REGISTERED NUMBER: 04240845 (England and Wales)

XCONNECT TRADING LIMITED

Strategic Report, Directors' Report and

Financial Statements

for the Year Ended 31 March 2022

Contents of the Financial Statements
for the year ended 31 March 2022

XCONNECT TRADING LIMITED

Company Information
for the year ended 31 March 2022

Directors:	A N Chorley P K White
Registered office:	6th Floor, Basildon House 7-11 Moorgate London EC2R 6AF
Registered number:	04240845 (England and Wales)
Auditors:	Haines Watts (City) LLP Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA

Strategic Report
for the year ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

The purpose of the Strategic Report is to inform shareholders and help them assess how the directors have performed their duties to promote the success of the company. The report, together with the further information in the Directors' Report, provides:

• A fair and balanced review of the company's business including;
  - the development and performance of the company's business during the financial period
  - the position of the company at the end of the period

• A description of the principal risks and uncertainties facing the company

Review of business
The principal activity of the company is to provide an execution service to professional clients on world wide derivative exchanges and secondary securities markets. The turnover of the company consists of amounts receivable for services provided. The company is authorised and regulated by the Financial Conduct Authority.

The company is required by its regulator, The Financial Conduct Authority, to make its disclosure risk policy available in accordance with Pillar 3 of the capital requirement directive. The disclosure is attached as an appendix to these financial statements and the disclosure is un-audited.

Principal risks and uncertainties
Operational risk losses through a failure related to systems, processes or staff or those external relationships relied upon to operate the business are always conceivable. However, this risk is mitigated by such internal procedures/reconciliations and internal controls which are documented and also through the segregation of duties and authorisations.

The company's principal financial instruments comprise cash in liquid resources, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is limited exposure to interest rate risk, credit risk and foreign currency risk. The company finances its operations through a mixture of share capital, retained profits and income receivable. Liquidity risk is managed by maintaining a suitable capital balance.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning their credit rating and the regular monitoring of amounts outstanding.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

The company is only minimally exposed to interest rate risk with regard to holdings in cash. Cash holdings are placed on deposit at variable rates. The company does not have any borrowings that are subject to interest charges nor repayable in the short term, and surplus funds are placed on short term deposits.

Foreign currency risk is the risk that the company will sustain losses through adverse movements in currency exchange rates. The company manages this foreign currency risk by converting non-sterling income to sterling promptly upon receipt.

Strategic Report
for the year ended 31 March 2022

Section 172(1) statement

The board of directors of Xconnect Trading Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Act) in the decisions taken during the period ended 31 March 2022. In particular, by performance of the following:

- Our business aims are designed to have a long-term beneficial impact on the company and to contribute to its success.
- Our employees are fundamental to our business aims. We aim to be a responsible employer in our approach to the pay and benefits our employees receive.
- Our business requires strong relationships with suppliers, customers and others and we continually strive to maintain and improve these relationships.
- The impact of the company's operations on the community and environment are considered by the directors and reviewed regularly.
- As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance.
- As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the success of our company.

Development and financial performance during the year

The results for the year and the financial position at the year end were considered satisfactory by the directors who hope to maintain profitability in the coming year.

The company continues to invest in its technology architecture in order to ensure that it maintains a competitive and high quality of service.

The financial position of the company at the year end

At the year end the company had a profit before tax for the period of £377,138 (2021: £676,438) and an increase in shareholders' funds to £2,115,383 (2021: £1,852,252). The increase in shareholders' fund is explained by profit after tax of £299,201 and dividend of £36,070.

Key performance indicators

Management use a range of performance measures to monitor and manage the business.. As set out below the following financial key performance measures are considered by management to be the key performance indicators for the company:

	Year to 31/03/2022 £	Year to 31/03/2021 £
Turnover	12,342,493	16,514,810
Profit after tax	299,201	522,640

Strategic Report
for the year ended 31 March 2022

Future developments
The company continues to invest in its IT infrastructure and staff, this is achieved by directing the technology team to focus on improving the efficiency of the IT systems and ongoing training for its staff.

On behalf of the board:

Adrian Chorley
Adrian Chorley (Jul 28, 2022 14:53 GMT+1)
....
A N Chorley - Director

Date: Jul 28, 2022

Directors' Report
for the year ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

Dividends
The total distribution for the period ended 31 March 2022 will be £36,070.

Directors
The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

A N Chorley
P K White

Charitable donations and expenditure
Charitable donations during the year amounted to £1,000 (2021: £500). None of which were of a political nature.

Disclosure in the strategic report
As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2 and 3. These matters relate to financial instruments and future developments, which otherwise would be required to be shown in the Directors' Report.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board:

Adrian Chorley
Adrian Chorley (Jul 28, 2022 14:53 GMT+1)
....

A N Chorley - Director

Date: Jul 28, 2022

Independent Auditors' Report to the Members of Xconnect Trading Limited

Opinion

We have audited the financial statements of Xconnect Trading Limited (the 'company') for the year ended 31 March 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, 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 Financial Reporting Standard 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 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 where 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 Statement of Directors' Responsibilities, 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 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.

Auditors' 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 Auditors' 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognised non-compliance with applicable laws and regulations; and
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment, data protection and capital requirements; and
- we assessed the extent of compliance with the laws and regulations identified above though making enquires of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- assessed whether judgement and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosure to underlying supporting documentation; and
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual potential litigation and claims; and
- reviewing correspondence.

We reviewed the Financial Conduct Authority's (FCA) register for any disciplinary proceedings or instances of non-compliance with rules and regulations and none were identified.

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 Auditors' Report.

Use of our report

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

Robert Blundell

Robert Blundell (Jul 28, 2022 17:41 GMT+1)

Robert Blundell BSc FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts (City) LLP
Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date: Jul 28, 2022

Income Statement
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover		12,380,013	16,514,810
Cost of sales		(10,193,893)	(14,314,151)
Gross profit		2,186,120	2,200,659
Administrative expenses		(1,817,978)	(1,531,935)
Operating profit		368,142	668,724
Interest receivable and similar income		8,996	7,714
Profit before taxation	5	377,138	676,438
Tax on profit	7	(77,937)	(153,798)
Profit for the financial year		299,201	522,640

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Profit for the year		299,201	522,640
Other comprehensive income			
Bonus share issue		(30,000)	-
Income tax relating to other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		(30,000)	-
Total comprehensive income for the year		269,201	522,640

The notes form part of these financial statements

Statement of Financial Position
31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	9		27,800		-
Tangible assets	10		56,380		63,324
Investments	11		1,060,276		392,013
			1,144,456		455,337
Current assets					
Debtors	12	1,179,598		1,229,899	
Cash at bank		2,710,675		1,577,841	
		3,890,273		2,807,740	
Creditors					
Amounts falling due within one year	13	2,907,888		1,407,067	
Net current assets			982,385		1,400,673
Total assets less current liabilities			2,126,841		1,856,010
Provisions for liabilities	16		11,458		3,758
Net assets			2,115,383		1,852,252
Capital and reserves					
Called up share capital	17		750,000		720,000
Retained earnings	18		1,365,383		1,132,252
Shareholders' funds			2,115,383		1,852,252

The financial statements were approved by the Board of Directors and authorised for issue on ....Jul 28, 2022........... and were signed on its behalf by:

Paul White
Paul White (Jul 28, 2022 17:39 GMT+1)
....
P K White - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 March 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	720,000	1,633,647	2,353,647
Changes in equity			
Dividends	-	(1,024,035)	(1,024,035)
Total comprehensive income	-	522,640	522,640
Balance at 31 March 2021	720,000	1,132,252	1,852,252
Changes in equity			
Issue of share capital	30,000	-	30,000
Dividends	-	(36,070)	(36,070)
Total comprehensive income	-	269,201	269,201
Balance at 31 March 2022	750,000	1,365,383	2,115,383

Statement of Cash Flows
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	2,335,819	168,331
Tax paid		(165,040)	(127,464)
Net cash from operating activities		2,170,779	40,867
Cash flows from investing activities			
Purchase of intangible fixed assets		(34,200)	-
Purchase of tangible fixed assets		(17,254)	(693)
Purchase of fixed asset investments		(529,418)	-
Sale of tangible fixed assets		1,624	-
Interest received		8,996	7,714
Net cash from investing activities		(570,252)	7,021
Cash flows from financing activities			
Amount introduced by directors		286,070	1,024,075
Amount withdrawn by directors		(717,693)	(36,114)
Equity dividends paid		(36,070)	(1,024,035)
Net cash from financing activities		(467,693)	(36,074)
Increase in cash and cash equivalents		1,132,834	11,814
Cash and cash equivalents at beginning of year	2	1,577,841	1,566,027
Cash and cash equivalents at end of year	2	2,710,675	1,577,841

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the year ended 31 March 2022

1. **Reconciliation of profit before taxation to cash generated from operations**

	2022	2021
	£	£
Profit before taxation	377,138	676,438
Depreciation charges	28,973	67,198
Gain on revaluation of fixed assets	(138,845)	(16,148)
Foreign exchange movement on loans	-	(6,345)
Finance income	(8,996)	(7,714)
	258,270	713,429
Decrease in trade and other debtors	481,925	1,425,785
Increase/(decrease) in trade and other creditors	1,595,624	(1,970,883)
Cash generated from operations	2,335,819	168,331

2. **Cash and cash equivalents**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	2,710,675	1,577,841

Year ended 31 March 2021

	31/3/21	1/4/20
	£	£
Cash and cash equivalents	1,577,841	1,566,027

3. **Analysis of changes in net funds**

	At 1/4/21	Cash flow	At 31/3/22
	£	£	£
Net cash			
Cash at bank	1,577,841	1,132,834	2,710,675
	1,577,841	1,132,834	2,710,675
Total	1,577,841	1,132,834	2,710,675

1. **Statutory information**

Xconnect Trading Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparation of financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

Significant judgements and estimates
In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that year, or in the period of the revision and future periods, if the revision affects both current and future years.

Critical judgements in applying the company's accounting policies
The critical judgement that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

(i) Assessing indicators and impairment
In assessing whether there have been any indicators or impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience or recoverability. There have been no indicators or impairments identified during the current financial year.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(ii) Recoverability of receivables
The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience and recoverability, and the credit profile of individual or groups of customers.

(iii) Investments
The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through the profit and loss. In determining this amount, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

2. **Accounting policies - continued**

Unquoted investments are valued using the price of recent transactions.

Turnover
Turnover of the company consists of amounts receivable from professional clients for execution services in financial instruments. Turnover is recognised in line with accrual accounting basis on fees receivable for services provided in the financial year.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	-over the term of the lease
Plant and machinery	-33% on a reducing balance basis
Fixtures, Fittings & equipment	-33% on cost
Motor vehicle	-33% on a reducing balance basis

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. **Accounting policies - continued**

The company as a lessee
Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

The company as a lessee
Assets held under finance lease arrangements are recognised as assets within property plant and equipment at their fair value, or if lower at the present value of the minimum lease payments, each determined at the inception of the lease. The assets are subsequently depreciated over the shorter of the lease terms and their useful life. The corresponding finance lease liability is recognised as a finance obligation, with lease payments being apportioned between finance charges and a reduction to the lease obligation so as to achieve a constant rate of interest on the remaining amount of the liability. Finance charges are recognised within the Income Statement.

Payments made under operating lease arrangements are charged to the income statement on a straight line basis over the lease term. Benefits receivable as operating lease incentives are recognised within the income statement on a straight line basis over the lease term.

Pension costs and other post-retirement benefits
The company operates a defined contribution scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period in which they relate.

Provisions
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted when the time value of money is material.

Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Financial instruments
Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments which comprise cash at bank, trade and other receivables, and trade and other payables. The company has chosen to apply the provisions of Section 11 Basic Financial Instruments in full.

Financial assets - classified as basic financial instruments

(i) Cash at bank and in hand
Cash at bank and in hand include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) Trade and other receivables
Trade and other receivables are initially recognised at the transaction price, including any transaction costs. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

2. **Accounting policies - continued**

At the end of each reporting period, the company assesses whether there is objective evidence that an receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the Income Statement.

(iii) Fixed Asset Investments
Upon initial recognition, investments including loan stock are included at their initial fair value, which is cost. Subsequently investments are valued at 'fair value ' which are measured as follows:

Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations.
Unquoted investments are value using the fair value measurement in FRS 102 using the hierarchy model outlined below:
a) Active market price e.g. bid price
b) Price of recent transaction for an identical asset in an arm's length transaction.
c) Estimate of fair value using another valuation technique in an arm's length exchange
d) Cost less impairment

Gains and losses on remeasurement are recognised in the Income Statement.

Financial Liabilities - classified as basic financial instruments

(i) Trade and other payables and loans and borrowings
Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the discounted amount of the cash expected to be paid.

Going concern
These financial statements have been prepared on a going concern basis.

The current economic conditions, together with the COVID-19 pandemic, present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks including an assessment on uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on assessment, the directors consider that the company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations and external debt liabilities.

In addition, the company's assets are assessed for recoverability on a regular basis, and the directors consider that the company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubts upon the company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

3. **Employees and directors**

	2022	2021
	£	£
Wages and salaries	791,413	700,458
Social security costs	91,400	82,263
Other pension costs	89,766	8,870
	972,579	791,591

The average number of employees during the year was as follows:

	2022	2021
Management and operations	5	4
Administration	10	10
	15	14

4. **Directors' emoluments**

	2022	2021
	£	£
Directors' remuneration	164,157	164,433

5. **Profit before taxation**

The profit is stated after charging/(crediting):

	2022	2021
	£	£
Other operating leases	252,832	179,814
Depreciation - owned assets	22,574	67,198
Computer software amortisation	6,400	-
Foreign exchange differences	(11,244)	(41,775)

6. **Auditors' remuneration**

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	9,750	8,300
Taxation compliance services	2,250	2,600

7. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	70,237	164,569
Deferred tax	7,700	(10,771)
Tax on profit	77,937	153,798

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	377,138	676,438
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	71,656	128,523
Effects of:		
Expenses not deductible for tax purposes	6,864	3,506
Capital allowances in excess of depreciation	(7,749)	-
Depreciation in excess of capital allowances	-	12,038
Other	(534)	(11,400)
Deferred tax	7,700	(10,771)
Under provision of prior period charge to corporation tax	-	31,902
Total tax charge	77,937	153,798

Tax effects relating to effects of other comprehensive income

	Gross	Tax	2022 Net
	£	£	£
Bonus share issue	(30,000)	-	(30,000)

8. Dividends

	2022	2021
	£	£
Ordinary shares shares of £1 each		
Interim	36,070	1,024,035

9. Intangible fixed assets

	Computer software £
Cost	
Additions	34,200
At 31 March 2022	34,200
Amortisation	
Amortisation for year	6,400
At 31 March 2022	6,400
Net book value	
At 31 March 2022	27,800

10. Tangible fixed assets

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 April 2021	8,936	58,141	136,391	22,000	225,468
Additions	-	10,900	6,354	-	17,254
Disposals	-	(1,624)	-	-	(1,624)
At 31 March 2022	8,936	67,417	142,745	22,000	241,098
Depreciation					
At 1 April 2021	6,782	36,827	98,969	19,566	162,144
Charge for year	718	7,158	13,886	812	22,574
At 31 March 2022	7,500	43,985	112,855	20,378	184,718
Net book value					
At 31 March 2022	1,436	23,432	29,890	1,622	56,380
At 31 March 2021	2,154	21,314	37,422	2,434	63,324

11. Fixed asset investments

	2022 £	2021 £
Other investments not loans	973,676	305,413
Other loans	86,600	86,600
	1,060,276	392,013

11. **Fixed asset investments - continued**

Additional information is as follows:

	Listed investments	Unlisted investments	Totals
	£	£	£
Cost			
At 1 April 2021	144,699	160,714	305,413
Exchange differences	138,845	-	138,845
At 31 March 2022	283,544	160,714	444,258
Net book value			
At 31 March 2022	283,544	160,714	444,258
At 31 March 2021	144,699	160,714	305,413

Investments (neither listed nor unlisted) were as follows:

	2022	2021
	£	£
Motor vehicle investments	529,418	-

	Other loans
	£
At 1 April 2021 and 31 March 2022	86,600

12. **Debtors: amounts falling due within one year**

	2022	2021
	£	£
Trade debtors	74,534	5,486
Other debtors	539,868	1,059,426
Directors' current accounts	467,616	35,993
VAT	7,352	4,569
Prepayments and accrued income	90,228	124,425
	1,179,598	1,229,899

13. **Creditors: amounts falling due within one year**

	2022	2021
	£	£
Trade creditors	82,346	18,506
Tax	70,771	165,574
Social security and other taxes	25,730	20,642
Other creditors	2,275	2,273
Accruals and other creditors	2,726,766	1,200,072
	2,907,888	1,407,067

14. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	115,197	134,397
Between one and five years	691,182	691,182
	806,379	825,579

At 31 March 2022 the company was committed to making the above payments under non cancellable operating leases.

15. Financial instruments

The company's financial instruments may be analysed as follows:

	Year to 31/03/22	Period to 31/03/21
	£	£
Financial assets		
Financial assets measured at cost less impairment and fair value through profit or loss	973,676	305,413
Financial assets that are debt instruments measured at amortised cost	3,879,293	2,765,346
Financial liabilities		
Financial liabilities measured at amortised cost	2,811,387	1,220,851

Financial assets measured at cost less impairment and fair value through profit or loss comprise listed investments and unlisted investments.

Financial assets measured at amortised cost comprise cash, other debtors, trade debtors, other loans and directors' current accounts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Information regarding the company's exposure to risks are included in the Strategic Report.

16. Provisions for liabilities

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	11,458	3,758

16. Provisions for liabilities - continued

	Deferred tax
	£
Balance at 1 April 2021	3,758
Accelerated capital allowances	7,700
Balance at 31 March 2022	11,458

17. Called up share capital

Allotted and issued:

Number:	Class:	Nominal value:	2022 £	2021 £
750,000	Ordinary shares	£1	750,000	720,000

18. Reserves

	Retained earnings £
At 1 April 2021	1,132,252
Profit for the year	299,201
Dividends	(36,070)
Bonus share issue	(30,000)
At 31 March 2022	1,365,383

19. Directors' advances, credits and guarantees

The following advances and credits to a director subsisted during the years ended 31 March 2022 and 31 March 2021:

	2022 £	2021 £
P K White		
Balance outstanding at start of year	35,993	1,023,994
Amounts advanced	717,693	36,074
Amounts repaid	(286,070)	(1,024,075)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	467,616	35,993

20. Related party disclosures

During the year, in respect of agreed desk and directly related market access costs and £178,020 (2021: £145,092) in commissions in accordance with agreed rates. The company also rebated £214,036 (2021: £214,000) to the same partnership. The period-end balance was a creditor balance of £29,939 (2021: £440,130 debtor).

The amount owed by a director at the period end is £467,616 (2021: £35,993).

21. Ultimate controlling party

The ultimate controlling party is P K White.

XCONNECT

Xconnect Trading Limited
Basildon House
7-11 Moorgate
London
EC2R 6AF

T: +44 (0)207 031 0608
xconnectgroup.com

XCONNECT TRADING LIMITED

APPENDIX 1 – DISCLOSURE UNDER MIFIDPRU 8 (UNAUDITED)

FOR THE YEAR ENDED 31 MARCH 2022

The following does not form part of the statutory financial statements and is unaudited.

Introduction

Xconnect Trading Ltd ("The Firm") is authorised and regulated by the Financial Conduct Authority ("FCA") in the UK. Under the rules of the FCA contained within MIFIDPRU 8, the Firm is required to make certain disclosures in relation the management policies, objectives, governance arrangements, capital requirements (referred to as "Own Funds Requirements"), and remuneration. These rules applied from 1 January 2022 and as they apply to a "part year", the Firm is accordingly subject to transition provisions which have been applied in relation to the disclosures that follow.

The Firm is categorised as a Core SMCR Investment Firm with a minimum permanent capital requirement of £750,000.

The Firm's Own Funds Requirement is determined as the higher of three basic categories of measure: (i) the permanent minimum capital requirement, (ii) the higher of two measures of the funds required to ensure an orderly wind-down being either, (a) the fixed overhead requirement which is set objectively by the FCA in relation to the Firm's annual expenditure, or (b) the "Wind Down Trigger" as calculated by the Firm; and (iii) the sum of the Firms K-Factor risk measures. The Firm's shareholders funds comfortably exceed the amounts required.

The Firm holds neither client money nor trading positions.

Risk management objectives and policies

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The Senior Management team takes overall responsibility for this process and the fundamental risk appetite of the Firm. The team has responsibility for the implementation and enforcement of the Firm's risk principles.

Xconnect Trading Limited
Basildon House
7-11 Moorgate
London
EC2R 6AF

T: +44 (0)207 031 0608
xconnectgroup.com

Senior management meet on a regular basis and discuss current projections for profitability, cash flow, business planning and risk management. Senior Management engage in the Firm's risk management through a framework of policy and procedures having regard to the relevant laws, standards, regulatory principles and rules, with the aim to operate a defined and transparent risk management framework. These policies are updated as required.

The Firm uses its Internal Capital Adequacy & Risk Assessment Process ("ICARA") to formally review risks each year but also assesses risks on an ad hoc basis as they potentially arise throughout the course of business. Senior Management has identified that business, credit and execution risk are the main material exposures. Senior Management annually reviews the Firm's risks, controls and risk mitigation to assess their effectiveness.

Management accounts are used to formally assess the adequacy of the Firm's regulatory capital each month, with daily reports being reviewed to assess change throughout each month. The Firm has in place appropriate monitoring procedures to ensure effective oversight of potential risks to the business. Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls.

Governance Arrangements

The Firm has a management body that complies with the UK's Senior Management & Certification Regime and additionally has a Compliance Oversight Committee that is comprised of senior managers with sufficient knowledge, access to information, and autonomy to fulfil their roles together with external expert compliance support. The Firm's organisational structure incorporates segregation of duty in all key areas and the Firm's policies preclude conflicts of interest. The Firm's management body uses management information and rigorous reporting lines to ensure that the interests of its clients are met and that market integrity is maintained.

With the exclusion of non-trading entities, the directors of the Firm hold one additional directorship in two other entities. These are not related to financial markets.

XCONNECT

Xconnect Trading Limited
Basildon House
7-11 Moorgate
London
EC2R 6AF

T: +44 (0)207 031 0608
xconnectgroup.com

The Firm is not required to establish a risk committee and its risk is managed by the Head of Risk having a direct reporting obligation to the Board.

The Firm's policy is to fully comply to applicable diversity requirements and is guided by the principles considered in DTR 7.2.8B in relation to proportionality and has met its objectives. Further, it believes in a meritocratic approach to employment.

Own Funds

Item	**Own Funds**
Share Capital	750,000
Retained reserves	1,365,383
Shareholders funds per annual report	2,115,383
Less fixed assets relating to software	(27,800)
Own Funds	2,087,583

Share capital comprises ordinary shares of £1 nominal value with full voting rights.

Own Funds Requirements

The Firm's fixed overhead requirement is £750,000. It's K-factor requirement as at the balance sheet date totalled to £56,937 comprised of: K-AUM zero; K-CMH zero; K-ASA zero; K-COH & K-DTF 54,274; K-NPR & K-CMG & K-TCD & K-CON £2,663.

The Firm's approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule is based upon its ICARA process.

In summary, as an agency broker with a corresponding relatively simple business model, it does not suffer from material adverse swings in liquid asset requirements nor profitability. It monitors it metrics on a daily basis and

XCONNECT

Xconnect Trading Limited
Basildon House
7-11 Moorgate
London
EC2R 6AF

T: +44 (0)207 031 0608
xconnectgroup.com

circulates formal K-factor and other capital calculations on a monthly basis together with management accounts to the Firm's management body.

Remuneration Policy and Practices

Under the transitional provisions relating to disclosure of remuneration, the Firm it was subject to the rules on remuneration contained in the FCA BIPRU Remuneration Code ("the RemCode"), under SYSC 19C in the FCA Handbook as they stood at 31 December 2021. The aim of the RemCode is to ensure greater alignment between risk and individual reward, discourage excessive risk taking and to encourage better risk management. The Firm is aligned in this approach in building an appropriate conduct culture through appropriate levels of remuneration, reflected in our Policy. The Firm incentivises staff through a combination of both fixed and variable incomes, as per the guidance outlined in the RemCode which has now been replaced by the MIFIDPRU Remuneration Code with which the Firm complies.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our remuneration policy and practices for those Staff whose professional activities have a material impact on the risk profile of the Firm. Our disclosure is made in accordance with our size, internal organisation, and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm's remuneration policy.

2. Summary of how the Firm links pay and performance.

Staff are rewarded based on their contribution to the business in relation to:

•	The Firm's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
•	Due to the size, nature and complexity of the firm, the Firm is not required to appoint an independent remuneration committee.
•	The Firm's policy is reviewed as part its annual procedures, or following any significant change to policies, practices and procedures in the business.

(a) business development;

(b) income generation or overall profitability;

(c) operational processes;

Xconnect Trading Limited
Basildon House
7-11 Moorgate
London
EC2R 6AF

T: +44 (0)207 031 0608
xconnectgroup.com

(d) other non-financial criteria; and,

(e) other factors such as client outcome, performance, reliability, effectiveness of controls, and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

3. All discretionary remuneration is directly related to realised performance over the firms business cycle and as such staff interests are intrinsically aligned with the interest of the Firm.

The Firm may omit required disclosures where it believes that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 in the protection of individuals with regard to the processing of personal data and on the free movement of such data.

No such omissions on the grounds of data protection have been made.