   |                  |
| Called up share capital  | 27   | 3                 | 3                |
| Other reserves, including the fair value reserve               | 28   | 55,944            | 21,207           |
| Profit and loss account  | 28   | 11,753            | 1,320,922        |
| <b>Shareholder funds</b>                                       |      | <u>67,700</u>     | <u>1,342,132</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on behalf of the board by:

*Euan Andrews*

Mr E M Andrews  
 Director

Company registration number: SC371716

**XSolutions365 Ltd**  
**Statement of Changes in Equity**  
**Year ended 30 June 2023**

|   | Called up<br>share capital<br>£ | Other<br>reserves,<br>including the<br>fair value<br>reserve<br>£ | Profit and<br>loss account<br>£ | <b>Total<br/>£</b> |
|---|---------------------------------|---|---------------------------------|--------------------|
| <b>At 1 July 2021</b>                                   | 2                               | 5,406   | 208,443                         | 213,851            |
| Profit for the year                                     | —                               | —   | 1,617,430                       | 1,617,430          |
| <b>Total comprehensive income for the year</b>          | —                               | —   | 1,617,430                       | 1,617,430          |
| Issue of shares   | 1                               | —   | —                               | 1                  |
| Dividends paid and payable                              | 12                              | —   | (504,951)                       | (504,951)          |
| Equity-settled share-based payments                     | —                               | 15,801  | —                               | 15,801             |
| <b>Total investments by and distributions to owners</b> | 1                               | 15,801  | (504,951)                       | (489,149)          |
| <b>At 30 June 2022</b>                                  | 3                               | 21,207  | 1,320,922                       | <b>1,342,132</b>   |
| Loss for the year                                       | —                               | —   | (509,169)                       | (509,169)          |
| <b>Total comprehensive income for the year</b>          | —                               | —   | (509,169)                       | (509,169)          |
| Dividends paid and payable                              | 12                              | —   | (800,000)                       | (800,000)          |
| Equity-settled share-based payments                     | —                               | 34,737  | —                               | 34,737             |
| <b>Total investments by and distributions to owners</b> | —                               | 34,737  | (800,000)                       | (765,263)          |
| <b>At 30 June 2023</b>                                  | <b>3</b>                        | <b>55,944</b>   | <b>11,753</b>                   | <b>67,700</b>      |

The notes on pages 16 to 30 form part of these financial statements.

**XSolutions365 Ltd**  
**Statement of Cash Flows**  
**Year ended 30 June 2023**

|   | Note      | 2023<br>£               | 2022<br>£               |
|---|-----------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>           |           |                         |                         |
| (Loss)/profit for the financial year                  |           | (509,169)               | 1,617,430               |
| <i>Adjustments for:</i>                               |           |                         |                         |
| Depreciation of tangible assets                       |           | 385,578                 | 156,424                 |
| Amortisation of intangible assets                     |           | 60,001                  | 52,107                  |
| Government grant income                               |           | (50,000)                | –                       |
| Other interest receivable and similar income          |           | (9,963)                 | –                       |
| Interest payable and similar expenses                 |           | 70,094                  | 63,753                  |
| Loss on disposal of tangible assets                   |           | 159                     | 1,199                   |
| Equity-settled share-based payments                   |           | 34,737                  | 15,801                  |
| Tax on (loss)/profit                                  |           | (265,996)               | 138,981                 |
| Accrued expenses                                      |           | 192,870                 | 254,808                 |
| <i>Changes in:</i>                                    |           |                         |                         |
| Trade and other debtors                               |           | (1,632,307)             | (1,064,908)             |
| Trade and other creditors                             |           | 1,123,259               | 829,167                 |
| Cash generated from operations                        |           | (600,737)               | 2,064,762               |
| Interest paid   |           | (70,094)                | (63,753)                |
| Interest received                                     |           | 9,963                   | –                       |
| Tax received/(paid)                                   |           | 107,666                 | (39,722)                |
| Net cash (used in)/from operating activities          |           | <u>(553,202)</u>        | <u>1,961,287</u>        |
| <b>Cash flows from investing activities</b>           |           |                         |                         |
| Purchase of tangible assets                           |           | (474,321)               | (444,601)               |
| Proceeds from sale of tangible assets                 |           | 326                     | 2                       |
| Net cash used in investing activities                 |           | <u>(473,995)</u>        | <u>(444,599)</u>        |
| <b>Cash flows from financing activities</b>           |           |                         |                         |
| Proceeds from issue of ordinary shares                |           | –                       | 1                       |
| Proceeds from borrowings                              |           | –                       | 474,684                 |
| Repayments of borrowings                              |           | (750,046)               | –                       |
| Proceeds from loans from group undertakings           |           | 10,159,782              | 55,000                  |
| Government grant income                               |           | 50,000                  | –                       |
| Payments of finance lease liabilities                 |           | (94,898)                | (43,803)                |
| Dividends paid  |           | (800,000)               | (504,951)               |
| Net cash from/(used in) financing activities          |           | <u>8,564,838</u>        | <u>(19,069)</u>         |
| <b>Net increase in cash and cash equivalents</b>      |           | <b>7,537,641</b>        | <b>1,497,619</b>        |
| <b>Cash and cash equivalents at beginning of year</b> |           | <b>1,769,152</b>        | <b>271,533</b>          |
| <b>Cash and cash equivalents at end of year</b>       | <b>17</b> | <b><u>9,306,793</u></b> | <b><u>1,769,152</u></b> |

The notes on pages 16 to 30 form part of these financial statements.

## **XSolutions365 Ltd**

### **Notes to the Financial Statements**

**Year ended 30 June 2023**

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**1. General information**

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Stamp Office, 10 Waterloo Place, Level 1, Edinburgh, EH1 3EG, Scotland.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

**Going concern**

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. On this basis they continue to adopt the going concern basis of accounting in preparing these financial statements.

**Consolidation**

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of the United Kingdom.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amount reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. The estimates and assumptions which have a risk of causing a material adjustment to the results and the financial position of the company are those variables used in the calculation of share based payments and the capitalisation of intangible assets and their amortisation.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Revenue arises from a variety of contract types with customers, which can vary between short-term and long-term. Regardless of the contract type, revenue is recognised on a monthly basis relating to the work undertaken, either as a result of sales invoices raised, or amounts accrued as receivable for services rendered.

Revenue from recurring maintenance contracts is recognised on a straight-line basis over the period to which it relates.

Revenue from design workshops is recognised when the workshop has been delivered.

## **XSolutions365 Ltd**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 30 June 2023**

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

##### **Revenue recognition** *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

##### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

##### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. The amortisation period begins on the date that the intangible asset becomes ready for use.

Intangible assets - 5 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### **Research and development**

Research expenditure is written off in the period in which it is incurred.

## **XSolutions365 Ltd**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 30 June 2023**

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

##### **Research and development** *(continued)*

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

##### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

|                     |   |                   |
|---------------------|---|-------------------|
| Leasehold property  | - | 20% straight line |
| Fixtures & fittings | - | 21% straight line |
| Office equipment    | - | 33% straight line |

##### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

##### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

##### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

## **XSolutions365 Ltd**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 30 June 2023**

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

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

##### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

##### **Financial instruments**

A financial asset or financial liability is recognised only when the company becomes a party to the contractual provisions of the financial instrument.

Basic financial assets, which include trade and other debtors, amounts due from group undertakings, and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future receipts discounted at the market rate of interest for a similar debt instrument.

Basic financial liabilities, which include trade creditors, bank loans and overdrafts, and other creditors, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future receipts discounted at the market rate of interest for a similar debt instrument.

At each reporting date the company assesses whether there is objective evidence that any financial asset has been impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of the provision is recognised immediately in profit or loss.

##### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

##### **Share-based payments**

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

**XSolutions365 Ltd****Notes to the Financial Statements (continued)****Year ended 30 June 2023****3. Accounting policies (continued)****Share-based payments (continued)**

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

**4. Turnover**

Turnover arises from:

|                       | 2023<br>£         | 2022<br>£         |
|-----------------------|-------------------|-------------------|
| Rendering of services | <u>31,191,651</u> | <u>14,263,698</u> |

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

|                | 2023<br>£         | 2022<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 31,147,201        | 14,172,773        |
| Overseas sales | <u>44,450</u>     | <u>90,925</u>     |
|                | <u>31,191,651</u> | <u>14,263,698</u> |

**5. Other operating income**

|                         | 2023<br>£     | 2022<br>£ |
|-------------------------|---------------|-----------|
| Government grant income | <u>50,000</u> | <u>–</u>  |

**6. Operating (loss)/profit**

Operating profit or loss is stated after charging:

|  | 2023<br>£      | 2022<br>£      |
|--|----------------|----------------|
| Amortisation of intangible assets                      | 60,001         | 52,107         |
| Depreciation of tangible assets                        | 385,578        | 156,424        |
| Loss on disposal of tangible assets                    | 159            | 1,199          |
| Impairment of trade debtors                            | –              | 357            |
| Equity-settled share-based payments expense            | 34,737         | 15,801         |
| Foreign exchange differences                           | 9,931          | 7,536          |
| Fees payable for the audit of the financial statements | 24,750         | –              |
| Operating lease expenses                               | <u>352,607</u> | <u>148,002</u> |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****7. Staff costs**

The average number of persons employed by the company during the year, including the directors, amounted to:

|                | <b>2023</b> | <b>2022</b> |
|----------------|-------------|-------------|
|                | <b>No.</b>  | <b>No.</b>  |
| Employees      | 337         | 132         |
| Executive team | 12          | 6           |
|                | <u>349</u>  | <u>138</u>  |

The aggregate payroll costs incurred during the year, relating to the above, were:

|                       | <b>2023</b>       | <b>2022</b>      |
|-----------------------|-------------------|------------------|
|                       | <b>£</b>          | <b>£</b>         |
| Wages and salaries    | 21,677,071        | 7,714,367        |
| Social security costs | 2,670,626         | 892,162          |
| Other pension costs   | 1,763,075         | 169,200          |
|                       | <u>26,110,772</u> | <u>8,775,729</u> |

**8. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services was:

|   | <b>2023</b>    | <b>2022</b>   |
|---|----------------|---------------|
|   | <b>£</b>       | <b>£</b>      |
| Remuneration  | 315,489        | 46,135        |
| Company contributions to defined contribution pension plans | -              | 587           |
|   | <u>315,489</u> | <u>46,722</u> |

The number of directors who accrued benefits under company pension plans was as follows:

|                            | <b>2023</b> | <b>2022</b> |
|----------------------------|-------------|-------------|
|                            | <b>No.</b>  | <b>No.</b>  |
| Defined contribution plans | -           | 1           |

Remuneration of the highest paid director in respect of qualifying services:

|                        | <b>2023</b>    | <b>2022</b> |
|------------------------|----------------|-------------|
|                        | <b>£</b>       | <b>£</b>    |
| Aggregate remuneration | <u>300,489</u> | <u>-</u>    |

**9. Other interest receivable and similar income**

|                                       | <b>2023</b>  | <b>2022</b> |
|---------------------------------------|--------------|-------------|
|                                       | <b>£</b>     | <b>£</b>    |
| Interest on cash and cash equivalents | <u>9,963</u> | <u>-</u>    |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****10. Interest payable and similar expenses**

|  | 2023<br>£     | 2022<br>£     |
|--|---------------|---------------|
| Interest on banks loans and overdrafts                                   | 56,459        | 45,485        |
| Interest on obligations under finance leases and hire purchase contracts | 13,635        | 4,365         |
| Other interest payable and similar charges                               | –             | 13,903        |
|  | <u>70,094</u> | <u>63,753</u> |

**11. Tax on (loss)/profit****Major components of tax (income)/expense**

|  | 2023<br>£        | 2022<br>£      |
|--|------------------|----------------|
| <b>Current tax:</b>                            |                  |                |
| UK current tax expense                         | –                | 39,722         |
| Adjustments in respect of prior periods        | (107,666)        | –              |
| Total current tax                              | <u>(107,666)</u> | <u>39,722</u>  |
| <b>Deferred tax:</b>                           |                  |                |
| Origination and reversal of timing differences | (158,330)        | 99,259         |
| <b>Tax on (loss)/profit</b>                    | <u>(265,996)</u> | <u>138,981</u> |

**Reconciliation of tax (income)/expense**

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 20.50% (2022: 19%).

|  | 2023<br>£        | 2022<br>£      |
|--|------------------|----------------|
| (Loss)/profit on ordinary activities before taxation   | (775,165)        | 1,756,411      |
| (Loss)/profit on ordinary activities by rate of tax    | (151,788)        | 333,718        |
| Adjustment to tax charge in respect of prior periods   | (108,521)        | –              |
| Effect of expenses not deductible for tax purposes     | 10,071           | 19,433         |
| Other permanent differences                            | 2,013            | (191,955)      |
| Timing differences                                     | (26,790)         | (21,049)       |
| Movement in unrecognised deferred tax                  | 49,078           | (32,881)       |
| Remeasurement of deferred tax for changes in tax rates | (40,059)         | 31,715         |
| Tax on (loss)/profit                                   | <u>(265,996)</u> | <u>138,981</u> |

**12. Dividends**

|   | 2023<br>£      | 2022<br>£      |
|---|----------------|----------------|
| Dividends paid during the year (excluding those for which a liability existed at the end of the prior year) | <u>800,000</u> | <u>504,951</u> |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****13. Intangible assets**

|                                 | Development costs<br>£ |
|---------------------------------|------------------------|
| <b>Cost</b>                     |                        |
| At 1 July 2022 and 30 June 2023 | <u>331,321</u>         |
| <b>Amortisation</b>             |                        |
| At 1 July 2022                  | 271,320                |
| Charge for the year             | <u>60,001</u>          |
| <b>At 30 June 2023</b>          | <u>331,321</u>         |
| <b>Carrying amount</b>          |                        |
| At 30 June 2023                 | <u>-</u>               |
| At 30 June 2022                 | <u>60,001</u>          |

**14. Tangible assets**

|                        | Leasehold improvements<br>£ | Fixtures and fittings<br>£ | Equipment<br>£   | Total<br>£       |
|------------------------|-----------------------------|----------------------------|------------------|------------------|
| <b>Cost</b>            |                             |                            |                  |                  |
| At 1 July 2022         | 101,980                     | 51,805                     | 745,651          | 899,436          |
| Additions              | 103,405                     | 7,100                      | 594,354          | 704,859          |
| Disposals              | -                           | -                          | (14,385)         | (14,385)         |
| <b>At 30 June 2023</b> | <u>205,385</u>              | <u>58,905</u>              | <u>1,325,620</u> | <u>1,589,910</u> |
| <b>Depreciation</b>    |                             |                            |                  |                  |
| At 1 July 2022         | 21,396                      | 25,476                     | 224,967          | 271,839          |
| Charge for the year    | 24,303                      | 10,186                     | 351,089          | 385,578          |
| Disposals              | -                           | -                          | (13,900)         | (13,900)         |
| <b>At 30 June 2023</b> | <u>45,699</u>               | <u>35,662</u>              | <u>562,156</u>   | <u>643,517</u>   |
| <b>Carrying amount</b> |                             |                            |                  |                  |
| At 30 June 2023        | <u>159,686</u>              | <u>23,243</u>              | <u>763,464</u>   | <u>946,393</u>   |
| At 30 June 2022        | <u>80,584</u>               | <u>26,329</u>              | <u>520,684</u>   | <u>627,597</u>   |

**Finance leases and hire purchase contracts**

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

|                        | Equipment<br>£ |
|------------------------|----------------|
| <b>At 30 June 2023</b> | <u>241,797</u> |
| At 30 June 2022        | <u>104,344</u> |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****15. Investments**

|                                 | Shares in<br>group<br>undertakings<br>£ |
|---------------------------------|---|
| <b>Cost</b>                     |   |
| At 1 July 2022 and 30 June 2023 | <u>704,440</u>                          |
| <b>Impairment</b>               |   |
| At 1 July 2022 and 30 June 2023 | <u>654,440</u>                          |
| <b>Carrying amount</b>          |   |
| At 30 June 2023                 | <u>50,000</u>                           |
| At 30 June 2022                 | <u>50,000</u>                           |

**Subsidiaries, associates and other investments**

| Subsidiary undertakings | Registered office  | Class of share | Percentage of<br>shares held |
|-------------------------|--|----------------|------------------------------|
| Bemo Ltd                | Stamp Office<br>10 Waterloo Place<br>C/O Xdesign - Level 1<br>Edinburgh<br>Scotland<br>EH1 3EG | Ordinary       | 100                          |

**16. Debtors**

|                                    | 2023<br>£        | 2022<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 2,655,832        | 1,470,406        |
| Amounts owed by group undertakings | 115,616          | 152,199          |
| Prepayments and accrued income     | 664,325          | 441,731          |
| Corporation tax repayable          | 215,908          | 72,425           |
| Other debtors                      | 367,830          | 250,443          |
|                                    | <u>4,019,511</u> | <u>2,387,204</u> |

**17. Cash and cash equivalents**

Cash and cash equivalents comprise the following:

|                          | 2023<br>£        | 2022<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 9,316,437        | 1,769,152        |
| Bank overdrafts          | (9,644)          | -                |
|                          | <u>9,306,793</u> | <u>1,769,152</u> |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****18. Creditors: amounts falling due within one year**

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts                                    | 100,127          | 294,070          |
| Trade creditors  | 473,472          | 379,465          |
| Amounts owed to group undertakings                           | 65,130           | 25,000           |
| Accruals and deferred income                                 | 612,071          | 448,722          |
| Social security and other taxes                              | 2,050,806        | 1,029,417        |
| Obligations under finance leases and hire purchase contracts | 118,499          | 40,041           |
| Other creditors  | 335,016          | 297,632          |
|  | <u>3,755,121</u> | <u>2,514,347</u> |

Finance leases and hire purchase contracts have been secured over the assets to which they relate.

**19. Creditors: amounts falling due after more than one year**

|  | <b>2023</b>       | <b>2022</b>    |
|--|-------------------|----------------|
|  | <b>£</b>          | <b>£</b>       |
| Bank loans and overdrafts                                    | 236,580           | 783,039        |
| Amounts owed to group undertakings                           | 10,149,652        | 30,000         |
| Obligations under finance leases and hire purchase contracts | 123,288           | 66,106         |
|  | <u>10,509,520</u> | <u>879,145</u> |

Finance leases and hire purchase contracts have been secured over the assets to which they relate.

**20. Finance leases and hire purchase contracts**

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

|  | <b>2023</b>    | <b>2022</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Not later than 1 year                        | 118,499        | 40,041         |
| Later than 1 year and not later than 5 years | 123,288        | 66,106         |
|  | <u>241,787</u> | <u>106,147</u> |

**21. Provisions**

|                         | <b>Deferred tax</b> |
|-------------------------|---------------------|
|                         | <b>(note 22)</b>    |
|                         | <b>£</b>            |
| At 1 July 2022          | 158,330             |
| Unused amounts reversed | (158,330)           |
| <b>At 30 June 2023</b>  | <u>—</u>            |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****22. Deferred tax**

The deferred tax included in the statement of financial position is as follows:

|                                  | 2023<br>£ | 2022<br>£      |
|----------------------------------|-----------|----------------|
| Included in provisions (note 21) | —         | <u>158,330</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

|  | 2023<br>£ | 2022<br>£      |
|--|-----------|----------------|
| Accelerated capital allowances               | —         | 160,480        |
| Deferred tax - short term timing differences | —         | <u>(2,150)</u> |
|  | <u>—</u>  | <u>158,330</u> |

The company has an unrecognised tax asset of £49,078 (2022: £0). This has arisen from tax losses carried forward. Its recoverability is dependent upon future taxable trading profits arising, the likelihood of which cannot at this stage be determined with reasonable certainty.

**23. Employee benefits****Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £1,763,075 (2022: £169,200).

The significant increase is partly due to head count growth. However, mainly due to the business electing to provide employees with a more appropriate benefit of a salary sacrifice scheme in July 22. This replaced the existing work placed pension which was historically calculated on a qualifying earning basis.

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****24. Share-based payments**

Certain employees had been granted options to subscribe for shares in XD Holdings Ltd. During the year a share-for-share exchange was carried out to insert a holding company above XD Holdings Ltd. The share options previously granted by XD Holdings Ltd were replaced by options in the new holding company. XSolutions365 Ltd is receiving services in consideration for equity instruments granted by XD Holdings Limited. The share option schemes are as follows:

EMI options were awarded in the year at an option price of £1.91. The approved options outstanding during the year are shown below. All approved options were either exercised or lapsed during the year, leaving no approved options outstanding at the year end.

|   | <b>Number of shares</b> |
|---|-------------------------|
| Option Exercise Period April 2021 to April 2031   | <b>111,103</b>          |
| Option Exercise Period August 2022 to August 2032 | <b>52,332</b>           |

The unapproved options outstanding during the year are shown below. All unapproved options were cancelled during the year, leaving no unapproved options outstanding at the year end.

|   | <b>Number of shares</b> |
|---|-------------------------|
| Option Exercise Period June 2022 to June 2032 | <b>27,764</b>           |

An expense is recorded in the profit and loss account over the vesting period equal to the estimated fair value of the options at date of grant. The expense in the period was £34,737 (2022: £15,801).

The estimated fair value of each share option granted is as follows:

| <b>Option</b> | <b>Number</b> | <b>Exercise Price</b> | <b>Fair Value</b> |
|---------------|---------------|-----------------------|-------------------|
| EMI           | 111,103       | £0.199                | £0.15             |
| EMI           | 52,332        | £1.91                 | £0.68             |
| Unapproved    | 27,764        | £6.62                 | £1.26             |

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

|                             | <b>2023</b> |             | <b>2022</b>    |             |
|-----------------------------|-------------|-------------|----------------|-------------|
|                             | <b>No.</b>  | <b>WAEP</b> | <b>No.</b>     | <b>WAEP</b> |
| Outstanding at 1 July 2021  | 138,867     | 1.482       | 378            | 91.385      |
| Adjustment                  | -           | -           | 169            | 143.02      |
| Granted during the year     | 52,332      | 1.910       | 27,764         | 6.62        |
| Replacement                 | -           | -           | 110,394        | (0.019)     |
| Exercised                   | (151,805)   | 0.657       | (344)          | 0.002       |
| Lapsed                      | (39,394)    | 5.230       | (34)           | 1,015.97    |
| Outstanding at 30 June 2022 | <u>0</u>    |             | <u>138,867</u> |             |

The total expense recognised in profit or loss for the year is as follows:

|                                     | <b>2023</b>          | <b>2022</b>          |
|-------------------------------------|----------------------|----------------------|
|                                     | <b>£</b>             | <b>£</b>             |
| Equity-settled share-based payments | <b><u>34,737</u></b> | <b><u>15,801</u></b> |

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****24. Share-based payments** *(continued)*

The estimated fair values were calculated by applying the Black-Scholes option pricing model. The model inputs were:

|                           | 2023             |
|---------------------------|------------------|
| Share price at grant date | £2.12 - £143.02  |
| Exercise price            | £0.199 - £143.02 |
| Expected volatility       | 70%              |
| Expected life             | 10 years         |
| Risk free interest rate   | 0.733% - 2.235%  |
| Dividend yield            | 0%               |

The directors are of the view that 70% is an appropriate estimate of the expected volatility of the company's share value over the assumed life of the options.

**25. Government grants**

The amounts recognised in the financial statements for government grants are as follows:

|   | 2023          | 2022     |
|---|---------------|----------|
|   | £             | £        |
| Recognised in other operating income:           |               |          |
| Government grants recognised directly in income | <u>50,000</u> | <u>—</u> |

**26. Financial instruments**

Bank loans are repayable in monthly instalments totalling £8,130 per month

A loan with an outstanding balance of £145,833 as at 30 June 2023 is repayable in monthly instalments until May 2026. Interest accrues daily on the outstanding balance at a rate of 4.5% per annum.

A loan with an outstanding balance of £181,229 as at 30 June 2023 is repayable in monthly instalments until August 2027. Interest is charged quarterly at a rate of 4.13% per annum.

**27. Called up share capital****Issued, called up and fully paid**

|                                   | 2023             |          | 2022             |          |
|-----------------------------------|------------------|----------|------------------|----------|
|                                   | No.              | £        | No.              | £        |
| Ordinary shares of £0.000002 each | <u>1,344,000</u> | <u>3</u> | <u>1,344,000</u> | <u>3</u> |

A holder of ordinary shares is entitled to vote at one vote per share. All ordinary shares carry the same rights in respect of dividends and of capital distribution on a winding up. Ordinary shares are not liable to be so redeemed.

**28. Reserves****Other reserves**

Other reserves represents estimated fair value movements in equity-settled share based payments.

**Profit and loss account**

The profit and loss account reserve represents cumulative profit and losses, net of dividends paid.

**XSolutions365 Ltd****Notes to the Financial Statements** *(continued)***Year ended 30 June 2023****29. Analysis of changes in net debt**

|                          | At 1 Jul 2022  | Cash flows         | New finance leases | Other changes | At 30 Jun 2023            |
|--------------------------|----------------|--------------------|--------------------|---------------|---------------------------|
|                          | £              | £                  | £                  | £             | £                         |
| Cash at bank and in hand | 1,769,152      | 7,547,285          |                    | –             | <b>9,316,437</b>          |
| Bank overdrafts          | –              | (9,644)            |                    | –             | <b>(9,644)</b>            |
| Debt due within one year | (359,111)      | 213,076            | (230,538)          | 102,461       | <b>(274,112)</b>          |
| Debt due after one year  | (879,145)      | (9,527,914)        | –                  | (102,461)     | <b>(10,509,520)</b>       |
|                          | <u>530,896</u> | <u>(1,777,197)</u> | <u>(230,538)</u>   | <u>–</u>      | <u><b>(1,476,839)</b></u> |

**30. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

|  | 2023                    | 2022           |
|--|-------------------------|----------------|
|  | £                       | £              |
| Not later than 1 year                        | <b>476,635</b>          | 148,002        |
| Later than 1 year and not later than 5 years | <b>1,903,434</b>        | 592,008        |
|  | <u><b>2,380,069</b></u> | <u>740,010</u> |

**31. Charges on assets**

Arbuthnot Commercial Asset Based Lending Limited hold a fixed and floating charge dated 4 February 2022 over all the property or undertaking of the company. The amount of debt secured included in bank overdrafts is £9,644. Soho Square Capital LLP as Security Trustee also hold fixed and floating charges dated 19 June 2023 over all the property or undertaking of the company, relating to 10% fixed rate loan notes totalling £17,923,004 issued by XD Midco Limited to Soho Square Capital LLP.

**32. Related party transactions**

The Company takes advantage of the exemption in FRS 102 from disclosing transactions entered into between members of the group comprising XD Holdings Limited, its parents and its subsidiaries.

During the year, a director was advanced £107,974, although this debt was subsequently repaid by the director, and therefore £0 was outstanding as due from the director at the year end.

During the year, companies in which directors have significant influence provided advisory services to XSolutions365 Ltd. The total amount paid for the services was £28,750 (2022: £20,000).

Prior to the acquisition of XSolutions365 Ltd by XD Holdings Limited on 27 September 2021, a director and shareholder received dividends of £70,000. Dividends paid subsequent to this date have been paid to XD Holdings Limited.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £1,672,632 (2022: £296,184).

## **XSolutions365 Ltd**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 30 June 2023**

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#### **33. Controlling party**

The company's immediate parent is XD Holdings Limited, whose registered office is at Stamp office, 10 Waterloo Place, Level 1, Edinburgh, Scotland, EH1 3EG. The company's ultimate parent is XD Topco Limited whose registered office is at 3 Sovereign Square, Sovereign Street, Leeds, West Yorkshire, LS1 4ER.

The parent undertaking of the smallest group for which group financial statements are prepared, is XD Holdings Ltd, whose registered office is at Stamp Office, 10 Waterloo Place, Level 1, Edinburgh, Scotland, EH1 3EG. Group accounts can be obtained from Companies House.

The parent undertaking of the largest group is XD Topco Limited, whose registered office is at 3 Sovereign Square, Sovereign Street, Leeds, West Yorkshire, LS1 4ER. XD Topco Limited was incorporated on 8 June 2023 and as such, the first set of group accounts for the largest group will be prepared for the year ended 30 June 2024.

The ultimate controlling party is E M Andrews.

**XSolutions365 Ltd**  
**Management Information**  
**Year ended 30 June 2023**

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**The following pages do not form part of the financial statements.**

**XSolutions365 Ltd**  
**Detailed Income Statement**  
**Year ended 30 June 2023**

|  | 2023<br>£         | 2022<br>£         |
|--|-------------------|-------------------|
| <b>Turnover</b>                            |                   |                   |
| Sales                                      | 31,147,201        | 14,172,773        |
| Overseas sales                             | 44,450            | 90,925            |
|  | <u>31,191,651</u> | <u>14,263,698</u> |
| <b>Cost of sales</b>                       |                   |                   |
| IT consumables                             | 169,620           | 90,418            |
| SAAS subscriptions                         | 279,554           | 125,423           |
| Cost of sales - other                      | 64,600            | -                 |
| Wages and salaries                         | 17,455,368        | 6,242,586         |
| Employers national insurance               | 2,111,918         | 714,913           |
| Pension contributions                      | 1,410,820         | 138,973           |
| Subcontractor costs                        | 1,643,412         | 1,540,545         |
|  | <u>23,135,292</u> | <u>8,852,858</u>  |
| <b>Gross profit</b>                        | <u>8,056,359</u>  | <u>5,410,840</u>  |
| <b>Overheads</b>                           |                   |                   |
| <b>Administrative expenses</b>             |                   |                   |
| Rent rates and water                       | 551,188           | 167,007           |
| Light and heat                             | 57,252            | 21,000            |
| Insurance                                  | 139,810           | 41,156            |
| Repairs and maintenance                    | 12,537            | 5,582             |
| Cleaning costs                             | 24,952            | 16,123            |
| Wages and salaries                         | 3,871,966         | 1,410,334         |
| Equity-settled share-based payments        | 34,737            | 15,801            |
| Staff national insurance contributions     | 515,980           | 171,539           |
| Staff pension contributions                | 352,255           | 29,640            |
| Travel and subsistence                     | 132,688           | 29,559            |
| Telephone                                  | 21,107            | 12,291            |
| Printing postage and stationery            | 27,266            | 16,600            |
| Staff training                             | 239,619           | 108,434           |
| Staff welfare                              | 25,618            | 9,115             |
| Sundry expenses                            | 39,379            | 9,760             |
| Subscriptions and memberships              | 401,177           | 112,363           |
| Advertising and marketing                  | 179,388           | 198,540           |
| Entertaining                               | 230,487           | 66,079            |
| Awards                                     | -                 | 1,992             |
| Bad debts written off                      | -                 | 357               |
| Bank charges                               | 239,139           | 108,779           |
| Foreign currency gains/losses              | 9,931             | 7,536             |
| Legal and professional fees                | 215,385           | 116,928           |
| Consultancy fees                           | 636,687           | 630,506           |
| Accountancy fees                           | 34,629            | 21,982            |
| Auditors remuneration                      | 24,750            | -                 |
| Directors salaries                         | 315,000           | 45,646            |
| Directors national insurance contributions | 42,728            | 5,710             |
| Directors pensions                         | -                 | 587               |
| Amortisation of intangible assets          | 60,001            | 52,107            |
|  | <u>8,435,656</u>  | <u>3,433,053</u>  |
| Carried forward                            | 8,435,656         | 3,433,053         |

**XSolutions365 Ltd****Detailed Income Statement** *(continued)***Year ended 30 June 2023**

|  | <b>2023</b>      | <b>2022</b> |
|--|------------------|-------------|
|  | <b>£</b>         | <b>£</b>    |
| Brought forward                              | <b>8,435,656</b> | 3,433,053   |
| Depreciation of tangible assets              | <b>385,578</b>   | 156,424     |
| (Gain)/loss on disposal of tangible assets   | <b>159</b>       | 1,199       |
|  | <b>8,821,393</b> | 3,590,676   |
| <b>Other operating income</b>                |                  |             |
| Government grant income                      | <b>50,000</b>    | -           |
| <b>Operating (loss)/profit</b>               | <b>(715,034)</b> | 1,820,164   |
| Other interest receivable and similar income | <b>9,963</b>     | -           |
| Interest payable and similar expenses        | <b>(70,094)</b>  | (63,753)    |
| <b>(Loss)/profit before taxation</b>         | <b>(775,165)</b> | 1,756,411   |

## **XSolutions365 Ltd**

### **Notes to the Detailed Income Statement**

**Year ended 30 June 2023**

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|   | <b>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
|   | <b>£</b>             | <b>£</b>             |
| <b>Other interest receivable and similar income</b>   |                      |                      |
| Interest on cash and cash equivalents                 | <u>9,963</u>         | <u>-</u>             |
| <b>Interest payable and similar expenses</b>          |                      |                      |
| Interest on banks loans and overdrafts                | <b>56,459</b>        | 45,485               |
| Interest on hire purchase and finance lease contracts | <b>13,635</b>        | 4,365                |
| Other interest payable and similar charges            | <b>-</b>             | 13,903               |
|   | <u><b>70,094</b></u> | <u><b>63,753</b></u> |