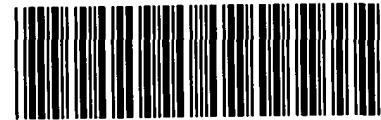


COMPANY REGISTRATION NUMBER: SC371716

xSolutions365 Ltd
Financial Statements
For the year ended
30 June 2024

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xSolutions365 Ltd

Financial Statements

Year ended 30 June 2024

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CT:

xSolutions365 Ltd

Officers and Professional Advisers

The Board of Directors

Mr E M Andrews
Mr P Atkinson
Mr S A Corstorphine (Appointed 14 December 2023)
Mr S Robertson (Served from 14 December 2023 to 30 September 2024)
Mr N S Davidson (Resigned 14 December 2023)
Mr C W McLellan (Appointed 30 September 2024)

Company Secretary

Addleshaw Goddard (Scotland) Secretarial Limited

Registered Office

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

Auditor

CT
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

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

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

xSolutions365 Ltd

Strategic Report

Year ended 30 June 2024

The directors present their strategic report for the year ended 30 June 2024.

Review of the business

The principal activity of the Company continues to be that of providing Digital Consulting Services. Throughout the year we have grown a number of new capabilities which have expanded our service capability. We are now a digital consultancy and transformation partner. Strategy, customer experience, software engineering, cloud and data experts who are unleashing the potential in our clients' businesses.

The Company has continued to respond with agility in what has been a challenging year for the UK economy as a whole and the consultancy industry. We continue to put our Colleagues, Clients and Community at the forefront of our decision-making to much success.

Building on over fifteen years of experience, we've significantly expanded our client base this year by entering new industries. Notably, we've partnered within the Public Sector to develop a national law enforcement data platform and with financial services to deliver a transformational trading platform for a global asset management firm. We also successfully delivered a complex digital transformation across two North American territories to great success, showcasing our expertise and collaborative capabilities.

The financial year

The Company has successfully grown revenue from £31m to £42m, an impressive 35% growth in what has been difficult market conditions for the UK consultancy sector, with the background of significant external headwinds for businesses globally. With inflation, interest rates, a snap UK election and the US election on the horizon all impacting investment decisions across businesses in our target sectors.

Since we secured investment from Soho Square in June 2023, the Company has focused its efforts on a 3-year strategy to deliver growth and build our capability. This strategy saw the business investing in the year to June 2024 consciously at the expense of in-year profit with the strategy delivering increasingly significant EBITDA profit from the years to 30 June 2025 onwards.

Throughout the course of this financial year we have continued to transform our organisation:

Rebranding and sustainable revenue growth engine

Since acquiring CreateFuture Studios Ltd in April 2023, the two businesses have become fully integrated during the year and are now far surpassing our expectations. In joining the skillsets of our talented colleagues into one business we now provide clients with a holistic end to end offering ranging from strategy workshops to complex technical outcomes. The acquisition also provided access to new clients, particularly within the financial services sector.

The success of the integration post acquisition led to the group rebranding from xDesign to CreateFuture in June 2024 now operating under a single brand with wide reaching capability.

The newly combined group has enabled us to cement our position in the market as a digital consultancy partner delivering value, focusing on working with blue chip organisations and solving their most complex challenges.

Entering new market segments

The Group have launched our public sector practice, with significant investment in key hires in this area, securing G Cloud placement, with further framework awards expected in 2025.

The aspiration of the Group is to become a significant partner to the government over the course of 2025/26, targeting major programmes for digital transformation which benefit from significant contract commitments for both parties.

xSolutions365 Ltd

Strategic Report (continued)

Year ended 30 June 2024

Our first major partnership was established during the year, working within the Home Office, seeing CreateFuture partner on a major Central Government Programme. Our Public Sector growth is a multi-year investment and the pace of growth dependent on our access to Government frameworks.

Capabilities

During the year we welcomed 88 new colleagues, as we expanded and broadened our service offering including launching new capabilities in strategy, data, artificial intelligence and transformation.

Furthermore our capabilities have now been clearly defined and established under three distinct divisions within the Group - Imagine, Build and Explore. Our combined capability is now able to deliver across the end-to-end product life cycle, as a full service digital consultancy.

During the year, we have invested significantly in building our own AI capability. We have a unique position in the market, focusing on our internal enablement, and therefore increasing the effectiveness of our AI training programme for all our Createurs and actively encourage the responsible use of AI in all areas of the business. This gives us the necessary experience and credentials to help our clients navigate their own opportunities to harness AI. Being named as the Best Use of Data and AI by the Scottish Financial Technology Awards is testament to this investment.

The Group has been able to demonstrate its AI capability by partnering with a financial services industry-funded organisation to defend against industry fraud. We developed a "Hi Mum" scam defence system leveraging Generative AI and automation.

The client's objective was a 20% success rate in engaging scammers, obtaining active phone numbers, and identifying at least two active bank account codes and sort codes. This data would support their funding applications to banks and telecommunication companies for further product development. The ultimate goal was to identify and facilitate the closure of bank accounts used for fraudulent activities. In the two weeks following launch, the system achieved a 33% success rate, exceeding all expectations. This performance provided a compelling business case for discussion at their Annual General Meeting (AGM), fulfilling the project's target outcome.

We also received a number of awards during the year recognising the continued success of CreateFuture as one of the UK's fastest growing companies:

We also received a number of awards during the year recognising the continued success of CreateFuture as one of the UK's fastest growing companies:

- Ranked 1st in Northern Tech Awards fastest growing companies
- Included in Deloitte's EMEA Fast 500
- Ranked 8th in UK Fast Growth Index 2023 for Scotland

Colleagues

The Company has grown to nearly 450 Createurs over the course of this financial year, welcoming over 88 new Createurs to the organisation. To put that in context the Company has increased its employee headcount by more than 10 times in the last 4 financial years.

The Company has cemented its strength in the market by developing an inclusive and welcoming environment for colleagues of all backgrounds and by putting our colleagues at the centre of our business decision making.

xSolutions365 Ltd

Strategic Report *(continued)*

Year ended 30 June 2024

As with many organisations in the tech industry, this financial year has had a particularly challenging backdrop for many, with the economic and political instability causing challenges for the business and our people. The quality of our service is built on the premise that healthy, happy teams are a catalyst for better outcomes and CreateFuture continues to balance making the right decisions for our people whilst ensuring the financial stability of the business.

Every year our business becomes more diverse than ever, with representation from over 50 different nationalities, championing over 20+ communities covering LGBTQ+, Neurodiversity, Sustainability, Women in Engineering, Parents and Caregivers, STEM Ambassadors, Accessibility and Inclusion and more. The business has continued to work hard to ensure CreateFuture is a place where everyone feels like they belong, and are included, with equitable access to work and progression. We are committed to being people focused and continue to invest further in this space.

The business has continued to raise the bar in relation to the quality of its talent throughout this period of significant growth. We have invested in building our own in-house talent acquisition team that hires more than 95% of our talent directly. This ensures that we are able to manage the end to end employee lifecycle, from talent acquisition, to onboarding, continuous learning and development and finally to off-boarding.

Our continued investment in our Colleagues resulted in us being recognised significantly within our industry, and in particular with the independent Great Place to Work certification body. This year we were named

- o #8 Best Workplace (Large) (5th 2023 Large)
- o #3 Best Workplace Development (Large) (New Category)
- o #6 Best Workplace Wellbeing (Large) (1st 2023 Large)
- o Best Workplace In Tech 2024 (Large & Super Large)

Clients

The Company works with organisations of all scales and on differing stages of digital maturity, with our expanded capability to deliver all aspects of digital transformation. Working with a broad selection of industry sectors including fintech, asset management, banking, gaming, public sector and media ensures that we are able to provide our colleagues with a wide variety of challenging work.

With the successful integration of Create Future Studios Limited, our client reach extended significantly. This has enabled us to help define the strategy and proposition for our clients, before delivering it through what was xDesign's core engineering capability. With this we have seen 25+ new client wins across the Company, as well as delivering significant revenue growth from within our client portfolio.

In this year we completed a major platform migration for a Real Money Gaming client, one of the largest single digital transformations our client has undertaken, with CreateFuture working side by side to complete it: migrating their entire Canadian operation from multiple third-party platforms onto their own. It was a year-long journey of collaboration, innovation, and hard work where CreateFuture and our client worked hand-in-hand to adapt US systems for the Canadian market.

This project was a monumental win for CreateFuture. It proves we can tackle the most complex, high-stakes projects out there and at scale. It shows that we're not just a vendor, but a true partner, willing to fight hard to deliver the right solution.

We're poised to take on even bigger challenges: complex programs with diverse stakeholders and massive technical challenges.

"I've been constantly impressed by the way that the CreateFuture teams have stepped up to every challenge we've thrown at them, and have always done so with an amazing attitude to break down silos and get it done. It was truly memorable and demonstrated all the best about the partnership with CreateFuture."

Principal Technical Programme Manager, real money gaming client.

xSolutions365 Ltd

Strategic Report *(continued)*

Year ended 30 June 2024

Community

CreateFuture 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.

In Edinburgh, we have opened our event space within our main office enabling other organisations to have a place to host their events. During 2024 we hosted over 10 events in our Edinburgh office. We also launched our Tech Leaders Forum events which bring together people in the tech industry from across Scotland. These events have been very well attended and a huge success.

Throughout 2024, we 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 give 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 intensive bootcamps.

In March 2024, we proudly celebrated the graduation of our second cohort, encompassing graduates from both Engineering and Marketing programs. Over the 12-month program, Engineering graduates developed diverse skills and gained cross-functional experience through rotations on internal and client projects. The Marketing program provided a breadth of project experience within our Marketing team.

Subsequently, in September 2024, we celebrated the graduation of our third cohort, comprised of graduates from Engineering, People, and Product programs. The Product program offered rotations across Product Management, Business Analysis, and Product Design teams. The People program provided insights and experience within our People Department, spanning its various projects and teams. This cohort demonstrated commendable flexibility, determination, and commitment throughout a year of significant change, including our transition from xDesign to CreateFuture.

Furthermore, we partnered with the social mobility charity, CareerReady, for the first time in 2023-2024. CreateFuture provided mentorship and paid summer internships to two students who joined us in June 2024 and we have renewed the partnership with CareerReady for 2025.

xSolutions365 Ltd
Strategic Report *(continued)*
Year ended 30 June 2024

Financial key performance indicators

The directors use a number of key performance indicators (KPIs) to monitor the progress and performance of the Company in line with the main trading entities reporting period of July to June including:

KPIs	2024	2023
Revenue £m	£41.6	£31.1
Revenue Growth	34%	119%
Gross Profit £m	£12.9	£8.1
Average Headcount	450	349

The business has continued to be focused on growth during FY24 as well as expanding the number of clients across the enhanced capabilities that have been heavily invested in during the year in order to create a strong, sustainable platform for future growth. The directors are delighted with the progress the Company has made during the year and FY24 is the first year of the 3 year strategy following the investment from Soho Square Capital in June 2023. Looking ahead, the Company and wider Group will focus increasingly on sustainable profitable growth.

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 continues to be volatile 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 required.

Client Spend - We monitor performance of key clients on a continual basis, considering both current/future spend & NPS scores, amongst other KPIs. 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.

xSolutions365 Ltd

Strategic Report *(continued)*

Year ended 30 June 2024

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 requires that each director of a Company must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, they must have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct;*

The need to act fairly between members of the Company.

The digital consultancy xSolutions365 Ltd founded in 2010, formally known as xDesign, was part of the xD Holdings Limited group with Create Future Studios Limited and two other non trading companies. xD Holdings Limited was ultimately acquired by xD Topco Limited (The Group) in June 2023 as part of a new partnership with Soho Square Capital.

Prior to 30 June 2024, the Group made the strategic decision to combine the trading entities and rebrand xDesign (xSolutions365 Ltd) and Create Future Studios as one, CreateFuture. The business combination allowed the Group to go to market with an end-to-end holistic offering to its clients.

The directors of CreateFuture are committed to these principles. The Board holds formal meetings every month to review the progress of the Group against its three year strategy that is designed to deliver sustainable growth.

Investing in new market segments such as the public sector, which we believe will provide long-term growth. Delivered by expanding our capabilities in areas which ensure we remain competitive and can offer our clients the best service, for example AI.

The company has worked to ensure CreateFuture is a place where everyone feels they belong, with representation from over 50 nationalities and various communities. Focusing on our colleagues, by creating an inclusive environment, and investing in their development. We believe that healthy, happy Key decisions made during the financial year, and how they relate to the Section 172(1) factors include, but not limited too. Our aforementioned the Company rebrand was a strategic move the board feel support the long term strategy of the group.

The continued investment in our colleagues, which has led to the group being recognised as a Great Place to Work.

Investment into AI as CreateFuture developed its own AI training program for all staff and encourages the responsible use of AI in all areas of the business.



xSolutions365 Ltd

Strategic Report *(continued)*

Year ended 30 June 2024

The directors believe that by having regard to the factors set out in Section 172(1), they are acting in a way that will promote the long-term success of CreateFuture for the benefit of its members as a whole.

Energy and Carbon Report

The Company is exempt from preparing its own Energy and Carbon Report as the relevant information is included in the consolidated financial statements of XD Topco Limited, the ultimate parent entity.

This report was approved by the board of directors on 28 February 2025 and signed on behalf of the board by:

Euan Andrews

Mr E M Andrews
Director

xSolutions365 Ltd

Directors' Report

Year ended 30 June 2024

The directors present their report and the financial statements of the company for the year ended 30 June 2024.

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 S A Corstorphine	(Appointed 14 December 2023)
S Robertson	(Served from 14 December 2023 to 30 September 2024)
Mr N S Davidson	(Resigned 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.

xSolutions365 Ltd

Directors' Report *(continued)*

Year ended 30 June 2024

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.

Director's responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 its financial statements comply with the Companies Act 2006. They have a general responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

xSolutions365 Ltd

Directors' Report *(continued)*

Year ended 30 June 2024

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 28 February 2025 and signed on behalf of the board by:

Euan Andrews

Mr E M Andrews
Director



xSolutions365 Ltd

Independent Auditor's Report to the Member of xSolutions365 Ltd

Year ended 30 June 2024

Opinion

We have audited the financial statements of xSolutions365 Ltd (the 'company') for the year ended 30 June 2024 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2024 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 2024

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 2024

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 2024

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. This description forms part of our auditor's report.

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

CT

Chartered Accountants & Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

04 March 2025

xSolutions365 Ltd
Statement of Comprehensive Income
Year ended 30 June 2024

	Note	2024 £	2023 £
Turnover	4	41,690,501	31,191,651
Cost of sales		28,835,128	23,135,292
Gross profit		12,855,373	8,056,359
Administrative expenses		13,302,231	8,821,393
Other operating income	5	–	50,000
Operating loss	6	(446,858)	(715,034)
Other interest receivable and similar income	9	187,460	9,963
Interest payable and similar expenses	10	1,126,557	70,094
(Loss)/profit before taxation		(1,385,955)	(775,165)
Tax on loss	11	(454)	(265,996)
Loss for the financial year and total comprehensive income		(1,385,501)	(509,169)

All the activities of the company are from continuing operations.

xSolutions365 Ltd
Statement of Financial Position
30 June 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	14	646,572	946,393
Investments	15	50,000	50,000
		<u>696,572</u>	<u>996,393</u>
Current assets			
Debtors	16	6,537,552	4,019,511
Cash at bank and in hand		6,381,436	9,316,437
		<u>12,918,988</u>	<u>13,335,948</u>
Creditors: amounts falling due within one year	17	<u>14,759,950</u>	<u>3,755,121</u>
Net current (liabilities)/assets		(1,840,962)	9,580,827
Total assets less current liabilities		(1,144,390)	10,577,220
Creditors: amounts falling due after more than one year	18	<u>173,411</u>	<u>10,509,520</u>
Net (liabilities)/assets		<u>(1,317,801)</u>	<u>67,700</u>
Capital and reserves			
Called up share capital	23	3	3
Other reserves, including the fair value reserve	24	55,944	55,944
Profit and loss account	24	(1,373,748)	11,753
Shareholder (deficit)/funds		<u>(1,317,801)</u>	<u>67,700</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 28 February 2025 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 2024

		Called up share capital £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1 July 2022		3	21,207	1,320,922	1,342,132
Loss for the year		—	—	(509,169)	(509,169)
Total comprehensive income for the year		—	—	(509,169)	(509,169)
Dividends paid and payable	12	—	—	(800,000)	(800,000)
Equity-settled share-based payments		—	34,737	—	34,737
Total investments by and distributions to owners		—	34,737	(800,000)	(765,263)
At 30 June 2023		3	55,944	11,753	67,700
Loss for the year		—	—	(1,385,501)	(1,385,501)
Total comprehensive income for the year		—	—	(1,385,501)	(1,385,501)
At 30 June 2024		<u>3</u>	<u>55,944</u>	<u>(1,373,748)</u>	<u>(1,317,801)</u>

The notes on pages 17 to 28 form part of these financial statements.

xSolutions365 Ltd

Notes to the Financial Statements

Year ended 30 June 2024

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.

As at 30 June 2024, the company had net liabilities of £1,317,801, however, included within this balance is £10,762,672 of amounts due to group undertakings. The directors of the group undertakings have confirmed that they will not be seeking repayment of this amount for a period of at least 12 months from the date of signing the financial statements, and will continue to support xSolutions365 Ltd, to ensure that it has sufficient cash to meet its day to day requirements. On this basis, the directors of xSolutions365 Ltd continue to adopt the going concern basis in preparing these financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of XD Topco Limited which can be obtained from 3 Sovereign Square, Sovereign Street, Leeds, West Yorkshire, LS1 4ER, United Kingdom. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

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.

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

3. Accounting policies *(continued)*

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.

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.

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

3. Accounting policies *(continued)*

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.

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	-	20% straight line
Office equipment	-	33% straight line

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

3. Accounting policies *(continued)*

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.

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.

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.

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

3. Accounting policies *(continued)*

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.

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:

	2024 £	2023 £
Rendering of services	<u>41,690,501</u>	<u>31,191,651</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:

	2024 £	2023 £
United Kingdom	41,690,501	31,147,201
Overseas sales	—	44,450
	<u>41,690,501</u>	<u>31,191,651</u>

5. Other operating income

	2024 £	2023 £
Government grant income	—	<u>50,000</u>

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

6. Operating loss

Operating profit or loss is stated after charging/crediting:

	2024	2023
	£	£
Amortisation of intangible assets	–	60,001
Depreciation of tangible assets	484,137	385,578
(Gains)/loss on disposal of tangible assets	(937)	159
Equity-settled share-based payments expense	1,298	34,737
Foreign exchange differences	13,817	9,931
Fees payable for the audit of the financial statements	28,650	24,750
Operating lease expenses	<u>494,583</u>	<u>352,607</u>

7. Staff costs

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

	2024	2023
	No.	No.
Employees	442	337
Executive team	8	12
	<u>450</u>	<u>349</u>

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

	2024	2023
	£	£
Wages and salaries	28,325,970	21,677,071
Social security costs	3,418,651	2,670,626
Other pension costs	2,881,191	1,763,075
	<u>34,625,812</u>	<u>26,110,772</u>

8. Directors' remuneration

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

	2024	2023
	£	£
Remuneration	<u>83,310</u>	<u>315,489</u>

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

	2024	2023
	£	£
Aggregate remuneration	<u>75,000</u>	<u>300,489</u>

During the year, the employment contracts of the directors were transferred to XD Bidco Limited, a fellow subsidiary of XD Topco Limited, the ultimate parent company.

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

9. Other interest receivable and similar income

	2024 £	2023 £
Interest on cash and cash equivalents	<u>187,460</u>	<u>9,963</u>

10. Interest payable and similar expenses

	2024 £	2023 £
Interest on banks loans and overdrafts	16,325	56,459
Interest on obligations under finance leases and hire purchase contracts	29,702	13,635
Interest due to group undertakings	1,080,530	–
	<u>1,126,557</u>	<u>70,094</u>

11. Tax on loss

Major components of tax income

	2024 £	2023 £
Current tax:		
Adjustments in respect of prior periods	(454)	(107,666)
Deferred tax:		
Origination and reversal of timing differences	–	(158,330)
Tax on loss	<u>(454)</u>	<u>(265,996)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 20.50%).

	2024 £	2023 £
Loss on ordinary activities before taxation	<u>(1,385,955)</u>	<u>(775,165)</u>
Loss on ordinary activities by rate of tax	(346,489)	(151,788)
Adjustment to tax charge in respect of prior periods	(1)	(108,521)
Effect of expenses not deductible for tax purposes	10,730	10,071
Other permanent differences	–	2,013
Timing differences	–	(26,790)
Movement in unrecognised deferred tax	335,760	49,078
Remeasurement of deferred tax for changes in tax rates	–	(40,059)
Tax on loss	<u>–</u>	<u>(265,996)</u>

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

12. Dividends

	2024 £	2023 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	—	800,000

13. Intangible assets

	Development costs £
Cost	
At 1 July 2023 and 30 June 2024	331,321
Amortisation	
At 1 July 2023 and 30 June 2024	331,321
Carrying amount	
At 30 June 2024	—
At 30 June 2023	—

14. Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 July 2023	205,385	58,905	1,325,620	1,589,910
Additions	43,446	13,533	129,058	186,037
Disposals	—	—	(61,702)	(61,702)
At 30 June 2024	<u>248,831</u>	<u>72,438</u>	<u>1,392,976</u>	<u>1,714,245</u>
Depreciation				
At 1 July 2023	45,699	35,662	562,156	643,517
Charge for the year	43,509	10,818	429,810	484,137
Disposals	—	—	(59,981)	(59,981)
At 30 June 2024	<u>89,208</u>	<u>46,480</u>	<u>931,985</u>	<u>1,067,673</u>
Carrying amount				
At 30 June 2024	<u>159,623</u>	<u>25,958</u>	<u>460,991</u>	<u>646,572</u>
At 30 June 2023	<u>159,686</u>	<u>23,243</u>	<u>763,464</u>	<u>946,393</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 £
At 30 June 2024	123,308
At 30 June 2023	241,797

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

15. Investments

	Shares in group undertakings £
Cost	
At 1 July 2023 and 30 June 2024	<u>704,440</u>
Impairment	
At 1 July 2023 and 30 June 2024	<u>654,440</u>
Carrying amount	
At 30 June 2024	<u>50,000</u>
At 30 June 2023	<u>50,000</u>

Subsidiaries, associates and other investments

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

16. Debtors

	2024 £	2023 £
Trade debtors	3,389,560	2,655,832
Amounts owed by group undertakings	1,782,365	115,616
Prepayments and accrued income	1,352,055	664,325
Corporation tax repayable	—	215,908
Other debtors	13,572	367,830
	<u>6,537,552</u>	<u>4,019,511</u>

17. Creditors: amounts falling due within one year

	2024 £	2023 £
Bank loans and overdrafts	92,324	100,127
Trade creditors	556,592	473,472
Amounts owed to group undertakings	10,762,672	65,130
Accruals and deferred income	523,140	612,071
Social security and other taxes	2,081,090	2,050,806
Obligations under finance leases and hire purchase contracts	104,177	118,499
Invoice finance facility	370,688	—
Other creditors	269,267	335,016
	<u>14,759,950</u>	<u>3,755,121</u>

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

xSolutions365 Ltd**Notes to the Financial Statements** *(continued)***Year ended 30 June 2024****18. Creditors: amounts falling due after more than one year**

	2024 £	2023 £
Bank loans and overdrafts	144,256	236,580
Amounts owed to group undertakings	–	10,149,652
Obligations under finance leases and hire purchase contracts	29,155	123,288
	<u>173,411</u>	<u>10,509,520</u>

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

19. Finance leases and hire purchase contracts

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

	2024 £	2023 £
Not later than 1 year	104,177	118,499
Later than 1 year and not later than 5 years	29,155	123,288
	<u>133,332</u>	<u>241,787</u>

20. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £2,881,191 (2023: £1,763,075).

21. Share-based payments

Certain employees have been granted options to subscribe for shares in XD Topco Ltd in the period as follows:

	Number	Exercise price	Fair value
Growth shares from May 2024 to May 2034	97,892	£0.21	£0.21

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

	2024		2023	
	No.	WAEP	No.	WAEP
Outstanding at 1 July	–	–	138,867	1.48
Granted during the year	97,892	0.21	52,332	1.91
Exercised during the year	–	–	(151,805)	0.66
Expired during the year	–	–	(39,394)	5.23
Outstanding at 30 June	<u>97,892</u>	<u>0.21</u>	<u>–</u>	<u>–</u>

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

	2024 £	2023 £
Equity-settled share-based payments	<u>1,298</u>	<u>34,737</u>

xSolutions365 Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 June 2024

21. Share-based payments *(continued)*

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

	2024
Share price at grant date	£0.21
Exercise price	£0.21
Expected volatility	70%
Expected life	10 years
Risk free interest rate	4.14%
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.

22. Financial instruments

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

A loan with an outstanding balance of £95,833 (2023: £145,833) as at 30 June 2024 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 £140,746 (2023: £181,229) as at 30 June 2024 is repayable in monthly instalments until August 2027. Interest is charged quarterly at a rate of 4.5% per annum.

23. Called up share capital

Issued, called up and fully paid

	2024		2023	
	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.

24. Reserves

Other reserves

Other reserves represent 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 2024

25. Operating leases

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

	2024	2023
	£	£
Not later than 1 year	494,583	476,635
Later than 1 year and not later than 5 years	<u>1,119,634</u>	<u>1,903,434</u>
	<u>1,614,217</u>	<u>2,380,069</u>

26. 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 Topco Limited and its subsidiaries.

During the year, a director was advanced £nil (2023: £107,979). The amount due from the director at the year end was £nil (2023: £nil).

During the year, companies in which directors have significant influence provided advisory services to xSolutions365 Ltd. The total amount paid for the services was £nil (2023: £28,750).

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 £93,447 (2023: £1,672,632).

27. 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 ultimate parent and the largest and smallest group financial statements that consolidate this company is XD Topco Limited, whose registered office is at 3 Sovereign Square, Sovereign Street, Leeds, West Yorkshire, LS1 4ER. Group accounts can be obtained from Companies House.

The ultimate controlling party is E M Andrews.